Eversource

SCHEDULE 20A-ES

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SCHEDULE 20A-ES

PHASE I/II HVDC-TF SERVICE

This Schedule 20A-ES contains the main substantive provisions of Phase I/II HVDC-TF Service applicable to The Connecticut Light and Power Company, Public Service Company of New Hampshire and NSTAR Electric Company (West) (together, "Eversource"), but not applicable to NSTAR Electric Company (East), whose portion of Phase I/II HVDC-TF Service is provided pursuant to Schedule 20A-NSTAR. It includes rates, terms and conditions for Phase I/II HVDC-TF Point-to-Point Service and Eversource-specific Phase I/II HVDC-TF Service Schedules. All Transmission Customers taking Phase I/II HVDC-TF Service from Eversource shall be subject to and comply with the rates, terms and conditions of this Schedule 20A-ES. In the event of a conflict between any rate, term or condition in the Tariff and any rate, term or condition in this Schedule 20A-ES, this Schedule 20A-ES shall govern.

Eversource will perform its functions under this Schedule 20A in a manner that is not inconsistent with the ISO's provision of regional service, administration of the regional markets, dispatch of resources, and operation of the New England Transmission System for purposes of reliability.

I. <u>COMMON SERVICE PROVISIONS</u>

1. **Definitions:** Capitalized terms not defined herein shall have the meanings as defined within the Tariff.

1.1 **Interest:** The amount computed in accordance with the Commission's regulations at 18 CFR §35.19a(a)(2)(iii). Interest on deposits shall be calculated from the day the deposit check is credited to Eversource's account.

1.2 **Service Year:** The calendar year in which the Transmission Customer receives service under this Service Schedule.

1.3 **Eversource**: The Connecticut Light and Power Company, NSTAR Electric Company (West) and Public Service Company of New Hampshire, , but excluding NSTAR Electric Company (East).

1.4 **Eversource Service:** Eversource Energy Service Company, the Designated Agent for Eversource.

1.5 **Transmission Service**: Point-To-Point Transmission Service provided under this Service Schedule on a firm and non-firm basis.

2. **Billing and Payment**

2.1 **Customer Default**: In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to Eversource Service on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after Eversource Service notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist.

Upon the occurrence of a default, Eversource may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any such request. In the event of a billing dispute between Eversource Service and the Transmission Customer, Eversource will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then Eversource may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy. Neither Party shall have the right to challenge any monthly bill or to bring any court or administrative action of any kind questioning the propriety of any bill after a period of twenty-four (24) months from the date the bill was due; provided, however, that in the case of a bill based on estimates, such twenty-four month period shall run from the due date of the final adjusted bill.

3. **Creditworthiness:** See Attachment L to this Schedule 20A-ES.

4. **Regulatory Filings:** Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of Eversource to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service, Service

Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder. Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

5. **Rights Under The Federal Power Act:** Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

II. <u>Phase I/II HVDC-TF POINT-TO-POINT SERVICE</u>

Preamble

Except as otherwise provided Schedules, Firm and Non-Firm Phase I/II HVDC-TF Point-To-Point Service will be provided pursuant to the rates, terms and conditions set forth below. Phase I/II HVDC-TF Point-To-Point Service is for the receipt of capacity and/or energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery.

6. Nature of Firm Phase I/II HVDC-TF Point-To-Point Service

a) Classification of Firm Phase I/II HVDC-TF Point-To-Point Service:
For Firm Point-To-Point Transmission Service over the Phase I/II HVDC-TF, the Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule Phase I/II HVDC-TF-STF or Schedule Phase I/II HVDC-TF-LTF, to this Schedule 20A-ES.

7. Procedures for Arranging Firm Phase I/II HVDC-TF Point-To-Point Service

a) Deposit:

A Completed Application for Firm Phase I/II HVDC-TF Point-To-Point Service also shall include a deposit of either three month’s charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected because it does not meet the conditions for service as set forth herein, said deposit shall be returned with interest less any reasonable costs incurred by Eversource in connection with the review of the losing bidder’s Application. If an Application is withdrawn or the Eligible Customer decides not to enter into a Phase I/II HVDC-TF Service Agreement for Firm Phase I/II

HVDC-TF Point-To-Point Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by Eversource to the extent such costs have not already been recovered by Eversource from the Eligible Customer. Eversource will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Applicable interest shall be computed in accordance with the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to the PTO's account.

8. Rates and Charges

The Transmission Customers taking Phase I/II HVDC-TF Point-To-Point Transmission Service shall pay Eversource Service for any Ancillary Services, consistent with Commission policy, along with the following:

a) Rates for Firm and Non-Firm Point-To-Point Transmission Services: Rates for Firm and Non-Firm Point-To-Point Transmission Service over the Phase I/II HVDC-TF are provided in Schedule Phase I/II HVDC-TF-LTF and Schedule Phase I/II HVDC-TF-STF.

SUPPLEMENT NO. 1 TO

Schedule 20A-ES

Service Over Phase I/II HVDC-TF

I. **Definitions:**

Unless otherwise provided, capitalized terms used herein shall have the definitions provided in the ISO-New England Transmission, Markets and Services Tariff ("Tariff") including Schedule 20A-ES to the OATT.

II. **Transmission Service Over Phase I/II HVDC-TF:**

Transmission service over the Phase I/II HVDC-TF is provided pursuant to the terms and conditions of this Phase I/II HVDC-TF Service Schedule.

III. **Rates For Transmission Service Over Phase I/II HVDC-TF:**

Rates for Point-To-Point Transmission Service over the Phase I/II HVDC-TF are set forth in the following rate schedules attached to this Supplement No. 1: Rate Schedule Phase I/II HVDC-TF-LTF for Long-Term Firm Point-To-Point Transmission Service; Rate Schedule Phase I/II HVDC-TF-STF for Short-Term Firm Point-To-Point Transmission Service; and Rate Schedule Phase I/II HVDC-TF-NF for Non-Firm Point-To-Point Transmission Service.

SCHEDULE PHASE I/II HVDC-TF-LTF

I. For each month of service, Eversource Service or its agent will bill the Transmission Customer the difference between: (1) the higher of the cumulative annual Embedded Cost Charges or the cumulative annual Opportunity Costs Charges, calculated on a monthly basis for each calendar year and (2) the cumulative annual amount of charges for Embedded Costs and Opportunity Costs preceding the service month for which the bill is being rendered. In January of each calendar year the cumulative billed amount for (2) above will be reset to zero (0).

A. EMBEDDED COST CHARGE

1) Determination of Embedded Cost Charge

The Embedded Cost Charge will provide for recovery of the embedded costs of the Phase I/II HVDC-TF of Eversource. The Embedded Cost Charge for each month will be the product of: (a) "Eversource's Formula Rate" (expressed in dollars per kilowatt-year), divided by twelve (12) months, and (b) the Reserved Capacity (expressed in kilowatts).

2) Eversource's Formula Rate

Eversource's formula rate shall be determined in accordance with the rate formulas specified in Appendix A of this Schedule Phase I/II HVDC-TF-LTF ("Formula Rate"), being applied to the costs recorded on the books of account (i.e., FERC Form 1) of each of the companies comprising Eversource hereunder. The Formula Rate shall be determined on the basis of estimated costs for each year until the actual Eversource costs for such year are determined. Thereafter, payments made on such estimate shall be recalculated based on actual data for that year, and an appropriate billing adjustment shall be made pursuant to Schedule 20A.

