Spectra Energy's Proposed Carbon Capture and Storage Project in Northeast British Columbia Enters Next Stage of Development

Spectra Energy News Release
March 26, 2009

CALGARY, AB – Spectra Energy (NYSE: SE) today announced it is proceeding with the next stage of the feasibility work associated with the company's Fort Nelson carbon capture and sequestration (CCS) project by commencing detailed geological assessments.

"This work represents an important milestone in the Fort Nelson carbon capture and storage feasibility project," said Doug Bloom, president, Spectra Energy Transmission West. Since our existing Fort Nelson gas plant already separates carbon dioxide (CO2) during processing, the "carbon capture" part of the CCS challenge has been addressed. Therefore, our focus now is on field work to confirm the suitability of the geological formations in the area to support large-scale sequestration of CO2."

The assessment will require drilling 2.5 kilometres into multiple sub-surface geological formations to extract core samples and perform tests of the physical properties of the saline formation into which CO2 may be sequestered.

The core samples will be sent to a laboratory for various tests and in-depth analyses. The results, together with reservoir modelling work, are expected later this year and will provide critical information regarding the geological feasibility of a world-scale project. A concurrent review of the technical, regulatory and economic feasibility of the project also is underway. At the conclusion of the feasibility phase, a determination will be made regarding whether and when to proceed to a full-scale project.

Spectra Energy's feasibility work, which today received support from the Government of Canada during an announcement made by Natural Resources Minister Lisa Raitt in Calgary, has previously received a grant from the Government of British Columbia. The project also has the support of the U.S. Department of Energy's National Energy Technology Laboratory, through the Energy & Environmental Research Center's Plains CO2 Reduction (PCOR) Partnership. It has made an in-kind contribution to support the monitoring and verification elements of the project as part of its commitment to research, development, demonstration, and commercialization of cleaner, more efficient energy and environmental technologies.

"What makes this potential project unique is its sheer size and scale, which would dwarf most existing projects, and be among the largest in the world," said Bloom. "Public sector involvement in a project of this scope is essential and will result in the sharing of best practices across the industry, and have benefits in application to other industries within British Columbia, Canada and internationally."

Spectra Energy has been recognized by the UN Intergovernmental Panel on Climate Change as a world leader in CCS applications. Currently, eight of Spectra Energy's gas processing facilities in Western Canada are equipped with CCS technology. On average, these facilities remove about 200,000 tonnes of greenhouse gases from the atmosphere each year.

Spectra Energy Corp (NYSE: SE), a FORTUNE 500 company, is one of North America's premier natural gas infrastructure companies serving three key links in the natural gas value chain: gathering and processing, transmission and storage, and distribution. For nearly a century, Spectra Energy and its predecessor companies have developed critically important pipelines and related infrastructure connecting natural gas supply sources to premium markets. Based in Houston, Texas, the company operates in the United States and Canada approximately 18,300 miles of transmission pipeline, 270 billion cubic feet of storage, natural gas gathering and processing, natural gas liquids operations and local distribution assets. The company also has a 50 percent ownership in DCP Midstream, one of the largest natural gas gatherers and processors in the United States. Spectra Energy was recently ranked by FORTUNE as the world's "most admired" pipeline company. For more information, visit www.spectraenergy.com.

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