Order No. 1000 Compliance Filing
of
ISO New England Inc.
and the
Participating Transmission Owners
Administrative Committee

PART 1 OF 2

October 25, 2012

Contents

October 25, 2012

The Hon. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

Re: Amendments to the ISO New England Inc. Transmission, Markets and Services Tariff and Transmission Operating Agreement in Compliance with Order No. 1000, Docket No. ER13-___-000 (Part 1 of 2)

Dear Secretary Bose:

Pursuant to Rule 1907 of the Federal Energy Regulatory Commission's ("FERC or the "Commission")[1] Rules of Practice and Procedure, 18 C.F.R. § 385.1907 (2012), and Section 206 of the Federal Power Act ("FPA"), ISO New England Inc. ("ISO-NE" or "ISO") and the Participating Transmission Owners Administrative Committee ("PTO AC")[2] (collectively, the "Filing Parties") hereby jointly submit this transmittal letter regarding the proposed revisions to Sections I and II of the ISO-NE Tariff, and to the Transmission Operating Agreement ("TOA"), to comply with the Commission's Order on *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000[3] and Order No. 1000-A.[4] Also submitted herewith are the supporting testimony of Stephen J. Rourke, the ISO's Vice President of System Planning (the "Rourke Testimony"), and the joint testimony of David Boguslawski, Northeast Utilities' Vice President of Transmission Strategy and Operations, and Carol Sedewitz, Director of Electric Transmission Planning at National Grid USA (the "PTO Testimony").

[1] Capitalized terms used but not defined in this filing are intended to have the meanings given to such terms in

[2] The PTO AC joins this filing on behalf of the Participating Transmission Owners ("PTOs") in New England based on a vote of the PTO AC in support of the filing and the amendments to the TOA that are contemplated thereby. The PTOs who voted in favor of the filing are: Bangor Hydro-Electric Company; NSTAR Electric & Gas Corporation; Central Maine Power Company; Maine Electric Power Corporation; New England Power Company d/b/a National Grid; Northeast Utilities Service Company on behalf of its affiliates: The Connecticut Light and Power Company, Western Massachusetts Electric Company, Public Service Company of New Hampshire, Holyoke Power and Electric Company and Holyoke Water Power Company; The United Illuminating Company; Vermont Electric Power Company, Inc.; and Vermont Transco, LLC. The PTOs are sometimes referred to in the attached testimony as the "NETOs." The NETOs who voted in favor of the filing are also joining this filing as individual Filing Parties.

[3] *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 76 Fed. Reg. 49,842 (Aug. 11, 2011), FERC Stats. & Regs. ¶ 31,323 (2011) ("Order No. 1000"), Order No. 1000-A, 77 Fed. Reg. 32,184 (May 31, 2012), 139 FERC ¶ 61,132 (2012) ("Order No. 1000-A").

[4] This filing letter and attachments are the first part of a two-part submission. Due to technical limitations associated with the Commission's eTariff system, the ISO is not able to submit the clean and blacklined TOA changes with the ISO-NE Tariff changes, filing letter, testimony and other material, as the TOA is stored in a separate database from the ISO-NE Tariff.

I. INTRODUCTION

A. Foundational Principles and Features of the Compliance Filing

The New England region has a highly successful reliability planning process that has led to the addition of $4.7 billion in new transmission facilities in service over the past decade, with another $5.7 billion in projects included in the ISO-NE Regional System Plan that are in different stages of development.[5] The New England planning process is led by ISO-NE, the Regional Transmission Organization ("RTO"), and proactively develops solutions to identified needs in a collaborative manner based on a rigorous and iterative review of different potential solutions, rather than choosing among competing projects submitted by transmission owners or developers without open collaboration of planning experts. Once the collaborative process develops the most cost-effective solution, the project is then put out for bid for construction by the PTO that has the responsibility to build it. The RTO has continuing oversight through a review process that identifies any costs that exceed the local need.

This process has reversed a history in New England of decades of underbuilding of transmission, thereby: (i) resolving local and regional reliability needs that had until then required the use of expensive reliability must-run ("RMR") contracts; (ii) virtually eliminating transmission congestion; (iii) assisting with the interconnection of new resources (including renewables) and use of demand resources; and (iv) improving the efficiency of markets. In 2011, for example, annual totals of congestion charges and daily out-of-merit dispatch payments were hundreds of millions of dollars less than they were before the recent transmission expansion program started.[6] The successful process has also resulted in a substantial reduction in the emission of pollutants, and has contributed to a reduction, in the hundreds of millions of dollars, in annual RMR payments.[7]

This existing process is protected by a contract – the TOA among ISO-NE and the PTOs − that was presented to the Commission, and approved in 2004 as part of the transformation of ISO-NE into an RTO. The terms of the contract do not contain a "right of first refusal" as that term is traditionally used, so much as a right and obligation to build that may not be refused. The Filing Parties sought *Mobile-Sierra* protection for those rights and specifically included language in the contract that included the Commission as among the entities that must make a "Mobile-Sierra" public interest showing to alter those provisions. The Commission specifically approved *Mobile-Sierra* protection for those rights (while rejecting such protection for certain other parts of the contract).

[5] PTO Testimony, at 13-14.

[6] PTO Testimony, at 21, 23-24. Congestion costs have fallen over 93% since 2005. Daily out of merit dispatch costs have fallen by 75 percent. *Id.* at 20.

[7] PTO Testimony, at 20, n. 1.

The *Mobile-Sierra* doctrine prevents the Commission from using its authority to modify or rescind covered provisions of an existing contract except in cases of "unequivocal public necessity"[8] or "extraordinary circumstances."[9] That is, the presumption that the protected contract provisions are just and reasonable can be overcome only if the Commission concludes that the provisions "seriously harm[] the public interest,"[10] or stated another way, that the provisions "seriously harm[] the consuming public."[11] The U.S. Court of Appeals for the District of Columbia Circuit has stated that the *Mobile-Sierra* doctrine requires a "heavy burden" to be met before a contracting party "can be deprived against his will of the benefits of his bargain."[12]

As this filing will explain, based on the testimony of planning experts, the existing planning process has been highly successful at identifying the most cost-effective regional alternative as a solution to an identified need and getting that solution built and into service. In light of the compelling results achieved by the existing process utilizing the existing contractual arrangements, there is no unequivocal public necessity, and there are no extraordinary circumstances, that require setting aside the right and obligation of the PTOs reflected in the TOA. In fact, as demonstrated in the Rourke Testimony and the PTO Testimony, there are many reasons to believe that a revised process based on the "no ROFR" provisions of Order No. 1000 would be substantially inferior to the one that exists today. In these circumstances, the Commission cannot make the finding required to force the PTOs and ISO-NE to involuntarily amend the TOA to remove the right to build provisions that are protected by *Mobile-Sierra* and that are essential to the current process. The Filing Parties therefore seek to retain the structure and roles of the PTO and ISO set forth in the TOA for the existing reliability planning process, and for the comparable process that is available for identifying market efficiency projects.

Besides being protected by virtue of the terms of the TOA, and as an alternative to a finding regarding *Mobile-Sierra* and the public interest, the existing process is, applying the same principles that govern deviations from the Commission's *pro forma* OATT under Order Nos. 888[13] and 890,[14] superior to the proposed dueling submission process set out in

[8] *In re Permian Basin Area Rate Cases*, 390 U.S. 747, 822 (1968) ("*Permian Basin*").

[9] *Arkansas La. Gas Co. v. Hall*, 453 U.S. 571, 582 (1981) ("*Arkla*"). *See also Morgan Stanley Capital Grp., Inc. v. Pub. Util. Dist No. 1 of Snohomish Cnty.,* 554 U.S. 527, 550-51 (2008) ("*Morgan Stanley"*) (citing *Permian Basin* and *Arkla*).

[10] *Morgan Stanley*, at 530.

[11] See *NRG Power Mktg., LLC*, 558 U.S. 165, 130 S. Ct. 693, 699 (2010) (*"NRG"*) (citing Permian Basin Area Rate Cases, 390 U.S. 747, 822 (1968)).

[12] *Town of Norwood, Mass. v. Fed. Energy Regulatory Comm'n,* 587 F.2d 1306, 1310 (1978).

[13] *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats. and Regs. ¶ 31,036, at pp. 31,770 (1996).

Order No. 1000. This is true for several reasons. First, the existing process has been and will continue to be more effective at identifying the optimal cost-effective solution because it applies an open, rigorous and iterative analysis to develop and compare alternatives,[15] as compared with a "dueling submissions" approach, which only permits identification of the better project compared to other projects submitted, none of which may be the best alternative for the region.[16] Second, the existing process involves less expense because (i) payment of study costs for multiple entities is not necessary,[17] (ii) significant additional ISO staff to study project submissions is not necessary,[18] and (iii) projects are not unnecessarily delayed, avoiding additional out-of-market dispatch costs, RMR agreement costs, and rejected de-list bid payments.[19] Third, the existing process is more flexible: the formulation and design of projects can be adjusted midstream to respond to changing needs that result from shifts in the load forecast or the addition of resources, rather than stopping an existing project solicitation process and issuing a wholly new solicitation, again saving the region time and money.[20] Fourth, the existing process provides for the certainty needed to operate forward markets, including a process that moves transmission projects into place more quickly, allowing new demand response, renewable, and other resources to qualify to participate in the market as soon as possible.[21]

This filing does not seek to use the terms of the current reliability and market efficiency planning process as the new public policy transmission planning process that is included herein to comply with Order No. 1000. Instead, the Filing Parties have worked extensively with the region to develop a new public policy transmission planning process. The process will provide new tools to not only evaluate or consider new policy-driven transmission projects, but also to move ideas through two successive open, competitive stages until final projects may ultimately be added to the Regional System Plan for construction and cost allocation. While the right of PTOs to build any regional upgrades (and not just reliability and market efficiency upgrades) is protected by the *Mobile-Sierra* doctrine, the Filing Parties are voluntarily agreeing to modify the TOA as set forth in the

(...continued)

[14] *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 Fed. Reg. 12,266 at P 157 (Mar. 15, 2007), FERC Stats. & Regs. ¶ 31,241, *order on reh'g,* Order No. 890-A, 73 Fed. Reg. 2984 (Jan. 16, 2008), FERC Stats & Regs. ¶ 31,261 (2007).

[15] Rourke Testimony, at 8-14; PTO Testimony, at 4-11, 24-30.

[16] Rourke Testimony, at 20-21; PTO Testimony, at 24-26.

[17] Rourke Testimony, at 21-22.

[18] Rourke Testimony, at 19.

[19] Rourke Testimony, at 22; PTO Testimony, at 26-27, 43-44.

[20] Rourke Testimony, at 24-25; PTO Testimony, at 27-28.

[21] Rourke Testimony, at 15.

attached, amended TOA, to provide for open, project-based competition for public policy projects.[22]

While the New England states can of course work together today and request their resident PTOs to proceed with elective transmission upgrades on the basis of cost allocations to which the states agree, the new public policy transmission process makes that collaboration easier, establishing an RTO process to facilitate scoping, study management, and financial settlement. The new public policy transmission planning process builds off the current economic studies process, and involves the states through the New England State Committee on Electricity ("NESCOE"), which identifies state and federal public policies for initial study.[23] ISO-NE then undertakes scenario studies to provide a sense of the cost and benefits of various high-level alternatives. If some or all states determine that those transmission solutions are an attractive means or are otherwise necessary to meet their identified public policies, they may ask that the ISO receive initial Stage One proposals from pre-qualified incumbent and nonincumbent developers. If the states do not want to proceed, the public policy transmission planning process is terminated until the next planning cycle.

ISO-NE will receive and evaluate those Stage One Proposals and present the states and other regional stakeholders with an analysis of the proposals. States may then elect to request that more detailed study be pursued for some subset of Stage One Proposals, at which point the proposal proponents will have the right to recover their prudent Stage Two Solution study costs. Here, too, ISO-NE will perform the analysis of the Stage Two Solutions that are produced. If no state requests Stage Two Solution submittals, the public policy transmission planning process is terminated until the next planning cycle.

The states may then evaluate the results and inform ISO-NE and the region through a written transmittal that all or a subset of New England states are supportive of a given project and that they have elected to utilize either an allocation to which they have all agreed, or a default cost allocation (set forth in the tariff revisions submitted in this filing).

[22] The PTOs wish to make clear that while they have agreed to voluntarily amend provisions of the TOA subject to *Mobile-Sierra* rights with respect to the new public policy transmission planning process, and support this entire filing, they are not yet convinced that this process will be superior to the current one used for reliability and market efficiency planning. The PTOs view the instant public policy planning filing as an experiment in a new process that was designed primarily to develop consensus on this issue with the New England states in circumstances where most public policy requirements are the result of state statutes and regulations that the states have primary responsibility to enforce.

[23] The ISO as the RTO transmission planning authority may also initiate public policy studies of federal public policies that may drive transmission needs that have not been identified by the states. The results of those studies may be adopted by the states if they are interested in pursuing Stage One Proposals. Where there is an RTO-initiated study for federal public policy pursuant to Section 4A.1.1 of ISO-NE OATT Attachment K that is not selected by one or more states for further development through Stage One Proposals, the ISO will determine the appropriate next steps to take with regard to such study with input from NESCOE and the Planning Advisory Committee. The ISO will not undertake steps in the regional planning process with regard to such a study that have not been approved by the Commission where necessary.

If the states elect a project-specific cost allocation that differs from the default, rate provisions to implement such cost allocation will be filed for Commission approval. Once the states issue a letter supporting a public policy transmission project, the project is placed on the Regional System Plan project list and moves forward to siting and construction. The project may only be removed from the list if all of the sponsoring states supply ISO-NE with another transmittal indicating that all of the sponsoring states would like the project withdrawn from the project list.

The Filing Parties believe this public policy transmission planning process, the structure of which was strongly supported by the New England states in the stakeholder process, provides new tools for the region to move beyond simply a consideration and evaluation of public policy transmission needs, which could occur today under the economic study request process. The Filing Parties believe that the roles identified could facilitate the partnership that is necessary if any non-reliability project is to be successful at moving forward with state support, through state siting, and ultimately, to construction.

More than halfway through the region's Order No. 1000 compliance stakeholder process the Commission issued Order No. 1000-A, which among other things required a "no ROFR" planning process alternative even for regions that would be asserting *Mobile-Sierra* protection of existing federal rights to build transmission projects. The Commission explained that this was being done so that it would have a compliance plan to consider in the event that it could meet the "public interest" burden required to modify the existing contractual rights governed by the *Mobile-Sierra* doctrine. The Filing Parties have developed a "contingent" alternative reliability and market efficiency planning process in compliance with the requirements of Order No. 1000-A even though they believe the Commission is required to uphold their *Mobile-Sierra* contract rights.

The contingent process would require that reliability projects identified as being needed within five years of the completion of a Needs Assessment be developed in the manner they are today, by the existing PTO in an RTO-led process that can begin identifying the most cost-effective solution for the region as soon as the needs are established. This is critical because, even where the ISO and TOs are able to work quickly, the time needed to engineer and move a project through siting and construction for even relatively simple projects is often around five years. While more complex reliability projects often take more than five years to place in service, the Filing Parties believe that five years is a reasonable and factually supported dividing line.[24]

Because reliability is a critical function for the RTO and transmission owners, and can result in large economic losses and an increased threat to public health and safety when transmission upgrades needed to address near-term reliability needs are not placed in service as expeditiously as possible, the Filing Parties believe that it is not acceptable to delay projects by one to two years for additional processes to play out before beginning the

[24] *See* Attachment 1 to Rourke Testimony; PTO Testimony, at 39-43.

siting process. Given the focus on reliability by the Commission, Congress and the states, the Filing Parties believe that this five-year horizon for reliability projects is consistent with the goals of Order No. 1000. If not determined to be within the four corners of Order No. 1000, this five-year horizon for reliability projects should be accepted as superior to the processes set forth in the Order.

For those projects that are not needed for reliability within five years, and for all market efficiency projects, the ISO would hold a "dueling submissions" process which consists of two phases: An initial phase for higher-level project submissions ("Phase One Proposals") by pre-qualified entities, and a second phase for the further development of submissions ("Phase Two Solutions") deemed responsive by the ISO. Incumbent transmission owners would retain their backstop planning obligation and would be required to submit project proposals to address identified needs, but these would be inserted into the process; there would be no open "collaborative" public process (as exists today) because the PTOs would be required to compete with other developers to have their proposed solutions accepted. Nonincumbents have the option to submit proposals and can recover their prudent study costs if selected to develop a Phase Two Solution. The ISO would select the best project relative to the projects submitted.

To be clear, the Filing Parties view this alternative as inferior to the current reliability and market efficiency planning process and do not support the adoption of the contingent process. Unlike the process in place today, this alternative would not necessarily lead to the *best* outcome for customers in the region, but only the "better" outcome among projects submitted, will take longer[25] and be more costly in terms of resource and process, and appears likely to engender more litigation disputes and related delays.[26]

Based on the foregoing principles and features, the Filing Parties are submitting a filing which they believe is fully compliant with Order No. 1000.

B. Elements of Primary Compliance Filing

As demonstrated herein, the provisions reflected in the Primary Compliance Filing are just and reasonable, and are consistent with or superior to the provisions included as requirements under Order No. 1000.[27] The documents and revisions incorporated in the Primary Compliance Filing consist of:

- revisions to Attachment K of the ISO-NE OATT, to add provisions (primarily, a new Section 4A) describing the public policy transmission

[25] Rourke Testimony, at 20, 23.

[26] PTO Testimony, at 26-27.

[27] The Primary Compliance Filing is the Order No. 1000 compliance filing without the contingent alternative required by Order No. 1000-A.

planning process for considering and developing Public Policy Transmission Upgrades – filed by ISO-NE and the PTO AC; [28]

- revisions to Appendix 1 to Attachment K (entitled "Attachment K - Local") to add provisions describing the process for consideration and development of Local Public Policy Transmission Upgrades – filed by the PTO AC;

- revisions to Section II.49 (defining Pool Transmission Facilities) and Attachment N of the ISO-NE OATT to add provisions relating to Public Policy Transmission Upgrades – filed by ISO-NE;

- revisions to Schedule 12 of the ISO-NE OATT to add provisions relating to cost recovery for Public Policy Transmission Upgrades – filed by the PTO AC;

- the addition of Schedule 13 to the ISO-NE OATT for Recovery for Public Policy Transmission Upgrades Costs by Non-Incumbent Transmission Developers – filed by ISO-NE;

- the addition of Attachment O to the ISO-NE OATT, a pro forma Nonincumbent Transmission Developer ("NTD") Operating Agreement (the "NTDOA") – filed by ISO-NE;

- revisions to the TOA to add provisions relating to the public policy transmission planning process – filed jointly by ISO-NE and the PTO AC;[29] and

- conforming changes to Sections I and II of the ISO-NE Tariff – filed by the ISO.

C. Elements of Contingent Compliance Filing

The documents and revisions incorporated in the Contingent Compliance Filing consist of *additional* changes to certain of the revisions/documents included with the Primary Compliance Filing, as indicated below. The Filing Parties are not voluntarily submitting these changes and have not agreed to the contingent amendments to the TOA. Instead, these additional changes are submitted to the Commission, consistent with Order No. 1000-A, in the event that the Commission finds that the existing planning process for reliability and market efficiency are contrary to the public interest:

[28] The respective Section 205 filing rights of the ISO and the PTO AC are allocated in the Section 3.04 of the TOA.

[29] As noted above, the TOA changes are submitted with Part 2 of 2 of this filing.

- the addition of a new Section 4.3 to Attachment K of the ISO-NE OATT (with conforming changes in Attachment K), to add provisions by which Qualified Transmission Project Sponsors ("QTPSs") may offer projects in response to market efficiency and certain reliability needs (the "Contingent Process") – filed by ISO-NE and the PTO AC;

- the addition of a new Schedule 14 to the ISO-NE OATT to facilitate recovery by NTDs of Regional Benefit Upgrade costs – filed by the ISO;

- revisions to the TOA to add provisions relating to the Contingent Process – filed jointly by ISO-NE and the PTO AC;[30] and

- conforming changes to Sections I and II of the ISO-NE Tariff – filed by the ISO.

D. Structure of the Transmittal Letter

The transmittal letter is structured as follows:

- Section I provides an introduction.

- Section II provides the background and context for this filing.

- Section III provides a description of the TOA contract provisions and the manner in which the *Mobile-Sierra* doctrine protects the obligation and right of the PTOs to build transmission upgrades, and why, in the specific circumstances presented in New England, the Commission cannot demonstrate that the public interest demands confiscation of the PTOs' right to build.

- Section IV describes the Filing Parties and provides their respective contact information.

- Section V describes the elements of the Primary Compliance Filing.

- Section VI describes the elements of the Contingent Compliance Filing.

- Section VII describes the stakeholder process used to develop the filings.

- Section VIII provides the requested effective date.

- Section IX provides additional supporting information.

[30] As noted above, the TOA changes are submitted with Part 2 of 2 of this filing.

- Section X provides a conclusion.

II. BACKGROUND AND CONTEXT

A. The New England Planning Process and Its Substantial Achievements

The New England region has utilized a planning process led by ISO-NE since the year 2000. The process has been very successful, resulting in the reversal of a period of several years when system upgrades were not being put into place. Over the last decade, $4.7 billion in new transmission facilities have been placed in service, with another $5.7 billion in projects included in the ISO-NE Regional System Plan that are in different stages of development.[31] This has resulted in a system that has been able to meet reliability standards, eliminate large out-of-market payments (including, at one point, several hundred million dollars of annual RMR payments), and provide efficient transmission service, which has reduced system congestion charges significantly. In 2011, for example, annual totals of congestion charges and daily out-of-merit dispatch payments were hundreds of millions of dollars less than they were before the recent transmission expansion program started.[32] The transmission expansion program has also contributed to a reduction, in the hundreds of millions of dollars, in annual RMR payments.[33]

The New England process is not conducted on the basis of "dueling submissions" by project proponents, but rather is RTO-led and open to all ideas in order to arrive at the most cost-effective solutions for the region. These solutions are then implemented by the relevant PTOs, who then generally utilize a range of competitive processes to control costs, including requests for proposals ("RFPs") for construction and materials.[34] This process has been successful because it is:

- *certain* in terms of cost recovery;
- *RTO-led,* arriving independently at the most cost-effective solution;
- *flexible and responsive*, with needs and solutions being able to be reviewed and updated throughout the process in response to new state initiatives, capacity auction results, and other system additions or retirements; and
- *open and iterative*, in that proposed solutions to identified needs go through a rigorous process of review and reconsideration in a public forum, with options being modified and winnowed down, and the level of analysis of

[31] PTO Testimony, at 13-14.

[32] PTO Testimony, at 21, 23-24.

[33] PTO Testimony, at 20, n. 1.

[34] PTO Testimony, at 32-38.

potential solutions and quality of cost estimates increasing as the process moves toward a final decision by ISO-NE.

As shown below, this ISO-NE led process has been highly successful. It has allowed the region's experts to work cooperatively in a transparent way to identify, analyze, and ultimately choose the most cost-efficient and effective solutions to identified transmission needs, and it has allowed the region to get behind successful siting, permitting and construction of billions of dollars in needed transmission for the first time in several decades.

B. The Genesis of the Existing ISO-NE Regional System Planning Process

New England's tradition of cooperation in the planning of transmission and other electric facilities began before ISO-NE came into existence. The region has planned and operated its resources in a cooperative manner for several decades. The concept of "Pool-Planned Units" was developed in the early 1970's to facilitates the construction of large generating units, mostly nuclear power plants, that were seen as too large to be developed by individual utilities acting alone. In particular, the Policy Planning Committee and a "New England Planning" professional staff ("NEPLAN") facilitated joint planning of the New England Power Pool ("NEPOOL") Participants' resources in order to achieve NEPOOL objectives for many years prior to the creation of the ISO.

The New England region also has an extensive history of collaboration on regionally beneficial transmission projects. A high-voltage direct current ("HVDC") tie between New England and Quebec was constructed in two phases in the mid 1980's. Utilities throughout New England were offered the opportunity to obtain rights to use the transmission capacity of this HVDC line to transmit power to and from Quebec in exchange for commitments to pay the costs of building, maintaining, and operating the project.

In the period immediately preceding the 1997 restructuring of NEPOOL, many of the New England states determined as a policy matter that the integrated utilities in the region should divest themselves of generating resources, and operate solely as transmission and distribution utilities. This policy was implemented through the sale of generation assets to unaffiliated entities, with the result that New England is one of the most – if not *the* most – divested regions in the country. Significantly, divestiture removed the motivation for transmission owners to favor their generating assets in system planning decisions. The region also coalesced behind the formation of an independent system operator for the region.

The Commission's open-access transmission rule issued in Order No. 888 encouraged the formation of such independent system operators.[35] In response, the

[35] *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats. and Regs. ¶ 31,036, at pp. 31,727, 31,729-32 (1996).

NEPOOL Executive Committee filed with the Commission under Sections 203, 205 and 206 of the Federal Power Act for permission to restructure NEPOOL and transfer control of transmission assets to a to-be-formed independent system operator, i.e., ISO New England.[36] As part of that filing, NEPOOL proposed to eliminate its Policy Planning Committee in favor of a new Regional Transmission Planning Committee, which was responsible for regional transmission planning, including providing overall direction, coordination, and planning of transmission facilities and tasks necessary to achieve that goal. In the 1997 ISO Order, the Commission conditionally authorized establishment of the ISO and the transfer to the ISO of the control of jurisdictional transmission facilities. One of the Commission's conditions was NEPOOL's agreement to modify the Interim ISO Agreement to require that ISO-NE review the long-range system assessment and transmission construction plans of NEPOOL Participants.[37]

C. The Development and Implementation (through RTO Transition) of the Comprehensive and Open Planning Process

Following the inception of ISO-NE's operations on July 1, 1997, the ISO-NE staff undertook the reviewing role anticipated in the 1997 ISO Order. Subsequently, the Commission issued Order No. 2000, which encouraged the formation of Regional Transmission Organizations. Order No. 2000 stated:

> We reaffirm the NOPR proposal that the RTO must have ultimate responsibility for both transmission planning and expansion within its region that will enable it to provide efficient, reliable and non-discriminatory service and coordinate such efforts with the appropriate state authorities. … As noted above, the RTO should have ultimate responsibility for both transmission planning and expansion within its region. The rationale for this requirement is that a single entity must coordinate these actions to ensure a least cost outcome that maintains or improves existing reliability levels. In the absence of a single entity performing these functions, there is a danger that separate transmission investments will work at cross- purposes and possibly even hurt reliability. We also recognize that the RTO's implementation of this general standard requires addressing many specific design questions, including who decides which projects should be built and how the costs and benefits of the project should be allocated. … As with other requirements of the Final Rule, we propose to give RTOs considerable flexibility in designing a planning and expansion process that works best for its region. It is both inevitable and desirable that the specific features of this process "should take account of

[36] *See generally, New England Power Pool,* 79 FERC ¶ 61,374 (1997) (the "1997 ISO Order").

[37] *See* 1997 ISO Order, at p. 62,590.

> and accommodate existing institutions and physical characteristics of the region."[38]

While RTO formation would follow in a few years, New England had begun developing a proposal for a comprehensive, open and transparent regional system planning process as part of the NEPOOL Open Access Transmission Tariff ("OATT") consistent in philosophy with the role anticipated in Order No. 2000 for an independent entity to administer and facilitate open, coordinated, cost effective planning, regional planning. This proposal included the: (i) establishment of a Transmission Expansion Advisory Committee ("TEAC," subsequently renamed the Planning Advisory Committee or "PAC"), open to all interested stakeholders, and a Transmission Planning Committee composed of transmission owners; and (ii) the preparation of an annual Regional Transmission Expansion Plan ("RTEP") ultimately approved by the ISO Board of Directors following extensive input from stakeholders.

In a June 28, 2000 order, the Commission responded, with respect to the Transmission Planning Committee, that ISO-NE should revise its proposal to eliminate any decisional role transmission owners may have with respect to the regional plan.[39] In an order on the compliance filing and on rehearing requests, the Commission imposed the further compliance requirement that the governing documents give ISO-NE "exclusive responsibility for the planning process."[40] An RTEP (since renamed the "Regional System Plan" or "RSP") was first issued by the ISO in 2001, and annual plans have been issued since that time. These substantial reforms provided for the establishment of robust, open and transparent cost certainty and cost allocation rules that also provided ensured recovery of prudently incurred planning study and construction costs.

While the region had endeavored to work cooperatively for many years, it had been difficult to move transmission projects forward, even where needs were clearly identified. The resulting underbuilding and system deficiencies that led to significant RMR payments are well documented in the Commission's files.[41] The establishment of the new

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[38] *See Regional Transmission Organizations*, Order No. 2000, FERC Stats. and Regs. ¶ 31,089, at pp. 31,163-64 (1999).

[39] *See ISO New England Inc.*, 91 FERC ¶ 61,311, at pp. 62,075-77 (2000)

[40] *See ISO New England Inc. and New England Power Pool*, 95 FERC ¶ 61,384, at p. 62,438 (2001) (authorizing ISO-NE to oversee regional transmission planning); *New England Power Pool and ISO New England Inc.*, 103 FERC ¶ 61,304 (2003) (accepting October 2001 compliance filing as to the directive regarding then Sections 18.4 and 18.5, now Sections I.39 and I.3.10, of the ISO-NE Tariff, stating "[w]e are persuaded by ISO-NE's arguments that it is the appropriate authority to approve planning for transmission upgrades and changes to supply and demand-side resources.").

[41] *See New England Power Pool*, 90 FERC ¶ 61,168, at p. 61,538 (2000) (referring to the need to "address mounting congestion in NEPOOL"); Notice of Technical Conference, Docket Nos. PL04-14-000, et al. (September 17, 2004). *See also* U.S. Department of Energy, *National Electric Transmission Congestion Study, 2009*, at p. 54-55 ("The New England utilities have brought a significant amount of new transmission projects into service since 2005…. Most of these projects were planned and built to improve reliability, and have helped to remedy several of New England's most problematic reliability and economic congestion

(continued...)

FERC-approved planning process, led by the ISO with authority as the regional planning entity to identify the most cost-effective solution and with certainty regarding cost recovery, initiated a pronounced turnaround for the successful construction of needed transmission in the region. Significantly, the region also reached a consensus regarding an appropriate cost allocation for reliability and market efficiency (at that time, referred to as "economic") upgrades, reflected in what is now Schedule 12 to the ISO-NE OATT.[42] In the transition of ISO-NE to RTO status, further refinements were made in the planning process, as reflected in the provisions of Sections II.46 through II.48 and Attachment N of the initial ISO-NE OATT.[43]

D. The Transmission Operating Agreement

As part of the transition of ISO-NE to RTO status, the Commission accepted the TOA, a contract between ISO-NE and the PTOs that defines the relationship between ISO-NE and the PTOs and their respective rights and responsibilities, including those related to regional system planning.[44] This is the agreement under which the PTOs voluntarily transferred operating control over their transmission assets to ISO-NE.

The negotiation of the TOA among ISO-NE and the PTOs involved extensive efforts among all the parties, and was essential to the formation of the RTO. The contract was a key element of the package that allowed for the further restructuring of NEPOOL, in which the Section 205 rights over tariff provisions governing the planning process, and other RTO functions, were transferred to ISO New England, and the Section 205 rights over rate design and cost allocation were held by the PTOs.

NEPOOL Participants voted by a margin of over 90 percent to support a settlement resolving RTO formation issues, subsequently approved by the Commission,[45] which included the TOA. The TOA reflected an accommodation of a wide variety of goals and viewpoints, resulting in a carefully balanced agreement for which *Mobile-Sierra* protection

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(...continued)
problems."). *See* ISO-NE 2007 Annual Markets Report, at 114, Table 6-6 (showing annual Net Reliability Agreement Payments growing through 2006, and beginning to decrease).

[42] *See New England Power Pool and ISO New England Inc.,* 105 FERC ¶ 61,300 (2003).

[43] *See ISO New England Inc.,* 106 FERC ¶ 61,280, at P 210 (2004) (finding that the regional system planning process meets the Commission's Order No. 2000 requirements, subject to conditions) (the "RTO Order").

[44] Pursuant to Sections II.48 and II.49 of the ISO-NE OATT and Sections 3.02, 3.05, 3.07 and 3.09 of the TOA"), and other OATT provisions and operating agreements on file with the Commission, ISO-NE has operating authority over *all* facilities comprising the New England Transmission System. These facilities include Pool Transmission Facilities ("PTF"), Non-Pool Transmission Facilities ("Non-PTF"), Other Transmission Facilities ("OTF"),[44] and Merchant Transmission Facilities ("MTF"),[44] all of which are used for the provision of transmission service under the ISO-NE OATT. Under the foregoing provisions, ISO-NE's planning authority extends to the PTF part of the system, and the PTOs retain overall planning responsibility over the Non-PTF.

[45] *See ISO New England Inc.,* 109 FERC ¶ 61,147 (2004).

was an essential element to all parties, including the ISO. Of particular relevance here, TOA Section 3.09 (through Schedule 3.09(a)) provides for the right and obligation of each PTO to own and construct new or upgraded transmission facilities listed in the RSP that are located within or connected to its existing electric system. Section 11.04(c) of the TOA accords protection of Section 3.09 and Schedule 3.09(a), and Section 11.04(c) itself, from modification through the *Mobile-Sierra* doctrine:[46]

> Absent the agreement of the Parties to any proposed change hereof or an amendment hereof pursuant to Section 11.04(a), the standard of review for changes to the following sections of this Agreement (*or changes to any schedules associated with such sections*) proposed by a Party, a non-party *or the Federal Energy Regulatory Commission acting sua sponte* shall be the "public interest" standard of review under the Mobile-Sierra Doctrine: …3.09,…11.04(a)-(d). [emphasis added]

Note that this provision requires not just the parties to the TOA, and non-parties, *but the Commission itself,* to make a showing that the "public interest" requires modifications to the planning-related responsibilities and contractual rights of the ISO and the PTOs under Section 3.09 and Schedule 3.09(a). Again, the Commission expressly approved this *Mobile-Sierra* provision of the TOA as applied to Section 3.09.[47]

E. The Planning Process as of the Time of RTO Formation

As of the time of the transition to the RTO in February 2005, ISO-NE's regional planning process incorporated the following elements. To ensure that ISO-NE received the full benefit of input from all interested stakeholders at each stage of that process, ISO-NE convened multiple meetings over the course of the year with the PAC, a stakeholder group open to any interested entity including, but not limited to, Transmission Customers, Market Participants, and various officials of the New England States. The process also included ISO-NE coordination of the process with the PTOs and other asset owners in New England. Because the TOA and the ISO-NE OATT (and other agreements and protocols) require ISO-NE to comply with North American Electric Reliability Corporation ("NERC") and Northeast Power Coordinating Council ("NPCC") criteria and guidelines, ISO-NE also coordinated its system expansion plans with its neighbors, and beyond into PJM.[48]

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[46] *See ISO New England Inc.*, 109 FERC ¶ 61,147, at P 74 (2004).

[47] *Id.* ("Specifically, we will grant Mobile-Sierra protection, as requested, applicable to the following provisions of the Transmission Operating Agreement: sections 3.01, 3.09, 3.11, 3.13, 4.01(e), 4.07, 11.04(a)-(d) and 11.05.").

[48] *See* Northeastern ISO/RTO Planning Coordination Protocol (the "Protocol"), available on the web at http://www.interiso.com/public/document/Northeastern%20ISO-RTO%20Planning%20Protocol.pdf. A revised version of the Protocol (in which the ISO, NYISO and PJM are participants) and associated tariff provisions will be included with the interregional compliance filing in April 2013.

