

[NOTE - BANK LETTERHEAD]

IRREVOCABLE STANDBY LETTER OF CREDIT NO. **[NOTE — INSERT NO.]**

[NOTE — INSERT DATE]

FROM:

[NOTE — INSERT NAME OF BANK]
[NOTE — INSERT BANK'S ADDRESS]

TO:

GAS TRANSMISSION NORTHWEST LLC
C/O TRANSCANADA CORPORATION
450 - 1ST STREET SW
CALGARY, ALBERTA
T2P 5H1

ATTENTION: DIRECTOR, COUNTERPARTY RISK
FACSIMILE: (403) 920-2359
ELECTRONIC MAIL: COUNTERPARTY_RISK@TRANSCANADA.COM

(THE "BENEFICIARY'S ADDRESS")

APPLICANT:

[NOTE — INSERT NAME OF APPLICANT]
[NOTE — INSERT APPLICANT'S ADDRESS]

[NOTE — INSERT NAME OF BANK] (THE "BANK"), HEREBY ISSUES THIS IRREVOCABLE STANDBY LETTER OF CREDIT NO. **[NOTE — INSERT NO.]** (THE "LETTER OF CREDIT") IN THE AGGREGATE AMOUNT NOT EXCEEDING **[US \$ NOTE — INSERT AMOUNT OF LETTER OF CREDIT]**, IN SUPPORT OF THE OBLIGATIONS OF **[NOTE — INSERT NAME OF COUNTERPARTY]** (THE "COUNTERPARTY") TO GAS TRANSMISSION NORTHWEST LLC (THE "BENEFICIARY").

THE "EXPIRATION DATE" SHALL BE **[NOTE — INSERT DATE OF EXPIRATION DATE]**, PROVIDED THAT THE EXPIRATION DATE IN EFFECT AT ANY TIME SHALL AUTOMATICALLY EXTEND FOR ONE (1) YEAR THEREAFTER, EFFECTIVE IMMEDIATELY PRIOR TO SUCH EXPIRATION DATE THEN IN EFFECT, UNLESS AT LEAST NINETY (90) CALENDAR DAYS PRIOR TO ANY SUCH EXPIRATION DATE THEN IN EFFECT, THE BANK NOTIFIES THE BENEFICIARY IN WRITING BY REGISTERED MAIL, OR BY OVERNIGHT COURIER DELIVERY, TO THE BENEFICIARY'S ADDRESS THAT SUCH EXPIRATION DATE THEN IN EFFECT SHALL NOT BE EXTENDED. IN THE EVENT SUCH NOTICE IS PROVIDED BY THE BANK, AND THE BENEFICIARY IS NOT IN

RECEIPT OF A REPLACEMENT LETTER OF CREDIT WHICH IS ACCEPTABLE TO IT AT LEAST THIRTY (30) CALENDAR DAYS PRIOR TO THE THEN CURRENT EXPIRATION DATE, THE BENEFICIARY MAY DRAW UPON THIS LETTER OF CREDIT AS OUTLINED BELOW.

FUNDS UNDER THIS LETTER OF CREDIT ARE AVAILABLE TO THE BENEFICIARY ON OR BEFORE THE EXPIRATION DATE ON PRESENTATION BY THE BENEFICIARY OF A REQUEST IN SUBSTANTIALLY THE FORM ATTACHED HERETO AS EXHIBIT "1" (THE "DRAWDOWN DOCUMENT"), DURING BUSINESS HOURS ON ANY DAY ON WHICH THE BANK IS OPEN FOR BUSINESS IN [NOTE — INSERT CITY AND PROVINCE/STATE IN WHICH DRAWING MUST TAKE PLACE] AT [NOTE — INSERT BANK'S ADDRESS, INCLUDING MAIL ADDRESS, COURIER ADDRESS AND FACSIMILE NUMBER] (THE "BANK'S ADDRESS").

THE BANK HEREBY UNDERTAKES TO HONOUR THE DRAWDOWN DOCUMENT, IF IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT AT THE BANK'S ADDRESS, WITHOUT INQUIRING WHETHER THE BENEFICIARY HAS A RIGHT, AS BETWEEN THE BENEFICIARY AND THE COUNTERPARTY, TO MAKE SUCH REQUEST AND WITHOUT RECOGNIZING ANY CLAIMS OF THE COUNTERPARTY. PRESENTATION OF THE DRAWDOWN DOCUMENT VIA FACSIMILE, ELECTRONIC MAIL, REGISTERED MAIL, COURIER OR IN PERSON SHALL BE PERMITTED HEREUNDER. PRESENTATION OF THE DRAWDOWN DOCUMENT SHALL BE HONORED WITHIN TWO (2) BUSINESS DAYS AFTER RECEIPT OF THE DRAWDOWN DOCUMENT. PAYMENT WILL BE EFFECTED BY WIRE TRANSFER IN IMMEDIATELY AVAILABLE FUNDS TO SUCH ACCOUNT AS BENEFICIARY MAY DESIGNATE TO US IN SUCH DRAWDOWN DOCUMENT.