3) Tax Rates and Taxes

The Formula Rate in effect during a Service Year shall be based on the local, state, and federal tax rates and taxes in effect during the prior year. If, at any time, additional or new taxes are imposed on Eversource or existing taxes are removed, the Formula Rate will be appropriately modified and filed with the Commission in accordance with Part 35 of the Commission's regulations.

4) Provision re: Exchanges

With respect to Entitlement Transactions or Energy Transactions or other transactions that involve an exchange, each party to such transaction shall be treated as an individual Transmission Customer under the Tariff. Accordingly, a separate Schedule Phase I/II HVDC-TF-LTF or other applicable charge(s) will be calculated for, and a separate bill will be rendered to, each such individual Transmission Customer.

B) OPPORTUNITY COSTS CHARGE

The Opportunity Costs Charge shall be determined each month in accordance with the provisions set forth in Appendix B of this Schedule Phase I/II HVDC-TF-LTF and the Service Agreement.

II. In addition to the applicable charges set forth in Parts I and II of the Tariff, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay to Eversource Service each month the following additional charges for Phase I/II HVDC-TF Long-Term Firm Transmission Service provided during such month.

A. Taxes and Fees Charge
B. Regulatory Expenses Charge
C. Other

A. TAXES AND FEES CHARGE

If any governmental authority requires the payment of any fee or assessment or imposes any form of tax with respect to payments made for Phase I/II HVDC-TF Long-Term Firm Point-To-Point Transmission Service provided under the Tariff, not specifically provided for in any of the charge or rate provisions under the Tariff, including any applicable Interest charged on any deficiency assessment made by the taxing authority, together with any further tax on such payments, the obligation to make payment for any such fee, assessment, or tax shall be borne by the Transmission Customer. Eversource will make a separate filing with the Commission for recovery of any such costs in accordance with Part 35 of the Commission's regulations.

B. <u>REGULATORY EXPENSES CHARGE</u>

Eversource shall have the right to make a Section 205 filing for recovery of regulatory expenses associated with the Tariff and the Service Agreements.

C. <u>OTHER</u>

Eversource shall have the right; at any time, unilaterally to file for a change in any of the provisions of this Schedule Phase I/II HVDC-TF-LTF in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

SCHEDULE PHASE I/II HVDC-TF-LTF

Appendix A

RATES

Eversource's Formula Rate for Phase I/II HVDC-TF Long-Term Firm Point-To-Point Transmission Service ("Formula Rate") is an annual rate determined from the following formula.

$$\text{Formula Rate}_i = \frac{A_{i-1}-B_{i-1}}{C_{i-1}}$$

WHERE:

- i equals the calendar year during which service is being rendered ("Service Year").

- A_{i-1} is the Annual Cost (expressed in dollars) of the Phase I/II HVDC-TF of Eversource for the calendar year prior to the Service Year. The Annual Revenue Requirements are determined pursuant to the formula specified in Exhibit 1 to this Appendix A.

- B_{i-1} is the actual transmission revenues (expressed in dollars) provided from the provision of transmission services over the Phase I/II HVDC-TF to others. The actual transmission revenues shall be those recorded on the books of each of the companies comprising Eversource hereunder in FERC Account Nos. 447 and 456 pertaining to Transmission of Electricity for Others and such other applicable FERC Account for the calendar year prior to the Service Year.

- C_{i-1} is the average of Eversource's twelve monthly maximum transfer limits (expressed in kilowatts) on its share of the Phase I/II HVDC-TF for the calendar year prior to the Service Year.

SCHEDULE PHASE I/II HVDC-TF-LTF

Appendix A

Exhibit 1

ANNUAL TRANSMISSION REVENUE REQUIREMENTS

The Annual Transmission Cost for Eversource's Phase I/II HVDC-TF are the costs assessed by each of them in owning, operating, maintaining, and supporting those facilities, plus any applicable leasing costs and an allocable share of General Plant and other such plant and equipment. These costs shall be computed on a calendar-year basis using costs, from the calendar year prior to the Service Year.

In making such determinations, the provisions of the Uniform System of Accounts prescribed by FERC for Class A and Class B Public Utilities and Licensees shall be controlling.

The formula rate for determination of the annual revenue requirements for the Phase I/II HVDC-TF of Eversource is determined pursuant to this Appendix A of Schedule Phase I/II HVDC-TF-LTF, as follows:

A. ANNUAL COST = Sum of [the Phase I/II HVDC-TF transmission costs of each of the companies comprising Eversource hereunder - Chester Static VAR Compensator].

SCHEDULE PHASE I/II HVDC-TF LTF

Appendix B

OPPORTUNITY COSTS

The types of Opportunity Costs that may be incurred by Eversource and charged to Transmission Customers in connection with the provision of Phase I/II HVDC-TF Long-Term Firm Point-To-Point Transmission Service pursuant to a Service Agreement are described below.

1. OUT OF RATE COSTS

1.1 Out of Rate Costs are incurred when: (i) Eversource is required under a ISO dispatch order to limit the operation of any of its generation Entitlements below the output level under economic dispatch or to "must run" any of its generation Entitlements above the levels associated with economic dispatch; and (ii) the ISO dispatch order adversely impacts Eversource's settlement billing or the settlement billing of another Transmission Customer that has a contractual right (through the purchase of an Entitlement from Eversource) to pass the cost back to Eversource; and (iii) the ISO does not grant a waiver of the Out of Rate Costs incurred pursuant to (i) and (ii) above.

1.2 The information required from the ISO to establish the existence and level of Out of Rate Costs and the Transmission Customer's responsibility for such costs will normally not be available to Eversource by the end of the billing month in which the Out of Rate Costs are incurred. Accordingly, the bills rendered for Phase I/II HVDC-TF Long-Term Firm Point-To-Point Transmission Service pursuant to Schedule 20A shall be subject to subsequent adjustment, as provided in this Appendix B of Schedule Phase I/II HVDC-TF-LTF.

1.3 In circumstances where multiple transactions across a constrained transmission path are causing the incurrence of Out of Rate Costs, the Out of Rate Costs will be allocated first to the Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff to the extent that their service is not curtailed or interrupted pursuant to the provisions of the Tariff. If, after curtailment or interruption of such Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service and/or the allocation of Out of Rate Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, Out of Rate Costs remain, such remaining costs will be allocated to Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service customers with the latest date (latest means, the latest dated Service Agreement for Phase I/II HVDC-TF

Firm Point-To-Point Transmission Service or latest dated Reservation for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service). Where the reduction in the number of megawatts of Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service and of Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short Term Firm Point-To-Point Transmission Service that would have been required to eliminate the need for the ISO limitation or "must run" in any hour exceeds the megawatts of actual Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service and Phase I/II HVDC-TF Long-Term and Short-Term Firm Point-To-Point Transmission Service of the latest applicable transaction in such hour, the excess Out of Rate Costs will be allocated to the next latest transaction and so on until the total additional megawatts of Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service that is required to be reduced to eliminate the need for such ISO limitation or "must run" order has been achieved. Whenever the transactions across a constrained transmission path that are causing the incurrence of Out of Rate Costs include off-system sales by Eversource, such Eversource off-system sales shall be included on the same basis as Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service and Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service transactions in determining responsibility for Out of Rate Costs and the date of the off-system sales contract or wholesale transaction shall be used to determine its "service agreement" or "reservation" date.

2. OPPORTUNITY COSTS ON PHASE I/II HVDC-TF

2.1 Short-Term Power Transfers into New England

Eversource's lost opportunities to purchase economic short-term power will occur when the amount of power that would be economical for Eversource to purchase in the market (at a validated, quoted delivered price below its decremental energy cost) exceeds the amount of Eversource's allocated share of Phase I/II HVDC-TF transfer capacity not then committed to others for Non-Firm Point-To-Point Transmission Service and Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service into New England and for purchases on behalf of Native Load Customers ("Short-Term Available Import Capacity"). Operating conditions in New England or elsewhere and/or the location of the seller may affect the amount of Short-Term Available Import Capacity.

The following steps comprise the procedures to be used in assigning such Opportunity Costs on Phase I/II HVDC-TF to Firm Transmission Service customers under the Tariff after assignment of any Opportunity

Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, pursuant to the provisions of the Tariff.

2.1.1 The megawatt (MW) difference, if any, between the aggregate of economic power purchase opportunities available and Short-Term Available Import Capacity will be determined hourly (“Import Shortfall”).

2.1.2 To assign such Opportunity Costs on Phase I/II HVDC-TF to Transmission Customers, Service Agreements for Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service will be ordered (stacked) by date of execution of the Service Agreement under the Tariff, with the Phase I/II HVDC-TF Firm Point-To-Point Transmission Customers under the Tariff having the latest date being assigned the highest order number.

2.1.3 Firm Transmission Customers under the Tariff contributing to the MW amount of lost opportunities will be determined by aggregating MWs of the Reserved Capacity counting backward from the highest order number Firm Point-To-Point Service Agreement under the Tariff until the aggregate MWs equals the Import Shortfall.

2.1.4 Such Opportunity Costs on Phase I/II HVDC-TF for each hour associated with the lowest cost purchase opportunity foregone will be assigned to the highest order numbered Phase I/II HVDC-TF Firm Point-To-Point Service Agreement(s) under the Tariff up to the MWs of such foregone purchase.

2.1.5 The MWs of the next lowest cost purchase foregone will be assigned to the MWs of the next following Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff or (next highest order number not fully included in the calculation in d. above) and so on until the MWs used to calculate the lost opportunities equals the Import Shortfall.

2.1.6 Such Opportunity Costs on Phase I/II HVDC-TF will be calculated for each hour by computing the difference between the cost of the economic power offered to, but not able to be taken by, Eversource and the decremental energy cost for Eversource for an equivalent amount of megawatt-hours (after reflecting applicable losses) of such foregone purchases. If however, Eversource elects to purchase power from an alternative supplier involving an unconstrained interface, such Opportunity Costs on Phase I/II HVDC-TF for each hour will be calculated as the difference between the cost of the economic power for the foregone transaction and the cost of economic power for the alternative transaction. The Service Agreement will set forth the method for calculating charges for Opportunity Costs on Phase I/II HVDC-TF associated with such foregone purchases.

2.1.7 Short Term Power Transfers Out of New England - Eversource's lost opportunities to sell short-term power will occur when the amount of power that would be economical for Eversource to sell in the market (at validated, quoted prices that exceed its incremental energy cost) exceeds the amount of Eversource's allocated share of the Phase I/II HVDC-TF transfer capacity out of New England not then committed for Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service out of New England ("Short-Term Available Export Capacity"). It is recognized that operating conditions in New England or elsewhere and/or the location of the buyer may affect the amount of Phase I/II HVDC-TF Short-Term Available Export Capacity.

2.2 The following steps comprise the procedures to be used in assigning such Opportunity Costs on Phase I/II HVDC-TF to Firm Point-To-Point Transmission Service Customers under the Tariff after assignment of Opportunity Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, pursuant to the provision of the Tariff.

2.2.1 The megawatt (MW) difference, if any, between the aggregate of economic power sales opportunities and the Phase I/II HVDC-TF Short-Term Available Export Capacity will be determined hourly ("Export Shortfall").

2.2.2 To assign such Opportunity Costs on Phase I/II HVDC-TF to Firm Point-To-Point Transmission Customers, the date of Service Agreements under the Tariff for transmission service out of New England will be ordered (stacked) by date of the Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff (for Eversource off-system sales, transmitted under the Tariff, the date used shall be the date of the sales contract or wholesale transaction), with the Phase I/II HVDC-TF Firm Point-To-Point Transmission Customers under the Tariff (or Eversource) having the latest execution date being assigned the highest order number.

2.2.3 Phase I/II HVDC-TF Firm Point-To-Point Transmission Customers under the Tariff (and/or Eversource) contributing to the MW amount of lost opportunities will be determined by aggregating MWs of Reserved Capacity (including contract or transaction amount of such Eversource sales) counting backward from the highest order number Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff (or contract or transaction of such Eversource sales) until the aggregate MWs equals the Export Shortfall.

2.2.4 Such Opportunity Costs on Phase I/II HVDC-TF for each hour associated with the highest priced sale opportunity foregone will be assigned to the highest order numbered Phase I/II HVDC-TF Firm Point-To-Point Service Agreement(s) under the Tariff (or contract or transaction for such Eversource sales) up to the MWs of such foregone sale.

2.2.5 The MWs of the next highest price sale foregone will be assigned to the MWs of the next following Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff or Eversource's off-system sale (next highest order number not fully included in the calculation in d. above) and so on until the MWs used to calculate the lost opportunities equals the Export Shortfall.

2.2.6 Such Opportunity Costs on Phase I/II HVDC-TF for each hour will be calculated by computing the difference between the price of the power for which willing buyers exist, but to whom sales cannot be made because of limited Phase I/II HVDC-TF Short Term Available Export Capacity, and the incremental energy cost for Eversource for an equivalent amount of megawatt-hours (after reflecting applicable losses) of such foregone sales. If, however, Eversource elects to sell power to an alternative supplier involving an unconstrained interface, such Opportunity Costs on Phase I/II HVDC-TF will be calculated as the difference between the delivered price of power of the foregone transaction and the delivered price of power for the alternative transaction. The Service Agreement will set forth the methodology for calculating charges for Opportunity Costs on Phase I/II HVDC-TF associated with such foregone sales.

3. TIE LINE ADJUSTMENT COSTS

Service across the Phase I/II HVDC-TF into New England that results in a decrease in the amount of tie line benefits (expressed in kilowatts) reflected in Eversource's Capability Responsibility will be subject to claims for Opportunity Costs to account for reduction in such tie line benefits. The Service Agreement will set forth the methodology to determine the reduced tie line benefit to Eversource and to calculate the charge for recovery of such Opportunity Costs.

4. OTHER OPPORTUNITY COSTS

Nothing in this Appendix B of Schedule Phase I/II HVDC-TF-LTF shall be construed to limit the right of Eversource to file unilaterally under Section 205 of the Federal Power Act for recovery of other Opportunity Costs incurred by Eversource in connection with Phase I/II HVDC-TF Long-Term Firm Point-To-Point Transmission Service to a Transmission Customer.

5. LIMIT OF OPPORTUNITY COSTS

5.1 The aggregate annual Opportunity Costs billed across a given constrained interface shall be limited by the estimated annual levelized revenue requirement associated with new facilities that are technically and economically feasible to build and, if built, would increase the transfer capacity of the applicable interface to a level that would eliminate such costs. Such facilities and their costs will be designated in the Service Agreement. Opportunity Costs for all transactions will be accumulated and compared on an annual basis to the annual levelized revenue requirements associated with expanding the system as described above. The annual levelized revenue requirement so determined is the maximum cumulative Opportunity Costs that will be billed for that year for that interface for service in the applicable direction (“Cost Cap”).

5.2 The Cost Cap shall not apply during the construction period set forth in the Service Agreement. The Companies shall not be restricted from filing a request for a waiver of the Cost Cap with the Commission on a case-by-case basis.

6. OTHER PROVISIONS

6.1 Whenever Eversource determines in advance that it expects to charge the Transmission Customer for Opportunity Costs hereunder, Eversource will, if practicable, notify the Transmission Customer, based on the information then available, and give such Customer the option of interrupting its scheduled deliveries for an identified day in order to avoid charges for Opportunity Costs. It is explicitly recognized that Eversource may not unilaterally interrupt service to avoid the incurrence of Opportunity Costs, and the option to permit interruption rests solely with the Transmission Customer. It is also explicitly recognized that Eversource may not have the ability to make this determination on a timely basis and to provide notice in advance of scheduling deadlines and they shall not be liable in any manner for failure to provide advance notice under this paragraph or for changes in operating conditions that impact on anticipated availability of transfer capability.

6.2 For any hour that Eversource incurs an Opportunity Cost pursuant to this Appendix B of Schedule Phase I/II HVDC-TF-LTF and Eversource Service determines that the Opportunity Cost would not have been incurred if Eversource was not providing Phase I/II HVDC-TF Long-Term Firm Point-To-Point Transmission Service to the Transmission Customer, Eversource Service shall be obligated to notify the Transmission Customer within one month of the date on which it had knowledge of the incurrence of the Opportunity Costs. In the event that the then calculated annual cumulative Opportunity Costs exceed the annual cumulative charges previously billed to the Transmission Customer for Embedded Costs or Opportunity Costs pursuant to Section I. of Schedule LTF, Eversource Service may render an immediate billing adjustment.

6.3 All claims for Opportunity Costs shall be accompanied by a written statement or other documentation: (i) showing that the Opportunity Costs were incurred; showing the calculation for the Opportunity Costs incurred and claimed; and showing that the Opportunity Costs would not have been incurred in the absence of the transaction being charged. If the Transmission Customer, in good faith, disputes Eversource Service's claim for Opportunity Costs, such dispute must be made within a ninety (90) day period following the end of the Service Year for which the Opportunity Costs were claimed by Eversource Service.

6.4 Eversource shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Appendix B of Schedule Phase I/II HVDC-TF-LTF in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

SCHEDULE Phase I/II HVDC-TF STF

I. For each daily, weekly or monthly Transaction, Eversource Service will bill the Transmission Customer the higher of: (1) the Embedded Cost Charge or (2) the Opportunity Cost Charges, calculated for the term of each such Transaction. For Transaction having a term greater than one month, Eversource Service will bill the Transmission Customer the difference between: (1) the higher of the cumulative Embedded Cost Charges or the cumulative Opportunity Costs Charges, calculated from the effective date of Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service through the end of the service month and (2) the cumulative billed amount of charges for Embedded Costs and Opportunity Costs preceding the service month for which the bill is being rendered.

A. <u>EMBEDDED COST CHARGE</u>

1. <u>Determination of Embedded Cost Charge</u>

The Embedded Cost Charge will provide for recovery of the embedded costs of the Phase I/II HVDC-TF of Eversource. The Embedded Cost Charge for each month will equal the sum of the Embedded Cost Charges for each monthly (or longer term), weekly, or daily Transaction during such month.

The Embedded Cost Charge for each monthly Transaction shall be determined as the product of: (a) Eversource's Annual Rate for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service divided by twelve (I2) months (expressed in dollars per kilowatt-month) and (b) the Reserved Capacity set forth for such monthly Transaction (expressed in kilowatts).

The Embedded Cost Charge for each weekly Transaction shall be determined as the product of: (a) Eversource's Weekly Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Rate (expressed in dollars per kilowatt-week), and (b) the Reserved Capacity set forth for such weekly Transaction (expressed in kilowatts). Eversource's Weekly Rate is Eversource's Annual Rate for Phase I/II HVDC-TF Short Term Firm Point-To-Point Transmission Service divided by fifty-two (52) weeks.

The Embedded Cost Charge for each daily Transaction shall be determined as the product of: (a) Eversource's Daily Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Rate (expressed in dollars per kilowatt-day), and (b) the Reserved Capacity set forth for such daily

Transaction (expressed in kilowatts). Eversource's Daily Rate is Eversource's Weekly Rate for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service divided by five (5) days. The total of the charges for daily Transactions, under an individual reservation, in a seven (7) day period shall not exceed the charges based on the Weekly Rate and the maximum Reserved Capacity in the period.

2. Eversource's Annual Formula Rate for Phase I/II HVDC-TF Short-Term Transmission Service

Eversource's Annual Formula Rate for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service shall be expressed in dollars per kilowatt-year and shall be determined in accordance with the rate formula specified in Appendix A of this Schedule Phase I/II HVDC-TF-STF ("Formula Rate") being applied to the costs recorded on the books of account (i.e., FERC Form 1) of each of the companies comprising Eversource hereunder. The Formula Rate shall be determined on the basis of estimated costs for each year until the actual Eversource costs for such year are determined. Thereafter, payments made on such estimate shall be recalculated based on actual data for that year, and an appropriate billing adjustment shall be made.

3. Tax Rates and Taxes

The Formula Rate set forth in this Schedule Phase I/II HVDC-TF-STF in effect during a Service Year shall be based on the local, state, and federal tax rates and taxes in effect during the prior year. If, at any time, additional or new taxes are imposed on Eversource or existing taxes are removed, the Formula Rate will be appropriately modified and filed with the Commission in accordance with Part 35 of the Commission's regulations.

4. Provision re: Exchanges

With respect to Entitlement Transactions or Energy Transactions or other transactions that involve an exchange, each party to such transaction shall be treated as an individual Transmission Customer under the Tariff. Accordingly, a separate Schedule Phase I/II HVDC-TF-STF or other applicable charge(s) will be calculated for, and a separate bill will be rendered to, each such individual Transmission Customer.

B. OPPORTUNITY COSTS CHARGE

The Opportunity Costs Charge shall be determined each month in accordance with the provisions set forth in Appendix B of this Schedule Phase I/II HVDC-TF-STF and the Service Agreement.

II. In addition to the applicable charges set forth in Section I of this Schedule Phase I/II HVDC-TF-STF, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay to Eversource Service each month the following additional charges for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service provided during such month.

A. Taxes and Fees Charge

B. Regulatory Expenses Charge

C. Other

A. <u>TAXES AND FEES CHARGE</u>

If any governmental authority requires the payment of any fee or assessment or imposes any form of tax with respect to payments made for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service provided under the Tariff, not specifically provided for in any of the charge or rate provisions under the Tariff, including any applicable interest charged on any deficiency assessment made by the taxing authority, together with any further tax on such payments, the obligation to make payment for any such fee, assessment, or tax shall be borne by the Transmission Customer. Eversource will make a separate filing with the Commission for recovery of any such costs in accordance with Part 35 of the Commission's regulations.

B. <u>REGULATORY EXPENSES CHARGE</u>

Eversource shall have the right to make a Section 205 filing for recovery of regulatory expenses associated with the Tariff and the Service Agreements.

C. <u>OTHER</u>

Eversource shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Schedule Phase I/II HVDC-TF-STF in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

SCHEDULE PHASE I/II HVDC-TF STF

Appendix A

RATES

Eversource's Formula Rate for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service ("Formula Rate") is an annual rate determined from the following formula.

$$\text{Formula Rate}_i = \frac{A_{i-1} - B_{i-1}}{C_{i-1}}$$

WHERE:

- i equals the calendar year during which service is being rendered ("Service Year").

- A_{i-1} is the Annual Cost (expressed in dollars) of the Phase I/II HVDC-TF of Eversource for the calendar year prior to the Service Year. The Annual Revenue Requirements are determined pursuant to the formula specified in Exhibit 1 to this Appendix A of Schedule Phase I/II HVDC-TF-STF.

- B_{i-1} is the actual transmission revenues (expressed in dollars) provided from the provision of transmission services over the Phase I/II HVDC-TF to others. The actual transmission revenues shall be those recorded on the books of each of the companies comprising Eversource hereunder in FERC Account Nos. 447 and 456 pertaining to Transmission of Electricity for Others and such other applicable FERC Account for the calendar year prior to the Service Year.

- C_{i-1} is the average of Eversource's twelve monthly maximum transfer limits (expressed in kilowatts) on its share of the Phase I and Phase II DC facilities for the calendar year prior to the Service Year.

SCHEDULE Phase I/II HVDC-TF-STF

Appendix A

Exhibit 1

ANNUAL TRANSMISSION REVENUE REQUIREMENTS

The Annual Transmission Cost for Eversource's Phase I/II HVDC-TF are the costs assessed by each of the companies comprising Eversource hereunder in owning, operating, maintaining, and supporting those facilities, plus any applicable leasing costs and an allocable share of General Plant and other such plant and equipment. These costs shall be computed on a calendar-year basis using costs, from the calendar year prior to the Service Year.

In making such determinations, the provisions of the Uniform System of Accounts prescribed by FERC for Class A and Class B Public Utilities and Licensees shall be controlling.

The rate formulae for determination of the annual revenue requirements for the Phase I/II HVDC-TF of Eversource are determined pursuant to this Appendix A of Schedule Phase I/II HVDC-TF-STF, as follows:

A. <u>ANNUAL REVENUE REQUIREMENTS</u> = Sum of [the Phase I/II HVDC-TF transmission costs of each of the companies comprising Eversource hereunder - Chester Static VAR Compensator].

SCHEDULE PHASE I/II HVDC-TF-STF

Appendix B

OPPORTUNITY COSTS

The types of Opportunity Costs that may be incurred by Eversource and charged to Transmission Customers in connection with the provision of Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service pursuant to a Service Agreement are described below.

1. <u>OUT OF RATE COSTS</u>

1.1 Out of Rate Costs are incurred when: (i) Eversource is required under an ISO dispatch order to limit the operation of any of its generation Entitlements below the output level under economic dispatch or to "must run" any of its generation Entitlements above the levels associated with economic dispatch; and (ii) the ISO dispatch order adversely impacts Eversource's settlement billing or the settlement billing of another Transmission Customer that has a contractual right (through the purchase of an Entitlement from Eversource) to pass the cost back to Eversource; and (iii) the ISO does not grant a waiver of the Out of Rate Costs incurred pursuant to (i) and (ii) above.

1.2 The information required from the ISO to establish the existence and level of Out of Rate Costs and the Transmission Customer's responsibility for such costs will normally not be available to Eversource by the end of the billing month in which the Out of Rate Costs are incurred. Accordingly, the bills rendered for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service pursuant to Schedule 20A shall be subject to subsequent adjustment, as provided in this Appendix B of Schedule Phase I/II HVDC-TF-STF.

1.3 In circumstances where multiple transactions across a constrained transmission path are causing the incurrence of Out of Rate Costs, the Out of Rate Costs will be allocated first to the Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff to the extent that their service is not curtailed or interrupted pursuant to the provisions of the Tariff. If, after curtailment or interruption of such Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service and/or the allocation of Out of Rate Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, Out of Rate Costs remain, such remaining costs will be allocated to Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service customers with the latest date (latest means, the latest dated Service Agreement for Firm Point-To-Point

Transmission Service). Where the reduction in the number of megawatts of Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short Term Firm Point-To-Point Transmission Service that would have been required to eliminate the need for the ISO limitation or "must run" in any hour exceeds the megawatts of actual Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service of the latest applicable transaction in such hour, the excess Out of Rate Costs will be allocated to the next latest transaction and so on until the total additional megawatts of Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service that is required to be reduced to eliminate the need for such ISO limitation or "must run" order has been achieved. Whenever the transactions across a constrained transmission path that are causing the incurrence of Out of Rate Costs include off-system sales by Eversource, such Eversource off-system sales shall be included on the same basis as Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service transactions in determining responsibility for Out of Rate Costs and the date of the off-system sales contract or wholesale transaction shall be used to determine its "service agreement" or "transaction" date.

2. OPPORTUNITY COSTS ON PHASE I/II HVDC-TF

2.1 Short-Term Power Transfers into New England

Eversource's lost opportunities to purchase economic short-term power will occur when the amount of power that would be economical for Eversource to purchase in the market (at a validated, quoted delivered price below its decremental energy cost) exceeds the amount of Eversource's allocated share of Phase I/II HVDC-TF transfer capacity not then committed to others for Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service into New England and for purchases on behalf of Native Load Customers ("Short-Term Available Import Capacity"). Operating conditions in New England or elsewhere and/or the location of the seller may affect the amount of Phase I/II HVDC-TF Short-Term Available Import Capacity.

The following steps comprise the procedures to be used in assigning such Opportunity Costs on Phase I/II HVDC-TF to Firm customers under the Tariff after assignment of any Opportunity Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, pursuant to the provisions of the Tariff.

2.1.1 The megawatt (MW) difference, if any, between the aggregate of economic power purchase opportunities available and Phase I/II HVDC-TF Short-Term Available Import Capacity will be determined hourly ("Import Shortfall").

2.1.2 To assign such Opportunity Costs on Phase I/II HVDC-TF to Transmission Customers, Firm Point-To-Point Service Agreements under the Tariff will be ordered (stacked) by date of execution of the Phase I/II HVDC-TF Firm Point To-Point Service Agreement under the Tariff, with the Firm Point-To-Point Transmission Customers under the Tariff having the latest date being assigned the highest order number.

2.1.3 Phase I/II HVDC-TF Firm Point-To-Point Transmission Customers under the Tariff contributing to the MW amount of lost opportunities will be determined by aggregating MWs of Reserved Capacity counting backward from the highest order number Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff until the aggregate MWs equals the Import Shortfall.

2.1.4 Such Opportunity Costs on Phase I/II HVDC-TF for each hour associated with the lowest cost purchase opportunity foregone will be assigned to the highest order numbered Phase I/II HVDC-TF Firm Point-To-Point Service Agreement(s) under the Tariff up to the MWs of such foregone purchase.

2.1.5 The MWs of the next lowest cost purchase foregone will be assigned to the MWs of the next following Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff (next highest order number not fully included in the calculation in d. above) and so on until the MWs used to calculate the lost opportunities equals the Import Shortfall.

2.1.6 Such Opportunity Costs on Phase I/II HVDC-TF will be calculated for each hour by computing the difference between the cost of the economic power offered to, but not able to be taken by, Eversource and the decremental energy cost for Eversource for an equivalent amount of megawatt-hours (after reflecting applicable losses) of such foregone purchases. If, however, Eversource elects to purchase power from an alternative supplier involving an unconstrained interface, such Opportunity Costs on Phase I/II HVDC-TF for each hour will be calculated as the difference between the cost of the economic power for the foregone transaction and the cost of economic power for the alternative transaction. The Service Agreement will set forth the method for calculating charges for Opportunity Costs on Phase I/II HVDC-TF associated with such foregone purchases.

2.2 Short-Term Power Transfers Out of New England

Eversource's lost opportunities to sell Phase I/II HVDC-TF short-term power will occur when the amount of power that would be economical for Eversource to sell in the market (at validated, quoted prices that exceed its incremental energy cost) exceeds the amount of Eversource's allocated share of the Phase I/II HVDC-TF transfer capacity out of New England not then committed for Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short Term Firm Point-To-Point Transmission Service out of New England ("Short-Term Available Export Capacity"). It is recognized that operating conditions in New England or elsewhere and/or the location of the buyer may affect the amount of Short-Term Available Export Capacity.

The following steps comprise the procedures to be used in assigning such Opportunity Costs on Phase I/II HVDC-TF to Firm Point-To-Point Customers under the Tariff after assignment of Opportunity Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, pursuant to the provision of the Tariff.

2.2.1 The megawatt (MW) difference, if any, between the aggregate of economic power sales opportunities and the Short-Term Available Export Capacity will be determined hourly ("Export Shortfall").

2.2.2 To assign such Opportunity Costs on Phase I/II HVDC-TF to Transmission Customers, the date of Phase I/II HVDC-TF Firm Point-To-Point Service Agreements under the Tariff for transmission service out of New England will be ordered (stacked) by date of the Firm Point-To-Point Service Agreement under the Tariff (for Eversource off-system sales, transmitted under Phase I/II HVDC-TF Firm Point-To-Point Transmission Service under the Tariff, the date used shall be the date of the sales contract or wholesale transaction), with the Phase I/II HVDC-TF Firm Point-To-Point Transmission Customers under the Tariff (or Eversource) having the latest execution date being assigned the highest order number.

2.2.3 Firm Point-To-Point Transmission Customers under the Tariff (and/or Eversource) contributing to the MW amount of lost opportunities will be determined by aggregating MWs of Reserved Capacity (including contract or transaction amount of such Companies' sales) counting backward from the highest order number Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff (or contract or transaction of such Eversource sales) until the aggregate MWs equals the Export Shortfall.

2.2.4 Such Opportunity Costs on Phase I/II HVDC-TF for each hour associated with the highest priced sale opportunity foregone will be assigned to the highest order numbered Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff (or contract or transaction for such Companies' sales) up to the MWs of such foregone sale.

2.2.5 The MWs of the next highest price sale foregone will be assigned to the MWs of the next following Firm Point-To-Point Service Agreement under the Tariff or Eversource's off-system sale (next highest order number not fully included in the calculation in d. above) and so on until the MWs used to calculate the lost opportunities equals the Export Shortfall.

2.2.6 Such Opportunity Costs on Phase I/II HVDC-TF for each hour will be calculated by computing the difference between the price of the power for which willing buyers exist, but to whom sales cannot be made because of limited Phase I/II HVDC-TF Short-Term Available Export Capacity, and the incremental energy cost for Eversource for an equivalent amount of megawatt-hours (after reflecting applicable losses) of such foregone sales. If, however, Eversource elects to sell power to an alternative supplier involving an unconstrained interface, such Opportunity Costs on Phase I/II HVDC-TF will be calculated as the difference between the delivered price of power of the foregone transaction and the delivered price of power for the alternative transaction. The Service Agreement will set forth the methodology for calculating charges for Opportunity Costs on Phase I/II HVDC-TF associated with such foregone sales.

3. <u>TIE LINE ADJUSTMENT COSTS</u>

Service across the Phase I/II HVDC-TF into New England that results in a decrease in the amount of tie line benefits (expressed in kilowatts) reflected in Eversource's Capability Responsibility will be subject to claims for Opportunity Costs to account for reduction in such tie line benefits. The Service Agreement will set forth the methodology to determine the reduced tie line benefit to Eversource and to calculate the charge for recovery of such Opportunity Costs.

4. <u>OTHER OPPORTUNITY COSTS</u>

Nothing in this Appendix B of Schedule Phase I/II HVDC-TF-STF shall be construed to limit the right of Eversource to file unilaterally under Section 205 of the Federal Power Act for recovery of other Opportunity Costs incurred by the Companies in connection with Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service to a Transmission Customer.

5. OTHER PROVISIONS

5.1 Whenever Eversource determines in advance that it expects to charge the Transmission Customer for Opportunity Costs hereunder, Eversource will, if practicable, notify the Transmission Customer, based on the information then available, and give such Customer the option of interrupting its scheduled deliveries for an identified day in order to avoid charges for Opportunity Costs. It is explicitly recognized that Eversource may not unilaterally interrupt service to avoid the incurrence of Opportunity Costs, and the option to permit interruption rests solely with the Transmission Customer. It is also explicitly recognized that Eversource may not have the ability to make this determination on a timely basis and to provide notice in advance of scheduling deadlines and they shall not be liable in any manner for failure to provide advance notice under this paragraph or for changes in operating conditions that impact on anticipated availability of transfer capability.

5.2 For any hour that Eversource incurs an Opportunity Cost pursuant to this Appendix B of Schedule Phase I/II HVDC-TF-STF and Eversource Service determines that the Opportunity Cost would not have been incurred if Eversource was not providing Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service to the Transmission Customer, Eversource Service shall be obligated to notify the Transmission Customer within one month of the date on which it had knowledge of the incurrence of the Opportunity Costs. In the event that the then calculated cumulative Opportunity Costs exceed the cumulative charges previously billed to the Transmission Customer for Embedded Costs or Opportunity Costs pursuant to Section I of Schedule Phase I/II HVDC-TF-STF, Eversource Service may render an immediate billing adjustment.

5.3 All claims for Opportunity Costs shall be accompanied by a written statement or other documentation: (i) showing that the Opportunity Costs were incurred; (ii) showing the calculation for the Opportunity Costs incurred and claimed; and (iii) showing that the Opportunity Costs would not have been incurred in the absence of the transaction being charged. If the Transmission Customer, in good faith, disputes Eversource Service's claim for Opportunity Costs, such dispute must be made within a ninety (90) day period following the end of the Service Year for which the Opportunity Costs were claimed by Eversource Service.

5.4 Eversource shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Appendix B of Schedule Phase I/II HVDC-TF-STF in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

SCHEDULE PHASE I/II HVDC-TF-NF

I. Eversource Service shall bill the Transmission Customer for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service, and the Transmission Customer shall be obligated to pay to Eversource Service the charges as set forth in this Schedule Phase I/II HVDC-TF-NF as applicable.

A. TRANSMISSION CHARGE

1. General

The Transmission Customer shall pay to Eversource Service each month the sum of the Transmission Charges calculated for all of its monthly Transactions, weekly Transactions, daily Transactions and hourly Transactions, each as set forth below.

With respect to any wholesale transactions that involve an exchange, each party to such Transaction shall be an individual Transmission Customer under the Tariff. Accordingly, a Transmission Charge, as applicable, will be calculated for, and a separate bill will be rendered to, each such Transmission Customer.

2. Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service For Monthly Transactions

The Transmission Charge for each month applicable to a monthly Transaction shall be determined as the product of: (a) the rate posted on Eversource's Open Access Same-Time Information System ("OASIS") at the time the service is reserved, not to exceed Eversource's Annual Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service divided by twelve (12) months and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Reservation for such month, expressed in kilowatts.

3. Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service For Weekly Transactions

The Transmission Charge for each month applicable to weekly Transactions shall be the sum of the transmission charges determined for each weekly Transaction during such month. The transmission charge for each weekly Transaction shall be determined as the product of: (a) the rate posted on Eversource's OASIS at the time the service is reserved, not to exceed Eversource's Weekly Phase I/II HVDC-TF Firm Point-To-Point Transmission Charge Rate (expressed in dollars per kilowatt week), and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Reservation for such week (expressed in kilowatts). Eversource's Weekly Rate is Eversource's Annual Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service divided by fifty two (52) weeks.

4. Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service For Daily Transactions

The Transmission Charge for each month applicable to daily Transactions will be the sum of the transmission charges determined for each daily Transaction.

The transmission charge for each daily Transaction shall be determined as the product of: (a) the rate posted on Eversource's OASIS at the time the service is reserved, not to exceed Eversource's Daily Phase I/II HVDC-TF Firm Point-To-Point Transmission Charge Rate (expressed in dollars per kilowatt-day); and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Reservation for such day (expressed in kilowatts). Eversource's On-Peak Daily Rate is the Companies' Weekly Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service divided by five (5) days. Eversource's Off-Peak Daily Rate is Eversource's Weekly Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service plus seven (7) days. The total of the charges for daily Transactions, under an individual Reservation, in a seven (7) day period shall not exceed the charges based on the Weekly Rate and the maximum Reserved Capacity in the period.

5. Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service For Hourly Transactions

The Transmission Charge for each month applicable to hourly Transactions will be the sum of the transmission charges determined for each hourly Transaction. The transmission charge for each hour of an hourly Transaction shall be determined as the product of: (a) the rate posted on Eversource's OASIS at the time the service is reserved, not to exceed Eversource's Daily Phase I/II HVDC-TF Firm Point-To-Point Transmission Service Rates divided by sixteen (16) hours (expressed in dollars per kilowatt-hour), and (b) the Reserved Capacity as set forth in the Transmission Customer's applicable Reservation for such hour- (expressed in kilowatts). Eversource's Hourly On-Peak Rate is equal to Eversource's Daily Rate for Phase I/II HVDC-TF Non-Firm Transmission Service divided by sixteen (16) hours. Eversource's Hourly Off-Peak Rate is equal to Eversource's Daily Rate for Phase I/II HVDC-TF Non-Firm Transmission Service divided by twenty-four (24) hours. The total of the charges for hourly Transactions, under an individual Reservation, in a twenty-four (24) hour period shall not exceed the charges based on the Daily Rate and the maximum Reserved Capacity in the period.

6. Credit to the Transmission Charge

Whenever service provided hereunder is interrupted or curtailed by Eversource, the Phase I/II HVDC-TF Control Center or the ISO, the Transmission Charges to the Transmission Customer calculated pursuant to Sections A.1 through 5, of this Schedule Phase I/II HVDC-TF-NF shall be credited by an amount equal to the sum of the credits calculated for each hour of interruption or curtailment in service. The credit to the Transmission Customer for each such hour of interruption or curtailment shall be calculated as the product of (i) the applicable equivalent hourly charge for hourly, daily, weekly, or monthly Transactions, and (ii) the kilowatts of service interruption or curtailment during such hour.

7. Eversource's Annual Formula Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service

Eversource's Annual Formula Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service shall be expressed in dollars per kilowatt-year and shall be determined in accordance with the rate formula specified in Appendix A of this Schedule Phase I/II HVDC-TF-NF ("Formula Rate"), being applied to the costs recorded the books of account (i.e., FERC Form 1) of each of the companies comprising Eversource hereunder. The Formula Rate shall be determined on the basis of estimated costs for each year until the actual Eversource costs for such year are determined. Thereafter, payments made on such estimate shall be recalculated based on actual data for that year, and an appropriate billing adjustment shall be made pursuant to Schedule 20A.

8. Tax Rates and Taxes

The Formula Rate set forth in this Schedule Phase I/II HVDC-TF-NF in effect during a Service Year shall be based on local, state, and federal tax rates and taxes in effect during the prior year. If, at any time, additional or new taxes are imposed on Eversource or existing taxes are removed, the Formula Rate will be appropriately modified and filed with the Commission in accordance with Part 35 of the Commission's regulations.

II. In addition to the applicable charges set forth in Parts I and II of the Tariff, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay Eversource Service each month the following additional charges for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service provided during such month.

A. Taxes and Fees Charge
B. Regulatory Expenses Charge
C. Other

A. <u>TAXES AND FEES CHARGE</u>

If any governmental authority requires the payment of any fee or assessment or imposes any form of tax with respect to payments made for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service provided under the Tariff, not specifically provided for in any of the charge or rate provisions under the Tariff, including any applicable interest charged on any deficiency assessment made by the taxing authority, together with any further tax on such payments, the obligation to make payment for such fee, assessment, or tax shall be borne by the Transmission Customer. Eversource will make a separate filing with the Commission for recovery of any such costs in accordance with Part 35 of the Commission's regulations.

B. REGULATORY EXPENSES

Eversource reserves its rights to make a Section 205 filing for recovery of its costs to administer the Tariff and the Service Agreements.

Eversource shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Schedule Phase I/II HVDC-TF-NF in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

SCHEDULE Phase I/II HVDC-TF-NF

Appendix A

RATES

Eversource's Formula Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service ("Formula Rate") is an annual rate determined from the following formula.

$$\text{Formula Rate}_i \quad = \quad \frac{A_{i-1}-B_{i-1}}{C_{i-1}}$$

WHERE:

- i equals the calendar year during which service is being rendered ("Service Year").

- A_{i-1} is the Annual Cost (expressed in dollars) of the Phase I/II HVDC-TF of Eversource for the calendar year prior to the Service Year. The Annual Revenue Requirements are determined pursuant to the formula specified in Exhibit 1 to this Appendix A of Schedule Phase I/II HVDC-TF-NF.

- Bi-1 is the actual transmission revenues (expressed in dollars) provided from the provision of transmission services over the Phase I/II HVDC-TF to others. The actual transmission revenues shall be those recorded on the books of each of the companies comprising Eversource hereunder in FERC Account Nos. 447 and 456 pertaining to Transmission of Electricity for Others and such other applicable FERC Account for the calendar year prior to the Service Year.

- Ci-1 is the average of Eversource's monthly peak load (expressed in kilowatts of its share of the Phase I/II HVDC-TF of Eversource), for the calendar year prior to the Service Year, as reported in FERC Form No. 1.

SCHEDULE Phase I/II HVDC-TF-NF

Appendix A

Exhibit I

ANNUAL TRANSMISSION REVENUE REQUIREMENTS

The Annual Transmission Cost for Eversource's Phase I/II HVDC-TF are the costs assessed by each of the companies comprising Eversource hereunder in owning, operating, maintaining, and supporting those facilities, plus any applicable leasing costs and an allocable share of General Plant and other such plant and equipment. These costs shall be computed on a calendar-year basis using costs, from the calendar year prior to the Service Year.

In making such determinations, the provisions of the Uniform System of Accounts prescribed by FERC for Class A and Class B Public Utilities and Licensees shall be controlling.

The rate formula for determination of the annual revenue requirements for the Phase I/II HVDC-TF of Eversource is determined pursuant this Appendix A of Schedule Phase I/II HVDC-TF-NF, as follows:

A. ANNUAL REVENUE REQUIREMENTS = Sum of the Phase I/II HVDC TF transmission costs of each of the companies comprising Eversource hereunder - Chester Static VAR Compensator.

SCHEDULE 20A-ES

ATTACHMENT L

Creditworthiness Procedures

1. General Information – All customers taking any service over the Phase I/II HVDC-TF facilities provided by Eversource under Schedule 20A-ES must meet the terms of this Attachment L.

2. Establishing Creditworthiness

a) Each customer's creditworthiness must be established before receiving transmission services from Eversource. A customer will be evaluated at the time that its application for transmission service is provided to Eversource based on the creditworthiness information required under this Attachment L. Eversource shall conduct a credit review of each transmission customer not less than annually or upon reasonable request by the transmission customer.

b) Eversource will review the customer's creditworthiness information for completeness and will notify the customer if additional information is required.

c) Upon completion of a creditworthiness evaluation of a customer, Eversource will forward a written evaluation to the customer if they determine that Financial Assurance must be provided.

3. Financial Information – Customers requesting transmission service must submit if available the following:

a) All current rating agency reports of the customer from Standard and Poor's ("S&P"), Moody's Investors Service ("Moody's"), and/or Fitch Ratings ("Fitch").

b) A Management Discussion and Analysis ("MD&A") along with audited financial statements provided by an independent registered public accounting firm or a registered independent auditor for the three (3) most recent fiscal years, or the period of the customer's existence, if shorter than three (3) years.

4. Creditworthiness – Qualification for Unsecured Credit

a) A customer may receive unsecured credit from Eversource equivalent to three (3) months of the transmission charges. The customer must meet at least one of the following criteria:

(i) If rated, the customer's lowest rating from the three rating agencies on its senior unsecured long-term debt; or if the customer does not have such a rating, then one rating level below the rating then assigned to the customer's corporate credit rating, as follows:
1. a Standard and Poor's or Fitch rating of at least BBB, or
2. a Moody's rating of least Baa2.

(ii) If un-rated or if rated below BBB/Baa2, as described in 4(a)(i) above, the customer must meet all of the following creditworthiness criteria for the three (3) most recent fiscal years:

1. A Capitalization Ratio (Debt divided by the sum of shareholders' equity and Debt) of no more than 60 percent Debt, where "Debt" is defined as the sum of all long-term and short-term debt, preferred securities and capital leases, each of which is recorded in accordance with generally accepted accounting principles;

2. Earnings before interest, taxes, depreciation and amortization ("EBITDA") in the most recent fiscal quarter divided by interest expense (ratio of EBITDA-to-interest expense of at least three (3) times); and

3. Audited Financial Statements with an unqualified audit opinion from an independent registered public accounting firm or a registered independent auditor.

b) If the customer relies on the creditworthiness of a parent company, the parent company must satisfy the ratings criteria in Section 4(a) above, and must provide to Eversource a written guarantee that it will be unconditionally responsible for all financial obligations associated with the customer's receipt of transmission service from Eversource.

c) If the customer or the customer's parent company do not qualify for unsecured credit under Sections 4(a), or (b) above, the customer can still qualify for unsecured credit equivalent to three (3) months of transmission service charges, if the customer has, on a rolling basis, 12 consecutive months of payments to Eversource with no missed, late or defaults in payment.

5. **Financial Assurance** – If the customer does not meet the applicable requirements for unsecured credit set out in Section 4, then the customer must either:

a) pay in advance an amount equal to the lesser of the total charge for transmission service not less than five (5) days in advance of the commencement of service, in which case Eversource will pay to the customer interest on the amounts not yet due to Eversource, computed in accordance with 18 C.F.R. §35.19(a)(2)(iii) of the Commission's Regulations; or

b) obtain Financial Assurance in the form of a letter of credit or a parent guarantee equal to the equivalent of three (3) months of transmission service charges prior to receiving service.

(i) The letter of credit must be one or more irrevocable, transferable standby letters of credit issued by a United States commercial bank or a United States branch of a foreign bank provided that such customer is not an affiliate of such bank. The issuing bank must have a credit rating of at least A2 from Moody's or an A rating from S&P or Fitch, or an equivalent credit rating by another nationally recognized rating service reasonably acceptable to Eversource, provided that such bank shall have assets totaling not less than ten billion dollars ($10,000,000,000). All costs of the letter of credit shall be borne by the applicant for such letter of credit. In the event of an inconsistency in the ratings by Moody's, S&P, or Fitch, a "split rating", the lowest credit rating shall apply.

(ii) If the credit rating of a bank or other financial institution issuing a letter of credit to a customer falls below the levels specified in Section 5(b)(i) above, the customer shall have three (3) business days to obtain a suitable letter of credit from another bank or other financial institution that meets the specified levels unless Eversource agrees in writing to extend such period.

6. **Notifications -** Each customer must inform Eversource in writing within three (3) business days of any material change in its or its letter of credit issuer's financial condition, and if the customer qualifies under Section 4(b), that of its parent company. A material change in financial condition may include, without limitation, the following:

a) change in ownership by way of a merger, acquisition, or substantial sale of assets;

b) downgrade by a recognized major financial rating agency;

c) placement on credit watch with negative implications by a major financial rating agency;

d) a bankruptcy filing by the customer or parent;

e) any action requiring the filing of a SEC Form 8-K;

f) declaration of or acknowledgement of insolvency;

g) report of a significant quarterly loss or decline in earnings;

h) resignation of key officer(s); or

i) issuance of a regulatory order and/or the filing of a lawsuit that could materially adversely impact current or future financial results.

7. **Ongoing Financial Review** – Each customer is required to submit to Eversource annually or when issued, as applicable:

a) current rating agency reports;

b) audited financial statements from an independent registered public accounting firm or a registered independent auditor; and

c) SEC Forms 10-K and 8-K, promptly upon their filing.

8. **Change in Creditworthiness Status -** A customer who has been extended unsecured credit pursuant to Section 4, must comply with the terms of Financial Assurance in Section 5, if one or more of the following conditions apply:

a) the customer no longer meets the applicable criteria for unsecured credit in Section 4;

b) the customer exceeds the amount of unsecured credit extended by Eversource, in which case Financial Assurance equal to the amount of exceeded unsecured credit must be provided within five (5) business days; or

c) the customer has missed two or more payments for any of the transmission services provided by Eversource in the last twelve (12) months.

9. **Procedures for Changes in Credit Levels and Collateral Requirements**

a) Eversource shall issue notice to a customer of any changes to the approved credit levels and/or collateral requirements within five (5) business days after (1) receiving notification of any material changes in financial condition under Section 6 above; (2) receiving the information required for the customer's ongoing financial review listed in Section 7 above; or (3) the occurrence of any of the events leading to a change in creditworthiness requirements listed in Section 8 above.

b) A customer may submit a written request that Eversource provide an explanation of the reasons for the changes in credit levels and/or collateral requirements within five (5) business days after receiving notification of the changes. Eversource will provide a written response within five (5) business days after receiving such a request.

10. **Contesting Creditworthiness Determinations** – A customer may contest Eversource's determination of its creditworthiness by submitting a written request for re-evaluation within 20 calendar days of being notified of the creditworthiness determination. The request should provide information supporting the basis for a re-evaluation of the customer's creditworthiness. Eversource will review the request and respond within 20 calendar days of receipt.

11. **Process for Changing Credit Requirements**

a) In the event Eversource plans to revise the Schedule 20A-ES requirements for credit levels or collateral requirements described in this Attachment L, it will make a filing under Section 205 of the Federal Power Act.

b) Following Commission acceptance of such filing and upon the effective date, Eversource shall revise its Attachment L and an updated version of Schedule 20A-ES shall be posted to the ISO-NE web site.

c) When Eversource changes its credit requirements for service under Schedule 20A-ES, the customer is responsible for forwarding updated financial information to Eversource. The customer must indicate whether the change affects its ability to meet the requirements of Attachment L. In cases where the customer's credit status has changed, the customer must take the necessary steps to comply with the revised credit requirements of Attachment L by the effective date of the change.

12. **Suspension of Service -** Eversource may immediately suspend service (with notification to the Commission) to a customer, and may initiate proceedings with the Commission to terminate service, if the customer does not meet the terms described in Sections 4 through 8 at any time during the term of service or if the customer's payment obligations to Eversource exceed the amount of unsecured or secured credit to which it is entitled under this Attachment L. A customer is not obligated to pay for transmission service that is not provided as a result of a suspension of service.