In a nutshell, ISO-NE conducted transmission planning studies on an on-going and regular basis to detect reliability and market efficiency needs on the regional system, identified (in collaboration with transmission owners) alternative regulated transmission solutions in the event that market solutions are not forthcoming in response to the identified system needs, and worked cooperatively with stakeholders and the PTOs to identify – for construction – the most cost-effective transmission alternative out of different possibilities considered.[49] ISO-NE notified PAC of its intent to initiate system needs assessments, identified those needs to PAC and posted them on its website, thereby providing information to facilitate the development and implementation, by Market Participants and other stakeholders, of market solutions to those needs. Market responses – such as demand response, new generation, and merchant transmission – that met appropriate milestones were incorporated in studies to assess the effects of such responses on the identified system problems. Ultimately, the RSP that was the annual product of the regional planning process was adopted only after a public meeting with members of the ISO-NE Board of Directors to obtain direct input from interested and/or affected parties on the draft RSP.

F. Modifications in Response to Order No. 890

In 2007, the Commission issued Order No. 890 to, *inter alia*, "address the lack of specificity regarding how customers and other stakeholders should be treated in the transmission planning process."[50] The order required transmission providers to develop and file a transmission planning process that satisfied nine principles[51] and to clearly describe that process in an Attachment K to their OATTs.

In response, ISO-NE and the PTOs submitted a compliance filing that essentially moved the description of the existing planning process into Attachment K to the ISO-NE OATT, and added a local planning process administered by the PTOs and coordinated with the ISO.[52] In addition, the compliance filing included core improvements to the existing process, in order to:

[49] Attachment N of the ISO-NE OATT contains the applicable reliability and market efficiency standards that ISO-NE must consider in determining whether a transmission project would ensure the continued reliability of the transmission system or address a market inefficiency.

[50] *ISO New England Inc.*, 123 FERC ¶ 61,161, at P 2 (2008) (the "ISO-NE 890 Order").

[51] The nine principles were coordination, openness, transparency, information exchange, comparability, dispute resolution, regional participation, economic planning studies, and cost allocation.

[52] *See* filing of ISO-NE, the PTO Administrative Committee, Cross-Sound Cable Company, LLC, the Schedule 20A Service Providers, which are the entities providing service over the Phase I/II HVDC-TF tie to Quebec under Schedule 20A of the ISO-NE OATT, and the Maine Electric Power Company ("MEPCO"), supported by the NEPOOL Participants Committee, in Docket No. OA08-58-000, at p. 14 (December 7, 2007) (the "New England 890 Compliance Filing").

- provide clarity and transparency to the transmission planning process, particularly, the method for evaluating transmission solutions and their inclusion in the project list;

- add additional detail for evaluating proposed market responses and their incorporation into the planning process;

- add provisions for economic planning studies, including a process for selecting and prioritizing requests for such studies;

- add a dispute resolution process for planning-related disputes; and

- expand the current PAC process and reformat the project list to accommodate the local system planning process detailed in Appendix 1 to Attachment K.

In a May 15, 2008 order, the Commission accepted the New England Order No. 890 Compliance Filing, found, as modified and subject to further compliance filings, that the ISO-NE's transmission planning process, with certain modifications (relating to comparable treatment of demand response resources per Order No. 890-A, and regarding the local planning process) "complies with each of the nine planning principles and other planning requirements adopted in Order No. 890."[53]

G. The Issuance of Order No. 1000

In 2011, the Commission issued Order No. 1000. As explained by the Commission, a core reform under Order No. 1000's final rule requires "each public utility transmission provider to participate in a regional transmission planning process that produces a regional transmission plan and complies with existing Order No. 890 transmission planning principles."[54] In addition, Order No. 1000 adds two significant new requirements: 1) the addition of a means to identify and consider transmission needs that are driven by state or federal public policies, and 2) the removal of rights of first refusal from federal tariffs for projects that receive regional cost allocation. However, in response to assertions by National Grid that the PTOs' right to build under the TOA was protected by the *Mobile-Sierra* doctrine, the Commission stated that:

> …the record is not sufficient to address the specific issue raised by National Grid in this generic proceeding. Moreover, we generally do not interpret an individual contract in a generic rulemaking, and we are not persuaded to do so here given the limited record developed so far on section 3.09. Thus, we conclude that these arguments, including National Grid's argument as to the

[53] *See* ISO-NE 890 Order, at P 12.

[54] Order No. 1000, at P 68.

> applicable standard of review, are better addressed as part of the proceeding on ISO New England's compliance filing pursuant to this Final Rule, where interested parties may provide additional information.[55]

As described above, the Commission has already found that the existing New England planning process and cost allocation rules comply with Order No. 890 principles. Additional detail is provided in Section V.A below to confirm this compliance and the related requirements of Order No. 1000.

III. THE MOBILE-SIERRA DOCTRINE PROTECTS THE PTOS' OBLIGATION AND RIGHT TO BUILD TRANSMISSION UPGRADES AND, IN THE CIRCUMSTANCES PRESENTED IN NEW ENGLAND, THE COMMISSION CANNOT MAKE THE PUBLIC INTEREST SHOWING REQUIRED TO MODIFY THIS PORTION OF THE TOA

A. The PTOs' Right to Build is Protected by the *Mobile-Sierra* Doctrine

As noted above, the Commission expressly approved *Mobile-Sierra* protection for the portion of the TOA that provides for the right and obligation of the New England PTOs to build reliability and market efficiency projects in the TOA executed by and among the ISO and PTOs.[56] Accordingly, there can be no question about whether the Parties and the Commission intended that this portion of the TOA was subject to *Mobile-Sierra.* The language approved by the Commission is in Section 11.04(c) of the TOA, and states:

> Absent the agreement of Parties to any proposed change hereof or an amendment hereof pursuant to Section 11.04(a), the standard of review for change to the following sections of this Agreement (or changes to any schedules associated with such sections) proposed by a Party, a non-party, *or the Federal Energy Regulatory Commission* acting sua sponte shall be the "public interest" standard of review under the Mobile-Sierra Doctrine: … 3.09 …11.04(a)-(d)….(*italicized emphasis added).*[57]

Note that this provision requires not just the parties to the TOA, and non-parties, *but the Commission itself,* to make a showing that the "public interest" requires it in order to modify the planning-related responsibilities of the ISO and the PTOs under Section 3.09 and its associated Schedule 3.09(a).

The Commission's intent at the time was clear. When the PTOs and ISO-NE filed the TOA with the Commission in connection with the transformation of ISO-NE into a

[55] Order 1000, at P 292.

[56] *Id.* ("Specifically, we will grant Mobile-Sierra protection, as requested, applicable to the following provisions of the Transmission Operating Agreement: sections 3.01, 3.09, 3.11, 3.13, 4.01(e), 4.07, 11.04(a)-(d) and 11.05.").

[57] TOA, at § 11.04(c).

Commission-approved RTO in 2005, the Commission addressed whether the TOA was eligible for *Mobile-Sierra* protection. The Commission found that several provisions of the TOA should not receive *Mobile-Sierra* protection, but it also expressly found that the planning provisions in Schedule 3.09(a) of the TOA, which includes the right to build or "ROFR" provision that is at issue here, were eligible for *Mobile-Sierra* protection, and so ordered.[58]

B. *Mobile-Sierra* Prevents Changes to Executed Contracts Except In Extraordinary Circumstances Where the Commission Finds That a Contract Seriously Harms the Public Interest

The *Mobile-Sierra* doctrine was originally established in two 1956 Supreme Court cases, *United Gas Pipe Line Co. v. Mobile Gas Service Corp*., 350 U.S. 332 (1956) (*"Mobile*") and *Federal Power Commission v. Sierra Pacific Power Co*., 350 U.S. 348 (1956) ("*Sierra*"). Under these decisions, FERC reviewed jurisdictional contracts before they became effective and, if a contract, as approved by FERC, expressed the parties' intent that non-consensual modifications to its terms are to be governed by the *Mobile-Sierra* doctrine, the contract could not be unilaterally amended except by showing that the original terms are contrary to the public interest. The *Mobile-Sierra* doctrine prevents any single party or the Commission from using its authority to modify or rescind an existing contract except – as described in two rulings of the Supreme Court − in cases of "unequivocal public necessity" or "extraordinary circumstances."[59]

Recently, the Supreme Court has issued two decisions reaffirming the *Mobile-Sierra* doctrine and clarifying what it means. The Court has made clear that it considers the doctrine to be a substantial limitation on the Commission's authority to change signed contracts under Section 206 of the Federal Power Act. As the Court has stated:

> Under the *Mobile-Sierra* doctrine, the [Commission] must presume that the rate set out in a freely negotiated . . . contract meets the "just and reasonable" requirement imposed by law. The presumption may be overcome only if FERC concludes that the contract seriously harms the public interest.[60]

Morgan Stanley clarified the law by holding that the just and reasonable standard in Section 205 requires a different level of review for negotiated bilateral contracts as opposed to unilaterally filed tariffs or other agreements that are not executed by the buyers. In the former context, the Commission is required to presume that an electricity rate or

[58] *ISO New England, Inc.*, 109 FERC ¶ 61,147, at PP 77-78 (2004).

[59] *In re Permian Basin Area Rate Cases*, 390 U.S. 747, 822 (1968); *Arkansas La. Gas Co. v. Hall*, 453 U.S. 571, 582 (1981).

[60] *Morgan Stanley*, 554 U.S. at 530.

other practice set by a freely negotiated contract meets the FPA's just and reasonable standard. This presumption may be overcome only if the Commission concludes that the contract seriously harms the public interest; that is, the interests of electric consumers.

The Supreme Court held that the "animating purpose" of the *Mobile-Sierra* doctrine is the promotion of "'the stability of supply arrangements which all agree is essential to the health of the [energy] industry.'"[61] The doctrine rests on the "stabilizing force of contracts."[62] The Court further explained that "[t]he regulatory system created by the [FPA] is premised on contractual agreements voluntarily devised by the regulated companies; *it contemplates abrogation of these agreements only in circumstances of unequivocal public necessity."*[63] The Court explained that the Commission can modify executed contracts "only when the mutually agreed upon contract rate seriously harms the consuming public."[64]

In *NRG Power Marketing*, the Court further held that the *Mobile-Sierra* presumption is not limited to the contracting parties, but applies to changes requested by or proposed by FERC on behalf of, third parties as well.[65] Thus, the Commission cannot avoid *Mobile-Sierra* by arguing that it is acting on behalf of the interests of non-parties to a contract. The Commission has acknowledged that *Morgan Stanley* requires it to assume that the parties to an executed agreement intend that the contract will receive *Mobile-Sierra* protection, unless the parties expressly provide otherwise. In an Order issued in Docket No. RM05-35-000 terminating the rulemaking in that docket, the Commission stated:

> There is no longer a need for a rulemaking regarding the default standard of review, as the Supreme Court has addressed the law in this area. Since issuance of the NOPR, the United States Supreme Court has addressed the *Mobile-Sierra* doctrine in *Morgan Stanley*. The Court held that the *Mobile-Sierra* doctrine is a presumption that rates initially set in a freely negotiated contract meet the statutory just and reasonable requirement of the FPA. The Court explained that "parties could contract out of the *Mobile-Sierra* presumption by specifying in their contracts that a new rate

[61] *NRG*, 130 S.Ct., at 700-01 (citing *Mobile*, 350 U.S. at 344).

[62] *Morgan Stanley*, 554 U.S. at 548 (describing contract rates as "a key source of stability." 554 U.S. at 551).

[63] *NRG*, 130 S. Ct., at 699 (citing *Permian Basin Area Rate Cases*, 390 U.S. 747, 822 (1968))(emphasis added).

[64] *Id.*

[65] *NRG*, 130 S. Ct. at 700. Although not relevant here as discussed below, the Supreme Court also held in *Morgan Stanley* that this rule applies to the Commission's initial review of an executed contract as well as its review of later modifications thereto. The Court addressed the question of whether the *Mobile-Sierra* presumption "appl[ies] only when FERC has had an initial opportunity to review a contract rate without the presumption."[65] The Court held that the presumption applies with equal force to the Commission's initial and subsequent reviews of a contract.

> filed with the Commission would supersede the contract rate," but otherwise "the *Mobile-Sierra* presumption remains the default rule."[66]

The U.S. Court of Appeals for the District of Columbia Circuit has stated that the *Mobile-Sierra* doctrine requires a "heavy burden" to be met by the Commission before a contracting party "can be deprived against his will of the benefits of his bargain."[67] The Commission bears the burden of showing that a contract or term is not in the public interest.

In Order No. 1000, the Commission left open whether ROFR provisions in existing jurisdictional agreements that have *Mobile-Sierra* protection would be subject to the requirement that they be eliminated, stating that the issue would be addressed at the compliance stage. As previewed in the preceding subsection and further discussed below, the record in this proceeding does not support overturning the TOA-specified, Commission-approved and *Mobile-Sierra*-protected "right to build" reliability and market efficiency upgrades, and the associated planning process.

C. The Relevant Facts In New England Demonstrate That the Existing Right to Build Provision Has Benefitted the Public, That the Record Will Not Support Overturning the PTOs' Right to Build, and the Associated Reliability and Market Efficiency Planning Processes, Based on the Public Interest

In light of the highly successful RTO-led planning process in New England that has identified, sited, bid and constructed the most cost-effective solutions to identified needs in the region as discussed elsewhere in this filing, the Commission has no basis, on the relevant facts, for finding that the right to build (referred to herein in shorthand as the PTOs' "ROFR") provision in Schedule 3.09(a) "seriously harms the consuming public" or that this is a case of "unequivocal public necessity" that warrants modification to provisions that are protected by Mobile-Sierra.

The beneficial results of the existing planning process in New England, which incorporates the PTOs' rights and obligation to build, is described in the attached Rourke Testimony and the PTO Testimony. This testimony explains why the existing process has been successful[68] and why eliminating the PTOs' rights as set forth in the TOA would be a step backwards in terms of protecting the public interest.[69] In short, the kind of process envisioned by Order No. 1000 in which entities submit their own proposed solutions for evaluation in some form of dueling submissions process will likely result in sub-optimal

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[66] *Standard of Review for Modifications to Jurisdictional Agreements*, 125 FERC ¶ 61,310 at P 4 (2008) (citing *Morgan Stanley*, *supra*).

[67] *Town of Norwood, Mass. v. Fed. Energy Regulatory Comm'n,* 587 F.2d 1306, 1310 (1978).

[68] Rourke Testimony, at 14-16; PTO Testimony, at 4-13.

[69] Rourke Testimony, at 19-28; PTO Testimony, at 24-32.

solutions to identified needs in New England, and electric consumers will therefore be less well off under this process.

The facts relevant to New England show that the ROFR provision has not harmed the public, and in fact that the existing planning process in New England has been a success and has resulted in substantial benefits to the consuming public. The highly successful New England planning process for reliability and market efficiency (in which the most cost-effective solution is developed in collaboration with PTOs and stakeholders) has been dependent on, and is wholly intertwined with, the PTOs' right and obligation to build. The process has not been the subject of either prudence reviews, or complaints filed with the Commission. For the foregoing reasons, the Primary Compliance Filing contains no change to the reliability and market efficiency planning processes currently reflected in Attachment K.

The next section of this Letter describes the benefits of the existing process in more detail and explains why the TOA's right to build provision has been and remains essential to this success.

D. The Same Record Supports the Conclusion That the New England Planning Process Satisfies the "Superior To" Standard Set Out By the Commission For Changes to the OATT

Separate and apart from *Mobile-Sierra*, the Commission has permitted transmission owner/providers who are subject to Order No. 888 and its progeny to demonstrate that their alternative to the Commission's standard open access policies and tariff provisions are "consistent with, or superior to" those proposed generically by the Commission. The facts reviewed in this subsection demonstrate that the existing New England reliability and market efficiency planning processes, which include and rely on application of the PTOs' right to build, are consistent with, or superior to, the processes described by the Commission in Order No. 1000 (that would exclude this right to build provision). As indicated previously, ISO-NE is submitting with this compliance filing the testimony of Steven Rourke, the Vice President of System Planning for ISO-NE, to describe the existing New England regional transmission planning process and to explain the reasons that ISO-NE considers this process to be a success and superior to a process which would require ISO-NE to choose among dueling project submissions. The PTOs are presenting the testimony of David Boguslawski and Carol Sedewitz, which provides additional evidence on this same set of issues. This ISO-NE and PTO testimony make the following points, which demonstrate that elimination of the ROFR and associated modification of the reliability and market efficiency planning processes would harm the public interest by damaging, rather than improving, the reliability and market efficiency planning processes in New England.

1. The Existing Process Has Been Highly Successful

The transmission planning process in New England has been highly successful, resulting in the construction of a large number of new ISO-NE-approved transmission

projects that have eliminated many existing and emerging reliability needs on a timely basis.[70] As a result of these projects, New England has a much more robust and flexible transmission system, with an increased level of reliability. These projects approved under the current process have also had the collateral benefit of reducing hundreds of millions of dollars of congestion on the New England transmission system, and eliminating the need for ISO-NE to make daily out-of-merit dispatch payments and contributing to reduced payments for RMR generation.[71]

New England is different from the rest of the country to the extent that New England has already completed a substantial build-out and upgrading of its transmission system in the last decade, and has approved a large number of additional projects that are either in siting or under construction. In Order No. 1000, the Commission expressed concerns that transmission may not get built because incumbent TOs might have the incentive to withhold projects to protect their own generation. Most of the generation previously owned by incumbent transmission owners in New England has been divested. Given the successful results in New England, the Commission would be imposing a solution when there is no problem.

2. The Existing Process Ensures That All Potential Solutions Will Be Openly Considered

As explained in the Rourke Testimony and the PTO Testimony, the existing planning process in New England is a "needs based" planning process,[72] where the focus is first on identifying transmission needs (whether emerging reliability standard violations, or congestion or other market efficiency challenges) and then collaboratively and iteratively developing the optimal solutions to the identified needs. A cornerstone of the existing planning process is the open collaboration among the planning experts of the PTOs in the areas affected by a reliability problem to identify solutions to reliability needs, in which the PTOs openly share their planning studies and data with each other and with ISO-NE so that a variety of potential solutions can be evaluated, modified and combined on an interactive basis.[73]

The current transparent process is punctuated by periodic presentations to stakeholders at the PAC,[74] a forum open to all stakeholders, which provides input on the work that has been performed by ISO-NE and the affected PTOs, and can suggest additional work or a different direction. This is a technically rigorous process in which all reasonable transmission options are explored.

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[70] Rourke Testimony, at 14-16.

[71] Rourke Testimony, at 14-15; PTO Testimony, at 13-24.

[72] Rourke Testimony, at 6-8; PTO Testimony, at 6.

[73] PTO Testimony, at 8-10

[74] Rourke Testimony, at 7, 8, 11; Exhibit NETO-1.

The benefits of this open collaboration will be lost if the Commission forces ISO-NE to replace the existing process with a process in which parties must submit their own individual proposed solutions and then compete for inclusion in the RSP Project List. This competition will necessarily force the PTOs and other developers to keep their own data and analyses away from competitors, and will undermine the advantageous, open interaction that has produced exemplary results in New England. An alternative process based on dueling project submissions will also lose the benefits of iteration that exist today, in that the work done in suggesting solutions leads to other ideas and a second, third or even fourth round of analyses in order to get to the best result and respond to changing conditions.[75]

3. No Other Superior Potential Solutions Have Been Identified in Retrospect to Those Developed in the Existing Planning Process

No party has ever come forward with a reliability project[76] that should have been constructed in New England that was superior to one that was selected using the demanding solutions identification process described in subsection 2, above and the attached testimony. Given the technical rigor that is applied to the selection of optimal solutions to reliability needs and the open planning process which invites and incorporates input from all stakeholders, the Filing Parties are doubtful that this would ever occur. This is yet another cogent reason that the Commission would have no factual basis for finding that the current planning process in New England prevents the consideration of all reasonable alternative solutions to an identified need.

4. Disrupting the Existing Process Would Mean the Loss of PTO Expertise in Reviewing Alternatives and the Incurrence of Additional RTO Costs

ISO-NE collaborates with the PTOs to help it find the best solutions to reliability needs.[77] If the ROFR is eliminated from the planning process, the PTOs will not be able to share their expertise with ISO-NE in the same manner that has produced exemplary results under the current process, because they will be relegated to being a submitter of a dueling project. Further, ISO-NE currently does not have the staff or the asset-specific experience with the New England transmission system that would enable it to replace the PTOs' expertise with regard to certain issues, and its costs would therefore increase substantially if it is put in the position of having to "staff up" to run a competitive process for all reliability (or market efficiency) needs.[78]

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[75] Rourke Testimony, at 9-11; PTO Testimony, at 24-30.

[76] Rourke Testimony, at 16. To date, no market efficiency need has been identified in the regional planning process, such that a transmission solution has been developed in the planning process.

[77] Rourke Testimony, at 7, 9-11.

[78] PTO Testimony, at 26-27, 29-30.

Moreover, ISO-NE would be put in the position of having to review the competing proposals presented to it for evaluation and pick the "best" solution, rather than engaging in the ongoing collaboration which facilitates different ideas or combinations of ideas, as occurs now. Indeed, the process anticipated in Order No. 1000 may force ISO-NE to choose among sub-optimal competing projects, simply because that is the only thing that has been offered. The PTO Testimony explains that there have been many instances in which an initial project concept turned out not to be an optimal design after undergoing the open and rigorous review that currently takes place.[79]

The dueling submission approach would represent a huge step backward from the existing process, which fosters a review and refinement of multiple potential solutions in an open manner so that all points of view can be considered, the knowledge and experience of the PTOs can be brought to bear, and the best project can be formulated and then selected by the ISO.[80]

5. The Current Process Reduces the Probability of Disputes and Resulting Delay

In contrast with a process in which stakeholders have the opportunity to evaluate and compare different proposed solutions to identified needs in an open and transparent manner, the process anticipated in Order No. 1000 will require ISO-NE to make decisions among dueling submissions. Given the fact-based nature of choosing among these submissions, and the high stakes involved, this will increase the probability of disputes between competing developers and between developers and the ISO.[81]

In New England, which has a highly networked system in a small geographic area, the network interactions are complex, and the loss of open collaboration among multiple PTOs, the ISO and the PAC would increase the prospects that project proponents will conclude that the ISO has "got it wrong." Because the likelihood for disputes would increase, the process will also be slowed down, perhaps considerably. Among other contributors to delay, the risks will –understandably – make proponents of selected projects reluctant to move ahead, and the Filing Parties do not expect that developers will want to move ahead with projects that are the subject of litigation before the Commission, or may not be able to move forward if injunctive relief is granted to a disputing party.[82] In the reliability context, this raises the prospect that solutions to identified reliability needs will not be resolved in time, and that costs will increase, in contrast with the successful record under the current process.[83]

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[79] PTO Testimony, at 11, 16-20.

[80] *See generally* Rourke Testimony, at 19-28; PTO Testimony, at 29-30.

[81] Rourke Testimony, at 26.

[82] Rourke Testimony, at 26.

[83] PTO Testimony, at 28-29.

6. Competition Occurs Under the Current Process

The current New England process already incorporates competition where it is most likely to reduce costs and ensure superior results. As described in the PTO Testimony, when one or more PTOs are selected to build a reliability project under the current process, they generally hold a competitive solicitation for the construction and procurement work for the projects.[84] Therefore, those responsible for the actual construction of the project, and for supplying major components thereof, must compete to be selected, and the competition allows the PTOs to consider cost, capability and experience in selecting engineering and construction firms. It is in the construction of transmission projects that superior capability is most important to get projects timely completed. Order No. 1000 would replace this competition with a process in which competing developers must develop more detailed proposals and are likely to team up with their own preferred construction and engineering firms when they prepare their competing solutions. This is a less optimal situation than one in which there is competition among materials and construction services providers after the best project is identified.

7. The Current Process Leads to Success in the Siting Process

The PTOs have longstanding relationships with State regulators and local officials responsible for permitting projects, and are recognized by regulators and in the communities they serve as the entities responsible for maintaining reliable electric service in New England.[85] When projects need to be routed through highly populated areas, the state siting and routing processes for new transmission facilities are probably the most difficult aspects of getting transmission facilities built, and the PTOs often have to use political capital to get projects approved. When the time comes to obtain the support of state and local officials for new transmission projects, the PTOs will be much better able to communicate the need for a new transmission project than would a nonincumbent developer that has no reputation or roots in the local community.[86] However beneficial the vision of using nonincumbents to compete for new transmission projects may appear in principle, in reality, especially in New England where there is limited available land, this vision is likely to result in additional cost, wasted effort, and lost time.

8. Costs Are Already Minimized in the Current Process

Any expectation that elimination of the ROFR will reduce costs is not well grounded in the New England context.[87]

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[84] PTO Testimony, at 34-36.

[85] PTO Testimony, at 31-32.

[86] *Id.*

[87] Rourke Testimony, at 20-23; PTO Testimony, at 28-29.

First, as discussed above, the PTOs generally subject their approved projects to a competitive solicitation for procurement and construction services, where the vast majority of project costs are incurred. Second, the current RTO-led process is not limited to a comparison of submitted proposals, but is rather designed to identify the combination of different ideas that will eliminate reliability and market efficiency issues in the most cost-effective manner. [88]

Third, cost estimates presented in a planning process, even if they are based on substantial preliminary engineering estimates, often differ from final costs.[89] The most important reason for the differences is changes to the routing of projects that are made in the siting and permitting processes, although (in a process using a comparative projects approach) they could stem from "aggressive bidding" that might offer the illusion of competition-sourced benefits. Because the projects will be regulated, cost-of-service facilities, these increased costs occurring after competition will be reflected in regional rates.[90] Fourth, there is no economic reason to believe that nonincumbents can finance projects at a lower cost than the PTOs. The cost of capital reflects the risks associated with a project. If anything, projects built by nonincumbents will be higher risk for the reasons set forth above.

Fifth, project development costs are subject to regional cost recovery and these can be in the millions of dollars for projects of significant scope.[91] A submission-based project design would multiply these costs by the number of proposals developed for final comparison. Sixth, the ISO would have to add additional skilled planning staff to be able to study multiple project submissions in parallel.[92] The addition of such staff would result in a cost increase in the ISO budget.

9. Summary

The eight foregoing factors, all supported by the attached testimony of Steve Rourke and the joint testimony of David Boguslawski and Carol Sedewitz, make it clear that, in light of the particular relevant facts in New England, the public interest in the form of an "unequivocal public necessity" or of "extraordinary circumstances" does not demand the elimination of the ROFR, and that elimination of the ROFR would in fact harm the public interest and would not present a superior alternative for reliability and market efficiency projects from the process that exists today. For these reasons, the Commission should uphold the ROFR, and/or find that the existing reliability and market efficiency

[88] Rourke Testimony, at 21.

[89] PTO Testimony, at 10.

[90] Rourke Testimony, at 25-26.

[91] Rourke Testimony, at 21.

[92] Rourke Testimony, at 19.

planning processes are "consistent with, or superior to" the approach reflected in Order No. 1000.

IV. DESCRIPTION OF FILING PARTIES; COMMUNICATIONS

ISO-NE is the private, non-profit entity that serves as the regional transmission organization for New England. ISO-NE operates the New England Transmission System (*i.e.*, those facilities located in the New England region) and administers the New England Markets pursuant to the ISO-NE Tariff and Transmission Operating Agreements with the New England transmission owners. In its capacity as the RTO for New England, ISO-NE has the responsibility to protect the short-term reliability of the control area and to operate the system according to the reliability standards established by the NPCC and NERC. The ISO is also the FERC-designated entity responsible for transmission planning in the New England region and leads an open, independent regional transmission planning process pursuant to FERC's Order No. 2000 and 890. The TOA provides ISO-NE with the authority to submit filings to the Commission in matters affecting the terms and conditions of regional service.

The PTOs are transmission owners that, pursuant to the terms of the TOA among the PTOs and ISO-NE, physically operate and maintain Transmission Facilities[93] in New England that are under the Operating Authority[94] of ISO-NE. The PTF Transmission Facilities owned by the PTOs are used to provide regional transmission service under the ISO-NE OATT and the Non-PTF Transmission Facilities are used to provide Local Service under Schedule 21 of the ISO-NE OATT. The PTOs are Transmission Providers providing Local Service on an open access basis under Schedule 21 of the ISO-NE OATT. Non-PTF Transmission Facilities typically are lower-voltage radial transmission facilities that serve load or generation to connect to bulk power system. The TOA provides for the PTOs, acting collectively through the PTO Administrative Committee, to file proposed changes to the rates for regional transmission service under the ISO-NE OATT including proposed changes to regional rate cost allocation.[95] The TOA also grants the PTOs authority under Section 205 of the Federal Power Act to submit filings to the Commission in matters affecting the rates, terms and conditions of Local Service under Schedule 21 to the ISO-NE OATT. The TOA and the ISO-NE OATT also govern the terms and conditions under which the PTOs are obligated to plan, own and construct new Transmission Facilities.

[93] As used herein, the defined term "Transmission Facilities" has the meaning ascribed thereto in Schedule 1.01 of the TOA.

[94] As used herein, the defined term "Operating Authority" has the meaning ascribed thereto in Schedule 1.01 of the TOA.

[95] Certain changes to Attachment K in this compliance filing govern PTO cost recovery and are therefore covered by the PTOs' filing rights consistent with Section 3.04 of the TOA.

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V. DESCRIPTION OF THE ELEMENTS OF THE PRIMARY COMPLIANCE FILING, AND WHY THEY ARE JUST AND REASONABLE

A. Introduction and Overview

The Primary Compliance Filing consists of changes to Attachment K to add a public policy transmission planning process to the existing reliability and market efficiency planning process. The proposed process builds off the current Commission-approved "economic studies" planning process. The elements of the Primary Compliance Filing meet the requirements of Order No. 1000, and are just and reasonable.

Under the public policy transmission planning process proposed in this filing, ISO-NE will conduct a regular process in which NESCOE receives stakeholder input and identifies state and federal public policies that may drive transmission needs. Those needs are posted, with an explanation of why policies that are not included have not been selected. The identified policies lead to ISO-NE's conduct of a public policy transmission study to identify the scope, costs and benefits of possible transmission solutions at a high level. The provisions include a mechanism for ISO-NE to conduct such a study in response to a federal public policy requirement driving transmission needs that has not otherwise been addressed affirmatively by the states.

The study results can be moved forward by interested states to an initial Stage One process, where all QTPSs may submit projects for review by the ISO and states. Those that meet the necessary criteria may be selected by interested states for further development in a Stage Two process, with the development costs paid for by the supporting states. If states ultimately decide to move forward with a project resulting from this process, they

communicate that decision in writing to the ISO, at which point the project will be placed on the RSP Project List as a Public Policy Transmission Upgrade. A new pro forma Nonincumbent Transmission Developer Operating Agreement ("NTDOA") is added as Attachment O to the ISO-NE OATT to address issues arising during the period between an NTD's qualification and its placing in service of a project from the RSP Project List. As of the latter event, the NTD will sign the TOA and become a PTO. [96]

This part of the filing also includes related compliance changes to other portions of the ISO-NE Tariff, such as Section I definitions, and Section II rate schedules and attachments, and amendments to the Transmission Operating Agreement that have been agreed to by ISO-NE and the PTO Administrative Committee.

At a high level, Order No. 1000 establishes the following requirements:

- Each public utility transmission provider must participate in a regional transmission planning process that satisfies the transmission planning principles of Order No. 890 and produces a regional transmission plan.

- Local and regional transmission planning processes must consider transmission needs driven by public policy requirements established by state or federal laws or regulations. Each public utility transmission provider must establish procedures to identify transmission needs driven by public policy requirements and evaluate proposed solutions to those transmission needs.

- Each public utility transmission provider must participate in a regional transmission planning process that has a regional cost allocation method for new transmission facilities selected in the regional transmission plan for purposes of cost allocation. The method must satisfy six regional cost allocation principles.

- Public utility transmission providers must remove from Commission-approved tariffs and agreements a federal right of first refusal for a transmission facility selected in a regional transmission plan for purposes of cost allocation, subject to the following limitations:

    - This does not apply to a transmission facility that is not selected in a regional transmission plan for purposes of cost allocation.

    - This does not apply to upgrades to transmission facilities.

[96] Under Section 11.5 of the Commission-approved TOA, "any owner of transmission facilities" may become a PTO on a non-discriminatory basis by signing the TOA. The TOA does not apply to entities that do not yet own transmission facilities but propose to develop such facilities.

- Nothing in this requirement affects state or local laws or regulations regarding the construction of transmission facilities or affecting utility right of way, including but not limited to authority over siting or permitting of transmission facilities.

This section of the compliance filing reviews the manner in which the provisions of the ISO-NE Tariff (including Attachment K to the ISO-NE OATT, the core description of the planning process) and/or TOA, whether existing or modified as part of the Primary Compliance Filing, meet these requirements. The discussion begins with a demonstration that the Order No. 890 requirements are met.

B. New England's Planning Process and Cost Allocation Is Compliant with Order No. 890

The Commission has determined, in a series of orders, that the ISO's existing regional system planning process satisfies the transmission planning principles of Order No. 890 and produces a regional transmission plan that satisfies those principles.[97] These principles are: coordination, openness, transparency, information exchange, comparability, dispute resolution, regional participation, economic planning studies, and cost allocation. ISO-NE's regional system planning process meets these principles, as described in the subsections below. Each subsection begins with an excerpt from Order No. 890 expressing the pertinent principle.

Significantly, Order No. 1000 recognizes that "some transmission planning regions already may have in place transmission planning processes or cost allocation mechanisms that satisfy some or all of the requirements of this Final Rule."[98] In a similar vein, the order also states:

> In some transmission planning regions, a similar level of analysis is undertaken by public utility transmission providers at the regional level, resulting in the development of a regional transmission plan that identifies those transmission facilities that are needed to meet the needs of stakeholders in the region. This occurs, for example, in each of the existing RTO and ISO regions, which, we note, serve over two-thirds of the nation's consumers.[99]

Footnote 139 of Order No. 1000 states: "… to the extent existing transmission planning processes satisfy the requirements of this Final Rule, public utility transmission providers need not revise their OATTs and, instead, should describe in their compliance

[97] *See ISO New England Inc.*, 123 FERC ¶ 61,161 (2008) ("890 Compliance Order"); 125 FERC ¶ 61,097("890-A Compliance Order"); delegated letter order in Docket Nos. OA09-9-000 and ER09-37-000 (issued November 7, 2008) ("890-B Compliance Order").

[98] Order No. 1000, at P 13.

[99] Order No. 1000, at P 80 (footnote omitted).

filings how the relevant requirements are satisfied by reference to tariff sheets already on file with the Commission."

1. Coordination

> **Transmission providers are, however, required to craft a process that allows for a reasonable and meaningful opportunity to meet or otherwise interact meaningfully.**
>
> **. . .**
>
> **[A] transmission provider could meet this standard by facilitating the formation of a permanent planning committee made up of itself, its neighboring transmission providers, affected state authorities, customers and other stakeholders.[100]**

Pursuant to the current process, the PAC provides advisory input to ISO-NE in its conduct of regional system planning activities. The PAC plays an extremely important role in the regional system planning process. Specifically, in conducting the regional system planning process and developing the RSP, ISO-NE must consult and seek input from the PAC. The PAC, *inter alia*, facilitates the development of the Regional System Plan by reviewing study assumptions and scope, providing input regarding the results of system needs assessments, and identifies and prioritizes desired economic planning studies.[101] PAC members have access "to the models and data used in the planning process," as required in Order No. 1000.[102] In addition, the existing planning process meets the requirement of Order No. 1000 that, to the extent an entity has undertaken a commitment to build a transmission facility in a regional plan, information should be included in website postings.[103] The planning process allows for a broad array of stakeholder participation by providing that any entity (including State regulators or agencies) may designate a member to PAC.[104]

The PAC provides the opportunity for direct stakeholder participation and involvement in the conduct of assessments of system needs and review or development of transmission solutions.[105] Moreover, ISO-NE seeks specific input from the PAC prior to finalizing the annual RSP. ISO-NE's planning process provides for additional input from all stakeholders before ISO-NE's publication of a formal, annual RSP. A subcommittee of the ISO-NE Board of Directors holds a public meeting to receive input directly and to

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[100] Order No. 890, at P 451.

[101] Attachment K, at § 2.

[102] Order No. 1000, at P 150. *See also* 890 Compliance Order at PP 41, 44.