ANY NUMBER OF PARTIAL DRAWINGS AND MULTIPLE PRESENTATIONS ARE PERMITTED UNDER THIS LETTER OF CREDIT.

THIS LETTER OF CREDIT SHALL BE GOVERNED BY THE INTERNATIONAL CHAMBER OF COMMERCE'S INTERNATIONAL STANDBY PRACTICES ("ISP 98") EXCEPT TO THE EXTENT THAT THE TERMS HEREOF ARE INCONSISTENT WITH THE PROVISIONS OF THE ISP 98, IN WHICH CASE THE TERMS OF THIS LETTER OF CREDIT SHALL GOVERN.

THIS LETTER OF CREDIT IS GOVERNED BY AND TO BE CONSTRUED ACCORDING TO THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE U.S. FEDERAL LAW, WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW RULES OR PROVISIONS THEREOF WHICH MAY DIRECT THE APPLICATION OF THE LAWS OR RULES OF ANOTHER JURISDICTION, AS TO MATTERS WHICH ARE NOT GOVERNED BY THE ISP 98. THE PARTIES HEREBY IRREVOCABLY AGREE TO ATTORN TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK.

A FACSIMILE, ELECTRONIC MAIL OR ELECTRONIC TRANSMISSION OF THIS LETTER OF CREDIT SHALL SERVE AS AN OPERATIVE INSTRUMENT UNTIL RECEIPT BY THE BENEFICIARY OF THE ORIGINAL LETTER OF CREDIT.

NOTICES CONCERNING THIS LETTER OF CREDIT MAY BE SENT TO A PARTY BY COURIER, CERTIFIED MAIL, REGISTERED MAIL, FACSIMILE, ELECTRONIC TRANSMISSION, ELECTRONIC MAIL OR SIMILAR COMMUNICATIONS FACILITY, TO ITS RESPECTIVE ADDRESS SET FORTH HEREIN AND IS DEEMED TO HAVE BEEN RECEIVED BY THE PARTY TO WHOM IT IS SENT AT THE TIME OF ITS DELIVERY IF PERSONALLY DELIVERED, OR ON THE BUSINESS DAY FOLLOWING ITS RECEIPT IF MAILED BY COURIER, CERTIFIED MAIL OR REGISTERED MAIL, OR ON THE BUSINESS DAY FOLLOWING ITS SUCCESSFUL TRANSMITTAL IF SENT BY FACSIMILE, ELECTRONIC TRANSMISSION OR ELECTRONIC MAIL.

THE BENEFICIARY MAY MAKE INQUIRIES REGARDING THIS LETTER OF CREDIT BY WAY OF WRITING ADDRESSED TO THE BANK'S ADDRESS, OR BY TELEPHONE AT **[NOTE — INSERT BANK'S TELEPHONE NO.]**, OR BY ELECTRONIC MAIL AT **[NOTE — INSERT BANK'S E-MAIL ADDRESS]**.

[NOTE — INSERT NAME OF BANK]

PER: _____

NAME:

TITLE:

EXHIBIT "1"

REFERENCE IS MADE TO THE IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NOTE — INSERT NO.] (THE "LETTER OF CREDIT") OF [NOTE — INSERT NAME OF BANK] (THE "BANK") DATED [NOTE — INSERT ORIGINAL DATE OF LETTER OF CREDIT] AS IT MAY BE AMENDED, IN SUPPORT OF THE OBLIGATIONS OF [NOTE — INSERT NAME OF COUNTERPARTY] (THE "COUNTERPARTY") TO GAS TRANSMISSION NORTHWEST LLC (THE "BENEFICIARY"). THE BENEFICIARY HEREBY CERTIFIES TO THE BANK THAT BECAUSE THE COUNTERPARTY HAS FAILED TO PAY THE BENEFICIARY OR PERFORM ITS OBLIGATIONS IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF THE AGREEMENTS BETWEEN THE BENEFICIARY AND THE COUNTERPARTY, OR THAT THE COUNTERPARTY HAS NOT PROVIDED A REPLACEMENT LETTER OF CREDIT, OR ALTERNATIVE SECURITY, ACCEPTABLE TO THE BENEFICIARY AT LEAST THIRTY (30) CALENDAR DAYS PRIOR TO THE EXPIRATION DATE (AS DEFINED IN THE LETTER OF CREDIT), THE BENEFICIARY IS DRAWING UPON THE LETTER OF CREDIT IN AN AMOUNT EQUAL TO [US \$ NOTE — INSERT AMOUNT OF DRAWING].

BENEFICIARY DIRECTS THE PAYMENT OF SUCH AMOUNT TO BE MADE BY TRANSFERRING TO BENEFICIARY'S ACCOUNT NO. [NOTE — INSERT ACCOUNT NUMBER] [NOTE — INSERT BENEFICIARY'S WIRING INSTRUCTIONS], IN IMMEDIATELY AVAILABLE FUNDS FOR THE AMOUNT SPECIFIED ABOVE.

DATED AS OF THE ____ DAY OF _____, _____.

GAS TRANSMISSION NORTHWEST LLC

PER: _____
NAME:
TITLE: