

TC PIPELINES, LP

INSIDER TRADING POLICY

Effective December 11, 2007

This Policy applies to all directors, officers, employees and all contract workers, independent consultants and professional advisors of TransCanada Corporation and its wholly-owned subsidiaries, and operated entities in Canada, the United States, and Mexico including TC PipeLines, LP, TransCanada PipeLines Limited, and NOVA Gas Transmission Ltd. (the "Company").

Securities to Which This Policy Applies:

- TC PipeLines, LP ("LP"): Common units and debt securities;
- TransCanada Corporation ("TCC"): Any securities including public debt or equity - common shares, preferred shares, debt securities and options;
- TransCanada PipeLines ("TCPL"): Equity and debt securities;
- NOVA Gas Transmission Ltd. ("NGTL"): Debt securities; and
- Units of any other public TransCanada limited partnership –when and if units are issued.

(collectively referred to as "Company Securities")

POLICY

I. Introduction

An underlying principle of securities legislation is that the public should have the opportunity to decide whether to buy or sell securities on the basis of information equally available to all security holders. It is illegal for any person, either personally or on behalf of others, to trade in securities on the basis of "material information" which has not been made public. It is also illegal to communicate (or "tip") Material Non-public Information (defined below) to anyone who may trade in securities on the basis of that information. These illegal activities are commonly referred to as "insider trading".

Company policy prohibits the unauthorized disclosure of any non-public information acquired in the workplace and the use of Material Non-public Information (defined below) in securities trading. Therefore, no director, officer, employee, contract worker, independent consultant or professional advisor who is aware of Material Non-public Information relating to the Company may, directly or through other persons, including family members, (a) buy or sell Company Securities, except in certain pre-approved circumstances, or engage in any other action to take personal advantage of that information, or (b) pass that information on to others outside the Company, including family and friends.

In addition, it is the Company's policy that no director, officer, employee, contract worker, independent consultant or professional advisor who, in the course of working for the Company, learns of Material Non-public Information (defined below) about a company with which the Company does business, may trade in that company's securities until the information becomes public or is no longer material.

a. Definitions

"Material Non-public Information" is any information that has not been effectively disclosed to the public, that people might find important in making their decisions to buy, sell or hold a company's securities. Examples include acquisitions, dispositions, developments in operations, changes in capital structure,

changes in corporate structure, changes in financial results, changes in credit arrangements, dividend or distribution announcements and significant changes in earnings prospects.

Examples of public disclosure include public securities filings with governmental regulators and company press releases. Not only must the information have been publicly disclosed, but there must also have been adequate time for the market as a whole to digest the information (for example, trading can commence the third business day after a public announcement has been made).

“Unauthorized disclosure” of Material Non-public Information to others can lead to significant legal difficulties. Therefore, you should not discuss Material Non-public Information, externally or internally, learned in the course of working for the Company with anyone, including other employees, except as required in the performance of your regular duties.

II. Application

Securities include common and preferred shares, notes, bonds and debentures and limited partnership common units, and options, rights or warrants to acquire or sell any of the same. Indirect holdings include securities that are held by personal corporations, nominees or agents. In addition, trading of Company Securities over which the directors, officers, employees, contract workers, independent consultants and professional advisors exercise direction or control is subject to insider trading rules. This would generally include any Company Securities that are held by a spouse or children who are in the director, officer, employee, contract worker, independent consultant and professional advisor's household, and Company Securities held by estates or trusts over which the director, officer, employee, contract worker, independent consultant or professional advisor exercises control. Trading includes purchases, sales and transfers of beneficial ownership of securities, done on your behalf by brokers, agents or others.

Trading, for the purposes of this Policy, excludes the following:

1. The exercise of an option solely for the purposes of acquiring and holding the underlying securities, in the absence of an individual's knowledge of Material Non-public Information.
2. The automated, regular monthly share purchases made through the Employee Share Purchase Plan.
3. The automated, regular share purchases made through the Dividend Reinvestment Plan.
4. Sales through a pre-approved trading plan that complies with Rule 10b5-1 of the Securities Exchange Act of 1934.

However, any sale of Company Securities acquired under option or through the Employee Share Purchase Plan or the Dividend Reinvestment and Share Purchase Plan or any other Company sponsored plan must comply with this Policy and reporting obligations under relevant law. Please note that the decision to participate or discontinue participation in the Employee Share Purchase Plan or any other share unit plan offered by the Company or a Rule 10b5-1 plan is considered an investment decision and must not be done if the individual is in possession of Material Non-public Information.

Trades in Company Securities, Directly or Indirectly, are allowed, except as follows:

1. **Trading is prohibited when the director, officer, employee, contract worker, independent consultant or professional advisor is in possession of material information which is being kept confidential and which has not been made public.** The officer with executive responsibility must advise each individual who may have access to the material information that they must not trade Company Securities until the **third business day** after a public announcement has been made.

The officer must also advise the Corporate Secretary that material information is being kept confidential in order to provide direction to other individuals.

2. Directors, officers, employees, contract workers, independent consultants and professional advisors are prohibited from selling Company Securities which they do not own (short-selling) or Company Securities that have not been fully paid for. However, Company Securities may be sold, if the individual owns a security convertible into the security to be sold, or holds a right to receive such a security without payment of any additional consideration and, **within 10 days of the sale**, the individual exercises such right and delivers the securities to the purchaser or transfers such right to the purchaser. Directors, officers, employees, contract workers, independent consultants and professional advisors may not buy put options or sell call options on Company Securities.

III. Additional Provisions Applicable to Trade Restricted Insiders

1. **The Company has adopted a “window period” approach to trading by Trade Restricted Insiders. Trade Restricted Insiders are limited to trading Company Securities in the four approved annual windows. “Trade Restricted Insider”** includes every director and officer of the Company and certain of its subsidiaries and affiliates (including TCPL, NGTL and the LP) and any other person designated by the Company as a Trade Restricted Insider (i.e. employees preparing financial statements and quarterly reports, working on special projects, etc.) Trades by Trade Restricted Insiders should not take place until the third business day after important announcements of any material information in the media. Financial results are made public in the month following the end of each calendar quarter. **Therefore, the trading window shall open after the third business day after the public announcement of quarterly or annual earnings and will continue for 30 calendar days.** If Material Non-public Information regarding actions to be taken or other events likely to affect current or future earnings becomes known to a Trade Restricted Insider, then trading is precluded.
2. **In order to ensure compliance with insider trading rules, a Trade Restricted Insider, when in doubt, should inquire of the Corporate Secretary as to any trading restrictions before entering into a transaction.** Individuals who are not Trade Restricted Insiders but are in possession of Material Non-public Information should not trade in securities and should consult with their supervisors to determine an appropriate time to trade securities in the future.

IV. Reporting Requirements

a. Reporting of Insider Transactions in Canada

Certain Trade Restricted Insiders are required to file reports of their transaction in Company Securities to the various Canadian securities commissions within 10 days of a transaction. A person who ceases to be a reporting insider is required to report transactions, which occur within 1 month after the date that he or she ceases to be a director or officer. (Shares pledged by a director or officer as collateral for a loan are not required to be reported if the pledger retains control or direction over the shares.)

Canadian Securities Administrators have adopted a late filing fee regime. **Reports not filed within 10 days of a transaction will be subject to a late filing penalty of \$50 per day per transaction up to a maximum of \$1,000 per transaction. Late filing fees are the responsibility of the Insider.**

It is required that shares purchased under the TCC Dividend Reinvestment and TCC Employee Savings plans be reported in Canada once each year, no later than 90 days after the end of the calendar year.

b. Reporting of Insider Transactions in the United States

1. Reporting Requirements: The Company has identified certain persons who are the equivalent of directors and officers of TC PipeLines, LP, these individuals are subject to the reporting and liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and related rules and regulations ("Section 16 Reporting Persons"). Section 16 Reporting Persons are required to file certain reports with the U.S. Securities and Exchange Commission; consequently, Section 16 Reporting Persons will need to **consult the Secretary of the LP prior to any LP security transaction**, and must provide all information necessary to allow the Company to complete and file a Form 4 with the Securities and Exchange Commission by the second business day after the transaction.
2. Short Swing Profit: Section 16 Reporting Persons also must comply with the reporting obligation and limitation on short-swing transactions set forth in Section 16 of the Exchange Act. The practical effect of these provisions is that Section 16 Reporting Persons who buy and sell or who sell and buy LP securities within a six-month period must disgorge all profits to the LP **whether or not** they knew of any Material Non-public Information.

The Corporate Secretary will advise you if you are a Trade Restricted Insider and are subject to Canadian and/or U.S reporting requirements and therefore required to report trades. In order to assist individuals with reporting requirements, immediately contact Brenda Hounsell (brenda_hounsell@transcanada.com), Cheryl Potorti (cheryl_potorti@transcanada.com) or the Corporate Secretary (don_degrandis@transcanada.com) to report the particulars of any transaction you make. From this information, an insider report, for signature in accordance with the Power of Attorney signed by each Trade Restricted Insider, will be prepared and filed with the applicable securities commissions on the System for Electronic Disclosure by Insiders (SEDI) in Canada or the Electronic Data Gathering Analysis and Retrieval System (EDGAR) in the United States.

V. Liability

Each individual who fails to comply with insider trading laws is exposed to civil liability, fines and/or imprisonment. Further, the reputation of the Company may be damaged, and it may be exposed to liability.

It should be noted that under U.S. securities laws, each individual who purchases or sells securities while in possession of Material Non-public Information may be exposed to fines, imprisonment, and other criminal penalties:

- i) civil penalties of up to three times the profit gained or loss avoided as a result of his or her trading while in possession of such information, as well as to
- ii) liability to market participants who traded the same class of securities "contemporaneously" with and on the opposite side of the market from the Insider trader; and
- iii) criminal fines up to \$1 million and imprisonment for up to 10 years.

Moreover, the U.S. Securities and Exchange Commission (the "SEC") now has the power to impose civil fines, cease and desist administrative orders, and accounting and disgorgement orders for violations of U.S. securities laws. The SEC maintains a very active insider trading enforcement policy.

In addition, any person who violates this policy is subject to disciplinary action, including dismissal or termination for cause. The Company may also be entitled to pursue legal action against anyone who

violates this policy. Where appropriate, the Company may report violations to appropriate government agencies, including the Alberta Securities Commission, the U.S. Securities and Exchange Commission and the U.S. Department of Justice.

VI. Further Information

Any questions concerning insider trading should be directed to the Corporate Secretary (don_degrandis@transcanada.com).