[103] Order No. 1000, at P 159. This requirement is met through existing Sections 1 and 3.6 of Attachment K, which require website posting of the RSP Project List and PAC materials.

[104] Attachment K, at § 2.3.

[105] Attachment K, at §§ 2.2, 7.1.

discuss any proposed revisions to the RSP.[106] Through these mechanisms, the existing planning process meets the specific Order No. 1000 requirement for "timely and meaningful input and participation of stakeholders."[107]

The Commission found that the existing planning process met the coordination principle of Order No. 890.[108]

2. Openness

> **[T]ransmission planning meetings [must] be open to all affected parties including, but not limited to, all transmission and interconnection customers, state commissions and other stakeholders**
> **. . . [S]afeguards must be in place to ensure that confidentiality and CEII concerns are adequately addressed in transmission planning activities. Accordingly, we will require that transmission providers, in consultation with affected parties, develop mechanisms, such as confidentiality agreements and password-protected access to information, in order to manage confidentiality and CEII concerns.[109]**

As noted above, ISO-NE's regional system planning process complies with this principle because PAC meetings are open to all affected and any other interested parties.[110]

To date, ISO-NE has been able to conduct an open and transparent planning process while protecting: (i) confidential and market-sensitive information as required under the ISO New England Information Policy contained in Attachment D of the ISO-NE Tariff, and (ii) Critical Energy Infrastructure Information ("CEII"), in a manner consistent with the Commission's guidance.[111]

The Commission found that the existing planning process met the openness principle of Order No. 890.[112]

3. Transparency

> **The Commission . . . will require transmission providers to disclose to all customers and other stakeholders the basic criteria, assumptions,**

[106] Attachment K, at § 7.2.

[107] Order No. 1000, at P 153.

[108] *See* 890 Compliance Order, at PP 22-23.

[109] Order No. 890, at P 460.

[110] Attachment K, at § 2.3.

[111] *See* Attachment K, at §§ 2.4(c) and (d).

[112] *See* 890 Compliance Order, at PP 29-31.

> **and data that underlie their transmission system plans. . . and reduce to writing and make available the basic methodology, criteria, and processes they use to develop the transmission plans.[113]**
>
> **[W]here demand resources are capable of providing the functions assesses in a transmission planning process, and can be relied upon on a long-term basis, [the transmission planning process should allow for their participation in the process] on a comparable basis.[114]**

a. Availability of Data

The ISO-NE regional system planning process is conducted in an open and transparent manner. Pursuant to existing Section 4.1(c) of Attachment K, ISO-NE notifies the PAC and other affected or interested parties of the initiation of ISO-NE's Needs Assessments to identify the needs of the PTF system, and coordinates with the PTOs and other transmission owners regarding any impacts of such needs on their transmission facilities. At the initiation of studies to develop and/or review proposed regulated transmission solutions, pursuant to Section 4.2(c), ISO-NE also provides notices to the PAC and other affected or interested parties to ensure their early involvement and understanding of the system problems and potential solutions to resolve such problems.

ISO-NE's regional system planning process also mandates transparency by requiring ISO-NE to supplement these initial notices through updating the PAC at its regularly scheduled meetings regarding the status of upgrades included in the system plan. Specifically, existing Section 3.6 of Attachment K requires ISO-NE to maintain a cumulative list – the "RSP Project List" – of all the regulated transmission projects that are considered part of the regional system plan in New England. The RSP Project List is available on the ISO-NE's website along with other system planning materials. Section 3.6 of Attachment K describes the elements of the RSP Project List, including the specific categories that indicate the status of each transmission project included in the RSP as well as the definition of each such category. These categories are: "Concept", "Proposed", "Planned", "Under Construction", and "In-Service." For transparency purposes, Section 3.6 also specifies the procedures and criteria applicable to periodic updating of the RSP Project List.

While the regional system planning process provides for the conduct of Needs Assessments and Solution Studies on an ongoing basis, it clearly specifies the timetable for the initiation, development and finalization of the annual RSP in Section 7 of Attachment K.

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[113] Order No. 890, at P 471.

[114] *Id*., at P 479 and n. 274.

ISO-NE's regional system planning process also provides for transparency of the methodologies, criteria and protocols used to develop ISO-NE's system plan. Existing Section 3.3 of Attachment K specifies the planning and reliability criteria that govern the ISO-NE regional system planning process. The factors that ISO-NE must consider in identifying transmission projects that meet reliability and market efficiency needs are set forth in Attachment N of the ISO-NE OATT.

b. Non-Transmission Alternatives

In Order No. 890, the Commission directed transmission providers to allow demand resource participation in the planning process, in a manner comparable to generation, where the demand resource is capable of providing the functions assessed in the transmission planning process and may be relied upon on a long-term basis.[115] Further, in Order No. 1000, the Commission directed that "non-transmission alternatives" be considered on a comparable basis, and required identification of how evaluation and selection from competing solutions and resources will be made so that resources are considered on a comparable basis.[116] The existing provisions of Attachment K meet these requirements.

"Market Responses" is the terminology used in New England for non-transmission alternatives. Existing Sections 3.5 and 4.2(a) of Attachment K address the manner in which non-transmission alternatives can displace regulated transmission solutions. Section 4.2 also specifies the manner in which market responses, including demand-response resources, are accounted for in needs assessments to determine whether the reliability or market efficiency need persists in light of a market solution. In addition, to ensure equal consideration of demand response and generation resources, Section 4.2(a) requires ISO-NE to incorporate in the needs assessments resources of any type that "have cleared in a Forward Capacity Auction pursuant to Market Rule 1 of the ISO-NE Tariff" or "have been selected in, and are contractually bound by, a state-sponsored Request For Proposals" or other "financially binding obligation pursuant to a contract." The regional system planning process also provides for the deferment or cancellation of a transmission project included in the regional system plan if a market response materializes that meets the milestones specified in Section 4.2(a).

The Commission found that the existing planning process met the transparency principle of Order No. 890.[117]

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[115] *See* Order No. 890 at P 479. The existing planning process was found to consider non-transmission alternatives on a comparable basis. *See* 890 Compliance Order at PP 42, 43 and 45.

[116] Order No. 1000, at PP 148, 153-55.

[117] *See* 890 Compliance Order at PP 41-45.

4. Information Exchange

[T]ransmission providers, in consultation with their customers and other stakeholders . . . [are to] develop guidelines and a schedule for the submittal of information.[118]

ISO-NE's regional system planning process, as set forth in Attachment K, meets the information exchange principles. Section 5 of Attachment K requires Market Participants, Transmission Owners, Transmission Customers and other entities to supply information for ISO-NE to conduct its planning function pursuant to the ISO-NE Tariff and other agreements. Importantly, information regarding generation and demand response resources is available to ISO-NE through its generation interconnection program, the demand and load response programs, and its market structures, such as the Forward Capacity Market. As information becomes available and the resources have met the milestones set forth in Section 4.2(a) of Attachment K, ISO-NE incorporates such resources into the system planning process. ISO-NE also obtains from the Transmission Owners information regarding projected loads to ensure that the infrastructure required for transmission service is in place.

The Commission found that the existing planning process met the information exchange principle of Order No. 890.[119]

5. Comparability

The Commission . . . require[s] the transmission provider, after considering the data and comments supplied by customers and other stakeholders, to develop a transmission system plan that (1) meets the specific requests of its transmission customers and (2) otherwise treats similarly-situated customers . . . comparably in transmission system planning.[120]

ISO-NE's regional system planning process meets the comparability principle – in the most fundamental sense – by virtue of ISO-NE's independent structure.[121] The regional system planning process provides for ISO-NE to meet the specific requests of its Transmission Customers and other stakeholders comparably. Moreover, the open and inclusive structure of ISO-NE's planning process serves as a method by which any

[118] Order No. 890 at P 486.

[119] *See* 890 Compliance Order, at PP 49-50.

[120] Order No. 890, at P 494.

[121] *See ISO New England Inc. and New England Power Pool*, 95 FERC ¶ 61,384 at p. 62,431 (2001) (stating that the planning process "would allow all market participants the opportunity to contribute whatever information that might be helpful to the process, and Transmission Owners would be on the same footing as all other parties in this regard").

interested party can remain apprised of, and provide input into, how ISO-NE is carrying out its planning function. For example, any stakeholder may request the initiation of a Needs Assessment to explore potential problems in the system based on its particular concerns.[122] Stakeholders have an opportunity to request – and collectively identify and prioritize – economic studies that ISO-NE will conduct during a given year to address market inefficiencies, address congestion constraints or integrate new resources or load.[123]

Second, as discussed above, ISO-NE's regional system plan provides for comparable treatment of all market responses.[124]

The Commission found that the existing planning process met the comparability principle of Order No. 890.[125]

6. Dispute Resolution

> **[T]ransmission providers [are required] to develop a dispute resolution process to manage disputes that arise from the Final Rule's planning process….The dispute resolution process should be available to address both procedural and substantive planning issues.**
>
> **. . .**
>
> **[T]he intent of the dispute resolution process here is not to address issues over which the Commission does not have jurisdiction, such as a transmission provider's planning to service its retail native load or state siting issues.[126]**

To comply with Order No. 890's directive, ISO-NE (with stakeholder input) developed a three-step dispute resolution process to address both procedural and substantive regional system planning disputes. The dispute resolution process for planning-related matters is set forth in Section 12 of existing Attachment K.

The Commission found that the existing planning process met the dispute resolution requirements of Order No. 890.[127]

7. Regional Participation

> **Each transmission provider will be required to coordinate with interconnected systems to (1) share system plans to ensure that they**

[122] Attachment K, at §§ 4.1(a)(iv), 4.1(b).

[123] Attachment K, at § 4.1(b).

[124] Attachment K, at §§ 3.5, 4.2(a).

[125] *See* 890 Compliance Order, at PP 53-54; *ISO New England Inc.*, 127 FERC ¶ 61,170 at P 13 (2009).

[126] *See* Order No. 890, at PP 501-03.

[127] *See* 890 Compliance Order, at PP 57-59.

> **are simultaneously feasible and otherwise use consistent assumptions and data and (2) identify system enhancements that could relieve congestion or integrate new resources.[128]**

The regional system planning process requires ISO-NE to conduct planning activities in coordination with the transmission-owning entities in, or other entities interconnected to, the New England Transmission System and neighboring systems.

On a regional and local basis, ISO-NE must coordinate its planning-related activities with the PTOs.[129] The PTOs, pursuant to the ISO-NE Tariff and the TOA, retain planning-responsibility over Non-PTF facilities. ISO-NE also must coordinate with the owners of OTF and MTF that are part of the New England Transmission System.[130] While this coordination is explicitly provided in the ISO-NE Tariff or applicable transmission operating agreements, Attachment K reflects this as well. The PTOs utilize the LSP Process included in Appendix 1 of Attachment K that is based on and coordinated with the regional system planning process. The LSP Process applies to planning for Non-PTF regardless of voltage level, and matters relating to these facilities should be addressed in that process. Under the ISO-NE Tariff and applicable transmission operating agreements, these transmission owners are required to participate in the regional system planning process and perform and/or support studies of the impacts of regional system plans on their respective facilities.[131]

The Commission found that the existing planning process met the regional participation principle of Order No. 890.[132]

8. Economic Planning Studies

> **[S]takeholders [must] be given the right to request a defined number of high priority studies annually . . . to address congestion and/or integration of new resources or loads. The intent of this approach is to allow customers, not the transmission provider, to identify those portions of the transmission system where they have encountered transmission problems due to congestion or whether they believe upgrades and other investments may be necessary to reduce congestion and to integrate new resources. . . The cost of the defined number of**

[128] Order No. 890, at P 523.

[129] Attachment K, at §§ 1, 2.5 (Local System Planning process utilizes PAC), 6.2 (regional system planning conducted in coordination with local system plans); Attachment K, Appendix 1 at §§ 1.4 (LSP Needs Assessments coordinated with RSP), 1.5 (PTOs coordinate with ISO in performance of Economic Studies).

[130] Attachment K, at § 6.1.

[131] *See, e.g.,* Section 3.07(a) of the HVDC TOA.

[132] *See* 890 Compliance Order, at P 67.

high priority studies would be recovered as part of the overall pro forma OATT cost of service.[133]

In compliance with Order No. 890, ISO-NE revised its existing regional planning process to include a process by which stakeholders may submit requests for economic planning studies to ISO-NE. Specifically, under Section 4.1(b) of Attachment K, stakeholders may request ISO-NE to initiate a Needs Assessment to evaluate any potential upgrades or investments that could result in (i) a net reduction of total production costs to supply system load, (ii) reduced congestion, or (iii) the integration of new resources and/or loads. The factors that must be considered in studying the potential of an upgrade to result in a net reduction of production costs, as briefly discussed above, are specified in Attachment N of the ISO-NE OATT. While Attachment N allows for the consideration of additional data provided by stakeholders (*e.g.*, congestion costs), ISO-NE, in coordination with the New England stakeholders (including NEPOOL Participants, members of PAC, and representatives of the New England States) has formed a working group to consider and identify the factors to be considered in association with Economic Studies that could address congestion or the integration of new resources and/or loads. The stakeholder process for developing these factors will not hinder stakeholders' ability to submit requests for Economic Studies pursuant to Section 4.1(b) of Attachment K. Section 4.1(b) also provides the process for stakeholders to request economic planning studies and the procedures for prioritizing these studies.

The Commission found that the existing planning process met the economic planning studies requirement of Order No. 890.[134]

9. Cost Allocation

For a planning process to comply with the Final Rule, it must address the allocation of costs of new facilities.[135]

In Order No. 890, the Commission stated:

[W]e note that the intent of our reform in this Final Rule is not to reopen prior approvals, but rather to ensure that the transmission planning process

[133] Order No. 890, at P 547. While not pertinent to the current "regional" compliance filing, pursuant to Section 6.3 of Attachment K, ISO-NE also proactively engages in inter-area coordination. As noted above, ISO-NE's inter-area planning has continued through ISO-NE's participation in NPCC activities and the implementation of the Northeastern ISO/RTO Planning Coordination Protocol. As an active member of NPCC, ISO-NE fully participates in NPCC's coordinated interregional studies with its neighboring balancing authority areas.

[134] *See* 890 Compliance Order, at PP 82-83.

[135] Order No. 890, at PP 557-58.

> utilized by each RTO and ISO is consistent with or superior to the planning process adopted here.[136]

The current transmission cost allocation methodology for reliability and market efficiency upgrades – reflected in Schedule 12 of the ISO-NE OATT – provides clear rules for the cost allocation process, as required by Commission orders in 2002 and 2003.[137] Specifically, Schedule 12 describes the cost allocation treatment of upgrades, modifications or additions to the New England Transmission System. Under Schedule 12 and 12C, ISO-NE "localizes" costs even for Regional Benefit Upgrades (i.e., Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades) to the extent they exceed the reasonable regional requirements for upgrades. Furthermore, the methodology provides for costs associated with upgrades that do not meet the criteria specified in the ISO-NE OATT for PTF, to be directly allocated to the local beneficiaries as Local Benefit Upgrades.

The Commission found that the existing tariff provisions met the cost allocation principles of Order No. 890.[138]

C. Compliance of Existing Cost Allocation Methodologies with Order No. 1000 Cost Allocation Requirements

In addition to requiring compliance with Order No. 890 principles (including cost allocation), Order No. 1000 requires inclusion in OATTs of a method, or set of methods, for allocating costs of new transmission facilities selected in planning for regional cost allocation that comply with six cost allocation principles adopted in Order No. 1000.[139] Existing Schedule 12 of the ISO-NE OATT provides the required cost allocation methodology for Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades. The cost allocation provisions for Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades are based on whether these transmission facilities meet the ISO-NE Tariff definition of PTF or Non-PTF.

As explained in the attached testimony of David Boguslawski and Carol Sedewitz, in New England, PTF are considered regional transmission facilities and non-PTF are considered local transmission facilities. For transmission facilities that are upgrades, modifications or additions, to the New England transmission system on and after January 2004, only those that are rated 115 kV or above and otherwise meet the non-voltage criteria specified in the ISO-NE OATT are classified as PTF. Transmission facilities that meet the voltage criterion but that are needed to serve local load only and thus contribute little or no parallel capability to the interconnected transmission system are excluded from the PTF

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[136] *Id*. at P 439.

[137] *See New England Power Pool and ISO New England Inc.*, 105 FERC ¶ 61,300 (2003).

[138] *See* 890 Compliance Order, at P 90.

[139] Order No. 1000, at PP 9, 558.

definition and considered non-PTF. Similarly, the PTF definition also excludes generator leads and transmission facilities that interconnect non-PTF facilities to PTF facilities. Precise definitions distinguishing PTF from non-PTF are contained in Section II.49 and Attachment F of the ISO-NE OATT. The PTF system has long been recognized in New England as the "highway" benefitting the entire region while non-PTF facilities are considered the "byways" serving local transmission needs.[140]

As further described in that testimony, the PTF/Non-PTF classification set forth in the ISO-NE Tariff reflects historical practice approved by the Commission in the late 1990s. The PTF/Non-PTF distinction also corresponds to differences in the ways transmission facilities are classified in New England for operational purposes.

Order No. 1000 permits use of different methods for different types of transmission facilities, but a method must apply to all transmission facilities of the type in question, and must be determined in advance.[141] The ISO-NE OATT conforms to this guidance: the Schedule 12 cost allocation method is the same for all Regional Benefit Upgrades (i.e., Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, both types of which are upgrades to the PTF, which are, as explained above, the regional transmission facilities in New England). The default cost allocation methodology for Public Policy Transmission Upgrades is different, as discussed below, but applies to all such upgrades. All methodologies are determined in advance.

Order No. 1000 also requires the cost allocation methodology to address concerns that designation of a transmission facility type can result in substantial delay because transmission facilities may serve multiple functions and benefits, and beneficiaries may vary over time.[142] The existing New England cost allocation does not present such concerns.[143] Attachment K and Schedule 12 call for designation of projects as Reliability Transmission Upgrades based on identified reliability needs, although such projects may have other benefits, and the process does not assign different parts of projects to different categories.

Further, each cost allocation method must allocate the entire prudently incurred cost of a transmission project, in order to prevent stranded costs.[144] Existing Schedule 12 of the ISO-NE OATT conforms to this requirement, because it does not limit the costs of Regional Benefit Upgrades that are to be allocated thereunder. However, Localized Costs of a Regional Benefit Upgrade are excluded from regional cost recovery pursuant to

[140] PTO Testimony, at 49-51.

[141] Order No. 1000, at PP 560, 686, 690.

[142] Order No. 1000, at P 692.

[143] *See* Order No. 1000, at P 692 ("However, we note that many regional transmission planning processes currently have mechanisms for distinguishing between types of transmission facilities and there is no reason to believe that transmission facilities designation necessarily results in a substantial delay.")

[144] Order No. 1000, at P 640.

Schedule 12 Section B.7 and Schedule 12C. Localized Costs, in turn, are fully allocated as well, in that case to a PTO-specific rate approved by the Commission, rather than to the Regional Network Service rate.

Order No. 1000 requires compliance with six regional cost allocation principles.[145] The existing cost allocation provisions in Schedule 12 conform to these principles, as explained below.

Regional cost allocation principle 1 states:

> The cost of transmission facilities must be allocated to those within the transmission planning region that benefit from those facilities in a manner that is at least roughly commensurate with estimated benefits. In determining the beneficiaries of transmission facilities, a regional transmission planning process may consider benefits including, but not limited to, the extent to which transmission facilities, individually or in the aggregate, provide for maintaining reliability and sharing reserves, production cost savings and congestion relief, and/or meeting Public Policy Requirements.

The Commission has confirmed in its Order No. 890 compliance orders (and prior orders cited therein)[146] that the cost allocation method for Regional Benefit Upgrades allocates costs in a manner that is commensurate with benefits. As explained in the PTO Testimony, the PTF system has long been recognized as the "highway" benefitting the entire region. Therefore, the existing cost allocation complies with regional cost allocation principle 1.

Regional cost allocation principle 2 states that:

> Those that receive no benefit from transmission facilities, either at present or in a likely future scenario, must not be involuntarily allocated any of the costs of those transmission facilities.[147]

Through the existing New England planning process, Regional Benefit Upgrades have been identified as having region-wide benefit, and thus the associated cost allocation conforms to principle 2. In addition, the Localized Cost process described above ensures that any PTF costs designed primarily to have a local benefit are not allocated to all regional customers.

Regional cost allocation principle 3 states:

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[145] Order No. 1000, at PP 603, 622, 637, 646, 657, 668, 685.

[146] *See* 890 Compliance Order, at PP 84-91.

[147] Order No. 1000, at P 637.

> If a benefit to cost threshold is used[148] to determine which transmission facilities have sufficient net benefits to be selected in a regional transmission plan for the purpose of cost allocation, it must not be so high that transmission facilities with significant positive net benefits are excluded from cost allocation. A public utility transmission provider in a transmission planning region may choose to use such a threshold to account for uncertainty in the calculation of benefits and costs. If adopted, such a threshold may not include a ratio of benefits to costs that exceeds 1.25 unless the transmission planning region or public utility transmission provider justifies and the Commission approves a higher ratio.[149]

The ISO-NE OATT conforms to this principle. The New England methodology uses benefit to cost analysis only in identifying Market Efficiency Transmission Upgrades. In that regard, ISO-NE OATT Attachment N (at Section II.B) states that proposed METUs "shall be identified by the ISO where the net present value of the net reduction in total cost to supply the system load, as determined by the ISO, exceeds the net present value of the carrying cost of the identified transmission upgrade." Accordingly, the benefit-cost ratio falls below 1.25 ratio and comply with cost allocation principle 3.

Regional cost allocation principle 4 states:

> The allocation method for the cost of a transmission facility selected in a regional transmission plan must allocate costs solely within that transmission planning region unless another entity outside the region or another transmission planning region voluntarily agrees to assume a portion of those costs. However, the transmission planning process in the original region must identify consequences for other transmission planning regions, such as upgrades that may be required in another region and, if the original region agrees to bear costs associated with such upgrades, then the original region's cost allocation method or methods must include provisions for allocating the costs of the upgrades among the beneficiaries in the original region.[150]

The ISO-NE OATT conforms to this principle, as there is no provision that attempts to allocate the costs of projects built on the New England Transmission System to other control areas.

Regional cost allocation principle 5 states:

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[148] Cost allocation principle 3 (for regional or interregional costs) does not require the use of a benefit to cost ratio. (PP 647, 649)

[149] Order No. 1000, at P 646.

[150] Order No. 1000, at P 657.

> The cost allocation method and data requirements for determining benefits and identifying beneficiaries for a transmission facility must be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed transmission facility.[151]

The ISO-NE OATT meets with these transparency requirements with respect to Regional Benefit Upgrades. The cost allocation methodology for Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades contained in Section 5 of Schedule 12 is self-explanatory. Further, the means by which such upgrades are identified in the regional system planning process is described in detail in Attachment N to the OATT.

Regional cost allocation principle 6 states:

> A transmission planning region may choose to use a different cost allocation method for different types of transmission facilities in the regional transmission plan, such as transmission facilities needed for reliability, congestion relief, or to achieve Public Policy Requirements. Each cost allocation method must be set out clearly and explained in detail in the compliance filing for this rule.

The ISO-NE OATT complies with this requirement. Again, the cost allocation methodology for Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades contained in Section 5 of Schedule 12 is self-explanatory, and the means by which such upgrades are identified in the regional system planning process is described in detail in Attachment N to the OATT.

The cost allocation methodology for Public Policy Transmission Upgrades, and its compliance with Order No. 1000 and its six regional cost allocation principles, is discussed in Section V.D.3, below.

D. The Other Order No. 1000 Requirements Are Met, As Well

The Primary Compliance Filing also meets the Order No. 1000 requirements that are not directly related to Order No. 890 principles or the Order No. 1000 cost allocation principles, as described below.

1. Development of Plan Identifying Facilities That, on a Basis More Efficient or Cost-Effective Than Local Planning, Meet the Region's Reliability and Economic Requirements

The existing New England planning process in Attachment K (as modified in the Primary Compliance Filing) for reliability and market efficiency projects meets the Order

[151] Order No. 1000, at P 668.

No. 1000 requirement that a region develop a plan identifying facilities that, on a basis more efficient or cost-effective than local planning, meet the region's reliability and economic requirements.[152]

This requirement is met through the provisions of Section 4.2 of Attachment K, which provides the process for the evaluation and development of regulated reliability and market efficiency transmission solutions in solutions studies.

Under Section 4.2, as modified for the Primary Compliance Filing:

- ISO-NE reflects proposed market responses in the regional system planning process, including resources such as demand-side projects and distributed generation, Merchant Transmission Facilities, and Elective Transmission Upgrades.[153] In addition, ISO-NE incorporates and updates information regarding resources in Needs Assessments that have been proposed and (i) have cleared in a Forward Capacity Auction pursuant to Market Rule 1 of the ISO-NE Tariff, (ii) have been selected in, and are contractually bound by, a state-sponsored Request For Proposals, or (iii) have a financially binding obligation pursuant to a contract.[154]

- The ISO conducts Solution Studies to evaluate and identify regulated transmission solutions that meet the PTF system needs identified in Needs Assessments[155] prepared by the ISO with stakeholder input under Section 4.1 of Attachment K. The ISO may form ISO-led targeted study groups to conduct these studies. The Solutions Study process typically goes through several stages of iteration in which different alternatives and combinations of alternatives are openly studied. As stated in Attachment K, "Through this process, the ISO may identify the most cost-effective and reliable solutions for the region that meets a need identified in a Needs Assessment. These solutions may differ from a transmission solution proposed by a transmission owner."

- The results of Solutions Studies are reported to the PAC.[156] After receiving feedback from the PAC, the ISO will identify the preferred solution.[157] The ISO will inform the appropriate Transmission Owners in writing regarding

[152] Order No. 1000, at PP 6, 11, 68, 148 and 149. The manner in which this requirement is met in the context of public policy requirements is discussed in Section V.D, below.

[153] Attachment K, at § 3.5.

[154] Attachment K, at §4.2(a).

[155] Attachment K, at § 4.2(b) and (c).

[156] Attachment K, at § 4.2(e).

[157] *Id.*

the identification of the preferred solution.[158] Once identified, the preferred solution, as appropriate, will be reflected (with an overview of why the solution is preferred) in the RSP and/or its Project List, as it is updated from time to time in accordance with Attachment K.[159]

2. Explanation of How the Region Determines Which Facilities Evaluated in Local and Regional Planning Processes Will Be Subject to the Requirements of Order No. 1000

Order No. 1000 requires the explanation of how the region will determine which facilities evaluated in local and regional planning processes will be subject to requirements of the final rule.[160]

This is addressed in an addition to Section 3.3 of Attachment K, which provides that the compliance revisions to Attachment K shall not apply to any identified needs or transmission solutions included in an RSP approved by the ISO Board of Directors prior to the effective date of this compliance filing of the ISO and the PTOs or to any needs assessment concluded by the ISO or proposed solutions listed in an RSP update prior to such effective date.

3. Consideration of Transmission Facilities Proposed by Nonincumbents

Order No. 1000 requires utilities to address the manner in which the system planner provides fair consideration of transmission facilities proposed by nonincumbents.[161]

In New England, Solution Studies are the vehicle through which "proponents of regulated transmission solutions" present potential projects to resolve identified needs. Existing Section 4.2(b) of Attachment K indicates that the chosen solution may differ from the solution proposed by a transmission owner (*i.e.*, PTOs, OTOs, MTOs). In fact, the process invites an open collaboration among planning experts and ISO-NE to identify the optimal solution, with stakeholder input. Per existing Section 8 of Attachment K, projects are built by PTOs as/if designated by the ISO in accordance with the TOA. These provisions, collectively, preserve an avenue for participation by nonincumbents. These provisions provide for the opportunity for any stakeholder, including nonincumbent transmission companies, to propose plans in the stakeholder process, but not to construct and own them in a competitive process. However, pursuant to a limited amendment of the *Mobile-Sierra* protected provisions of TOA Schedule 3.09(a), this construction and

[158] *Id.*

[159] *Id.*

[160] Order No. 1000, at P 65.

[161] Order No. 1000, at P 11.

ownership opportunity will be available in the context of Public Policy Transmission Upgrades, as discussed in Section V.D, below.

4. Requiring Adequate Information from Merchant Transmission Developers

Order No. 1000 requires tariff provisions requiring merchant transmission developers to provide adequate information and data to allow transmission providers in the planning region to assess the potential reliability and operational impacts of the merchant developer's proposed facilities on other systems in the region.[162]

Existing Section 9.1 of Attachment K addresses requirements imposed upon merchant transmission developers. Section 9.1 requires compliance with the other requirements of the Tariff. One of the Tariff requirements is found in existing Section I.3.9, which requires submission by Market Participants and Transmission Owners to ISO-NE (for ISO-NE review, with input from the NEPOOL Reliability Committee) of any new plan for additions to or changes to any transmission facilities rated 69 kV or above, and any new or materially changed plan for any other action that may have a significant effect on the stability, reliability or operating characteristics of the transmission facilities of another Transmission Owner or the system of a Market Participant. A merchant transmission developer falls within the definition, in Section I.2.2 of the ISO-NE Tariff, of "Transmission Owner."[163]

Thus, the existing ISO-NE Tariff meets the Order No. 1000 requirements regarding merchant transmission developers.

E. Public Policy Transmission Planning and Cost Allocation Provisions

1. Requirements of Order No. 1000 and Design of New Public Policy Transmission Planning Process

In Order No. 1000, the Commission requires that public utility transmission providers amend their OATTs so that their regional and local planning processes provide for the identification of public policies that drive the need for transmission and a process to evaluate potential solutions.[164] The Filing Parties are submitting a project-based process that satisfies these requirements, is open to competition from nonincumbent pre-qualified developers, and provides a planning process path that allows for identified projects to move past the evaluation stage and into the Regional System Plan to be constructed.

[162] Order No. 1000, at P 164.

[163] Of course, a merchant developer could be a "Market Participant," as well.

[164] *See, e.g.*, Order No. 1000, at PP 203, 205-209.

While New England's regional planning process can and has provided for significant public policy study efforts, such as the New England Governor's Wind Blueprint,[165] the process does not contain a mechanism specifically mandating the identification of public policy requirements that drive transmission needs. The existing process is also limited in that it does not have a mechanism by which identified scenarios can be the basis for more detailed transmission plans for facilities that can subsequently be constructed.[166] In response to the Commission's directive in Order No. 1000, the ISO therefore worked with the New England states through NESCOE, state agency staff directly, as well as the PTOs and other stakeholders (including through the NEPOOL Transmission Committee) to design a public policy transmission planning process that would meet the requirements of Order No. 1000 to identify transmission needs and consider projects, and then provide planning process steps that provide the means to move the projects toward construction.

The proposed compliance changes create an entirely new section 4A in Attachment K that describes the public policy transmission planning process. The timing of the process is described in Section 4A.1 as occurring periodically, "[n]o less than every three years…." The cycle is phrased in this manner to make it clear that a public policy transmission planning process may commence more often if resources allow, but must occur with a minimum three-year frequency.

A key design element of the process is how public policies are identified. Early on, the ISO determined with support from NESCOE and other stakeholders that the states should take a leading role in the identification of public policies that may drive the need for transmission projects. The ISO, NEPOOL, and NESCOE all filed comments on the Notice of Proposed Rulemaking ("NOPR") on transmission planning supportive of a model in which states would play a key role in identifying public policies.[167] The ISO's rationale for this approach is that, unlike reliability projects, Public Policy Transmission Upgrades are optional in nature. They are not required to keep the lights on and there is often a variety of ways to meet public policies. The Commission responded to those and other comments submitted in response to the NOPR by stating in Order No. 1000:

> We decline to require that transmission needs driven by Public Policy Requirements be identified by a particular entity or subset of stakeholders.

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[165] *See* http://www.iso-ne.com/committees/comm_wkgrps/othr/clg/mtrls/2010/feb22010/governors_blueprint.pdf.

[166] States can work together or individually to request elective expansion of the system. The proposed public planning process facilitates that work by having a requirement to identify public policies that may drive transmission needs on a regular basis and then the planning process tools to move forward through analysis all the way to cost allocation.

[167] *See* Comments of ISO New England Inc., Docket No. RM10-23-000, at 21-23 (filed September 29, 2010); Comments of the New England Power Pool on Notice of Proposed Rulemaking, Docket No. RM10-23-000, at 13 (filed September 24, 2010); Comments of the New England States Committee on Electricity on Notice of Proposed Rulemaking, Docket No. RM10-23-000, at 17-18 (filed September 29, 2010).

> However, all stakeholders must have an opportunity to provide input and offer proposals regarding the transmission needs they believe should be so identified…Some public utility transmission providers might conclude, in consultation with stakeholders, to develop procedures that rely on a committee of load-serving entities, *a committee of state regulators*, or a stakeholder group to identify those transmission needs for which potential solutions will be evaluated in the transmission planning process…However, to ensure that requests to include transmission needs are viewed in a fair and non-discriminatory manner, we require public utility transmission providers to post on their website an explanation of which transmission needs driven by Public Policy Requirements will be evaluated for potential solutions in the local or regional transmission planning process, as well as an explanation of why other suggested transmission needs will not be evaluated.[168]

Consistent with this language, the proposed compliance changes utilize NESCOE as the primary body to identify state and federal public policies that may drive the need for transmission in the New England system. While NESCOE is funded through Schedule 5 of Section IV.A of the ISO-NE Tariff subject to the approval of the Commission and paid for by Regional Network Service customers, neither the ISO nor the ISO-NE Tariff governs the actions of NESCOE. Therefore, the language of the proposed new Section 4A to Attachment K is generally phrased in terms of the ISO's ability to receive information or take action on communications from NESCOE.

The proposed public policy transmission planning process commences[169] with a notice from the ISO by January 15 of at least every third year, that members of the PAC may provide input to NESCOE regarding which state and federal public policies may drive the need for transmission in the New England system. A meeting of the PAC may be held for the purpose of soliciting input as well. NESCOE may then submit a written request for a New Public Policy Transmission Study or an update of an existing study by no later than April 1. The request must identify the public policy requirements that are driving transmission needs on the New England system, including needs that may not be reflected in statutes or regulations but which NESCOE identifies as a potential policy driven need. This allows for the flexibility beyond "black-letter" policy (i.e., laws and regulations) that the Commission contemplated in Order No. 1000. The written NESCOE explanation of which public policy needs should be evaluated by ISO-NE in the regional planning process will also explain why other suggested needs are not being identified for evaluation. The requirements of paragraph 209 of Order No. 1000 – to receive input from all stakeholders and ensure transparency by the posting of written explanations – will therefore be satisfied by this proposed process.

[168] Order No. 1000, at P 209 (emphasis added).

[169] Attachment K, at § 4A.1.

While ISO-NE anticipates that the primary means of identifying public policy requirements that may drive the need for transmission will be in coordination with the states through NESCOE described above, ISO-NE also recognizes that there may be federal public policies that are not implemented through the states or directly through regulated utilities, and that could arguably drive transmission needs. Therefore, the proposed compliance provisions include a mechanism[170] by which stakeholders may identify to the ISO, or the ISO may identify, federal public policies that may drive transmission needs on the New England transmission system. Where the ISO makes the determination that additional federal public policies not identified by NESCOE should have been identified, it may then undertake an economic scenario evaluation under Section 4A to determine the scope of transmission facilities that potentially could address the identified federal public policy, identify and consider high level possible solutions, and identify the costs and benefits of such solutions. The states may then choose to move the ISO's identified projects forward into the remaining steps of the public policy transmission planning process. If the states do not (through NESCOE) choose to do so, Section 4A.4 states that the ISO will determine the appropriate next steps to take with input from the states and the PAC.[171]

Where the state or federal public policy needs are identified by NESCOE, as described in Section 4A.3, the ISO will initiate and conduct a Public Policy Transmission Study (with the scope, parameters and assumptions determined following input from the PAC pursuant to Section 4A.2) to identify high level solutions, along with the costs and benefits of various scenarios. The results of the study will be posted on the ISO website and a meeting of the PAC will be held to solicit input on the scope, parameters and assumptions for a follow-on phase of the study.

The follow-on phase is intended to help narrow the areas of interest from the states so that scope of possible transmission solutions is better defined and so that the possible solutions can be used as the basis for a competitive Stage One solicitation. Except for federal public policy projects identified by the ISO, this follow-on phase of ISO study will be undertaken where there is a written request from NESCOE to further evaluate possible transmission solution scenarios.

Where the follow-on ISO public policy study is conducted, the ISO will again post the results to its website and provide the results to NESCOE and the PAC as well.[172] Within 90 days of receipt, NESCOE may provide the ISO with a written list of one or more options that the states are interested in exploring through the submission of Stage One competitive project submissions. The submittal will also be made with a non-binding matrix from NESCOE of key desirable features of each of the options that the states have elected to further explore.

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[170] Attachment K, at § 4A.1.1.

[171] Attachment K, at § 4A.4.

[172] Attachment K, at § 4A.4.

The ISO will then invite the submission of Stage One Proposals from all interested entities that have pre-qualified as Qualified Transmission Project Sponsors, a designation and qualification process discussed later in this filing letter. The proposed compliance provisions do not specify a set time from the solicitation to the submittal of proposals, but rather states in Section 4A.5 that the deadline shall be specified by the ISO. This flexibility is purposeful and reflects the fact-specific nature of transmission planning. For example, a relatively straightforward project may require six months for QTPSs to put together Stage One Proposals. A more complicated project may require significantly more time. Failure to provide enough time for a given project scenario could render the process uncompetitive. The flexibility afforded to the independent RTO helps ensure that project submission deadlines are neither shorter nor significantly longer than they need to be for a given solution request.

In order to ensure that Stage One Proposals are adequately developed and comparable, the proposed public policy transmission planning process sets out criteria in Section 4A.5 for the information to be submitted:

(i) a detailed description of the proposed solution, including an identification of the proposed route for the solution and technical details of the project;

(ii) a detailed explanation of how the proposed solution addresses the identified need;

(iii) feasibility studies, as requested by ISO, to demonstrate how the proposed solution would address the identified need;

(iv) the proposed schedule for development and completion of the proposed solution;

(v) right, title, and interest in rights of way, substations, and other property or facilities, if any, that would contribute to the proposed solution or the means and timeframe by which such would be obtained;

(vi) a list of affected existing transmission system facilities that the Qualified Transmission Project Sponsor believes will require modification as part of the proposal;

(vii) the estimated lifecycle cost of the proposed solution, including an itemization of the components of the cost estimate; and

(viii) any other information or supporting documentation required to address the matrix provided by NESCOE in accordance with Section 4A.4.

Utilizing this information, the ISO will assess whether project proposals at their early stages appear to address the public policy needs identified by the ISO and selected for

Stage One Proposal submittal by the states. For those projects that address the identified need, the standardized list of additional information provided pursuant to this section will inform an assessment of the merits of one project as compared to another.

This two-stage process also functions to limit the costs to the region of a "dueling submissions" process.[173] Except in cases of a specific state request for proposal submission to a QTPS, pursuant to Section 4A.6, project proponents will bear the study, design and other related development costs to submit a Stage One Proposal. This will provide the region with information to determine if the proposals are complete and competitive relative to other submissions. Where projects are selected by NESCOE (pursuant to Section 4A.5(g)) for detailed engineering development of Stage Two Solutions, the supporting states will reimburse the selected project sponsors for their Stage Two development costs. Because development costs can run into the multiple million dollar range even through early phases (with full development costs for large project running into the several tens of millions of dollars even before construction begins), this design, described in further detail under the public policy cost allocation discussion, provides a mechanism to select a more limited pool of entities that will have Stage Two development expenses reimbursed, thus making more attractive to the states a competitive process where multiple entities are possibly being paid for significant development costs..

Once the Stage One Proposals have been received, the ISO will conduct a preliminary review under Section 4A.5(c). In that review, the ISO will examine whether the each Stage One proposal:

(i) provides sufficient data and that the data is of sufficient quality to satisfy Section 4A.5(a);

(ii) appears to satisfy the NESCOE-identified needs driven by public policy requirements;

(iii) is technically practicable and indicates possession of, or an approach to acquiring, the necessary rights of way, property and facilities that will make the proposal reasonably feasible in the required timeframe; and;

(iv) is eligible to be constructed only by an existing PTO in accordance with Schedule 3.09(a) of the TOA because the proposed solution is an upgrade to existing PTO facilities or because the costs of the proposed solution are not

[173] The Commission held that issues of cost recovery are not addressed by Order No. 1000 and Order No. 1000-A. In Order No. 1000-A, the Commission clarified that "to the extent that cost recovery provisions are considered in connection with a cost allocation method or methods for a regional or interregional transmission facility, public utility transmission providers may include cost recovery provisions in their compliance filings." Order No. 1000-A at P 616. The cost recovery provisions related to the public policy transmission planning process are offered consistent with this guidance.

> eligible for regional cost allocation under the OATT and will be allocated only to the local customers of a PTO.

These review criteria ensure that the projects have submitted the required data and are responsive to the needs that have been identified by the states for the evaluation of project solutions. The third criterion does not require the *possession* of right of way, but this criteria does require the ISO to confirm that all Stage One Proposals set out an explanation of how right of way will be obtained where required. Finally, criterion (iv) requires that the ISO ensure that the project is eligible to be constructed by a nonincumbent PTO notwithstanding the exclusions established in paragraph 319 of Order No. 1000, and paragraph 426 of Order No. 1000-A.

While all submissions would need to be materially complete by the submission due date to ensure that all project proponents are treated equally, the ISO recognizes that there may be minor deficiencies from project submittals. The language in Section 4A.5(d) is also intended to allow the ISO to request additional supplemental information. Projects that have material data omissions under Section 4A.5(a) would fail to satisfy the submission criteria and would be rejected.

After reviewing the submissions, the ISO would then provide NESCOE and the PAC, pursuant to Section 4A.5(e), with a list of Stage One Proposals that meet the required criteria. The ISO would also post this information on the ISO website and hold a meeting of the PAC to solicit input on the list. At the same time, the ISO would also inform the region if any of the projects reflected in the Stage One Proposals appear to satisfy reliability needs in the region, meaning that if the public policy project were built, then which, if any, reliability needs and solutions could be removed from the Regional System Plan.

At that point in the process, NESCOE may request cost estimates for the estimated Stage Two Solution study costs from each of the QTPSs under Section 4A.5(f). The provision allows for states to understand the potentially significant study costs involved as a component of deciding which Stage One Proposal projects to move forward to Stage Two, if any. If the estimated costs are expected to exceed the original estimate by more than 25 percent after Stage Two study work commences, the QTPS is required to update NESCOE. NESCOE may accept the updated estimate affirmatively or by taking no action through a specified ten-day window. NESCOE can also reject the revised estimate, in which case the ISO will direct the QTPS to stop working on its Stage Two Solution and related engineering design.

Within 120 days after the ISO holds the PAC meeting to receive input on the Stage One projects list, NESCOE may submit to the ISO a list of projects that one or more of the states would like to have further developed in a Stage Two study phase.[174] As noted above,

[174] Attachment K, at § 4A.5(g).

proponents selected for this phase will have their prudent costs reimbursed by the states requesting the project designs move forward. If NESCOE does not identify any projects for Stage Two evaluation, the planning process cycle will end.

In Stage Two,[175] the ISO will work with QTPSs of listed projects and with affected PTOs to evaluate and further develop the projects into engineering plans that can be taken to siting, reviewed for adverse system impacts, and other system integration issues. Where Stage Two projects are submitted and studied, the ISO will provide analysis regarding the performance of each Stage Two Solution. Within 90 days of the ISO providing performance information to the PAC, NESCOE may provide the ISO with a written list of preliminary preferred Stage Two Solution(s). The ISO will report those solutions to NESCOE and to the PAC for stakeholder input, along with the ISO's views regarding whether the solutions would also satisfy identified system reliability needs.

Within 12 months from the ISO's report regarding the reliability benefits of any preliminary preferred solutions under Section 4A.7, the ISO may, pursuant to Section 4A.8, receive a Public Policy Transmittal from either NESCOE or public utility regulators. This transmittal is the trigger needed for the ISO to place the public policy project into the Regional System Plan as a Public Policy Transmission Upgrade. As described in the definition of a Public Policy Transmittal, the written communication must specify which states are supporting the identified project and the cost allocation that will be used. As discussed below, the states may design a project-specific cost allocation that they believe reflects the benefits of the project they have selected to meet public policy objectives, or may specify the use of a default, or pre-set cost allocation formula that is also set out in the Tariff. To the extent the states design a project-specific cost allocation methodology, such methodology will be filed for Commission approval.

Because of the extensive process required to arrive at this point, and because transmission siting, permitting and construction will span several years, during which state commission staff, legislatures, and executives can change, the tariff specifies that a Public Policy Transmission Upgrade project can only be removed from the RSP Project List through a written communication from all of the original sponsor states.[176] This balances the ability of states to withdraw a project due to policy changes or because it is being supplanted by another transmission or non-transmission program, with the certainty needed to move forward with a project after the completion of substantial process and interstate negotiation.

Public Policy Transmission Upgrades are thus a new class of project, as allowed in paragraph 220 of Order No. 1000. Having a separate project class is appropriate, as the development and competitive processes, the state-identified safeguards and cost allocation approach are all distinctive from those used for other types of projects.

[175] Attachment K, at § 4A.7.

[176] Attachment K, at § 3.6(c).

Public Policy Transmission Upgrades can be used in concert with any other type of system upgrade. For example, a Public Policy Transmission Upgrade may be used to build an addition to a Reliability Transmission Upgrade that is not needed for reliability but required for renewable resource integration. Or the process might be utilized to up-size a reliability project, with the Reliability Transmission Project being a 115 kV circuit and the Public Policy Transmission Upgrade being an increase in size of the conductor, structure and terminal equipment from 115 kV to 500 kV. This modular flexibility will allow for the public policy transmission planning process to be utilized in multiple ways and to build on other types of system upgrades, while ensuring that the process and cost clarity needed to move other types of projects forward remains intact.

While only requiring the identification and consideration of public policies and related transmission, Order No. 1000 was clear that a public policy transmission planning process could do more and that the guidelines set out in the order were "minimal."[177] This process, collaboratively developed between the ISO and the New England states, with substantial input from stakeholders, permits, but does not require, projects to be further developed into full engineering plans and added to the Regional System Plan for construction. Consistent with paragraph 213 of Order No. 1000, the ISO believes this program complements other state efforts. States can utilize the public policy planning tool to evaluate costs and benefits of transmission as part of an all-in resource cost, and as opposed to other compliance options, and move forward in concert with other state programs where applicable, for example, with coordinated resource procurement efforts.

The cost allocation approach applicable to the public policy transmission planning process is discussed in greater detail below in subsection 3.

2. Participation by Nonincumbent Transmission Developers

a. Changes to the TOA

The Primary Compliance Filing includes proposed modifications to Schedule 3.09(a) of the TOA to accommodate a competitive process for Public Policy Transmission Upgrades. Section 1.1(b) of the TOA provide that each PTO has the right to own and construct any new transmission facility or transmission upgrade located within or connected to the PTO's existing electric system. The PTOs and the ISO have agreed voluntarily to amend this provision to allow for nonincumbent developers to build certain Public Policy Transmission Upgrades.

New section 1.1(a)(ii) of Schedule 3.09(a) addresses the circumstance in which NESCOE or a State that has expressed an interest in considering transmission options to address public policy requirements requests a PTO to provide a proposed scope and cost estimate for the PTO's preparation of a Stage One Proposal. The subsection requires the PTO to provide the proposed scope and cost estimate and, if NESCOE or a requesting state

[177] Order No. 1000, at P 204.

requests the PTO to provide a stage one proposal, provides procedures for use if the PTO thereafter expects the costs to exceed the estimate by more than 25 percent. That subsection also contains provisions for PTO recovery of prudently incurred stage one proposal and stage two solution costs.

The TOA is also modified, in Section 1.1(b), to document the continuing right of PTOs to build local upgrades and upgrades to existing transmission and distribution facilities consistent with Order No. 1000. Similarly, Section 1.1(f) is also modified to reflect Order No. 1000 and Order No. 1000-A directives regarding PTO rights of way.

Section 2.1 is clarified to indicate that PTOs have no obligation to provide support to any QTPS to facilitate the development of any QTPS project proposal, but that PTOs are not excused from complying with any other applicable provisions of the ISO-NE OATT or the TOA, including any requirement to provide planning support to the ISO, NESCOE, or any state.

Conforming definitions are added to TOA Schedule 1.01, as well.

b. Qualification Process for QTPSs

The qualification process and criteria for entities desiring to be project sponsors are specified in new Section 4B.2 of Attachment K.

Under Section 4B.1 of Attachment K, the ISO would periodically evaluate applications by potential project sponsors. As set forth in Section 4B.2, the information to be submitted by such entities (other than a PTO or a Commission-approved Independent Transmission Company that has an existing operating agreement with the ISO, any of which shall be deemed to be a QTPS[178]) includes the following information:

- the current and expected capabilities of the applicant to finance, license, and construct a Public Policy Transmission Upgrade[179] and operate and maintain it for the life of the project;
- the financial resources of the applicant;
- the technical and engineering qualifications and experience of the applicant;
- if applicable, the previous record of the applicant regarding construction and maintenance of transmission facilities;

[178] This provision deeming PTOs and ITCs to be QTPSs is consistent with the guidance of Order No. 1000, at P 324.

[179] These criteria are the same whether the type of project to be sponsored is for public policy (the Primary Compliance Filing) or for reliability or market efficiency (the Contingent Compliance Filing).

- demonstrated capability of the applicant to adhere to construction, maintenance and operating Good Utility Practices, including the capability to respond to outages;

- the ability of the applicant to comply with all applicable reliability standards;

- the legal status of the applicant;

- the extent to which the applicant satisfies state legal or regulatory requirements for siting, constructing, owning and operating transmission projects;

- the experience of the applicant and its team in acquiring rights of way, and the authority to acquire rights of way by eminent domain, if necessary, that would facilitate approval and construction;

- demonstrated ability of the applicant to meet development and completion schedules; and

- demonstrated ability of the applicant to assume liability for major losses resulting from failure of facilities.

These criteria (and all of Section 4B) were developed with stakeholder input, are not unduly discriminatory or preferential, and provide each potential developer the opportunity to demonstrate that it has the necessary financial resources and technical expertise. This satisfies the requirements of paragraphs 7, 227 and 323 of Order No. 1000. In addition, the criteria are fair and not unreasonably stringent when applied to either incumbents or nonincumbents, in compliance with paragraph 324 of Order No. 1000.

Section 4B.3 of Attachment K provides that the ISO will review each application for completeness and notify each applicant within 30 calendar days of receipt as to whether the application is complete, or identify any deficiencies. These procedures for notification to developers and for the submission of remedial information in response thereto satisfy the requirement of paragraph 324 of Order No. 1000. Thereafter, the ISO would determine whether the applicant is physically, technically, legally, and financially capable of constructing a Public Policy Transmission Upgrade in a timely and competent manner; and operating and maintaining the facilities consistent with Good Utility Practice and applicable reliability criteria for the life of the project. If so, the entity becomes a QTPS. These qualification criteria are fair and not unreasonably stringent, also as in compliance with paragraph 324. The ISO will post and maintain on its website a list of QTPSs.

c. Nonincumbent Transmission Developer Operating Agreement ("NTDOA")

The Nonincumbent Transmission Developer Operating Agreement ("NTDOA") will be Attachment O to the ISO-NE OATT.

The NTDOA is designed to be entered into between ISO-NE and an entity, immediately following the entity's qualification (through the process discussed in Section IV.B.2.b above) as a QTPS pursuant to Section 4B.3 of revised Attachment K. A QTPS is referred to as a Nonincumbent Transmission Developer ("NTD") in the NTDOA.

The NTDOA is designed to govern the relationship between ISO-NE and the NTD during the period from QTPS qualification through a NTD's submission of Stage One Proposals and Stage Two Solutions,[180] if any, through the listing (if any) of an NTD's project in the RSP Project List, up until the point at which an NTD's project goes into service. At that point, the NTD will execute the existing TOA as an Additional PTO, and its NTDOA automatically terminates.[181]

The NTDOA is modeled generally on the New England Independent Transmission Company ("NEITC") Operating Agreement ("NEITC OA") entered into between NEITC and the ISO in 2010. The NEITC OA was, in turn, modeled generally on the TOA. Like the NEITC OA, the NTDOA is designed as a transitional document, to be supplanted by the TOA. Both the TOA and NEITC OA have been previously accepted by the Commission.

Key provisions of the NTDOA include:

- If the NTD submits a project in the RSP process and its project is ultimately included in the RSP Project List, the facilities included in the project will be added to Schedules 2.01(a) and (b), as appropriate. (see § 2.02(a)).

- Because it is possible that a generator may wish to seek interconnection to the NTD's facilities listed in Schedules 2.01(a) and (b), prior to their being placed into service, Section 2.05 is included to govern the interconnection process.

- Section 2.06 requires the NTD's project to undergo "proposed plan" review under Section I.3.9 of the ISO-NE Tariff.

[180] Note that if the Commission determines to accept the Contingent Compliance Filing, the NTDOA would govern the period during which an NTD submits Phase One Proposals and Phase Two Solutions, up until an NTD's project goes into service.

[181] *See* Section 10.05 of the NTDOA (which also requires the NTD to become a party to the Rate Design and Disbursement Agreement among the PTOs when it executes the existing TOA, and to register with NPCC under the appropriate categories).

- Section 3.01 defines up front the Operating Authority the ISO will have over the project, once placed in service. Sections 3.05 and 3.06 explain the specific responsibilities of the ISO and the NTD, respectively.

- Because it is possible that a customer may wish to seek transmission service over the NTD's facilities listed in Schedules 2.01(a) and (b), prior to their being placed into service, Section 3.03 is included to govern the process for obtaining such transmission service.

- Because an NTD may wish to file with the Commission for recovery of proposal/solution costs pursuant to Section 4A of Attachment K,[182] for rates to recover its costs of construction work in process, and for rates to recover transmission facilities costs once placed in service, Section 3.04 is included in the NTDOA. Section 3.04 provides that opportunity (subject to coordination with the ISO), and requires such rate filings to be made as an NTD-specific schedule under ISO-NE OATT Schedule 13,[183] as applicable. The section does not permit the NTD to make a filing affecting the existing rates of PTOs pursuant to the TOA, or the rights of the ISO to make Section 205 filings in the manner described in the TOA.

- Section 10.01 contains term and termination provisions less complex than those of the TOA, as is appropriate for a context in which a NTD may never submit a project that is eventually included in the RSP Project List. Once an NTD's project is placed in service and its NTDOA terminates, it becomes a PTO and the termination provisions of Article X of the TOA will apply.

[182] The version of the NTDOA included with the Contingent Compliance Filing also refers to the recovery of costs under Section 4.3 of Attachment K (which contains the "dueling submissions" process for Market Efficiency Transmission Upgrades and certain Reliability Transmission Upgrades), and adds a "hold harmless" provision as Section 9.01. The "hold harmless" provision is designed, *inter alia*, to address Order No. 1000's directive (as expressed in paragraphs 263 and 329) to address situations in which delay could adversely affect an incumbent transmission provider's ability to meet reliability needs. *See also* the discussion below of Section 4.3(j) of the Contingent Compliance Filing.

[183] The version of the NTDOA included with the Contingent Compliance Filing also refers to the recovery of costs pursuant to new rate schedule 14 of the ISO-NE OATT (for use by NTDs under the project-based process for Reliability and Market Efficiency Transmission Upgrades).

That version of the NTDOA also includes a Section 9.01, which provides that the NTD will indemnify and hold harmless all affected PTOs from any and all liability, including but not limited to liability for penalties assessed by NERC or FERC, resulting from the NTD's failure to timely complete a reliability project in response to a reliability need identified in the Regional System Plan that the NTD's project was chosen in the Regional System Plan to resolve. This is a reasonable response to the adverse impacts of delays in meeting reliability needs, a concern expressed by the Commission in paragraphs 7, 263 and 329 of Order No. 1000.

3. Treatment of Costs Associated with the Public Policy Study Process and Projects

a. ISO Public Policy Study

As described above, the public policy transmission planning process study process begins with a Public Policy Study conducted by the ISO. In the case of both state and federal public policies identified by NESCOE, or federal public policies that are separately identified by the ISO, this study work is similar to the scenario planning conducted by the ISO as part of the Commission-approved economic study process. This work benefits the entire region by exploring costs and benefits of high-level project scenarios. As set out in Section 4A.4, like the economic study process, these initial ISO studies would be allocated across the region as part of the ISO's operating expenses.

b. Stage One Proposal Costs

Stage One Proposal development costs generally are the responsibility of project sponsors. The exception to that rule is set out in Section 4A.6. Where a PTO or other QTPS is requested by NESCOE in writing or by one or more states' governors or regulatory authorities directly to submit a Stage One Proposal, the QTPS that receive the request may recover their prudently incurred Stage One Proposal development costs from the network load of the requesting state. In this way, states are able to make requests to developers that are likely to respond to because the request carries with it a trigger for cost recovery. The cost recovery itself is imposed only on the rate payers of state making the request.

In order to recover these costs, a QTPS that is a nonincumbent would make a rate filing with the Commission under the proposed Schedule 13. Where the QTPS is a PTO in New England, it is expected that such costs will be recovered through existing formula rates in the ISO-NE Tariff or through project-specific rate schedules where appropriate.

c. Stage Two Solution Costs

Section 4A.6 sets out the general provisions regarding cost recovery for Stage Two Solution development costs, stating that all QTPSs whose projects are listed by NESCOE under Section 4A.5 for inclusion in the stage two process, shall be entitled to recover "pursuant to rates and appropriate financial arrangements set forth in the Tariff and, applicable, the TOA and NTDOA, all prudently incurred costs associated with developing a Stage Two Solution." These costs are to be recovered by from the states that communicate through NESCOE their desire for a given project to move to the Stage Two Solutions phase of the process. In this way, development cost recovery is aligned with the state or states that has taken the voluntary action of moving a project into the Stage Two Solutionsphase of the process. If a state does not "opt in" to join another state or group of states in making this stage two request, but later decides to participate as a sponsoring state for the project, Section 4A.9(c) provides that the study costs will be reallocated by the ISO and the state that has opted in to support the project will be charged its respective

load-ration share of the QTPSs' development costs. This subsequent opt-in provision ensures that states that ultimately wish to participate in a project are not able to avoid their share of project development costs.

In the case of QTPSs that are not Participating Transmission Owners, these costs may be recovered through the proposed Schedule 13, under which the QTPS will make a filing with the Commission for recovery of prudently incurred costs. In the case of existing Participating Transmission Owners, it is expected that such costs will be recovered through existing formula rates in the ISO-NE Tariff or through project-specific rate schedules where appropriate.

Stage Two Solution costs are subject to the provisions set out in Section 4A.5(f). That section allows NESCOE to request, and requires QTPSs to provide, cost estimates for Stage Two Solution development costs as a precursor to NESCOE making a determination regarding which, if any, Stage One Proposals should move forward for further development. Once set out in an estimate, a QTPS that is then selected to further develop its project under Stage Two Solutions must provide a revised estimate to the ISO and NESCOE if it expects that its costs will exceed its original cost estimate by 25 percent. The ISO may receive from NESCOE, within the timelines set out in Section 4A.5(f), whether the sponsoring states accept the revised estimate. If the communication states that the estimate is not accepted, then the ISO shall promptly advise the project sponsor to stop work. The QTPS shall be entitled to recover its actual, prudent costs incurred up to that point. If NESCOE communicates that the revised estimate is acceptable or makes no communication within the required timeframe, then the QTPS may continue work consistent with the revised estimate.

Where a New England PTO is acting in its planning entity role and supporting the RTO in the development of any upgrades or modifications of existing PTO facilities to facilitate the development of a project proposed by any other QTPS, pursuant to Section 4A.6, the PTO will be entitled to recover its prudently incurred costs associated with that supporting activity.

d. Project Costs – Default and State-Specified Cost Allocation

Where some or all of the New England states decide to support a Stage Two Proposal as a Public Policy Transmission Upgrade as described above, those states directly in a single communication from their public utility regulating commissions or through NESCOE, must submit a written Public Policy Transmittal to the ISO.[184] That transmittal, as defined in the proposed compliance provisions, must describe the project and must also describe the elected cost allocation treatment.

[184] Attachment K, at § 4A.8.

The cost allocation for a Public Policy Transmission Upgrade may either utilize an allocation specified by the participating states or a default cost allocation, which is defined in the tariff to be the load-ratio share of the states supporting the project.[185] The default option provides a pre-set cost allocation that reflects the relative use of the New England bulk electric system among the participating states. Public Policy Transmission Upgrade projects may be fact specific as to benefits. Recognizing that states may need or wish to reflect the bargain of costs and benefits negotiated among them in order to bring a policy-driven project to fruition, the process allows for the specification of a cost-allocation agreed to among the participating states. This option is available to the states today through their ability to negotiate among themselves and ultimately agree to cost allocation to be used for an elective project, which is subject to Commission review and approval as a FERC-jurisdictional rate. Similarly, in the case of a Public Policy Transmission Upgrade, an agreed-to cost allocation would be filed with the Commission for review and approval on a case-by-case basis.[186] Under Section 4A.9(a), the project-specific cost allocation methodology identified by the opting-in states will be filed for Commission approval by the applicable PTOs in accordance with the TOA[187] or, where appropriate, by a Qualified Transmission Project Sponsor that is not a PTO.

Because the public policy transmission planning process is based on voluntary actions by the states, and no state is required to participate in a particular upgrade, the cost allocation by its nature avoids any involuntary allocation of costs to those receiving no benefit under present or likely future scenarios, in compliance with paragraph 219 of Order No. 1000.

F. Local Planning for Public Policy Requirements

Order No. 1000 provides that both local and regional transmission planning processes must provide an opportunity to identify and evaluate transmission needs driven by public policy requirements established by state or federal laws or regulations. The PTOs local system planning process is set forth in Appendix 1 to Attachment K, Attachment K-Local. This is a more streamlined planning process that applies to planning for Non-PTF facilities. The Commission has found this process to comply with Order No. 890.[188] Under the local system planning process, each PTO serves as a transmission planner. To comply with the public policy planning requirements of Order No. 1000, the PTOs are amending Attachment K-Local to incorporate a local system planning process for public policy requirements.

Under this process, not less than every three years, each PTO will post a notice indicating that members of the Planning Advisory Committee, NESCOE, or any state may

[185] Attachment K, at § 4A.9(a).

[186] *Id.*

[187] Section 3.04 of the TOA governs the filing of such regional cost allocation filings.

[188] *ISO New England Inc.*, 123 FERC ¶ 61,161 at PP 97-100 (2008).

provide the PTO with input regarding state and federal public policy requirements identified as driving transmission needs relating to the Non-PTF and regarding particular local transmission needs driven by public policy requirements. The PTO will provide a written explanation, to be posted on the ISO website, of which transmission needs driven by public policy requirements the PTO will evaluate for potential solutions in the LSP planning process. Once applicable public policy requirements have been identified, each PTO will then utilize its existing planning to determine if Non-PTF transmission should be built to address transmission needs driven by such public policy requirements. Each PTO will consult with NESCOE and applicable states and consider their views prior to including a Local Public Policy Transmission Upgrade in its LSP.

Any Non-PTF projects included in a Local System Plan as a result of this process will be designated Local Public Policy Transmission Upgrades. The costs of Local Public Policy Transmission Upgrade will be allocated in accordance with the existing cost allocation methodology for all Non-PTF as set forth in Schedule 21 to the ISO-NE OATT. Although the Filing Parties believe most public policy transmission planning will focus on higher voltage PTF facilities, these changes to Attachment K-Local will ensure that public policy requirements driving transmission needs will be considered on both a regional and local level.

VI. DESCRIPTION OF THE ELEMENTS OF THE CONTINGENT COMPLIANCE FILING

A. Introduction and Overview

The Contingent Compliance Filing consists of revisions in addition to those contained in the Primary Compliance Filing. These additional revisions add language that would provide for a planning process based on dueling submissions for identified reliability needs where the year of need is more than five years from the completion of the relevant needs assessment study, and for market efficiency needs.

The five-year threshold was selected to permit submission of dueling projects in appropriate circumstances, while recognizing the reality of near- to mid-term reliability needs. Factors that came into play were the time needed to design, site and construct transmission projects, with major projects requiring more than five years and more minor 115 kV projects requiring around five years to complete. Support for the five-year threshold is provided in the Rourke Testimony[189] and the PTO Testimony. Adding the dueling submission process onto the front end – which would require more time than the current open and collaborative process that moves directly to the development of the most cost-effective solution – would create a serious risk that the need would not be met and that reliability standards could be violated.

[189] Rourke Testimony, at 18-19.

The five-year threshold should offer significant opportunities for project submittal by QTPSs. Much of the New England transmission planning in the past decade has been designed to allow the region to "catch up" with needed transmission investment. During this "catch up" period, it is not surprising that the "year of need" was often within five years of the date when ISO-NE identified a system need. Going forward, however, the successes of the current planning process described above will mean that the New England planning process will increasingly focus on longer-term regional needs. Because planning (and construction) to date was not only for catch-up purposes, but for needs occurring within a ten-year time horizon, future studies should increasingly specify a year of need beyond the five-year threshold.

As noted above, development of these contingent revisions was required by Order No. 1000-A for use in the event that the Commission makes a finding that the public interest standard requires overturning the current reliability planning process. These contingent revisions are an attempt to balance the reliability needs of the system against a "dueling submissions" approach that does not constitute an iterative, RTO-led, best-ideas-driven process to identify the most cost-effective solution. The process would identify the best project relative to other submitted projects. For the reasons noted in Sections I.A and III.D of this transmittal letter, while ISO-NE believes that it can put in place the resources needed to administer such a process, the Filing Parties view the process set forth in the Contingent Compliance Filing as a step backward from the process that exists today that will have adverse consequences for customers in the region.

B. Description of the Elements of the Contingent Compliance Filing

The core of the Contingent Compliance Filing is a modification to Section 4.1 of, and the addition of a new Section 4.3 to, Attachment K of the ISO-NE OATT. The filing also makes other conforming changes in the OATT and Section I of the ISO-NE Tariff. The Contingent Compliance Filing also includes corresponding revisions to the TOA, although these changes were not voluntarily agreed to by the Filing Parties and would apply only if the Commission rejects the Filing Parties' Mobile-Sierra rights. The Contingent Compliance Filing meets all of the requirements of Order Nos. 1000 and 1000-A.

As explained above, the existing reliability and market efficiency planning process begins with Needs Assessments conducted on a regular and ongoing basis by ISO-NE in coordination with the PAC, pursuant to Section 4.1 of Attachment K. Existing Section 4.1(h) describes the transition of Needs Assessments to the next step in the planning process. Under the existing process, the ISO proceeds to evaluate the adequacy of concepts for regulated solutions offered by the PTOs and other stakeholders in collaborative Solutions Studies pursuant to Section 4.3 of Attachment K.

The Contingent Compliance Filing modifies Section 4.1(h) to provide that where the forecast year of need is five years or less from the completion of a Needs Assessment (unless the solution to the Needs Assessment will likely be a Market Efficiency Transmission Upgrade), ISO-NE would continue to utilize the existing Solution Studies

process. Where the solution to a Needs Assessment would likely be a Market Efficiency Transmission Upgrade, or where the forecast year of need for a solution that is likely to be a Reliability Transmission Upgrade is more than five years from the completion of a Needs Assessment, ISO-NE would conduct a solution process based on a two-stage competition, as described in a new Section 4.3 of Attachment K.

As discussed above, the contingent process would require that projects identified as being needed within five years of the completion of a Needs Assessment be developed in the manner they are today, by the existing PTO in an RTO-led process that can begin identifying the most cost-effective solution for the region as soon as the needs are established. This is critical because even where the ISO and TOs are able to work quickly, the time needed to engineer and move a project through siting and construction for even relatively simple projects is often around five years. While more complex reliability projects often take more years than that,[190] the Filing Parties believe that five years is a reasonable and factually supported dividing line. Because reliability is a critical function for the RTO and transmission owners, and can result in large economic losses and an *increased* threat to public health and safety when not maintained, the Filing Parties believe that it is not acceptable to delay projects by one to two years for additional processes to play out before beginning the siting process.[191] Given the focus on reliability by the Commission, Congress and the states, the Filing Parties believe that employment of the five-year reliability window is consistent with or superior to the principles and compliance approach set forth in Order No. 1000[192] regarding the right of first refusal.

Section 4.3 provides the competitive solution process for Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades. The process would begin with ISO-NE's issuance of a public notice (pursuant to subsection (a)) with respect to each Needs Assessment that falls within the scope of the process. The notice would invite any QTPSs[193] to submit Phase One Proposals to offer solutions that comprehensively address

[190] *See* the examples set forth in the PTO Testimony.

[191] *Rourke* Testimony, at 19.

[192] *See* Order No. 1000, at PP 7, 225, 313.

[193] As described in Section IV.B above, the qualification criteria for entities desiring to be project sponsors are specified in new Section 4B.2 of Attachment K. They are the same whether the type of project to be sponsored is for public policy (the Primary Compliance Filing) or for reliability or market efficiency (the Contingent Compliance Filing). These criteria were developed with stakeholder input, are not unduly discriminatory or preferential, and provide each potential developer the opportunity to demonstrate that it has the necessary financial resources and technical expertise. This satisfies the requirements of paragraphs 7, 227 and 323 of Order No. 1000. Section 4B.3 of Attachment K provides procedures for notification to developers of information and for the submission of remedial information in response thereto, thus satisfying the requirement of paragraph 324 of Order No. 1000. Section 4B.3 provides for deficiency notification procedures and a timeframe of 30 calendar days to remedy such deficiencies, in compliance with Order No. 1000. Moreover, the qualification criteria are fair and not unreasonably stringent. Order No. 1000, at P 324. As noted in Section IV.B, above, Section 4B.2 states that PTOs are deemed to be QTPSs, as permitted in Order No. 1000, at P 324.

the identified needs. This satisfies the requirement of Order No. 1000 that procedures ensure that all projects are eligible to be considered for selection for cost allocation.[194] PTO(s) would be required individually or jointly to submit Phase One Proposals for projects, which the PTOs would continue to have an obligation to build under Schedule 3.09(a) of the TOA. Consistent with the guidance of Order Nos. 1000[195] and 1000-A,[196] neither the submission of a project by a QTPS nor ISO-NE's selection of such a project would alter a PTO's use and control of an existing right-of-way, and nothing in Attachment K requires a PTO to relinquish any rights-of-way.

As required by paragraphs 7, 227 and 325 of Order No. 1000, Section 4.3(b) specifies the information required for Phase One Proposals:

- a detailed description of the proposed solution, including an identification of the proposed route for the solution and technical details of the project;
- a detailed explanation of how the proposed solution addresses the identified need;
- feasibility studies, as requested by ISO, to demonstrate how the proposed solution would address the identified need;
- the proposed schedule for development and completion of the proposed solution;
- right, title, and interest in rights of way, substations, and other property or facilities, if any, that would contribute to the proposed solution or the means and timeframe by which such would be obtained;
- a list of affected existing transmission system facilities that the PTO or QTPS believes will require modification as part of the proposal; and
- the estimated lifecycle cost of the proposed solution, including an itemization of the components of the cost estimate.[197]

In compliance with paragraph 326 of Order No. 1000, the information is designed to provide sufficient detail to enable the ISO to assess whether the proposal meets the identified need; the information requirements are fair and not so cumbersome as to

[194] *See* Order No. 1000, at P 336. The contingent process does not envision "unsponsored projects," so the related provisions of Order No. 1000 are inapplicable.

[195] *See* Order No. 1000, at P 319.

[196] *See* Order No. 1000-A, at P 427.

[197] Section 4.3(d) also requires sponsors of Phase One Proposals to identify any Local System Plans (developed under Appendix 1 to Attachment K) that require coordination with their proposals.

effectively prohibit proposals, and are not so relaxed as to allow relatively unsupported proposals.

QTPSs would have no fewer than 60 days to respond to the public notice inviting proposals.[198] Upon receipt of Phase One Proposals,[199] ISO-NE would perform a preliminary feasibility review of the proposals pursuant to Section 4.3(d) to determine whether the proposed solution:

- provides sufficient data and that the data is of sufficient quality to satisfy Section 4.3(b) of this Attachment;
- appears to satisfy the needs described in the Needs Assessment;
- is technically practicable and indicates possession of, or an approach to acquiring, the necessary rights of way, property and facilities that will make the proposal reasonably feasible in the required timeframe; and
- is eligible to be constructed only by an existing PTO in accordance with Schedule 3.09(a) of the TOA because the proposed solution is an upgrade to existing PTO facilities,[200] or because the costs of the proposed solution are not eligible for regional cost allocation under the OATT and will be allocated only to the local customers of a PTO.

If ISO-NE identifies minor informational deficiencies, pursuant to Section 4.3(e) it would notify the sponsor and provide a cure opportunity. Sponsors would also provide ISO-NE with additional information upon request.

Pursuant to Section 4.3(f), ISO-NE would provide the PAC and post on the ISO-NE website,[201] a listing of compliant Phase One Proposals. A meeting of that committee would follow to solicit stakeholder input on the listing and the listed proposals.[202] Having received that input, ISO-NE may exclude from Phase Two consideration projects it has determined to be not competitive with other projects that have been submitted in terms of cost, electrical performance, future system expandability, or feasibility.

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[198] The protocols specified in Section 4.3(b) meet the requirements of paragraphs 7, 227 and 325 of Order No. 1000, in that they are clear regarding the required information and timeframe for submittal.

[199] If the sole Phase One Proposal is from a PTO(s) for a project that would be located within or connected to its/their existing electric system, ISO-NE reverts to the existing process specified in Section 4.2(b)-(e) of Attachment K.

[200] This is consistent with the exclusion of upgrades specified in P 319 of Order No. 1000, and P 426 of Order No. 1000-A.

[201] Information on Phase One Proposals containing CEII will be posted on ISO-NE's protected website.

[202] ISO-NE may amend the list based on the input.

In Phase Two (pursuant to Section 4.3(g)), ISO-NE would work with sponsors of listed projects and with affected PTOs to evaluate and further develop the listed projects to create a Phase Two Solution for each Needs Assessment. ISO-NE would identify as the preliminary preferred Phase Two Solution the project that offers the best combination of electrical performance, cost, future system expandability and feasibility to meet the need in the required timeframe. ISO-NE would thereafter report it, together with explanatory materials, to the PAC for its input.[203]

Section 4.3(h) would entitle QTPSs with listed projects to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff (and, as applicable, the TOA and NTDOA), all prudently incurred costs associated with developing a Phase Two Solution. Specifically, pursuant to Section 3.04(a) of the NTDOA, QTPSs that are not PTOs (*i.e.*, NTDs) would submit Section 205 filings to establish charges (pursuant to a NTD rate schedule filed under new Schedule 14[204] to the ISO-NE OATT) to collect these costs. PTOs would be entitled to recovery, pursuant to rates and appropriate financial arrangements set forth in the Tariff, of all prudently incurred study costs and costs associated with developing any upgrades or modifications to such PTOs' existing facilities necessary to facilitate the development of a listed project proposed by any other QTPS.

Pursuant to Section 4.3(i), ISO-NE would, after receiving PAC input, identify the preferred Phase Two Solution (with an overview of why the solution is preferred[205]) by a posting on its website. ISO-NE's identification would select the project that offers the best combination of electrical performance, cost, future system expandability and feasibility to meet the need in the required timeframe. ISO-NE would notify the pertinent QTPS and include the project in the RSP and/or its Project List as a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade, as appropriate. Because the costs for these types of upgrades are allocated regionally, the comparable opportunity for QTPSs and PTOs afforded by the foregoing process meets the requirements of Order No. 1000.[206]

Given the clear criteria, ample opportunity for stakeholder input at each stage, and explanations accompanying the decisions, the process described in Section 4.3(d) through (i) constitutes a transparent and not unduly discriminatory process for evaluating whether

[203] Attachment K, at § 4.3(g).

[204] Schedule 14 is discussed further below.

[205] This comparative information satisfies the requirement of paragraph 328 of Order No. 1000 that the determination be sufficiently detailed for stakeholders to understand why a particular transmission project was selected or not selected.

[206] Order No. 1000, at PP 225, 316, 332, 335. Existing Schedule 12 of the ISO-NE OATT already meets the requirements of paragraph 332 of Order No. 1000 (to exclude recovery of the cost of a transmission facility not selected in a plan for cost allocation from recovery through regional cost allocation methods), because it grants regional cost allocation, currently, only to Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades that have been developed through the RSP process, and specifically excludes the cost of Local Benefit Upgrades from recovery through Pool-Supported PTF rates.

to select a proposed transmission facility, in compliance with paragraphs 7, 227 and 328 of Order No. 1000.

Under Section 4.3(j), the QTPS whose project was selected would, within 30 Business Days of notification, submit to ISO-NE (and update periodically) a milestone schedule indicating dates by which applications for siting and other necessary approvals would be submitted. Once siting and other approvals have been obtained, the QTPS must provide to ISO-NE, within 30 Business Days, a schedule of dates by which typical project construction phases would be completed.

If ISO-NE finds, after consultation with the QTPS, that the sponsor is failing to pursue approvals or construction in a reasonably diligent fashion, or that the sponsor is unable to proceed with the project due to forces beyond its reasonable control, the ISO would prepare a report, including a proposed course of action. If prepared with respect to a QTPS that is a PTO, the report would be made consistent with the provisions of Section 1.1(e) of Schedule 3.09(a) of the Transmission Operating Agreement. If prepared with respect to a non-PTO QTPS, the report would include a report from that sponsor. The ISO would file its report with the Commission.[207]

As discussed above, new Schedule 14 to the ISO-NE OATT would be utilized by non-PTO NTDs to recover prudently incurred costs permitted in Section 4.3 of Attachment K, related to Phase 2 Solutions, as well as the recovery of "construction work in progress" costs stemming from a Regional Benefit Upgrade.[208] Schedule 14 would require the NTD's Section 205 filing to specify the actual Phase Two Solution costs and the period of time over which the costs are to be recovered. ISO-NE would bill those costs on a pro rata basis to Monthly Regional Network Load over the approved Commission-approved period and disburse the collected amounts to the NTD.

VII. THE STAKEHOLDER PROCESS USED TO DEVELOP THIS FILING

The stakeholder process used to develop this filing commenced in August 2011 with a presentation to the PAC regarding the content and requirements of the order, and was followed by several meetings through the fall of 2011 and the winter and spring of 2012 that were open to both NEPOOL and non-NEPOOL participation. In the spring of 2012, the meetings were conducted as NEPOOL Transmission Committee meetings with non-NEPOOL participation permitted for member-sponsored guests of the Committee. These meetings continued through September 2012.

[207] Section 4.3(j) satisfies the requirements of paragraphs 7, 263 and 329 of Order No. 1000, as it describes the procedures to be used in the event of development delays. Further compliance with paragraph 329 is demonstrated in the fact that, under Section 4.3(b), a "backstop" proposal would be submitted by the PTO(s) at the outset, which will provide a degree of "insurance" for reliability protection should a non-PTO project be selected and then delayed.

[208] Following the NTD's execution of the TOA, any costs that are not already recovered under this Schedule 14 would be recovered under the appropriate cost recovery mechanism set forth in the ISO-NE OATT.

As identified early on through the presentation of a detailed compliance matrix, the regional planning process in New England is compliant with most of the requirements of Order No. 1000, which made Order No. 890 principles mandatory and added two significant new requirements: 1) the addition of a means to identify and consider transmission needs that are driven by state or federal public policies, and 2) the removal of rights of first refusal from federal tariffs for projects that receive regional cost allocation.

In the collaborative stakeholder process with the Transmission Committee, the elements of the existing planning process not impacted by Order No. 1000 were left intact, with input sought on the issue of public policy planning. The Filing Parties also coordinated closely with the members and staff of the NESCOE, ISO-NE's regional state committee, to develop provisions that were responsive to the states' needs and desires for the public policy transmission planning process and other aspects of the compliance filings. The result is a public planning process that ISO-NE believes is compliant and administrable, incorporates design preferences of the states, and is supported by the PTO AC.

As a result of Order No. 1000-A, in which FERC directed regions to submit competitive reliability planning process alternatives even where Mobile-Sierra protection is currently accorded, the ISO worked with stakeholders through the summer to discuss a contingent filing component to be utilized if the Commission determined that the public interest requires overturning the PTO's obligation and right to build transmission upgrades, a crucial element of the current reliability and market efficiency planning process in New England.

At a meeting of the NEPOOL Transmission Committee held on September 25, 2012, a vote of 17.015% was received in favor of a motion to recommend the elements of this compliance filing for Participants Committee support. At a meeting of the NEPOOL Participants Committee held on October 3, 2012, a vote of 17.1% was received in favor of a motion to support the elements of this compliance filing.

VIII. REQUESTED EFFECTIVE DATE

The Filing Parties request an effective date for the Primary Compliance Filing of sixty days after a Commission order accepting that filing.

IX. ADDITIONAL SUPPORTING INFORMATION

The Filing Parties submit the following additional information in substantial compliance with relevant provisions of Section 35.13 of the Commission's regulations:[209]

35.13(b)(1) - Materials included herewith are as follows:

[209] 18 C.F.R. § 35.13 (2012).

This transmittal letter;

the Rourke Testimony;

the PTO Testimony;

blacklined Primary Compliance Filing ISO-NE Tariff sheets;

clean Primary Compliance Filing ISO-NE Tariff sheets;

blacklined Contingent Compliance Filing ISO-NE Tariff sheets;

clean Contingent Compliance Filing ISO-NE Tariff sheets; and

a list of governors and utility regulatory agencies in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

Note that the blacklined and clean TOA sheets for the Primary Compliance Filing and the Contingent Compliance Filing are included with Part 2 of 2 of this filing.

35.13(b)(2) - As set forth in Section VIII above, the Filing Parties request that the proposed changes become effective sixty days after issuance of a Commission order accepting the Primary Compliance Filing.

35.13(b)(3) - Pursuant to Section 17.11(e) of the Participants Agreement, Governance Participants are being served electronically rather than by paper copy. The names and addresses of the Governance Participants are posted on the ISO's website at http://www.iso-ne.com/regulatory/ferc/nepool/gov_prtcpnts_eserved.pdf. A copy of this transmittal letter and the accompanying materials has also been e-mailed to the governors and electric utility regulatory agencies for the six New England states that comprise the New England Control Area, and to the New England Conference of Public Utilities Commissioners and the New England States Committee on Electricity. The names and addresses of these governors and regulatory agencies are shown in the attachment listed in connection with 35.13(b)(1) above. In accordance with Commission rules and practice, there is no need for the Governance Participants or the identified governors and regulatory agencies to be included on the Commission's official service list in the captioned proceeding unless such entities become intervenors in this proceeding.

35.13(b)(4) - A brief description of the materials submitted pursuant to this filing is contained in Section I.B of this transmittal letter.

35.13(b)(5) - The reasons for this filing are discussed in this transmittal letter.

35.13(b)(6) - The Filing Parties' approval of their respective changes is evidenced by this filing.

35.13(b)(7) - The Filing Parties have no knowledge of any relevant expenses or costs of service that have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs that are demonstrably the product of discriminatory employment practices.

35.13(b)(8) - A form of notice and electronic media are no longer required for filings in light of the Commission's Combined Notice of Filings notice methodology.

35.13(c)(1) - The compliance filing does not modify existing transmission service rates. To the extent future transmission upgrades are built under the revised processes, the upgrades' costs will be recovered through mechanisms described herein and in the tariff.

35.13(c)(2) - The Filing Parties do not provide services under other rate schedules that are similar to those in the ISO-NE Tariff and its relevant schedules.

35.13(c)(3) - No specifically assignable facilities have been or will be installed or modified in connection with the proposed changes.

X. CONCLUSION

The Filing Parties requests the Commission to: (i) find that the public interest does not require modification of the contract between ISO-NE and the PTOs without the consent of those parties to amend the PTOs' obligation and right to build reliability and market efficiency upgrades pursuant to Section 3.09 and Schedule 3.09(a) of the TOA; and (ii) accept the Primary Compliance Filing as submitted and without hearing, modification or condition to become effective sixty days after the issuance of a Commission order accepting that filing.

Respectfully submitted,

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for Vermont Electric Power Company, Inc.; and Vermont Transco, LLC

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ISO New England Inc.	**)**	**Docket No. ER13-___-000**
PTO Administrative Committee	**)**	

TESTIMONY OF STEPHEN J. ROURKE

Q: PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.

A: My name is Stephen J. Rourke. I am Vice President of System Planning with ISO New England Inc. (the "ISO" or "ISO-NE"). My business address is One Sullivan Road, Holyoke, Massachusetts 01040.

Q: PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A: I have a B.S. in Electrical Engineering from Worcester Polytechnic Institute and an M.B.A. from Western New England University. In my current position as Vice President of System Planning, I am responsible for overseeing development of the annual Regional System Plan ("RSP"); analysis and approval of new transmission and generation and interconnection projects, including the approval of qualification of generating capacity resources, demand resources, and import capacity resources to participate in the Forward Capacity Auction; implementing the Federal Energy Regulatory Commission ("Commission" or "FERC") approved generator interconnection process; developing the ISO's findings for Transmission Cost Allocation; and supporting the capacity markets in New England.

Previously, I served as the ISO's Director, Reliability and Operations Services. I was also a former manager of the Rhode Island – Eastern Massachusetts Vermont Energy Control center, sometimes referred to as "REMVEC," in Westborough, Massachusetts, and a former manager of marketing operations for Northeast Utilities / Select Energy Inc. in Berlin, Connecticut. I have over 30 years of experience in the operations and planning of the New England bulk power system.

Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A: In this testimony, I explain how the existing transmission planning process in New England works and why that planning process has been successful in providing numerous benefits to consumers in the region. As the Regional Transmission Organization ("RTO") for New England, the ISO is the independent entity that is responsible for administering the planning process, assessing regional needs, and making the determination (after substantial stakeholder input) of what projects will be included in the RSP. I provide support for the ISO's position that the facts in New England cannot support a finding by the Commission that the right of the Participating Transmission Owners ("PTOs") under the Transmission Operating Agreement ("TOA") to build transmission upgrades – which is the underpinning of the New England planning process – is contrary to the public interest.

After providing an introduction (Section I), I will explain:

- how the RTO-led regional planning process works in New England to identify the most cost-effective alternative (Section II);
- the success of the existing process in identifying transmission needs and the best overall solution design, and in getting transmission projects actually built by providing certainty and clarity, including its ability to react to changes in load

forecast, the addition of market resources through the forward capacity market, and resource retirements, as well as the manner in which the planning process supports the efficient functioning of the ISO markets (Section III);

- the design for the contingent filing required by Order No. 1000-A that would convert the reliability and market efficiency planning processes to a model based on dueling project submittals, including its use of a five-year threshold for reliability projects (Section IV); and

- why the existing process is superior to an approach (used in the contingent filing) based on "dueling project submittals," because the existing process fosters an open exchange of ideas and permits selection of the project elements presenting the best combination of attributes, rather than limiting the region to choices among submitted projects relative to each other, when none of them may be the most cost-effective solution, and because it avoids:

    - needless delays;
    - higher development costs; and
    - market inefficiencies (Section V).

To be clear, as the independent entity that administers the planning process, the ISO does not support the adoption of the contingent design and views it as leading to higher planning costs on several fronts, less effective and more costly solutions, diminished direct ISO and stakeholder engagement, more out-of-market payments, and a degradation of the certainty needed for transmission to be built.

I. INTRODUCTION

Q: WHAT IS THE ISO FILING IN COMPLIANCE WITH ORDER NO. 1000?

A: The ISO is making a joint filing with the PTO Administrative Committee because the ISO has the rights to make changes to any process-related items in the ISO Open Access Transmission Tariff ("OATT") and the PTOs, acting together through the PTO Administrative Committee, or PTO-AC, have the rights to make revisions to rate-related items, including cost recovery and cost allocation.

A primary purpose of Order No. 1000 is to make mandatory the planning process design elements that were described in Order No. 890. Many of these elements had already been adopted by some ISO and RTO regions (including ISO New England). The joint filing explains that the New England region is, and has for several years been, compliant with those provisions, which include the use of a very open, transparent, and engaging regional planning process to produce a regional system plan, and the consideration of market-based transmission and non-transmission alternatives in the process.

Q: DOES THE JOINT FILING ADDRESS NEW REQUIREMENTS OF ORDER NO. 1000?

A: Yes, in addition to documenting how the ISO-NE OATT already complies with most aspects of Order No. 1000, the joint filing also addresses other Order No. 1000 compliance issues. There are two main components to this: the addition of a public policy planning process and the removal of rights of first refusal from federal tariffs. The filing addresses compliance with the associated regional cost allocation principles, as well.

Q: WHAT IS THE TOA AND HOW DOES IT RELATE TO THE COMPLIANCE FILING?

A: The TOA is a contract between the PTOs and the ISO, and was the cornerstone for the formation of the RTO. It is the product of lengthy negotiation and resolved core issues such as the operating authority of the ISO over PTO assets, the rights to revise the ISO-NE tariff, the respective roles of the ISO and PTOs in transmission planning, including (most important here) the obligation and right of the PTOs to build upgrades included in the ISO's RSP. I understand that the document contains specific Mobile-Sierra

protection for certain contractual provisions that govern the role of both the ISO and the PTOs in the planning process, including the right and obligation to build.

Q: WHAT PROJECT TYPES ARE COVERED BY THE TOA PLANNING PROVISIONS?

A: The contract provisions subject to Mobile-Sierra protection apply to the PTO right to build both reliability and market efficiency projects, which the PTOs also carry an *obligation* to build, as well as a right to build any other project type, excluding merchant transmission projects, that are included in the RSP.

Q: HOW DOES THAT AFFECT THE PROPOSED COMPLIANCE CHANGES?

A: Order No. 1000 requires the removal of certain transmission owner rights to build (which the Order calls "rights of first refusal" although refusal is not an option under the TOA) like the rights to build in the TOA. In the case of public policy transmission planning, the ISO and PTOs have agreed together to modify the TOA in one respect – to allow for a competitive project-based public policy transmission planning process. This process was developed in conjunction with the New England states and stakeholders. Pursuant to that process, all Qualified Transmission Project Sponsors ("QTPSs") may submit projects in response to transmission needs driven by public policy, as identified by the states or, in certain instances, by the ISO. QTPSs can be either PTOs or entities that have met the qualifications for QTPS status.

The public policy transmission planning process builds on the existing process in Attachment K to the ISO-NE OATT for undertaking requested "economic studies," but

adds elements to identify public policies and solicit project proposals, facilitating selection of a final "public policy transmission upgrade" for construction.

The addition of the public policy transmission planning process, along with related changes to the ISO-NE tariff, is referred to in the transmittal letter as the "Primary Compliance Filing." A "Contingent Compliance Filing" is also transmitted, as described further in my testimony.

II. THE EXISTING NEW ENGLAND REGIONAL PLANNING PROCESS

Q: YOU HAVE TALKED ABOUT THE RTO-LED REGIONAL PLANNING PROCESS. CAN YOU DESCRIBE HOW THE RTO LEADS THE PROCESS AND HOW IT IS STRUCTURED?

A: Yes. When I say that it is a RTO-led process, I mean that the Commission has approved a process where the ISO, as the regional transmission organization for the six state New England region, directs the process, the studies, and has the final say over needs and solutions. That process is set out in Attachment K to the ISO-NE OATT.

Q: HOW DOES THE PROCESS BEGIN?

A: Both reliability and market efficiency planning begin with a Needs Assessment for a given area of the system. For example, a study might be performed to look at system performance in Maine, while another might be done to examine system performance in western Massachusetts.

Q: HOW OFTEN ARE THESE NEEDS ASSESSMENTS CONDUCTED?

A: All parts of the system are looked at on a regular and continuing basis. In fact, once Needs Assessments are completed, they often remain active, being updated and adjusted as load forecasts change, resources retire, and new generation and demand response resources enter the market.

Q: PLEASE DESCRIBE THE NEEDS ASSESSMENT PROCESS.

A: The ISO system planning department conducts regular reviews of the system. Other events may trigger a Needs Assessment, as well, such a unit retirement or a rejected de-list bid in the Forward Capacity Market. Once the ISO has determined that a Needs Assessment will be conducted, the ISO may form a study group comprised of directly impacted PTOs. The ISO will also solicit the support of other potentially affected parties as necessary throughout the study. The ISO, in conjunction with the study group, develops a scope for the study and assumptions that will underlie the study. The preliminary scope and assumptions are taken to the Planning Advisory Committee ("PAC"), which is open to all stakeholders, for discussion and input. The scope and assumptions are then finalized, and shared with the PAC and others through posting onthe ISO website.

Q: HOW IS THE NEEDS ASSESSMENT CONDUCTED?

A: The ISO, in conjunction with the study group, if one has been established, conducts the analyses associated with the Needs Assessment and as described in the study scope. The results of the Needs Assessment are compiled, analyzed, and documented for review by the ISO and the study group to confirm the validity of the data and to ensure that all contributing factors, such as an operator action or equipment performance characteristics

that only a specific transmission owner would be aware of, have been taken into account. An ISO Transmission Needs Assessment Report is prepared based on analysis of the study results. The ISO posts the draft of the Needs Assessment Report for comment and discusses the results with the PAC prior to finalizing and publishing the report. For major projects, this often takes place through a series of PAC presentations as interim study results are available. Mitigation of identified performance issues and criteria violations is determined through the subsequent Solutions Study.

Q: IS THE PAC UPDATED DURING THIS PROCESS?

A: Yes. The PAC is kept apprised of the status of Needs Assessments, and preliminary or draft work is shared with the PAC in presentation form for information and for feedback. If inputs change significantly due to items such as the update of the annual load forecast or resource or transmission topology changes, the PAC is updated regarding the impacts on prior determinations.

Q: IF SYSTEM NEEDS ARE IDENTIFIED, WHAT HAPPENS NEXT?

A: After a Needs Assessment is completed and it is determined that a Solutions Study will be required, the ISO will provide notice of the initiation and the scope of the study. The ISO may form one or more study groups, including support by potentially affected parties, to conduct Solutions Studies. Where problems identified through a Needs Assessment appear to be independent of other needs under consideration and likely solutions are expected to be independent of solutions to other identified needs, then more than one Solutions Study may be conducted to address the identified needs. Also, where common or overlapping problems or their causes are identified through more than one Needs Assessment, a single Solutions Study should be pursued to produce one, well-

coordinated preferred solution. The ISO, in conjunction with the proponents of regulated transmission solutions and other interested or affected stakeholders, conducts or participates in the Solutions Study to consider alternatives, and develop and evaluate regulated transmission solutions to meet the system needs identified in the Needs Assessment.

Q: PLEASE DESCRIBE THE SOLUTIONS STUDY PROCESS. WHAT ARE ITS KEY FEATURES?

A: The Solutions Study process is an RTO-led process that is collaborative with the PTOs and stakeholders. The process works to try and identify alternatives, for discussion in the open PAC process. The process generally includes:

- Evaluation of possible transmission system improvements that have the potential of mitigating the concerns;
- Selection of viable alternatives through more detailed analyses;
- Testing of viable alternatives to ensure they are complete and they fully address the identified concerns, and are consistent with the long-term needs of the system;
- Testing for issues such as short circuit margins, stability performance, thermal loading, voltage control, sub-transient performance, and extreme contingency performance of the alternative solutions;
- Examining operational and maintenance related issues to ensure that solution alternatives do not introduce concerns in these areas; and

- Evaluating the overall cost (possibly including Net Present Value Analysis and Life Cycle Analysis) and performance of the proposed set of viable alternatives to determine which amongst them is the most appropriate and cost-effective solution.

After a full set of possible system improvements has been developed, the possible solutions are assessed to determine the viability of their implementation. This permits the establishment of a set of viable alternatives. These alternatives are then tested against the set of performance measures that the Needs Assessment process used. This results in an iterative process during which an alternative is adjusted to account for any failure to address the full set of problems identified. Each of the final viable alternatives should fully address the set of problems identified in the Needs Assessment.

To comprehensively compare each of the alternatives, the set of complete and viable alternatives is evaluated by the study proponent at a more detailed level for cost, consistent with Attachment D to ISO Planning Procedure No. 4, and other development factors. In some cases, it may be necessary to also conduct a performance comparison of the alternatives. To fully differentiate alternatives that have similar cost and siting characteristics, the long-term system improvements, as well as other factors (such as - loss savings, operability, asset condition, etc.) afforded by each alternative is considered in the evaluation. This information provides the basis for selection of a preferred solution.

As the Solutions Study progresses, transmission alternatives are discussed with stakeholders as they are being developed. Stakeholders have the opportunity to comment on the alternatives and/or suggest different transmission alternatives to be studied. The

ISO and the transmission owners that would be responsible for a regulated transmission solution return to stakeholders, as needed, to provide updates on the study and to provide information as transmission alternatives are narrowed down.

The process is often iterative, with presentations made, feedback taken and additional study work done to reflect stakeholder feedback. In the end, pursuant to the Commission's directed design that the RTO have the decision making authority regarding transmission plans, the ISO identifies the preferred solution from among the various alternatives and reviews that determination with the region through PAC presentations.

Q: IS THE PROCESS BASED ON A COMPARISON OF PROJECTS AS SUBMITTED?

A: No. As I noted earlier, it starts with needs, and those needs may be shifting with load forecast updates and resource additions and retirements. Rather than trying to address those needs with packaged projects submitted to it, the ISO works with the PTOs to develop different solutions or combinations of different elements to see which combination of upgrades is the most cost-effective. The preferred solution is then identified, but that solution is rarely, if ever, a "pre-baked" project. It's the best combination of various elements. And it may change over time, given the continuous nature of planning.

Q: CAN ALL STAKEHOLDERS PARTICIPATE AND SUGGEST IMPROVEMENTS OR ALTERNATIVE IDEAS?

A: Yes, this process is usually conducted over multiple meetings with the PAC. The ISO can and does receive suggestions from stakeholders for modifications to projects.

Q: WHAT ARE SOME OF THE ELEMENTS THAT THE ISO LOOKS AT TO DETERMINE THE PREFERRED SOLUTION?

A: When I talk about the "preferred solution," what I mean is the most cost-effective solution for the region. A number of factors can inform this, for example, cost, electrical performance, expandability and longevity. So a given solution might be the cheapest, but an alternative configuration that costs more up front may have better electrical performance and require smaller, less expensive upgrades in the future. In that case, the second configuration could be a more cost-effective alternative.

Q: PLEASE EXPLAIN HOW NEEDS OR PREFERRED SOLUTIONS CAN CHANGE.

A: Planning is continuous. Utilizing the RTO-led process that we have in New England, coupled with the cost-recovery certainty that encourages PTOs to work collaboratively to support the regional planning process, the ISO is able to update its Needs Assessments and related solutions where warranted because of system changes like a change in the load forecast or the addition or retirement of resources. For example, the New England states are currently investing significant dollars in energy efficiency programs. The 2014 spending alone on energy efficiency is expected to reach approximately $800 million annually. The ISO worked with utility energy efficiency program offices to account for and verify the effectiveness of the program and then factored it into our planning assumptions.

Q: WHAT WAS THE RESULT?

A: We found an estimated reduction of 1,444 MW of summer peak load for the period from 2015 through 2021 that led to system needs being pushed out beyond the ten-year

planning horizon. As a result, the ISO removed solutions from the RSP project list or modified planned projects. Similarly, when unit retirements occur, we have been able to modify our needs and solutions to account for those. Because it's not a "dueling submissions" process, there's no need to scrap what we have worked on and put together a new solicitation for proposals, and re-do the procedural steps already taken.

Q: IS THERE A RECENT EXAMPLE OF A NEED TO ADJUST TO UNFOLDING CHANGES?

A: Yes. In the spring of 2011, the Salem Harbor units in the Northeastern Massachusetts region submitted a Non-Price Retirement Request. We were able to work quickly with the transmission providers to advance regulated transmission solutions in the area to address the immediate reliability concerns and immediately include the retirement of these resources in the development of the final solution for Greater Boston.

In addition, with the inclusion of future Energy Efficiency into the ISO's planning assumptions, the needs in Vermont and New Hampshire were revisited after the initial Needs Assessment and Solutions Study had been completed. The updated study also included other changes in assumptions such as incorporating the results of the most recent Forward Capacity Auction. The updated Needs Assessment showed that the combination of these changes deferred certain needs beyond the current ten-year planning horizon. Therefore, the updated Solutions Study was created, which removed nearly $260 million in system upgrades from the solution for the area.

Q: WHAT HAPPENS ONCE A PREFERRED SOLUTION IS DEVELOPED AND IDENTIFIED IN THE PLANNING PROCESS?

A: The transmission owner or owners that have the obligation to build the project move it forward through siting and permitting, through the construction bid process and then to construction.

Q: DOES THE ISO MONITOR PROJECT COSTS?

A: The ISO administers a Commission-approved cost oversight process under Schedule 12C of the ISO-NE OATT, where project costs are examined to ensure that they are properly included as regional transmission costs for allocation to the six New England states. Where deviations for things that are not necessary from an engineering and planning standpoint, such as undergrounding in a non-urban area, are made in the siting process, those are identified and "localized" or removed as costs eligible for regional rate treatment.

III. THE SUCCESS OF THE EXISTING PLANNING PROCESS

Q: HAS THE CURRENT TRANSMISSION PLANNING PROCESS BEEN SUCCESSFUL?

A: It has been extremely successful by several measures. The ISO-led process has reversed decades of underbuilding transmission in the region. Over the last decade, the process has led to the construction of almost $5 billion in new, much-needed transmission over the six-state New England region. In geographic terms, that's striking given that the six New England states together equate to the geographic area of some single mid-western states. Those projects have resolved countless local transmission security issues and have

also dramatically reduced out-of-merit generator dispatch for system reliability. This has helped to resolve the need for reliability must-run contracts, the cost of which had amounted to several hundred million dollars in annual costs.

These projects have also reduced congestion dramatically. The costs for congestion in New England have fallen significantly, to a level of $18 million annually in 2011. Successful build-out of the New England system resulted in New England being removed from the DOE watch-list as an area of concern for National Interest Electric Transmission Corridors in 2009.

Markets are also more efficient, because the system is better able to move power, allowing more new resources – generation and demand response – to qualify in the Forward Capacity Market, and also allowing the retirement of older, often more polluting resources. Plus, transmission projects with a cost of approximately $6 billion have been identified and planned, and are now working their way through various stages of planning, siting and construction. These projects will address not only reliability needs based on North American Electric Reliability Corporation ("NERC"), Northeast Power Coordinating Council and New England-specific criteria, but also ensure a system that can move power more effectively across distances, further improving market function.

Q: WHY HAS THE PROCESS BEEN SO SUCCESSFUL?

A: In part, because the process is RTO-led. That process leads from a comprehensive assessment of needs through a thorough examination of alternative solution ideas. When these projects move forward, states understand the need for them and that they are the most cost-effective solution, as recommended by a non-profit independent entity. The

states and stakeholders also see that the process can and does respond to changes in the forecasts and system topology, so there is confidence that a project is not over- or under-building to meet the needs of the system. Moreover, I am not aware of any situation in which a party has subsequently come forward with a superior reliability project that should have been built instead of the project selected in the regional process.

In part, it's the cost certainty for the PTOs. They participate in the open process, spending time and resources knowing that their costs are able to be recovered, from development to construction.

In part, it's the clarity that the PTOs manage the construction process for various projects. This clarity avoids delays based on litigation between entities vying for the return on equity investments.

In part, it's the clear regional cost allocation and the ISO's oversight of that process to ensure that load in all states is not paying for individual state or local preferences.

These elements together have ensured that the process in New England has been successful over the last decade at meeting the Commission's objectives of identifying and constructing the most cost effective regional projects.

IV. THE DESIGN OF THE CONTINGENT COMPLIANCE FILING

Q: WHAT IS THE CONTINGENT FILING AND WHAT PROCESS DOES IT SET OUT?

A: While Order No. 1000 reserved any ruling regarding Mobile-Sierra protection for compliance filings, Order No. 1000-A added a compliance requirement that regions that asserted Mobile-Sierra protected rights must also make a contingent filing for the Commission to consider in the event that the FERC made a determination that either Mobile-Sierra rights were not present in a given instance, or were present but were contrary to the public interest. The ISO, transmission owners, the states and other stakeholders began work on a contingent planning process following the issuance of Order No. 1000-A.

The contingent process sets out a reliability and market efficiency planning process that assumes that the transmission owners' right and obligation to build contained in the TOA are no longer in place. The contingent process thus utilizes a dueling-submissions approach, where the same QTPSs that develop proposed public policy transmission projects may submit reliability or market efficiency projects in response to solicitations by the ISO. In order to attempt to limit the increase in costs to consumers and resources associated with this approach over the current planning process to the extent practical, a two-phase process is utilized.

In order to mitigate the negative impacts to near-term reliability needs due to delays inherent in such a process, a five-year window is utilized for reliability projects. The design provides that projects needed within five years of a completed Needs Assessment

will not utilize the two-phase project-driven process and will instead use the RTO-led collaborative solutions development process utilized today. That design also helps to mitigate some but not all of the increased costs and market inefficiencies that I discussed earlier. That five-year window would only apply to Reliability Transmission Upgrade projects and not to Market Efficiency Transmission Upgrades.

For reliability projects needed after the five-year period and Market Efficiency Transmission Upgrades, the process would solicit designs from QTPS entities. The existing PTOs in the affected areas would still be subject to a contractual obligation to build transmission projects to address system needs and therefore would be required to submit project proposals. Because of this obligation, Phase One development costs would be recoverable by the incumbent PTO, but would not be recoverable for those QTPSs that were not obligated to submit a project.

The ISO would review the project proposals for completeness, performance and other criteria, including access to right of way or the plan and time needed to access or purchase right of way, and move the best set of projects forward to Phase Two, where they would be further developed and compared against each other. The ISO would select the best project relative to the others from that set. Phase Two costs would be recoverable from the region for all entities that are selected.

Q: WHY IS A FIVE-YEAR HORIZON UTILIZED?

A: When we look at reliability transmission projects, we see that it takes around five years for even fairly straightforward projects to move through development, siting, permitting

and then construction. Larger reliability projects take even longer than five years – seven, eight, nine years.

That timeline, around five years, is applicable when the ISO is leading the design effort starting as soon as the needs are identified and supporting the transmission owner in the siting process. If a dueling-submissions process is introduced up front, as discussed earlier, the ISO anticipates that it will take 12 to 24 months to conduct the solicitation of projects and then the two phases of review. The ISO would need to have the resources to review, study, develop follow-up requests for needed data, study the results, etc., for multiple projects simultaneously. Without even accounting for any litigation-related delay from the many decisions that will be made by the ISO accepting and rejecting projects, moving projects forward to the next phase, and ultimately selecting a project, the ISO believes the process in its optimal state will add a several-month incremental delay to project development.

V. WHY THE EXISTING APPROACH FOR RELIABILITY AND MARKET EFFICIENCY PLANNING IS SUPERIOR TO THE "DUELING SUBMISSIONS" APPROACH REFLECTED IN THE CONTINGENT COMPLIANCE FILING

Q: WHY IS THE ISO NOT SUPPORTING THE CHANGES TO THE PLANNING PROCESS FOR RELIABILITY AND MARKET EFFICIENCY PROJECTS SET FORTH IN THE CONTINGENT FILING?

A: The ISO is not supporting any changes to the PTOs' right and obligation to build reliability and market efficiency projects, because that right and obligation is crucial to the effectiveness of the associated planning processes. The ISO's position is not just an issue of protecting legal rights and honoring the contract that the ISO and PTOs agreed to

in good faith as part of the RTO formation, but an effort to ensure continuation of the substantial benefits and successes of the existing planning process. After Order No. 1000 was issued, the ISO considered whether changes to the reliability and market efficiency planning process would be beneficial to consumers. In our view, an alteration to the existing planning processes to make them a dueling project submission processes, what I refer to hereafter as a "project-driven" process, would be a significant step backward for the region, as it would result in a more expensive process that is less likely to identify the most cost-effective solution, and is more likely to produce significant project delays or a failure to get needed projects constructed due to increased risk and litigation.

Q: CAN YOU ELABORATE ON WHY THE ISO BELIEVES THAT THE PROCESS WOULD BE MORE EXPENSIVE? WOULDN'T COMPETITION LOWER COSTS?

A: Some advocates for a project-driven process use the term "competition" in an oversimplified or narrow way in an effort to make the argument more appealing: a project-driven design is competitive, competition is better, therefore the current New England planning process must not be competitive and must be worse. However, when one examines the existing regional planning process in any detail, this "sound bite" advocacy proves hollow.

Stepping back, it is important to remember the stated goal of Order No. 1000's requirement to remove federal rights of first refusal: to facilitate identification of the most-cost effective solution. The current New England regional planning process does that already and does it more effectively than a project-driven design could.

That is, in large part, because it is RTO-led, with stakeholder input into the identification of needs and influence over the development of the transmission solutions. Under the current process, the ISO does not take a set of proffered projects and passively analyze and select among them, wishing for a better project than those offered. The ISO leads the effort in direct collaboration with a variety of transmission owners and with the engagement of other regional stakeholders to consider, explore, develop and refine various alternatives, including the combination of various solution components, to identify the most cost-effective solution. In so doing, the ISO looks at factors such as the comprehensive cost, electrical performance, expandability, effective lifetime, and maintenance implications to determine what aggregate system design changes and enhancements will be the most cost-effective for the region.

This is accomplished through an extremely transparent process, and the ISO can and does receive suggestions from interested stakeholders through the PAC, including complete alternatives to accompany ideas already being considered.

Q: WHAT ARE SOME OF THE OTHER REASONS SUPPORTING THE ISO'S VIEW THAT A PROJECT-DRIVEN MODEL WILL NOT LEAD TO COST SAVINGS?

A: A project-driven model, in addition to making the identification of the most cost-effective solution more a matter of chance (i.e., the possibility, however slim, that the optimal solution is deposited on the ISO's doorstep by a developer), would require greater expenditure of development costs, which can run into the tens of millions of dollars for a significant project. Right now, the PTOs that support the RTO's identification of the most cost-effective solution recover those costs. In a project-driven competitive process

in which several projects are brought forward and developed in response to an identified need, those costs are multiplied by the number of qualified participants with realistic projects. So then the region is spending more money to get a potentially inferior solution. The time needed to conduct such a process could also increase costs to the region.

Q: WHAT DO YOU MEAN?

A: Increased costs can result from an emerging reliability need that requires the ISO to begin dispatching generation out of economic merit order to provide for system security in the event of identified contingencies.

These costs can be significant, as experienced in southeastern Massachusetts in recent years, where a generating plant had to be dispatched specifically for reliability. The difference between the market clearing price and the cost of operating the unit out of merit was approximately $300 million over two years. That was not $300 million allocated to the entire region, such as would occur with a transmission project that is also amortized over 30 years. That was $300 million of out-of-merit resource supply costs over two years allocated to just one sub-region of Massachusetts. Other costs may stem from a rejected de-list bid in the Forward Capacity Market, which can amount to several million dollars per year, or the expense of full cost-of-service reliability must-run contracts, the expense of which has run into the tens of millions of dollars per year for each needed generating resource. Based on those experiences, a delay of even a year in placing in service a transmission project that meets a reliability need can readily result in millions in additional charges. The fact is inescapable: transmission takes time to get sited and constructed. Under the current planning process (versus a project-driven

approach), we avoid the addition of a year or more for project development, review, and selection that would naturally occur as part of a project-based planning model.

Q: WHY HAS THE ISO CONCLUDED THAT CHANGES TO THE RELIABILITY PLANNING PROCESS WOULD ADD A YEAR OR LONGER TO THE CONSTRUCTION OF NEEDED TRANSMISSION?

A: Right now, when needs are identified, the ISO is able to begin working with impacted transmission owners right away on alternatives that lead to the most cost-effective transmission solution. When we look at the engineering time needed to fully develop a project, we don't see that changing in either case. What we do see is the addition of time to operate a project-based process. In the first stage of such a process, the ISO would receive initial project plans. All of these plans would have to be reviewed to determine if they realistically might address the identified needs. That will entail waiting for the projects to be developed and submitted and then time for the ISO to study each of the submissions, ask for additional data where necessary, and receive and review any additional information. After that is complete, selected projects could move to a second stage for more detailed development. Again, that would have to allow time for project development and for the ISO to study submissions, ask for additional data, and conduct studies of its own on each submission. Taken together we think the incremental delay is on the order of at least 12 months, but it could be longer depending on the project complexity.

Q: ARE ADJUSTMENTS TO PROJECTS FOR NEW LOAD FORECASTS AND RESOURCE ADDITIONS OR RETIREMENTS ALSO FACTORED INTO THAT ANTICIPATED DELAY?

A: No. That delay caused by the project-driven process is assuming that the ISO is not halting the process, revising needs and resoliciting the project proposals based on changing system needs. As I noted above, this is one of the many added costs and lost efficiencies of a project based process.

Q: YOU TALKED ABOUT THE TIME NEEDED TO DESIGN, SITE, PERMIT AND CONSTRUCT PROJECTS. CAN YOU PROVIDE MORE DATA SUPPORTING YOUR STATEMENTS?

A: Yes, I am including with this testimony a chart, marked as Attachment 1 to this testimony, that sets out the timelines related to several different transmission projects in New England.

Q: ARE THERE OTHER COST IMPACTS OF THE "DUELING SUBMISSIONS" APPROACH REFLECTED IN THE CONTINGENT PROCESS?

A: Yes. One of the attributes of the RTO-led process is that it can modify the needs finding and proposed solutions midstream and take account of changes in the load forecast or resource additions or retirements. For example, the load forecast is updated annually. Where projected load has been reduced, needs may be pushed out beyond the ten-year planning horizon. This was observed recently with the incorporation of the effects of state-sponsored energy efficiency programs in the years between the last Capacity Commitment Period and the remainder of the ten-year planning horizon. As a result of

this and other changes in assumptions, certain portions of projects were removed from the project list or revised resulting in a reduction of nearly $260 million in transmission costs. This type of midstream plan or project adjustment and refinement is not readily possible when a project-based solicitation is made for specific needs. Where those needs change materially as the result of an auction, addition of merchant transmission, change in load forecast, state program or unit retirements, the scope of the solicitation must be revised and new competing projects developed, in essence restarting the process.

Q: DO THE PTOS DESIGNATED TO BUILD PROJECTS INCLUDED IN THE REGIONAL SYSTEM PLAN USE ANY COMPETITIVE PROCESSES THEMSELVES?

A: Yes, that is my understanding. For projects of significant size, I understand that the PTOs use a range of competitive bidding processes for engineering, materials procurement, and construction services. The specific competitive processes used by the PTOs are discussed in the testimony of David Boguslawski, Vice President of Transmission Strategy and Operations for Northeast Utilities Service Company, and Carol Sedewitz, Director, Electric Transmission Planning for National Grid USA.

Q: WOULD THE COSTS (AS REFLECTED IN RATES) OF A PROJECT SELECTED IN A PROJECT-DRIVEN PROCESS NECESSARILY BE LOWER THAN A PROJECT SELECTED UNDER THE CURRENT PROCESS, JUST BECAUSE A COMPETITION OCCURRED IN ORDER TO GAIN THE RIGHT TO CONSTRUCT?

A: No. Transmission projects of the type at issue in Order No. 1000 are regulated projects, no matter what process is used to select the projects. Accordingly, if a project's labor

and/or material costs escalate, the owner passes through those costs in formula rates or rate filings. subject to potential prudence review by the Commission. Just because a project went through "competition" in the front end of a project-driven process does not mean that the costs will not escalate subsequently. Regardless of which entity is selected to construct a project, that entity will encounter the same siting issues that may involve opposition to the project, re-routing of the line, and additional unplanned enhancements required by regulators that may subsequently increase project costs. Indeed, as discussed elsewhere in my testimony, we believe a project-driven process will make projects more costly.

Q: ARE THERE OTHER CONCERNS?

A: Yes, the introduction of a lack of certainty and litigation.

Q: PLEASE EXPLAIN.

A: In a project-driven process where dueling submissions to the ISO compete, project proposals are submitted that set forth the pertinent facts, and are evaluated pursuant to set criteria and reviewed pursuant to those criteria. With the high stakes that a project-driven process will present, litigation regarding the facts asserted in project proposals will become a significant risk. For example, a project proposal may state a certain cost and claim a particular electrical performance. To the extent those factors are important under the project selection criteria, they may be disputed by a competing entity. Because any dispute would be fact-based, I understand that it is likely these would be set for a hearing for resolution. The ISO does not expect that developers will move forward and construct projects when there is a risk of losing the project in litigation. I understand from counsel that injunctions may potentially further contribute to delay.

Q: YOUR TESTIMONY HAS FOCUSED ON A PROJECT-DRIVEN ALTERNATIVE, AND WHETHER IT LEADS TO LOWER COSTS BECAUSE COMPETITION OCCURS ON THE FRONT END. INSTEAD, WHY NOT SIMPLY HAVE THE ISO, PTOS AND STAKEHOLDERS DEVELOP THE MOST COST-EFFECTIVE SOLUTION AND HAVE THE PROJECT PUT OUT FOR BIDS?

A: That's what already occurs under the existing process with respect to the vast majority of projects. It is the collective regional process, not an individual transmission owner, per se, that develops alternatives that ultimately lead to RTO identification of the most cost-effective solution. The PTOs have a right and obligation to build but, as I noted above, it is my understanding that they put significant and/or complex projects out for competitive construction and procurement RFPs. Because a competitive developer will also use engineering/construction firms and, just like the PTO, will be relying on a limited number of engineering/construction firms that will likely respond with similar bids regardless of whether the customers is a PTO or a third party, the "competition" in a project-driven process is really for the right to be the project manager that deals with the engineering/construction firm, and to earn the rate of return for the cost of the project. Thus, there is no gain for the ratepayer or the region through the project-driven approach, as the process will become more complex and costly while also subject to additional delay.

For these reasons, the Mobile-Sierra issue presents not just a defense of legal rights but a beneficial protection of a process that is better at identifying the most cost-effective and

timely transmission solution without incurring additional and significant costs unnecessarily.

Q: CAN YOU IDENTIFY ANY BASIS FOR AN ASSERTION THAT THE CURRENT PTO RIGHT AND OBLIGATION TO BUILD, AND RELATED PLANNING PROCESS, ARE NOT IN THE PUBLIC INTEREST?

A: As I understand it, meeting the public interest standard in order to overturn a previously approved contract (or contract provision) has been described by the courts as a "heavy burden."

Here, the current New England process is both in the public interest and is just and reasonable, and there has never been a claim at the Commission or in the courts to the contrary. The latter fact is not surprising, as the process is clearly very successful in how it identifies the projects to be built and in fostering the actual construction of projects. Even if one sets the Mobile-Sierra legal question aside, the process meets the Commission's goals of identifying the most cost-effective solution and does so in a more cost-effective manner than would a project-driven process. In this proceeding, in which I understand that the Commission (in order to revise the TOA) bears the burden of proof to make a supported region/fact-specific showing on the record that the current process is not in the public interest, the ISO's view is that such a showing cannot be made.

VI. <u>CONCLUSION</u>

Q: DOES THIS CONCLUDE YOUR TESTIMONY?

A: Yes, it does.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ISO New England Inc. **PTO Administrative Committee**	)	**Docket No. ER13-__-000**

DECLARATION OF WITNESS

I, Stephen J. Rourke, declare under penalty of perjury that the statements contained in the Prepared Direct Testimony of Stephen J. Rourke in this proceeding are true and correct to the best of my knowledge, information and belief.

Executed on this 25th day of October, 2012

Stephen J. Rourke

Attachment 1

								Range of Project Component ISD		Range of Project Component Time from Solution Study to ISD		Range of Project Component Time from Needs Assessment to ISD	
Project	**Study Started**	**Date of Finalized Needs**	**Date of Finalized Solutions**	**Study Duration (yrs)**	**Siting Filing**	**Siting Order**	**Siting Duration (yrs)**	**Project ISD Early**	**Project ISD Late**	**Solution to IS Early (yrs)**	**Solution to IS Late (yrs)**	**Needs to IS Early (yrs)**	**Needs to IS Late (yrs)**
MPRP****	Mar-07	Jun-07	Jun-08	1.00	Jun-08	Jul-10	2.08	Feb-14	Feb-15	5.67	6.67	6.68	7.68
Middletown-Norwalk *	2001/2002	Jan-02	Jan-02		Oct-03	Apr-05	1.50	Jun-09	Jun-09	7.42	7.42	7.42	7.42
Greater Boston	May-08	Jul-10	Jun-12	1.92	na	na		Jun-13	Jun-17	1.00	5.00	2.92	6.92
Pittsfield-Greenfield	Early 2009	Jun-10	Mar-12	1.75	na	na		Jun-16	Jun-16	4.25	4.25	6.01	6.01
Stoughton Cables*' **	Early 2000	Oct-01	Jun-04	2.62	Jan-04	Jan-05	1.00	Jul-06	Feb-07	2.08	2.67	4.70	5.29
Vermont Southern Loop	Jul-05	Feb-06	Jan-08	1.92		Mar-08		Dec-10	Dec-10	2.92	2.92	4.83	4.83
NW Vermont Upgrades *, ***	Early 2000	Oct-01	Apr-02	0.55	Jun-03	Jan-05	1.59	Apr-09	Apr-09	6.93	6.93	7.48	7.48
Long-Term Lower SEMA	Dec-06	Mar-08	Jan-09	0.84	Sep-10	Apr-12	1.60	May-13	May-13	4.33	4.33	5.17	5.17
VT/NH	VT: Feb 2008 NH: May 2008 Combined: Sept 2010	Nov-11	Apr-12					Jun-16	Jun-17	4.17	5.17	4.59	5.59

* Needs start/completion dates approximate based on preliminary studies conducted by Transmission Owners; typically included some preliminary work on solution development

** Needs documented in RTEP02

*** Range of component in-service dates is not represented

**** Parts of MPRP remain in siting proceedings

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

	)	
ISO New England, Inc.	)	**Docket No. ER13-____**
PTO Administrative Committee	)	
	)	

PREPARED DIRECT TESTIMONY OF
DAVID BOGUSLAWSKI
AND
CAROL SEDEWITZ

Q. Mr. Boguslawski, what is your full name and by whom are you employed?

A. My name is David Boguslawski. I am employed by Northeast Utilities ("NU"), 107 Selden Street, Berlin, Connecticut. I am Vice President of Transmission Strategy and Operations for Northeast Utilities Service Company, The Connecticut Light and Power Company, Public Service Company of New Hampshire, and Western Massachusetts Electric Company, each being a wholly-owned Northeast Utilities' subsidiary company.

Q. Mr. Boguslawski, please briefly describe your employment and educational background.

A. In my present position, I am responsible for transmission system planning, operations, reliability compliance, transmission project siting and permitting, and regulatory matters. In previous positions with NU, I have been responsible for the planning, operations, engineering, maintenance, and construction of NU's electric transmission and distribution system. I have also held executive positions with

responsibility for marketing, rates, customer service, accounting, transportation, facilities management, materials, management, and information technology. Earlier in my career, I was NU's Budget Director, Assistant Treasurer, and an engineer in the nuclear organization. I have Bachelor of Science and Master of Engineering degrees in nuclear engineering from Rensselaer Polytechnic Institute and a Master of Business Administration degree from the University of Connecticut.

Q. Ms. Sedewitz, what is your full name and by whom are you employed?

A. My name is Carol Sedewitz. I am employed by National Grid USA, 40 Sylvan Road, Waltham, Massachusetts, as Director, Electric Transmission Planning.

Q. Ms. Sedewitz, please briefly describe your employment and educational background.

A. I received a Bachelor of Science in Physics from the State University of New York – Oneonta. I received a Bachelor of Science degree and a Master of Engineering degree in Electrical Power Engineering from the Rensselaer Polytechnic Institute. I am a registered professional engineer in the Commonwealth of Massachusetts.

I have been employed for over 25 years in the electric utility industry. I have been Director, Electric Transmission Planning, for National Grid since 2006. Prior to that, I was Director, Protection & Meter Engineering, and Manager,

Systems and Business Processes for National Grid and prior to that Project Manager, Geographic Information Systems, for New England Electric Systems (a predecessor company to National Grid's New England electric utility business). Since 2010, I have been a member of the Standards Committee for the North American Electric Reliability Corporation ("NERC").

Q. What is the purpose of your testimony?

A. Our joint testimony is intended to address several issues. First, we will provide the Commission with a detailed description of the existing New England transmission planning process and explain the success that has been achieved in using this process. We believe that the existing ISO-NE planning process accomplishes the goals of Order No. 1000 and has provided substantial benefits to electric consumers in New England. To the extent that the Commission expresses concern in Order No. 1000 that existing planning processes have been insufficient in getting transmission constructed, that concern does not apply to New England, which has invested $4.7 billion in transmission that is in service over the past decade and has another $5.7 billion planned for transmission projects included in the ISO-NE Regional System Plan that are in different stages of development. In fact, we believe that the existing New England planning process strives to identify optimal solutions through open collaboration, and is more effective than a process in which transmission decisions are made by ISO-NE based on a limited number of competing project submissions. Given the unique features of New England's planning process, history, and geography, if the requirements of Order No. 1000

relating to elimination of what the Commission describes as a Right of First Refusal ("ROFR") are adopted, the regional planning process is less likely to identify the most efficient and effective solutions to meet reliability needs and will result in substantial delays that may result in failure to fix reliability problems by the date of need, as well as increased costs. Our reasons for reaching this conclusion are set forth below. Our testimony also addresses the way that competitive processes are already embedded in the existing planning process and the reasons why, if the Commission orders New England to adopt a regional planning process that eliminates a right to build for reliability planning, the Commission should only apply that policy to projects where ISO-NE's identified date of need is more than five years in the future. And finally, we provide information supporting continuation of the existing split between Pool Transmission Facilities ("PTF") and Non-PTF for cost allocation purposes.

I. The Existing Regional Planning Process

Q. Does New England have a formal regional transmission planning process in place for reviewing potential reliability needs and solutions to those needs?

A. Yes. This process is set forth in Attachment K to the ISO-NE Tariff and is based on the Transmission Operating Agreement ("TOA") between ISO-NE and the New England Transmission Owners ("NETOs"). This process was developed jointly by ISO-NE, the NETOs and other stakeholders and has been used successfully for many years. The existing process builds on a long history of

regional transmission planning in New England that dates back several decades to when New England developed a 345kV backbone transmission grid in order to integrate nuclear and large fossil fired generation in the region. New England planners have been planning the transmission system on a regional basis ever since that time and are used to coordinating their efforts in an open and transparent manner to create solutions that benefit the entire region and expand the capability of the regional system at the lowest overall cost. Although the planning process became more formalized with the establishment of ISO-NE and the implementation of Order Nos. 888 and 890, the basic principles of regional collaboration and sharing of data and analysis existed for many years before that time. New England is different from the regions of other multi-state Regional Transmission Organizations in terms of the level of inter-company planning coordination that has taken place historically. This is a natural result of the fact that New England is a relatively small and densely populated region.

Q. Can you describe the existing planning process?

A. Yes, the process is shown in Exhibit NETO-1 attached to this testimony, which is a diagram that shows each step in the planning process and the matters that are addressed at each step. This description is based on reliability needs, but the same process would apply to market efficiency projects. The process begins with high level studies by ISO-NE and the NETOs to identify potential future reliability concerns based on emerging violations of NERC and Northeast Power Coordinating Council ("NPCC") standards and criteria. Although the ISO and

NETOs have taken the lead in evaluating reliability needs driven by NERC and NPCC standards and criteria to date, nothing in the ISO's planning procedures prevents any stakeholder from coming forward with a potential reliability concern that requires study.

In the next step in the process, assuming ISO-NE decides that further review is warranted, the ISO initiates formal studies by making a presentation to the Planning Advisory Committee (the "PAC"), which is made up of any interested stakeholders, to get the PAC's input into the types of studies that need to be conducted, the areas that need to be studied, and the study assumptions. Exhibit NETO-1 shows that PAC input is obtained at regular intervals throughout the planning process so that all interested stakeholders are made aware of the work that is being done and the results of the studies that have been performed up to that point. Detailed presentations to the PAC are a standard component of the regional planning process, and the PAC often asks the ISO and affected NETOs to perform additional work or address issues not previously identified.

The process continues through a Needs Assessment problem identification, which is designed to specify the reliability need looking at the performance of the transmission system in relation to NERC and NPCC standards and criteria. If, based on the studies performed at this stage of the process, ISO-NE concludes that a reliability problem needs to be addressed, ISO-NE issues a formal document identifying a reliability need, which is a prelude to commencing a review of

potential solutions. The PAC is consulted for their feedback and input before the final Needs Assessment report is issued.

Q. What is the NETOs' role in the Needs Assessment process?

A. The NETOs whose systems are affected by the potential reliability issue provide their planning expertise and local knowledge to assist ISO-NE in evaluating the potential needs. The NETOs make available the planning studies performed at ISO-NE's request and share their knowledge of system conditions so that ISO-NE can evaluate the facts and make its own assessment of whether the planning process should continue to the stage of identifying solutions. ISO-NE makes the final determination, but it is typically supported by studies that are performed by the NETOs' planning experts, with the results shared with and presented for comments by stakeholders participating in the PAC. This openness, in which planning information is made publicly available for scrutiny by the ISO and the members of the PAC, is a core characteristic of the existing regional planning process.

Q. Are third party proposals to resolve identified Needs permitted during this process?

A. Yes. Part of ISO-NE's Needs Assessment includes consideration of market alternatives, which include both merchant transmission solutions and Non-Transmission Alternatives or NTAs. If the ISO concludes that alternatives have come forward in the marketplace that would resolve or delay the reliability need,

it has the authority to decide that regulated transmission solutions will not be required or will be postponed. Under the regional planning process in New England, market solutions are favored over regulated transmission solutions if the ISO decides that the former will resolve the identified Need; for this reason, regulated transmission projects to resolve identified needs are referred to as "backstop solutions." The ISO's decisions regarding the effectiveness of market solutions are presented to and reviewed by the PAC.

Q. What is the next stage in the reliability planning process?

A. As shown in Exhibit NETO-1, once the Needs Assessment is completed and ISO-NE has identified a reliability need, the process moves through a series of steps that are designed to identify the best solution to the identified need. The process is open, iterative and collaborative. It begins with the identification of potential solution sets that are in the nature of conceptual alternatives, which are presented to the PAC for its review and comments. Next, a collaborative process between ISO-NE and the affected NETOs optimizes the solution by refining and testing each potential solution set to determine the reliability benefits, field condition impacts, and cost estimates of each alternative. This iterative and collaborative solutions process can involve hundreds of decisions about a project's design and often leads to a preferred solution that differs from the ones originally identified. Eventually, ISO-NE and the affected NETOs share the preliminary results with the PAC to obtain stakeholder input and then ISO-NE chooses a Proposed solution.

Q. What are the benefits of this part of the process?

A. Each step is designed to add to the level of evaluation and analysis that takes place, with the number of alternative solution sets being reduced as the process moves from Concept to Proposed and finally to Planned projects. The process is designed to ensure that the full range of potential transmission solutions are evaluated, that stakeholders are involved at critical stages to evaluate the work that is being done, and to narrow the alternatives as the process moves forward and more money needs to be spent to be more precise about the details associated with the alternatives and provide a better assessment of potential costs and project challenges.

For example, the cost to present a conceptual solution can be relatively small, but the analysis of route selection and level of engineering design and field condition review is fairly limited at this stage. The initial cost estimates only need to be in the range of -50% to +200%. As the process moves forward to evaluation of potential Proposed solutions, more detailed analysis is performed that may cost several hundred thousand dollars, but at the same time, the cost estimates are more refined, with a narrower contingency range. Then, when ISO-NE has identified a project or group of projects as potentially the best solution to the identified need (which decision is presented to the PAC for review), more detailed analysis is undertaken, which includes more detailed evaluation of system impacts, engineering, and evaluation of the field considerations associated with

the route of a project. This stage of analysis permits the ISO to make an assessment of the estimated cost of a project before it makes its final determination of the Planned solution. This final step includes the ISO's evaluation under Section I.3.9 of the ISO-NE Tariff, which is designed to ensure that the Planned solution will not have an adverse impact on the New England electric system. An important point to understand is that, by this stage, before the ISO is in a position to include a project in the Regional System Plan, numerous alternatives have been considered and several million dollars of planning work will likely have been performed, particularly if the project is a major one.

Q. Do the preliminary decisions regarding potentially "best" solutions change during the solutions study process?

A. Yes. As the process of evaluation proceeds and more knowledge about the alternatives is gained, the identification of the best solution often changes. For example, in considering a recent set of potential upgrades to resolve reliability issues in the area around Springfield, Massachusetts as part of the New England East West Solution (or "NEEWS"), more than two dozen alternatives were considered, and as ISO-NE received more information, it changed its conclusions several times. The ISO and affected NETOs whittled down the number of potential solution sets in stages after considering a variety of alternative combinations of projects. In addition, the consideration of alternative solutions often proceeds over several planning cycles, so ISO-NE may have updated information from capacity auctions and load forecasts that change its assessment

of the situation, which is what occurred in the Greater Springfield Reliability Project example.

Springfield is not an atypical example, although a larger number of options were considered than in other cases. For example, the Vermont/New Hampshire Area transmission study went through different stages of review in which multiple potential solutions were considered over a period of time in which planning assumptions changed. The same is true for the Greater Boston Study and the Maine Power Reliability Program ("MPRP"). In all of these cases (and in others), the ISO's ability to consider additional input and analysis and, together with the NETOs, respond to changing conditions and better information after the original proposals were submitted, was critical to identifying the optimal solution.

Q. Who is responsible for evaluation of potential solutions and performing the studies required to support them?

A. Most of the analytical work (i.e., desktop planning studies) used to support the ISO's and the PAC's review of potential solutions is performed collaboratively by the affected NETOs, i.e., those serving in the areas where the reliability problem exists, under the ISO's supervision. The NETOs have the resources and expertise to help perform these studies; the ISO has much more limited resources and lacks the local knowledge of the NETO's with respect to particular portions of the system (such as route selection and substation design). The ISO oversees the NETOs' work and ensures that it is objective. For example, ISO-NE uses the

NETOs' expertise to evaluate environmental impacts, constructability issues, substation and line design, other field conditions, and regulatory considerations (especially siting and permitting). Without continuing application of the NETOs' expertise in these areas, the ISO-NE would have substantial difficulty identifying the optimal solution to an identified need from a cost and reliability standpoint.

Q. Is planning work of the NETOs shared publicly with stakeholders?

A. Yes. First, the NETOs who are involved in the process share their work with each other, since the NETOs may bring different perspectives to the problem and each NETO has detailed information about their own systems and both the feasibility and cost of making upgrades or expansions that help resolve the identified need. The process is one of open collaboration, both among the NETOs and between the NETOs and the ISO's planning staff. Second, the work that is performed in developing and evaluating alternative solutions is presented openly to the PAC for review by stakeholders. This open process is designed to ensure that the decisions made with respect to identifying solutions to identified needs are the best ones, and that there is broad stakeholder input into the work that has been performed and the decisions that have been made. If the PAC believes that the analysis of potential solutions has not been adequate, it can (and often does) request that additional work be performed or additional options considered.

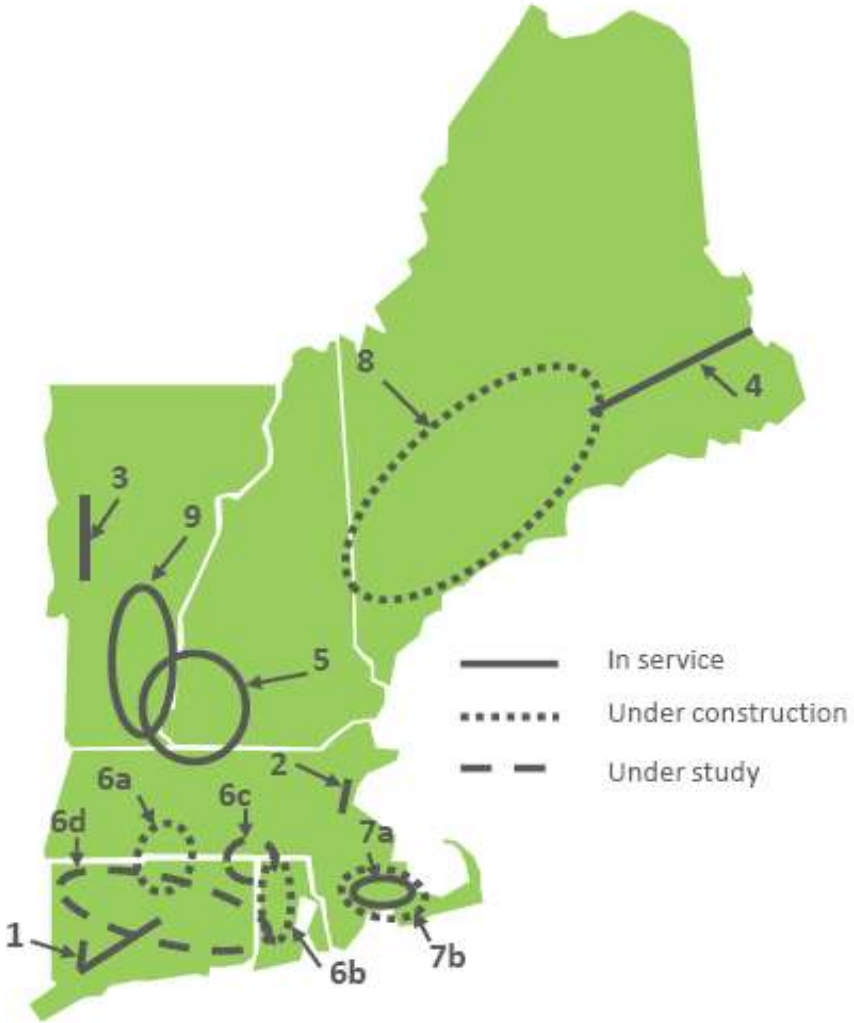
II. Benefits of the Existing Planning Process

Q. Has the existing transmission planning process resulted in the development of needed transmission in New England?

A. Yes. From 2002 to 2011, approximately $4.7 billion of new transmission to address reliability needs has been placed in service in New England as a result of the current planning process. The current process has identified an additional $5.7 billion of transmission investment to address current and forecasted reliability needs. This additional transmission investment is in various stages of development and is slated to be placed in service from 2012 through 2020. Numerous potential reliability standards issues either have been or will be avoided as a result of projects identified under the current planning process. For example, three of the Southwest Connecticut projects (Middletown-to-Norwalk, Bethel-to-Norwalk, and the Glenbrook Cables) collectively addressed almost 4,000 separate potential NERC reliability standards issues. And, the Greater Springfield Reliability Project will address over 800 potential NERC reliability standards issues.

While the completed transmission investments were needed to resolve reliability issues, they also provided significant additional benefits to the region. For example, as discussed below, they substantially eliminated congestion and reliability charges and enabled more efficient markets. The completed and planned transmission investments position the New England system to be better

situated to address future changes to the region's generation fleet, including anticipated retirements and the addition of variable and other forms of generation in the region. Figure 1 is a map of significant transmission projects in New England developed through the current planning process:



1. Southwest CT Phases I & II
2. NSTAR 345 kV Project, Phases I & II
3. Northwest Vermont
4. Northeast Reliability Interconnect
5. Monadnock Area
6. New England East-West Solution
   a. Greater Springfield Reliability Project
   b. Greater Rhode Island Reliability Project
   c. Interstate Reliability Project
   d. Greater Hartford/Central Connecticut
7. Southeast Massachusetts
   a. Short-term upgrades
   b. Long-term Lower SEMA Project
8. Maine Power Reliability Program
9. Vermont Southern Loop

Figure 1

Q. Please provide examples of projects developed through the collaborative and iterative planning process for reliability in New England.

A. All of the significant transmission projects listed in Figure 1 have been built or are planned as a result of the current planning process and have benefitted from the collaborative and iterative nature of that process as described in Section I above. For example, the New England East-West Solution is a comprehensive regional solution designed to address a series of separate but inter-related reliability problems in the southern New England transmission system. The overall solution is the product of years of extensive studies of the southern New England transmission system by a team of transmission planners from ISO-NE and the NETOs and repeated input from stakeholders, and involves improvements to the transmission systems in three states: Connecticut, Massachusetts, and Rhode Island. NEEWS involves one of the most complex additions to the New England 345 kV transmission system since it was built during the period from the 1960s through early 1980s.

NEEWS will resolve multiple, inter-related transmission reliability problems on the southern New England transmission system that have been long recognized by ISO-NE. Northeast Utilities and National Grid initially identified the potential reliability problems and presented their concerns to ISO-NE. In order to address these problems on an integrated and region-wide basis, ISO-NE created a working group in 2004 consisting of the planning staffs from ISO-NE and the affected

transmission owners to analyze the southern New England transmission system. The working group performed numerous studies and analyses of the southern New England transmission system and has identified a series of inter-related reliability and power transfer problems that will worsen as New England loads continue to increase and are served by an aging infrastructure.

To resolve these deficiencies, the working group, in consultation with the PAC, identified and considered thousands of possible combinations of transmission projects. The combinations were assessed to determine which combination met the reliability needs while also minimizing environmental impacts and costs. Based upon this comprehensive process, the NEEWS projects emerged as the best overall solution for the region. Each of the NEEWS projects has been further optimized by evaluating and re-evaluating the needs several times to reflect new load forecasts, new energy efficiency programs, new resources entering the markets, changing system needs and variations of the identified alternatives, all to ensure the most cost-effective combination of solutions was identified. The PAC provided substantial input throughout the process.

Another example of a regional solution that has benefitted from the current collaborative and iterative transmission planning process in New England is the Maine Power Reliability Program. MPRP is a set of transmission reinforcements between the Bangor, Maine area and New Hampshire border to address reliability

needs throughout Maine. MPRP consists of approximately 350 miles of 345 kV and 115 kV transmission lines, interconnecting many substations.

The reliability needs addressed by the MPRP were identified in Spring 2007. From that time to Spring 2008, over approximately one year, five northern transmission alternatives and five southern transmission alternatives, as well as a number of non-transmission alternatives were developed by a study team led by ISO-NE and including Central Maine Power, Bangor Hydro Electric Company, and Northeast Utilities. These alternatives were presented to the PAC for review and input over five separate meetings.

The MPRP scope changed three times between 2008 and 2010; with three complete studies needed to support proposed plan application approvals. In addition, pending outcome of Maine Public Utilities Commission follow-up in the Lewiston and Mid-Coast areas, another set of proposed plan applications and study will be required. The current transmission planning process in New England allowed the MPRP project to be refined and optimized through these many iterations.

Q. Can you provide specific examples of how the collaborative and iterative nature of the current planning process has provided transmission cost savings for New England consumers?

A. Yes. The collaboration and ongoing dialogue among the ISO and all affected NETOs, with substantial stakeholder review and input, has produced substantial savings for consumers in the region. For example, NEEWS studies identified the need for a number of independent projects on the NSTAR system. This study identified potential overloads under stuck breaker contingency conditions on the lines between Millbury and West Medway, Massachusetts. The initial solution considered for this need was a reconductoring project with an estimated cost of approximately $80 million. Through collaboration between the NETOs and ISO-NE, instead of spending $80 million, an alternative involving the use of double breakers at West Medway was identified and selected to eliminate the contingency condition rather than reconductoring. The estimated cost for the double breaker was approximately $3 million.

Similarly, the estimated costs of proposed solutions to needs identified through the Pequonnock Fault Duty Mitigation Solution Study were substantially reduced as a result of the current collaborative and iterative process. Cost estimates for the regulated transmission alternatives originally identified in early 2011 to address these needs ranged between $127 million to $192 million. Based on further feedback from ISO-NE, United Illuminating considered the effectiveness of: (a) adding an intentional delay to the breaker fault clearing times to allow short-circuit levels to decay to acceptable levels, and (b) making related improvements, e.g. a control house expansion, bus system upgrades, etc. The cost of these related improvements is estimated at approximately $32 million.

Q. Please summarize some of the benefits of the transmission projects developed through the current planning process.

A. Customers in New England have benefited from the transmission investment resulting from the current planning process by realizing more reliable service and less congestion at reasonable costs. Despite the inherent difficulties of quantifying all the benefits transmission upgrades produce, a number of indicators show that customers are well served.

For example, the ISO-NE External Market Monitor's yearly reports show that the level of congestion cost (as reflected in the congestion component of the location based marginal clearing prices for energy) has fallen over 93 percent since 2005. In addition, daily reliability payments (required to cover out-of-merit operation costs of generators dispatched for reliability)[1] have fallen 75 percent over the same period:

1. The "Daily Reliability Payments" cover costs associated with the provision of first contingency protection, local second contingency protection, special constraint resources, and voltage support. Additional reductions in payments associated with Reliability Must Run ("RMR") Agreements (from $241 million in 2005 to $1 million in 2011) are not included in this data.

Table 1

	2005	2011	Change	Percent Change
Congestion ($M)	266	18	-248	-93%
Daily Reliability Payments($M)	287	73	-214	-75%
Total ($M)	553	91	**-462**	**-84%**

These savings in congestion and daily reliability payments will continue to benefit customers over the life of the projects.

The reason for these savings and improvements has not escaped the market monitor's attention. The 2010 report of the ISO-NE External Market Monitor noted that:

> Overall commitment for local reliability declined in New England by more than 90 percent from 2008 to 2010 due to substantially reduced commitment in Lower Southeast Massachusetts, Connecticut, and Boston. *These reductions were primarily due to transmission upgrades in these areas*…which have reduced the need to commit generation for reliability.[2]

Transmission upgrades installed for the purpose of maintaining reliability – a benefit that is difficult to quantify – also often provide tangible consumer benefits by reducing congestion and other costs to customers. In addition to the evidence discussed above, ISO-NE's 2010 Annual Markets Report reported that total

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2. Potomac Economics, External Market Monitor of ISO-NE, 2010 Assessment of the Electricity Markets in New England, at 97 (*emphasis added*), available at http://www.iso-ne.com/markets/mktmonmit/rpts/ind_mkt_advsr/isone_2010_immu_rpt_drft_final_june_11.pdf.

congestion revenue in the Financial Transmission Rights market dropped dramatically in 2009 after the completion of transmission projects in southwestern Connecticut and Boston.[3]

Q. Have federal regulators recognized the benefits of New England transmission upgrades developed through the current planning process?

A. Yes. As a result of the investment in transmission projects resulting from the collaboration among ISO-NE, the NETOs, and stakeholders under the current regional planning process, congestion in the region has been significantly reduced. In 2006 the U.S. Department of Energy ("DOE") identified New England as a "Congestion Area of Concern" due to high electricity price differentials across the region and congestion-related reliability problems in Boston, southwest Connecticut, and other sub-areas. According to a 2009 DOE study summarizing the amounts of congestion throughout the Eastern Interconnection, the New England transmission system has experienced substantially reduced transmission congestion in the years following that designation. The DOE study noted the region's "multi-faceted approach" that spurred investment in new supply and demand-side resources and the planning and development of extensive transmission upgrades. As a result, DOE removed

[3] ISO-NE, 2010 Annual Markets Report, June 3, 2011, at 85 available at http://www.iso-ne.com/markets/mkt_anlys_rpts/annl_mkt_rpts/2010/index.html.

New England as an "Area of Concern" for the identification of National Interest Electric Transmission Corridors.[4]

Q. Are there other benefits of the transmission projects developed through the current planning process?

A. Yes. Although the projects built to date have not been designed specifically to address public policy needs, these projects do provide public policy benefits. Generators in certain load pockets may have high nitrogen oxide, sulfur dioxide, or carbon dioxide emissions. The 2011 ISO-NE Regional System Plan notes that for over ten years, the region's average marginal emission rates for sulfur dioxide, nitrogen oxides, and carbon dioxide have been declining. ISO-NE attributes these declines to several factors, including new transmission upgrades that have allowed for the economic dispatch of natural-gas-fired generators in the region having lower emissions than older generating units. Compared with 1999, the 2009 average emission rate for sulfur dioxide has declined by 71 percent; the rate for nitrous oxides by 66 percent; and the rate for carbon dioxide by 18 percent, respectively.[5] An example of these benefits can be seen in the Norwalk-Stamford area of Connecticut. The southwest Connecticut projects listed in Figure 1 have eliminated the need to rely on high emission generation in this load pocket. The

[4] *See* 2009 National Electric Transmission Congestion Study (DOE, Dec. 2009), at 52, available at http://www.congestion09.anl.gov/documents/docs/Congestion_Study_2009.pdf.

[5] *See* ISO New England, 2011 Regional System Plan, at 10 (Oct. 21, 2011) available at http://www.iso-ne.com/trans/rsp/2011/rsp11_final_102111.doc .

region-wide trend noted in the Regional System Plan is also true in Connecticut, as noted in the 2012 Integrated Resource Plan for Connecticut issued by the Connecticut Department of Energy and Environmental Protection, which also highlights considerable emissions reductions.[6]

III. Impact of Order No. 1000 on Existing Planning Process

Q. In Section I above you described the existing planning process used in New England and in Section II you describe the highly successful results of using that process. Do the NETOs envision that changes to the existing process will occur if they are required to participate in a process that eliminates the NETOs' right to build under the TOA?

A. Yes. The process that would result from elimination of the TOA right to build involves entities separately developing and then presenting their own proposed solutions, which the ISO would then be required to weigh against each other. This is a closed and inflexible process relative to what occurs in New England today. For example, much of the detailed information and analysis that the NETOs create and make publicly available during the current planning process represents their intellectual property that is used to develop, evaluate and then choose the best solutions. The NETOs would now have to use this same expertise

[6] *See* Connecticut Dep't of Energy and Environmental Protection, 2012 Integrated Resource Plan for Connecticut, at ii, 25-26 (June 14, 2012) available at http://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/cb827b1ffa58b2fd85257a1d0060c374/$FILE/2012%20Integrated%20Resource%20Plan.pdf.

and work product for their own proposals alone. The NETOs have historically operated under the assumption that they will volunteer their relevant data and analysis to support an open and transparent formulation and evaluation of potential solutions, but this is not what would occur if the NETOs must compete with each other and with third parties to be selected in the regional planning process. The dueling submission process that would result from elimination of the right to build provision in the TOA would therefore represent a significant change, and one that is less transparent, includes less collaboration, and is likely to prevent the kind of iteration that produces an optimal solution. The Commission is changing the incentives at work in New England. Moreover, there is a free-rider issue here. To the extent that new entrants present cost projections for their projects that do not include the costs inherent in maintaining a planning staff and doing the kind of detailed planning work that is necessary to get to a final, optimal solution, they will be leaning on the expertise of the NETOs and be subsidized by costs the NETOs expend to make the process successful.

For these reasons, we are concerned that the dueling submission process associated with elimination of the right to build provision in the TOA could undermine the successful open collaboration that is currently used to evaluate potential solutions to identified needs in a rigorous and comprehensive manner. It might also reduce the level of comfort that the PAC and other stakeholders would have in the outcome because so much more of the analysis would be done privately and be subject to review only by ISO-NE. If the Commission imposes

on New England a process that results in less sharing of information and less iterative analysis, ISO-NE also would have less information to rely upon in making its determinations and the opportunity for the PAC to meaningfully evaluate the work that supports ISO-NE's decisions would be reduced.

Q. Would ISO-NE be able to step into the role performed by the NETOs in evaluating alternative solutions?

A. This would be a serious problem. Much of the knowledge and experience that would be required for ISO-NE to choose from among potential solutions to transmission needs would be based on the NETOs' knowledge of the details of their own systems, local conditions and relationships with local authorities. At a minimum, duplicating this expertise would be very expensive, and substantial doubts exist that it could be duplicated at all. For example, a lot of the work, especially at the Planned project stage of the process, involves understanding substation layouts and detailed land use and environmental information about specific routes. This information is critical to the viability of the cost estimates that are provided to the ISO and to the selection of the best solution to an identified need. It would be a mistake for anyone to believe that choosing the optimal solution to an identified Need involves only desktop analysis. In addition, the dueling submission process would almost guarantee that the ISO would have to hire substantially more planning staff to review dueling transmission proposals independently, thereby increasing the ISO's budget.

Q. Would a competitive process produce the same number and diversity of potential solutions to identified reliability Needs?

A. No. The dueling submission process associated with elimination of the right to build provision in the TOA would limit the ISO's review to the solutions that are developed privately and presented by competing transmission developers. The process of open collaboration among NETOs, the PAC and the ISO in which multiple potential solutions are identified as conceptual projects, and then narrowed through an iterative process of evaluation of more detail proposals (including combinations of projects) based on increasingly detailed information, would be lost because competitors will not assist each other in improving their proposals.

Q. Couldn't ISO-NE choose a proposed project by a particular sponsor and then engage in the kind of iterative process of revised solutions that you discuss?

A. No. First, ISO-NE might choose a particular proposal and then end up after the iterative process with a solution that is the one, or similar to the one, proposed by someone else. Second, the iterative process described above requires open collaboration among knowledgeable parties, including the incumbent NETOs in the relevant area. This kind of collaboration will not occur when a competitor has been selected as the party responsible for building a project. As noted above, it is counter-intuitive to believe that one competitor would suggest improvements to a project of another competitor for the same need. Also, ISO-NE would have to be

careful not to advantage one competitor over another by suggesting improvements to a competing submission.

Q. The argument is made that competition to build new projects is necessary to minimize the cost of transmission expansions. Do you agree with this contention?

A. No. In fact the opposite is more likely to be the case for several reasons. First, without the open, iterative process described above, the optimal solution from an overall cost standpoint is less likely to be selected. Second, attempting to replicate the NETOs' essential local expertise in considering optional solutions will be expensive and may fail, causing many errors to be made and dollars expended unnecessarily. Third, new entrants will have a substantially more difficult time working with local authorities because they are not recognized as the entities responsible for reliable electric service and do not have relationships with those authorities. These shortcomings will make the process of building transmission more expensive and will cause delays in completing projects, which increases costs. Finally, to the extent that a new entrant is working with a single construction firm, the benefits of competitive solicitations that the NETOs typically employ to identify the best construction firm will be lost. This is a critical aspect of reducing the cost of building transmission because most of the dollars are incurred in the construction process.

Q. Can you summarize the ways in which the process envisioned in Order 1000 after elimination of right to build provisions would affect the existing process used in New England to identify solutions to reliability needs?

A. First, the ISO would not have the benefit of open collaboration among NETO planners and other stakeholders who bring their own special knowledge of the local system. Those entities would be competitors and would have an incentive to hold back on sharing their knowledge and expertise as they do now to protect their competitive position. Second, the kind of iteration that takes place, in which a variety of different solutions are assessed as more information is brought forward over time, would not take place. Rather, the ISO would have to choose from among the projects presented to it at one point in time, and it is less likely that the optimal solution would be identified. Third, the ability of the PAC to participate and suggest options would be reduced since the process would by necessity proceed without the level of public disclosure of underlying planning analyses, options, and information about local conditions that takes place today. Fourth, the process would not be able to take into account changing information about system conditions since proposals would be submitted based on a particular snapshot in time, unless the process were truncated and repeated requests for proposals were used, which would be highly inefficient and result in substantial delays. Fifth, the process would impose much greater burdens on ISO-NE. ISO-NE would almost certainly have to increase its staffing substantially in order to perform the tasks assigned to it, and much of the localized information about the transmission system that is available to the NETOs and relied upon in choosing

the optimal solution may not be capable of duplication at the ISO. For these reasons, we believe that elimination of the existing right and obligation to build provision in the TOA with the substitution of a form of competitive solicitation process would be inferior to the process that exists today in New England.

Q. Is this issue different in New England than elsewhere?

A. Yes. New England has a particularized and highly successful planning process that has evolved based on New England's needs. The level of collaboration among the NETOs and the ISO, and with the PAC, is unique based on our experience. There is a level of transparency that we have not seen in other planning processes. To lose this collaboration and transparency, as well as requiring that NETO experts be moved to the sidelines when critical decisions are made about the best solution to an identified need, would be a step backwards. Not only would this make it less likely that the optimal solutions will emerge, but the public's trust that the best solutions were identified would decrease.

Q. Given the dense population of New England and the state and local regulatory situation, do you think that third party developers other than the NETOs will be able to site their projects even if they are chosen by the ISO?

A. We cannot testify about other parts of the country, but in New England, where available land is limited, obtaining siting approvals for transmission is extraordinarily difficult. The NETOs have a long history of working with elected and appointed officials and the communities they service to get these difficult

projects approved. These relationships are essential to obtaining siting approval and the required permits for new lines, especially those that use new rights of way or expand existing rights of way. The process combines concerns about the health effects of transmission lines, the strength of the showing of need, proof that alternatives have been considered, and outreach to elected officials and affected customers. The process especially requires a detailed understanding of the local political situation to ensure that the impacts of new lines are minimized and that local concerns are taken into account and managed effectively. In the end, success depends on the public's and regulators' recognition that the NETOs have a responsibility to ensure reliable service and compromises will have to be made to achieve this result. Equally important, missteps by entities that do not have experience working with state and local authorities in New England will increase the likelihood of substantial delays in resolving reliability problems, increasing the prospects that NERC and NPCC standards will not be met on a timely basis. Delay almost always results in higher costs as well, so the problem with obtaining siting is likely also to result in transmission being more expensive than it otherwise would be.

IV. Role of Competition in the Existing Planning Process

Q. Does the existing regional transmission planning process in New England allow for competitive proposals?

A. Yes. ISO-NE first performs a Needs Assessment which identifies system needs for reliability and market efficiency, as described in more detail in Section I. As a potential alternative to the development of backstop regulated transmission solutions, market responses to address identified system needs are reflected in ISO-NE Needs Assessments. This approach provides a competitive option in the current planning process before the solution studies begin. Market responses include investments in resources (e.g., demand-side projects, generation and distributed generation), elective transmission upgrades, and merchant transmission facilities. Market responses that are identified to the ISO and are determined by ISO-NE, in consultation with the PAC, to be sufficient to alleviate the need for a particular regulated transmission solution and are judged by the ISO to be achievable within the required time period, are reflected in the next Regional System Plan and/or in a new or updated Needs Assessment.

As noted above, ISO-NE incorporates or updates information regarding resources in Needs Assessments that have been proposed and (i) have cleared in a Forward Capacity Auction, (ii) have been selected in, and are contractually bound by, a state-sponsored request for proposals, or (iii) have a financially binding obligation pursuant to a contract. ISO-NE also incorporates or updates information

regarding any proposed merchant transmission facility or elective transmission upgrade in a Needs Assessment at a time after the studies corresponding to such facilities or upgrades are completed and a commercial operation date has been ascertained. Elective transmission upgrades that are proposed in conjunction with the interconnection of a resource are considered at the same time as the proposed resource is considered in the Needs Assessment.

Additionally, the stakeholder process is structured to encourage and solicit the open submission and discussion of ideas and suggestions regarding transmission solutions as alternatives to solutions developed by the NETOs in coordination with the ISO.

Regulated transmission solutions are only included in the Regional System Plan to the extent that such market responses do not address identified system needs in a timely manner. Even after ISO-NE has completed a solutions study and chosen a regulated transmission solution that is included in a Regional System Plan, a market response can later displace the regulated transmission solution from the plan if the ISO, at a later date determines that a market solution addresses the system need and will be achievable within the required time period.

Q. Is there a role for competition, once one or more NETOs are designated to build a regulated transmission solution included in the Regional System Plan?

A. Yes. The NETOs employ a range of approaches that rely on competition whenever the NETOs have reason to believe completion will ensure that transmission project-related costs provide value for consumers. While approaches vary somewhat across the NETOs and across individual projects, all of the NETOs in recent years have used competition to reduce the largest components of projects costs through competitive procurement of materials and equipment, bidding out for construction services, and turn-key contracts.

The NETOs often obtain materials, such as cables, breakers, transformers, wires, and related hardware through a general procurement process that addresses the utility's anticipated needs over a future period. By acquiring these materials in bulk, the transmission owners are best able to take advantage of competition in the marketplace. Certain project materials, such as those used for gas insulated substations, are more specialized and typically are acquired through a project-specific competitive solicitation.

In many cases, the NETOs utilize competitive solicitations for significant amounts of construction work in a region, either for multiple projects and applications within a given period, or for specific projects. This practice is especially prevalent where the projects (and the associated expenditures) are large, as most utilities do not attempt to self-execute the largest projects, instead looking to the competitive construction/contracting market place for these services.

The NETOs also issue competitive solicitations for turn-key agreements under which a contractor completes all the materials procurement and construction work for a project (or a component of a project such as a substation) and provides the project to the utility in a state ready to be energized. This approach is particularly useful for projects that require limited interfaces with the existing transmission system during construction.

All of these approaches are designed to ensure that transmission project costs are minimized while ensuring that contractors provide services in a manner that is consistent with the obligations of the transmission owner with the responsibility under the ISO-NE regional system plan to provide the regulated transmission solution. Among other things, the responsible transmission owner confirms that a winning qualified bidder is fully capable of performing the work safely and in compliance with applicable ISO-NE and transmission owner specifications, in a cost efficient manner which provides value to customers. In order to ensure compliance with applicable reliability requirements, the transmission owner must have oversight, review and input into the specifications, design and construction effort for any transmission assets that will connect to their existing transmission system.

Q. Can you provide examples of projects developed through the current regional planning process where the NETOs provided benefits to customers through their own competitive processes?

A. Yes. The approach used by Bangor Hydro Electric Company is typical of the NETOs. Essentially all construction work for Bangor Hydro transmission projects is outsourced to experienced vendors through a competitive contracting process. For Bangor Hydro's most recent large transmission project, the Downeast Reliability Project, a 43 mile long 115 kV line, all major construction work for both the line and the substations was competitively bid under request for proposal processes. This competitive purchasing program applied to labor and equipment for the Downeast Reliability Project as well as major materials.

Central Maine Power procured through competitive bidding a wide range of materials and services for the MPRP project discussed above. The MPRP services and materials procured through competitive bidding included overall project management services (including engineering), right of way clearing for transmission lines, transmission line construction, substation design and supply services, substation site development, and materials for transmission lines and substations to the extent not included in construction contracts.

Northeast Utilities employed turn-key competitive solicitations for the cables and installation work on the Long Island Replacement Cable ("LIRC") project. LIRC is an 11-mile replacement cable between Connecticut and Long Island. The

contractor selected by Northeast Utilities replaced the existing seven fluid-filled cables that rest on top of 11 miles of sea bed in Long Island Sound between Norwalk, Connecticut, and Northport, New York, with three state-of-the-art solid core cables that carry the same amount of power. The new cables were buried about six feet beneath the ocean floor using water jet technology to dig the trenches. These new cables will improve energy reliability and reduce environmental impacts under Long Island Sound through the use of new, advanced technology. Construction began in Fall 2007, and the cables were placed in service in July 2008. The electric cables are owned by Northeast Utilities and Long Island Power Authority.

The foregoing are only examples, rather than an exhaustive list. The competitive processes described above have been used or are in use for other significant New England transmission projects, including the NEEWS project as well as the Middletown to Norwalk project in Southwestern Connecticut.

V. Explanation of Elements of the Contingent Compliance Filing

Q. If the Commission requires the current reliability and market efficiency planning process to be altered, are there mechanisms that the New England transmission owners believe must be put in place?

A. Yes. If the Commission requires that the existing process for reliability planning in New England must be altered to comply with Order No. 1000 despite the

evidence that the existing planning process provides substantial benefits to customers, then under the Contingent Compliance Filing submitted for informational purposes by ISO-NE and the NETOs, the incumbent transmission owners would continue to have an obligation to pursue and build regulated transmission solutions for all reliability needs identified by ISO-NE as having a need date within five years of the needs report**.** To ensure that the reliability of the transmission grid is maintained and expedite the construction of transmission needed within five years, ISO-NE would not conduct a competitive solicitation process for such transmission solutions, but would continue to use the existing collaborative process. The NETOs do not support the Commission's adoption of the contingent compliance filing, but we explain here the reasons for some of its elements.

Q. Why do the NETOs believe that the Contingent Compliance Filing must have this five-year threshold?

A. Transmission projects, especially those which would be open to non-incumbent developers if the Commission finds the existing process is contrary to the public interest (despite ample evidence to the contrary), typically take six years to complete using realistic and reasonably aggressive schedules under the current planning process. If the current transmission planning process for reliability needs is modified to provide for dueling project submissions and ISO-NE evaluation of and selection from such project proposals, the period from needs identification to placing a project in service will be even longer than six years. In

that case, the region would have to rely more often on costly measures such as gap solutions or even approaches like load shedding to address reliability needs during the interim period between the year of need and the date a regulated transmission solution can be placed in service. In the meantime, New England customers will be placed at a greater reliability risk.

Q. Why is five years the proper threshold in New England?

A. While schedules vary from project to project, as a general rule of thumb, following the completion of a needs assessment, projects in New England often require two years to complete detailed planning, two years to complete the siting and permitting processes, and two years to construct. The schedule may be shortened a bit with the full support and commitment of the project proponent and all regulators needed to approve the project.

The planning process can easily take two years to substantially complete so that the project scope is known enough to move into the next stages of the project. During the planning process, the developer must review solution options, complete early engineering and environmental and constructability reviews to accurately assess the project's costs, run the technical studies needed to validate the solution, and conduct the required adverse impact review. The level of information needed in this part of the process has increased in recent years as the New England States and ISO-NE have sought improved cost estimates and have raised more questions about solution options.

The siting and permitting process often involves numerous federal, state, and local agencies and authorities. While each state's process varies, the typical siting process is usually a contested case which involves the filing of an extensive application, a discovery process, the submission of written testimony, contested hearings, and several additional steps at the end of the process (including addressing any changes proposed to the original project). Most regulatory proceedings include reviews of the need for the project, alternatives, the environmental impacts, the human impacts, route options, and construction processes. Environmental permitting processes consist of exhaustive reviews of the impacts of the preferred and alternative solutions on wetlands, cultural resources, historical resources, endangered species, and many other factors. There can be a conflict between the preferred alternative chosen by ISO-NE in the planning process and the alternative preferred by the state and federal environmental regulators. The entire process often runs more than two years from research to application preparation to application review to decision. Additional time may be needed at the end of the process to meet the requirements established by the relevant authority to proceed with construction. Projects spanning multiple states may incur even further delays, as there is no formalized siting coordination among the New England states.

Once the project proponent has received regulatory approvals, the next step involves completion of project engineering and design based upon conditions

included in the regulatory approvals. The proponent then may conduct a competitive bidding process which leads to the awarding of contracts for the materials, labor, and services needed to complete the project. It is not uncommon to complete substantial engineering before soliciting bids for construction and materials. If done in series, this process can take six to twelve months. Project construction schedules depend upon a variety of factors, including the overall scope and complexity of the project, equipment lead times, the availability of outage schedules, and the weather, and must be coordinated in a manner that does not affect system reliability. Overall, the engineering and construction phase can be expected to take up to two years or longer.

Q. Can you provide examples of transmission projects to address reliability needs identified through the current planning process that took five years or longer to place in service?

A. Yes. The Rhode Island Reliability component of the NEEWS projects shown on Figure 1 above, which consists of approximately 21 miles of new 345 kV and 115 kV lines, took over **7**years to complete, which included years of initial planning studies, needs assessment, and ISO-NE sign-off of the project, followed by 12-18 months for design and pre-engineering work, an additional 26 months for siting and permitting, and approximately 30 months after siting approval for construction.

Similarly, the period from the time the MPRP needs assessment was issued in 2007 to the scheduled date for completion of MPRP construction in early 2015 will be eight years, and this schedule could be extended further pending outcome of a number of MPRP approvals pending before the Maine Public Utilities Commission

Construction of the Bethel to Norwalk project, which entered regulatory review in July 2001, was not completed until October 2006. The Middletown to Norwalk project completed regulatory review in May 2003 and was completed and energized in December 2008. Both of these projects took more than five years to proceed from regulatory approvals to energization in addition to the time needed for the ISO to study the need and complete the associated solution study.

Q. Why have the NETOs concluded that the use of a competitive solicitation and evaluation process at the front end of the reliability planning process would add delay to the development of regulated transmission solutions?

A. First, as noted above, additional time will be needed for ISO-NE to evaluate and select among competing project proposals as compared to the consensus-based collaborative process in place in New England today. The competitive process also may lead to challenges and litigation which could further lengthen the time required to address the identified reliability needs. Whether incumbents or non-incumbents undertake a project, the proponent must allow sufficient time to work through the communications and outreach needed to ensure the project is

supported by the communities and the States. Avoidance of unnecessary steps, such as a competitive solicitation process for near-term reliability needs, will reduce schedule risks and help avoid forcing customers to assume added reliability risks or added costs for stopgap measures while receiving questionable benefits.

Q. Are you aware that some stakeholders have suggested that the use of a five-year threshold would prevent any reliability needs from being subject to competitive solicitation under the Contingent Compliance Filing?

A. Yes. We are aware that New Hampshire Transmission has developed materials suggesting that, using a five year horizon, the Greater Boston Study would not have yielded any competitively bid projects.[7]

Q. Do you agree with that conclusion?

A. No. First, any analysis based on transmission planning in New England in the past decade will not be a good predictor of future transmission planning needs. During the late 1980s and 1990s, regulatory drivers did not support sufficient investment in transmission infrastructure in New England. As ISO-NE has recognized, much of the transmission planning in the past decade has been designed to allow the region to "catch up" with needed transmission investment.

[7] *See* A4: NHT Competitive Analysis, at 5 (August 2, 2012) available at http://www.iso-ne.com/committees/comm_wkgrps/trans_comm/tariff_comm/mtrls/2012/aug1314152012/a4_nht_analysis.zip.

During this "catch up" period, it is not surprising that the "year of need" was often within five years of the date when ISO-NE identified a system need. Going forward, however, the successes of the current planning process described above will mean that the New England planning process will increasingly focus on longer-term regional needs. As such, the "year of need" for many future system reliability needs will be more than five years from the date the need is identified.

Q. Do you agree with the conclusions in the New Hampshire Transmission materials?

A. No. In response to the New Hampshire Transmission materials, we reviewed the development history of the Greater Boston Study with respect to when the "years of need", were first identified, and then applied the proposed five-year threshold at each stage of the development of the Greater Boston Study projects and determined whether at that point all, or some of, the project would have been eligible for development by nonincumbent developers under the Contingent Compliance Filing. We assume New Hampshire Transmission selected the Greater Boston Study since it has identified many reliability issues and is one of the region's more complex studies. The conclusions of New Hampshire Transmission are incorrect because they only looked at the most recent "snapshot" of the Greater Boston Study. As we will describe in greater detail, the Greater Boston Study was developed over a number of years, and the year of need for some of the Greater Boston Study projects was beyond the five-year threshold when the need of those projects were first identified.

Q. Please explain your analysis.

A. A more detailed consideration of the Greater Boston Study chronology is needed to understand the flaws in New Hampshire Transmission's conclusions. The Greater Boston Study effort had an objective of identifying the reliability-based transmission needs in the Greater Boston area while considering additional needs to: support future load growth, ensure reliability for a range of generation patterns, adhere to all applicable transmission planning standards, and address limited short-circuit margins. National Grid first undertook internal studies of potential reliability needs in the Greater Boston area in 2007 and identified at that time the year 2012 need for the additional 345 kV lines. A further recommendation of that study was for ISO-NE to initiate a regional study since the identified lines would need to interconnect to neighboring transmission owners. ISO-NE accepted this recommendation and commenced the Greater Boston Study in 2008 and gave its first presentation on the Greater Boston Study scope in May 2008.

In January 2009, the study team presented its first findings to the PAC identifying years of need in both 2013 and 2018. The majority of the 2013 needs were characterized as follows: "Loading of the 345kV transmission lines north of Boston begin to be a concern (marginal overloads for a limited number of scenarios)." The 2018 needs were characterized in general in this manner: "Results in 34 5kV transmission overloads north of Boston." ISO-NE's July 2010 needs assessment continues to reflect these 2013 and 2018 years of need. When

the first needs assessment arising out of the Greater Boston Study was published in July 2010, the approach in the Contingent Compliance Filing would have categorized some elements (with a 2018 year of need) as eligible for development by nonincumbent developers and allocated others (with a 2013 year of need) for development via the current processes (i.e., by incumbent transmission owners only).

Q. Why did the New Hampshire Transmission materials not reflect this 2018 year of need?

A. After the July 2010 needs assessment, ISO-NE further refined the Greater Boston Study need dates to associate with a 'critical load level' and the study team also had to revise need dates to account for generation retirements, (i.e., the retirement of Salem Harbor generation) which resulted in earlier years of need for the Greater Boston Study projects. These shortened "years of need" are the ones that New Hampshire Transmission addressed in their materials. If the "year of need" for a reliability need was initially beyond the five-year threshold under the approach in the Contingent Compliance Filing and the "year of need" later was accelerated due to changes in system conditions, the ISO would determine whether sufficient progress has been made in the competitive process for the plan elements that originally has a year of need beyond the five-year threshold. ISO-NE would then determine to address the elements with an accelerated year of need via the current process which relies on the obligation of the NETOs to build transmission projects when designated by ISO-NE.

Q. Are there other flaws in the New Hampshire Transmission materials?

A. Yes. New Hampshire Transmission's materials suggest that "Incumbents have already missed 42 of 48 Year of Need's for Greater Boston without the ISO-NE taking emergency actions." This assertion mixes operational results with the drivers of transmission planning. Planning standards and criteria must factor in contingencies that may not occur every year on every facility, but do occur with some frequency over time throughout the interconnected transmission system. These planning standards and criteria allow for development of a system that provides system operators with an ability to handle variations in dispatch and system conditions that may arise. The fact that the generation conditions combined with line/element outages that would cause significant overloads on the transmission system absent load shedding or other emergency measures have not occurred does not eliminate the fact that there is a near-term system need. In light of such near-term system needs, it would be contrary to the interest of customers to impose a competitive solicitation process for reliability planning in New England, especially in light of the demonstrable success of the current planning process.

VI. Split between Regional and Local Transmission Facilities

Q. What is the basis for the regional cost allocation methodology for reliability and market efficiency transmission upgrades?

A. The costs of reliability and market efficiency transmission upgrades are allocated regionally if they meet the definition of PTF facilities.

Q. Please describe the existing split between PTF and non-PTF facilities.

A. In New England, PTF are considered regional transmission facilities and non-PTF are considered local transmission facilities. PTF was historically defined as transmission facilities in the New England region rated at 69 kV and above that are required for energy from significant power sources to move freely on the New England transmission grid. The definition of PTF also includes non-voltage criteria. For transmission facilities that are upgrades, modifications or additions, to the New England transmission system on and after January 2004, only those that are rated 115kV or above and otherwise meet the non-voltage criteria specified in the ISO-NE OATT are classified as PTF. Transmission facilities that meet the voltage criterion but that are needed to serve local load only and thus contribute little or no parallel capability to the interconnected transmission system are excluded from the PTF definition and considered non-PTF. Similarly, the PTF definition also excludes generator leads and transmission facilities that interconnect non-PTF facilities to PTF facilities. Precise definitions distinguishing PTF from non-PTF are contained in Section II.49 and Attachment

F of the ISO-NE OATT. The PTF system has long been recognized in New England as the "highway" benefitting the entire region while non-PTF facilities are considered the "byways" serving local transmission needs.

Q. Please summarize the history of this regional and local transmission facility split in New England.

A. The New England region's longstanding practice has been to distinguish between PTF and non-PTF for purposes of defining regional and local transmission rates and services. Since the Commission's acceptance of the first regional open access transmission tariff in New England in 1997, the ISO-NE OATT and its predecessor, the NEPOOL Tariff, have had terms, conditions and rates in place for regional network transmission service over New England's PTF facilities. Since that time, the costs of such facilities have been allocated to network transmission load in the entire region, based on load ratio share. Under Schedule 21 of the ISO-NE OATT, the rates, terms and conditions of local transmission service over non-PTF and lower voltage transmission facilities is governed by individual PTOs and allocated to their respective local loads.

Q. How does this split reflect operational distinctions in New England?

A. The PTF and Non-PTF split also reflects operational distinctions in New England. For example, under the TOA between ISO-NE and the NETOs, ISO-NE has operating authority over the transmission facilities of the NETOs. However, there are limitations on that authority related to "Category B" facilities owned by the

NETOs. Category B facilities as defined under the TOA closely coincide with the definition of non-PTF under the ISO-NE OATT. Similarly, the regional system planning process under Attachment K of the ISO-NE OATT follows the same distinctions. The regional system planning process is conducted by ISO-NE to address the needs of the PTF. In contrast, the local system planning process or "LSP" process in Appendix 1 of Attachment K is designed to address the needs of the non-PTF. Under the LSP, each PTO individually addresses the local needs of its respective non-PTF system through the stakeholder process.

Q. Does this conclude your testimony?

A. Yes, it does.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ISO New England, Inc.	)	**Docket No. ER13-____**
PTO Administrative Committee	)	
	)	

DECLARATION OF WITNESS

I, Carol Sedewitz, declare under penalty of perjury that the statements contained in the Prepared Direct Testimony of David Boguslawski and Carol Sedewitz in this proceeding are true and correct to the best of my knowledge, information, and belief.

Executed on this 24th day of October, 2012.

Carol Sedewitz

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ISO New England, Inc.	)	**Docket No. ER13-____**
PTO Administrative Committee	)	
	)	

DECLARATION OF WITNESS

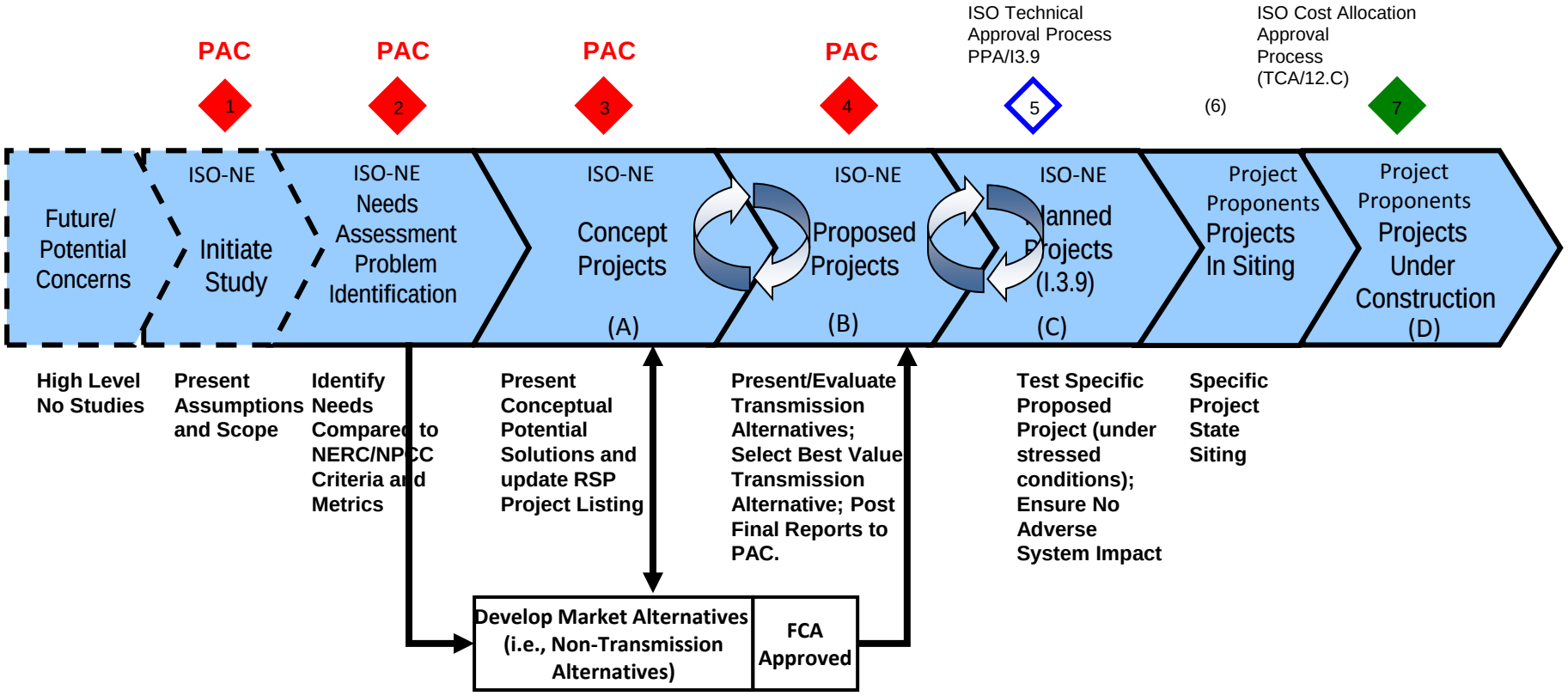
I, David Boguslawski, declare under penalty of perjury that the statements contained in the Prepared Direct Testimony of David Boguslawski and Carol Sedewitz in this proceeding are true and correct to the best of my knowledge, information, and belief.

Executed on this 25 day of October, 2012.

David Boguslawski

NETO-1

Reliability Projects
Transmission System Planning Process



Project cost estimates get refined as more detailed engineering is completed.
(A) -50% to 200%
(B) -25% to 50%
(C) -25% to 25%
(D) -10% to 10%

Project development review from ISO-NE Planning Advisory Committee (PAC)

Technical approval from ISO-NE for specific project

Cost allocation determination and approval from ISO-NE for specific project

(Note: cost allocation can be done any time after 5)

Primary Version - Marked

I.2 Rules of Construction; Definitions

I.2.1. Rules of Construction:

In this Tariff, unless otherwise provided herein:

(a) words denoting the singular include the plural and vice versa;

(b) words denoting a gender include all genders;

(c) references to a particular part, clause, section, paragraph, article, exhibit, schedule, appendix or other attachment shall be a reference to a part, clause, section, paragraph, or article of, or an exhibit, schedule, appendix or other attachment to, this Tariff;

(d) the exhibits, schedules and appendices attached hereto are incorporated herein by reference and shall be construed with an as an integral part of this Tariff to the same extent as if they were set forth verbatim herein;

(e) a reference to any statute, regulation, proclamation, ordinance or law includes all statutes, regulations, proclamations, amendments, ordinances or laws varying, consolidating or replacing the same from time to time, and a reference to a statute includes all regulations, policies, protocols, codes, proclamations and ordinances issued or otherwise applicable under that statute unless, in any such case, otherwise expressly provided in any such statute or in this Tariff;

(f) a reference to a particular section, paragraph or other part of a particular statute shall be deemed to be a reference to any other section, paragraph or other part substituted therefor from time to time;

(g) a definition of or reference to any document, instrument or agreement includes any amendment or supplement to, or restatement, replacement, modification or novation of, any such document, instrument or agreement unless otherwise specified in such definition or in the context in which such reference is used;

(h) a reference to any person (as hereinafter defined) includes such person's successors and permitted assigns in that designated capacity;

(i) any reference to "days" shall mean calendar days unless "Business Days" (as hereinafter defined) are expressly specified;

(j) if the date as of which any right, option or election is exercisable, or the date upon which any amount is due and payable, is stated to be on a date or day that is not a Business Day, such right, option or election may be exercised, and such amount shall be deemed due and payable, on the next succeeding Business Day with the same effect as if the same was exercised or made on such date or day (without, in the case of any such payment, the payment or accrual of any interest or

other late payment or charge, provided such payment is made on such next succeeding Business Day);

(k) words such as "hereunder," "hereto," "hereof" and "herein" and other words of similar import shall, unless the context requires otherwise, refer to this Tariff as a whole and not to any particular article, section, subsection, paragraph or clause hereof; and a reference to "include" or "including" means including without limiting the generality of any description preceding such term, and for purposes hereof the rule of *ejusdem generis* shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned.

I.2.2. Definitions:

In this Tariff, the terms listed in this section shall be defined as described below:

Additional Resource Blackstart O&M Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Additional Resource Specified-Term Blackstart Capital Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Additional Resource Standard Blackstart Capital Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Adjusted Regulation Obligation is equal to a Market Participant's total Real-Time Load Obligation ratio share of the total amount of Regulation provided that hour, adjusted for any internal bilateral transactions for Regulation.

Administrative Costs are those costs incurred in connection with the review of Applications for transmission service and the carrying out of System Impact Studies and Facilities Studies.

Administrative Export De-List Bid is a bid that may be submitted in a Forward Capacity Auction by certain Existing Generating Capacity Resources subject to a multi-year contract to sell capacity outside of the New England Control Area during the associated Capacity Commitment Period, as described in Section III.13.1.2.3.1.4 of Market Rule 1.

Administrative Sanctions are defined in Section III.B.4.1.2 of Appendix B of Market Rule 1.

ADR Neutrals are one or more firms or individuals identified by the ISO with the advice and consent of the Participants Committee that are prepared to act as neutrals in ADR proceedings under Appendix D to Market Rule 1.

Advance is defined in Section IV.A.3.2 of the Tariff.

Affected Party, for purposes of the ISO New England Billing Policy, is defined in Section 6.3.5 of the ISO New England Billing Policy.

Affiliate is any person or entity that controls, is controlled by, or is under common control by another person or entity. For purposes of this definition, "control" means the possession, directly or indirectly, of the authority to direct the management or policies of an entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

AGC is automatic generation control.

Allocated Assessment is a Covered Entity's right to seek and obtain payment and recovery of its share in any shortfall payments under Section 3.3 or Section 3.4 of the ISO New England Billing Policy.

Alternative Capacity Price Rule is a rule potentially affecting Capacity Clearing Prices in a Forward Capacity Auction, as described in Section III.13.2.7.8 of Market Rule 1.

Alternative Dispute Resolution (ADR) is the procedure set forth in Appendix D to Market Rule 1.

Alternative Technologies Regulation Pilot Program is the pilot described in Appendix J to Market Rule 1.

Amount Interrupted is, for purposes of the Load Response Program, the calculated difference between the Customer Baseline and the actual customer load. For generating assets, metered at the generator output, the Amount Interrupted is the generator output.

Ancillary Services are those services that are necessary to support the transmission of electric capacity and energy from resources to loads while maintaining reliable operation of the New England Transmission System in accordance with Good Utility Practice.

Announced Schedule 1 EA Amount, Announced Schedule 2 EA Amount, Announced Schedule 3 EA Amount are defined in Section IV.B.2.2 of the Tariff.

Annual Transmission Revenue Requirements are the annual revenue requirements of a PTO's PTF or of all PTOs' PTF for purposes of the OATT shall be the amount determined in accordance with Attachment F to the OATT.

Annualized FCA Payment is used to determine a resource's availability penalties and is calculated in accordance with Section III.13.7.2.7.1.2(b) of Market Rule 1.

Applicants, for the purposes of the ISO New England Financial Assurance Policy, are entities applying for Market Participant status or for transmission service from the ISO.

Application is a written request by an Eligible Customer for transmission service pursuant to the provisions of the OATT.

APR-1 means the first of three Alternative Capacity Price Rule mechanisms described in Section III.13.2.7.8.

APR-2 means the second of three Alternative Capacity Price Rule mechanisms described in Section III.13.2.7.8.

APR-3 means the third of three Alternative Capacity Price Rule mechanisms described in Section III.13.2.7.8.

Asset is a generating unit, interruptible load, demand response resource or load asset.

Asset Registration Process is the ISO business process for registering a physical load, generator, or tie-line for settlement purposes. The Asset Registration Process is posted on the ISO's website.

Asset Related Demand is a physical load that has been discretely modeled within the ISO's dispatch and settlement systems, settles at a Node and, except for pumped storage load, is made up of one or more individual end-use metered customers receiving service from the same point or points of electrical supply, with an aggregate average hourly load of 1 MW or greater during the 12 months preceding its registration.

Asset Related Demand Bid Block-Hours are Block-Hours assigned to the Lead Market Participant for each Asset Related Demand bid. The daily bid Blocks in the price-based Real-Time bid will be multiplied by the number of hours in the day to determine the daily quantity of Asset Related Demand Bid Block-Hours. In the case that a Resource has a Real-Time unit status of "unavailable" for an entire day, that day will not contribute to the quantity of Asset Related Demand Bid Block-Hours. However, if the Resource has at least one hour of the day with a unit status of "available," the entire day will contribute to the quantity of Asset Related Demand Bid Block-Hours.

Asset-Specific Going Forward Costs are the net risk-adjusted going forward costs of an asset that is part of an Existing Generating Capacity Resource, calculated for the asset in the same manner as the net-risk adjusted going forward costs of Existing Generating Capacity Resources as described in Section III.13.1.2.3.2.1.2.

Assigned Meter Reader reports to the ISO the hourly and monthly MWh associated with the Asset. These MWh are used for settlement. The Assigned Meter Reader may designate an agent to help fulfill its Assigned Meter Reader responsibilities; however, the Assigned Meter Reader remains functionally responsible to the ISO.

Auction Revenue Right (ARR) is a right to receive FTR Auction Revenues in accordance with Appendix C of Market Rule 1.

Auction Revenue Right Allocation (ARR Allocation) is defined in Section 1 of Appendix C of Market Rule 1.

Auction Revenue Right Holder (ARR Holder) is an entity which is the record holder of an Auction Revenue Right (excluding an Incremental ARR) in the register maintained by the ISO.

Authorized Commission is defined in Section 3.3 of the ISO New England Information Policy.

Authorized Person is defined in Section 3.3 of the ISO New England Information Policy.

Automatic Response Rate is the response rate, in MW/Minute, at which a Market Participant is willing to have a generating unit change its output while providing Regulation between the Regulation High Limit and Regulation Low Limit.

Average Hourly Load Reduction is either: (i) the sum of the Demand Resource's electrical energy reduction during Demand Resource On-Peak Hours in the month divided by the number of Demand Resource On-Peak Hours in the month; (ii) the sum of the Demand Resource's electrical energy reduction during Demand Resource Seasonal Peak Hours in the month divided by the number of Demand Resource Seasonal Peak Hours in the month; (iii) the sum of a Critical Peak Demand Resource's electrical energy reduction during Demand Resource Critical Peak Hours in the month for that resource divided by the number of Demand Resource Critical Peak Hours less 30 minutes for each set of consecutive Real-Time Demand Resource Dispatch Hours within the same Operating Day in the month for that resource; or (iv) in each Real-Time Demand Response Event Hour, the sum of the baseline electrical energy consumption less the sum of the actual electrical energy consumption of all of the Real-Time Demand Response Assets associated with the Real-Time Demand Response Resource as registered with the ISO as of the first day of the month; or (v) in each Real-Time Emergency Generation Event Hour, the sum of the baseline electrical energy consumption less the sum of the actual electrical energy consumption of all of the Real-Time Emergency Generation Assets associated with the Real-time Emergency Generation Resource as registered with the ISO as of the first day of the month. The Demand Resource's electrical energy reduction and Average Hourly Load Reduction shall be determined consistent with the Demand Resource's Measurement and Verification Plan, which shall be reviewed by the ISO to ensure consistency with the measurement and verification requirements, as described in Section III.13.1.4.3 of Market Rule 1 and the ISO New England Manuals.

Average Hourly Output is either: (i) the sum of the Demand Resource's electrical energy output during Demand Resource On-Peak Hours in the month divided by the number of Demand Resource On-Peak Hours in the month; (ii) the sum of the Demand Resource's electrical energy output during Demand Resource Seasonal Peak Hours in the month divided by the number of Demand Resource Seasonal Peak Hours in the month; (iii) the sum of a Critical Peak Demand Resource's electrical energy output during Demand Resource Critical Peak Hours in the month for that resource divided by the number of Demand Resource Critical Peak Hours for that resource less 30 minutes for each set of consecutive Real-Time

Demand Resource Dispatch Hours within the same Operating Day in the month for that resource; or (iv) in each Real-Time Demand Response Event Hour or Real-Time Emergency Generation Event Hour, the sum of the electrical energy output of all of the Real-Time Demand Response Assets or Real-Time Emergency Generation Assets associated with the Real-Time Demand Response Resource or Real-Time Emergency Generation Resource as registered with the ISO as of the first day of the month. Electrical energy output and Average Hourly Output shall be determined consistent with the Demand Resource's Measurement and Verification Plan, which shall be reviewed by the ISO to ensure consistency with the measurement and verification requirements, as described in Section III.13.1.4.3 of Market Rule 1 and the ISO New England Manuals.

Average Monthly PER is calculated in accordance with Section III.13.7.2.7.1.1.2(a) of Market Rule 1.

Bankruptcy Code is the United States Bankruptcy Code.

Bankruptcy Event occurs when a Covered Entity files a voluntary or involuntary petition in bankruptcy or commences a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against such Covered Entity as debtor.

Bilateral Contract (BC) is any of the following types of contracts: Internal Bilateral for Load, Internal Bilateral for Market for Energy, and External Transactions.

Bilateral Contract Block-Hours are Block-Hours assigned to the seller and purchaser of an Internal Bilateral for Load, Internal Bilateral for Market for Energy and External Transactions; provided, however, that only those contracts which apply to the Real-Time Energy Market will accrue Block-Hours.

Blackstart Capability Test is the test, required by ISO New England Operating Documents, of a resource's capability to provide Blackstart Service.

Blackstart Capital Payment is the annual compensation, as calculated pursuant to Section 5.1, or as referred to in Section 5.2, of Schedule 16 to the OATT, for a Designated Blackstart Resource's Blackstart Equipment capital costs associated with the provision of Blackstart Service (excluding the capital costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Blackstart CIP Capital Payment is the annual compensation level, as calculated pursuant to Section 5.1 utilizing data from Table 6 of Appendix A to this Schedule 16, or as referred to in Section 5.2, of Schedule 16 to the OATT, for a Blackstart Station's costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service.

Blackstart CIP O&M Payment is the annual compensation level, as calculated pursuant to Section 5.1 of Schedule 16 to the OATT, utilizing data from Table 6 of Appendix A to this Schedule 16, for a Blackstart Station's operating and maintenance costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of the provision of Blackstart Service.

Blackstart Equipment is any equipment that is solely necessary to enable the Designated Blackstart Resource to provide Blackstart Service and is not required to provide other products or services under the Tariff.

Blackstart O&M Payment is the annual compensation, as calculated pursuant to Section 5.1 of Schedule 16 to the OATT, for a Designated Blackstart Resource's operating and maintenance costs associated with the provision of Blackstart Service (except for operating and maintenance costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Blackstart Owner is the Market Participant who is authorized on behalf of the Generator Owner(s) to offer or operate the resource as a Designated Blackstart Resource and is authorized to commit the resource to provide Blackstart Service.

Blackstart Service is the Ancillary Service described in Section II.47 of the Tariff and Schedule 16 of the OATT, which also encompasses "System Restoration and Planning Service" under the predecessor version of Schedule 16.

Blackstart Service Commitment is the commitment by a Blackstart Owner for its resource to provide Blackstart Service and the acceptance of that commitment by the ISO, in the manner detailed in ISO New England Operating Procedure No. 11 – Designated Blackstart Resource Administration (OP 11), and which includes a commitment to provide Blackstart Service under a "Signature Page for Schedule 16 of the NEPOOL OATT" that was executed and in effect prior to January 1, 2013 for Category A Designated Blackstart Resources or a commitment to provide Blackstart Service established under Operating

Procedure 11 – Designated Blackstart Resource Administration (OP11) for Category B Designated Blackstart Resources.

Blackstart Service Minimum Criteria are the minimum criteria that a Blackstart Owner and its resource must meet in order to establish and maintain a resource as a Designated Blackstart Resource.

Blackstart Standard Rate Payment is the formulaic rate of monthly compensation, as calculated pursuant to Section 5 of Schedule 16 to the OATT, paid to a Blackstart Owner for the provision of Blackstart Service from a Designated Blackstart Resource.

Blackstart Station is comprised of (i) a single Designated Blackstart Resource or (ii) two or more Designated Blackstart Resources that share Blackstart Equipment.

Blackstart Station-specific Rate Payment is the Commission-approved compensation, as calculated pursuant to Section 5.2 of Schedule 16 to the OATT, paid to a Blackstart Owner on a monthly basis for the provision of Blackstart Service by Designated Blackstart Resources located at a specific Blackstart Station.

Blackstart Station-specific Rate Capital Payment is a component of the Blackstart Station-specific Rate Payment that reflects a Blackstart Station's capital Blackstart Equipment costs associated with the provision of Blackstart Service (excluding the capital costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Blackstart Station-specific Rate CIP Capital Payment is a component of the Blackstart Station-specific Rate Payment that reflects a Blackstart Station's capital costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service.

Block is defined as follows: (1) With respect to Bilateral Contracts, a Bilateral Contract administered by the ISO for an hour; (2) with respect to Supply Offers administered by the ISO, a quantity with a related price for Energy (Supply Offers for Energy may contain multiple sets of quantity and price pairs for the day); (3) with respect to Demand Bids administered by the ISO, a quantity with a related price for Energy (Demand Bids for Energy may contain multiple sets of quantity and price pairs for the each hour); (4) with respect to Increment Offers administered by the ISO, a quantity with a related price for Energy (Increment Offers for Energy may contain multiple sets of quantity and price pairs for each hour); (5)

with respect to Decrement Bids administered by the ISO, a quantity with a related price for Energy (Decrement Bids for Energy may contain multiple sets of quantity and price pairs for each hour); and (6) with respect to Asset Related Demand bids administered by the ISO, a quantity with a related price for Energy (Asset Related Demand bids may contain multiple sets of quantity and price pairs for each hour).

Block-Hours are the number of Blocks administered for a particular hour.

Budget and Finance Subcommittee is a subcommittee of the Participants Committee, the responsibilities of which are specified in Section 8.4 of the Participants Agreement.

Business Day is any day other than a Saturday or Sunday or ISO holidays as posted by the ISO on its website.

Cancellation Fee is defined in Section III.1.10.2(d).

Cancelled Start Credit is a credit calculated pursuant to Section III.F.2.5 of Appendix F to Market Rule 1 as the NCPC Credit due to each Market Participant for pool-scheduled generating Resources that were scheduled by the ISO to start after the close of the Day-Ahead Energy Market and that were cancelled by the ISO prior to their assigned commitment time.

Capability Year means a year's period beginning on June 1 and ending May 31.

Capacity Acquiring Resource is a resource that is seeking to acquire a Capacity Supply Obligation through a Capacity Supply Obligation Bilateral, as described in Section III.13.5.1 of Market Rule 1.

Capacity Capability Interconnection Standard has the meaning specified in Schedule 22 and Schedule 23 of the OATT.

Capacity Carried Forward Due to Rationing is described in Section III.13.2.7.8.2.1(c)(b)(ii) of Market Rule 1.

Capacity Clearing Price is the clearing price for a Capacity Zone for a Capacity Commitment Period resulting from the Forward Capacity Auction conducted for that Capacity Commitment Period, as determined in accordance with Section III.13.2.7 of Market Rule 1.

Capacity Clearing Price Floor is described in Section III.13.2.7.

Capacity Commitment Period is the one-year period from June 1 through May 31 for which obligations are assumed and payments are made in the Forward Capacity Market.

Capacity Cost (CC) is one of four forms of compensation that may be paid to resources providing VAR Service under Schedule 2 of the OATT.

Capacity Export Through Import Constrained Zone Transaction is defined in Section III.1.10.7(f)(i) of Market Rule 1.

Capacity Load Obligation is the quantity of capacity for which a Market Participant is financially responsible, equal to that Market Participant's Capacity Requirement (if any) adjusted to account for any relevant Capacity Load Obligation Bilaterals, as described in Section III.13.7.3.1 of Market Rule 1.

Capacity Load Obligation Acquiring Participant is a load serving entity or any other Market Participant seeking to acquire a Capacity Load Obligation through a Capacity Load Obligation Bilateral, as described in Section III.13.5.2 of Market Rule 1.

Capacity Load Obligation Bilateral is a bilateral contract through which a Market Participant may transfer all or a portion of its Capacity Load Obligation to another entity, as described in Section III.13.5 of Market Rule 1.

Capacity Load Obligation Transferring Participant is an entity that has a Capacity Load Obligation and is seeking to shed such obligation through a Capacity Load Obligation Bilateral, as described in Section III.13.5.2 of Market Rule 1.

Capacity Network Resource (CNR) is defined in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Capacity Network Resource Interconnection Service is defined in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Capacity Rationing Rule addresses whether offers and bids in a Forward Capacity Auction may be rationed, as described in Section III.13.2.6 of Market Rule 1.

Capacity Requirement is described in Section III.13.7.3.1 of Market Rule 1.

Capacity Supply Obligation is an obligation to provide capacity from a resource, or a portion thereof, to satisfy a portion of the Installed Capacity Requirement that is acquired through a Forward Capacity Auction in accordance with Section III.13.2, a reconfiguration auction in accordance with Section III.13.4, or a Capacity Supply Obligation Bilateral in accordance with Section III.13.5.1 of Market Rule 1.

Capacity Supply Obligation Bilateral is a bilateral contract through which a Market Participant may transfer all or a part of its Capacity Supply Obligation to another entity, as described in Section III.13.5.1 of Market Rule 1.

Capacity-to-Service Ratio is defined in Section III.3.2.2(h) of Market Rule 1.

Capacity Transfer Right (CTR) is a financial right that entitles the holder to the difference in the Net Regional Clearing Prices between Capacity Zones for which the transfer right is defined, in the MW amount of the holder's entitlement.

Capacity Transferring Resource is a resource that has a Capacity Supply Obligation and is seeking to shed such obligation, or a portion thereof, through a Capacity Supply Obligation Bilateral, as described in Section III.13.5.1 of Market Rule 1.

Capacity Value is the value (in kW-month) of a Demand Resource for a month determined pursuant to Section III.13.7.1.5 of Market Rule 1.

Capacity Zone is a geographic sub-region of the New England Control Area as determined in accordance with Section III.12.4 of Market Rule 1.

Capital Funding Charge (CFC) is defined in Section IV.B.2 of the Tariff.

CARL Data is Control Area reliability data submitted to the ISO to permit an assessment of the ability of an external Control Area to provide energy to the New England Control Area in support of capacity offered to the New England Control Area by that external Control Area.

Carried Forward Excess Capacity is calculated as described in Section III.13.2.7.8.2.1(c) of Market Rule 1.

Carried Forward Excess Out-of-Market Capacity is calculated as described in Section III.13.2.7.8.2.1(c)(i) of Market Rule 1.

Category A Designated Blackstart Resource is a Designated Blackstart Resource that has committed to provide Blackstart Service under a "Signature Page for Schedule 16 of the NEPOOL OATT" that was executed and in effect prior to January 1, 2013 and has not been converted to a Category B Designated Blackstart Resource.

Category B Designated Blackstart Resource is a Designated Blackstart Resource that is not a Category A Designated Blackstart Resource.

Charge is a sum of money due from a Covered Entity to the ISO, either in its individual capacity or as billing and collection agent for NEPOOL pursuant to the Participants Agreement.

CLAIM10 is the generation output level, expressed in MW, which can be reached by a Resource (from an off-line state) within 10 minutes after receiving a Dispatch Instruction or the amount of reduced consumption, expressed in MW, which can be reached by a Dispatchable Asset Related Demand within 10 minutes after receiving a Dispatch Instruction. A CLAIM10 value is required as part of a Resource's or Dispatchable Asset Related Demand's Offer Data. CLAIM10 values are established pursuant to the provisions of Section III.9.5.3.

CLAIM30 is the generation output level, expressed in MW, which can be reached by a Resource (from an off-line state) within 30 minutes after receiving a Dispatch Instruction or the amount of reduced consumption, expressed in MW, which can be reached by a Dispatchable Asset Related Demand within 30 minutes after receiving a Dispatch Instruction. A CLAIM30 value is required as part of a Resource's or Dispatchable Asset Related Demand's Offer Data. CLAIM30 values are established pursuant to the provisions of Section III.9.5.3.

CNR Capability is defined in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Coincident Peak Contribution is a Market Participant's share of the New England Control Area coincident peak demand for the prior calendar year as determined prior to the start of each power year, which reflects the sum of the prior year's annual coincident peak contributions of the customers served by the Market Participant at each Load Asset in all Load Zones. Daily Coincident Peak Contribution values shall be submitted by the Assigned Meter Reader or Host Participant by the meter reading deadline to the ISO.

Cold Weather Conditions means any calendar day when that day's Effective Temperatures are forecast to be equal to or less than zero degrees Fahrenheit for any single on-peak hour and that day's total Effective Heating Degree Days are forecast to be greater than or equal to 65.

Cold Weather Event means days when Cold Weather Conditions are forecast to exist and the Seven-Day Forecast indicates a capacity margin less than or equal to 0 MW for an Operating Day. Cold Weather Events are declared by 1100 two days prior to the Operating Day. A Cold Weather Warning will be used for all future days within the Seven-Day Forecast when a capacity margin of less than or equal to 0 MW exists, until such time that the ISO declares a Cold Weather Event.

Cold Weather Warning means days when Cold Weather Conditions are forecast to exist and the Seven-Day Forecast indicates a capacity margin less than 1,000 MW. In addition, a Cold Weather Warning will be used for all future days within the Seven-Day Forecast when a capacity margin of less than or equal to 0 MW exists for days not yet declared as a Cold Weather Event.

Cold Weather Watch means days when Cold Weather Conditions are forecast to exist and the Seven-Day Forecast indicates a capacity margin greater than or equal to 1,000 MW.

Commercial Capacity, for the purposes of the ISO New England Financial Assurance Policy, is defined in Section VII.A of that policy.

Commission is the Federal Energy Regulatory Commission.

Common Costs are those costs associated with a Station that are avoided only by (1) the clearing of the Static De-List Bids or the Permanent De-List Bids of all the Existing Generating Capacity Resources comprising the Station; or (2) the acceptance of a Non-Price Retirement Request of the Station.

Completed Application is an Application that satisfies all of the information and other requirements of the OATT, including any required deposit.

Compliance Effective Date is the date upon which the changes in the predecessor NEPOOL Open Access Transmission Tariff which have been reflected herein to comply with the Commission's Order of April 20, 1998 became effective.

Composite FCM Transaction is a transaction for separate resources seeking to participate as a single composite resource in a Forward Capacity Auction in which multiple Designated FCM Participants provide capacity, as described in Section III.13.1.5 of Market Rule 1.

Conditional Qualified New Generating Capacity Resource is defined in Section III.13.1.1.2.3(f) of Market Rule 1.

Confidential Information is defined in Section 2.1 of the ISO New England Information Policy, which is Attachment D to the Tariff.

Confidentiality Agreement is Attachment 1 to the ISO New England Billing Policy.

Congestion is a condition of the New England Transmission System in which transmission limitations prevent unconstrained regional economic dispatch of the power system. Congestion is the condition that results in the Congestion Component of the Locational Marginal Price at one Location being different from the Congestion Component of the Locational Marginal Price at another Location during any given hour of the dispatch day in the Day-Ahead Energy Market or Real-Time Energy Market.

Congestion Component is the component of the nodal price that reflects the marginal cost of congestion at a given Node or External Node relative to the reference point. When used in connection with Zonal Price and Hub Price, the term Congestion Component refers to the Congestion Components of the nodal prices that comprise the Zonal Price and Hub Price weighted and averaged in the same way that nodal prices are weighted to determine Zonal Price and averaged to determine the Hub Price.

Congestion Cost is the cost of congestion as measured by the difference between the Congestion Components of the Locational Marginal Prices at different Locations and/or Reliability Regions on the New England Transmission System.

Congestion Paying LSE is, for the purpose of the allocation of FTR Auction Revenues to ARR Holders as provided for in Appendix C of Market Rule 1, a Market Participant or Non-Market Participant Transmission Customer that is responsible for paying for Congestion Costs as a Transmission Customer paying for Regional Network Service under the Transmission, Markets and Services Tariff, unless such Transmission Customer has transferred its obligation to supply load in accordance with ISO New England System Rules, in which case the Congestion Paying LSE shall be the Market Participant supplying the transferred load obligation. The term Congestion Paying LSE shall be deemed to include, but not be limited to, the seller of internal bilateral transactions that transfer Real-Time Load Obligations under the ISO New England System Rules.

Congestion Revenue Fund is the amount available for payment of target allocations to FTR Holders from the collection of Congestion Cost.

Congestion Shortfall means congestion payments exceed congestion charges during the weekly billing process in any billing period.

Control Agreement is the document posted on the ISO website that is required if a Market Participant's cash collateral is to be invested in BlackRock funds.

Control Area is an electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

(1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
(2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

(3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice and the criteria of the applicable regional reliability council or the North American Electric Reliability Corporation; and

(4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

Correction Limit means the date that is one hundred and one (101) calendar days from the last Operating Day of the month to which the data applied. As described in Section III.3.6.1 of Market Rule 1, this will be the period during which meter data corrections must be submitted unless they qualify for submission as a Requested Billing Adjustment under Section III.3.7 of Market Rule 1.

Cost of Energy Consumed (CEC) is one of four forms of compensation that may be paid to resources providing VAR Service under Schedule 2 of the OATT.

Cost of Energy Produced (CEP) is one of four forms of compensation that may be paid to resources providing VAR Service under Schedule 2 of the OATT.

Cost of New Entry (CONE) is determined in accordance with Section III.13.2.4 of Market Rule 1.

Counterparty means the status in which the ISO acts as the contracting party, in its name and own right and not as an agent, to an agreement or transaction with a Customer (including assignments involving Customers) involving sale to the ISO, and/or purchase from the ISO, of Regional Transmission Service and market and other products and services, and other transactions and assignments involving Customers, all as described in the Tariff.

Covered Entity is defined in the ISO New England Billing Policy.

Credit Coverage is third-party credit protection obtained by the ISO, in the form of credit insurance coverage, a performance or surety bond, or a combination thereof.

Credit Qualifying means a Rated Market Participant that has an Investment Grade Rating and an Unrated Market Participant that satisfies the Credit Threshold.

Credit Threshold consists of the conditions for Unrated Market Participants outlined in Section II.B.2 of the ISO New England Financial Assurance Policy.

Critical Energy Infrastructure Information (CEII) is defined in Section 3.0(j) of the ISO New England Information Policy, which is Attachment D to the Tariff.

Critical Peak Demand Resource is a type of Demand Resource, and means installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that reduce electrical usage during Demand Resource Critical Peak Hours or shift electrical usage from Demand Resource Critical Peak Hours to other hours and reduce the amount of capacity needed to deliver a comparable or acceptable level of service at those end-use customer facilities. Such measures include Energy Efficiency, Load Management, and Distributed Generation.

Current Ratio is, on any date, all of a Market Participant's or Non-Market Participant Transmission Customer's current assets divided by all of its current liabilities, in each case as shown on the most recent financial statements provided by such Market Participant or Non-Market Participant Transmission Customer to the ISO.

Curtailment is a reduction in the dispatch of a transaction that was scheduled, using transmission service, in response to a transfer capability shortage as a result of system reliability conditions.

Customer is a Market Participant, a Transmission Customer or another customer of the ISO.

Customer Baseline is the average aggregate hourly load, rounded to the nearest kWh, for each of the 24 hours in a day for each Load Response Program Asset participating in the Real-Time Price Response Program, and the average aggregated five-minute load, rounded to the nearest kWh, for each of the 24 hours in a day for Real-Time Demand Response Assets and Real-Time Emergency Generation Resource assets.

Data Reconciliation Process means the process by which meter reconciliation and data corrections that are discovered by Governance Participants after the Invoice has been issued for a particular month or that are discovered prior to the issuance of the Invoice for the relevant month but not included in that Invoice or in the other Invoices for that month and are reconciled by the ISO on an hourly basis based on data submitted to the ISO by the Host Participant Assigned Meter Reader or Assigned Meter Reader.

Day-Ahead is the calendar day immediately preceding the Operating Day.

Day-Ahead Adjusted Load Obligation is defined in Section III.3.2.1(a)(iii) of Market Rule 1.

Day-Ahead Congestion Revenue is defined in Section III.3.2.1(f) of Market Rule 1.

Day-Ahead Demand Reduction Obligation is a cleared Demand Reduction Offer multiplied by one plus the percent average avoided peak distribution losses.

Day-Ahead Energy Market means the schedule of commitments for the purchase or sale of energy, payment of Congestion Costs, and payment for losses developed by the ISO as a result of the offers and specifications submitted in accordance with Section III.1.10 of Market Rule 1.

Day-Ahead Energy Market Congestion Charge/Credit is defined in Section III.3.2.1(d) of Market Rule 1.

Day-Ahead Energy Market Energy Charge/Credit is defined in Section III.3.2.1(d) of Market Rule 1.

Day-Ahead Energy Market Loss Charge/Credit is defined in Section III.3.2.1(d) of Market Rule 1.

Day-Ahead Generation Obligation is defined in Section III.3.2.1(a)(ii) of Market Rule 1.

Day-Ahead Load Obligation is defined in Section III.3.2.1(a)(i) of Market Rule 1.

Day-Ahead Load Response Program provides a Day-Ahead aspect to the Load Response Program. The Day-Ahead Load Response Program allows Market Participants with registered Load Response Program Assets to make energy reduction offers into the Day-Ahead Load Response Program concurrent with the Day-Ahead Energy Market.

Day-Ahead Locational Adjusted Net Interchange is defined in Section III.3.2.1(a)(iv) of Market Rule 1.

Day-Ahead Loss Charges or Credits is defined in Section III.3.2.1(h) of Market Rule 1.

Day-Ahead Loss Revenue is defined in Section III.3.2.1(g) of Market Rule 1.

Day-Ahead Prices means the Locational Marginal Prices resulting from the Day-Ahead Energy Market.

Debt-to-Total Capitalization Ratio is, on any date, a Market Participant's or Non-Market Participant Transmission Customer's total debt (including all current borrowings) divided by its total shareholders' equity plus total debt, in each case as shown on the most recent financial statements provided by such Market Participant or Non-Market Participant Transmission Customer to the ISO.

Decrement Bid means a bid to purchase energy at a specified Location in the Day-Ahead Energy Market which is not associated with a physical load. An accepted Decrement Bid results in scheduled load at the specified Location in the Day-Ahead Energy Market.

Default Amount is all or any part of any amount due to be paid by any Covered Entity that the ISO, in its reasonable opinion, believes will not or has not been paid when due (other than in the case of a payment dispute for any amount due for transmission service under the OATT).

Default Period is defined in Section 3.3.h(i) of the ISO New England Billing Policy.

Delivering Party is the entity supplying capacity and/or energy to be transmitted at Point(s) of Receipt under the OATT.

Demand Bid means a request to purchase an amount of energy, at a specified Location, or an amount of energy at a specified price, that is associated with a physical load. A cleared Demand Bid in the Day-Ahead Energy Market results in scheduled load at the specified Location. Demand Bids submitted for use in the Real-Time Energy Market are specific to Dispatchable Asset Related Demands only.

Demand Bid Block-Hours are the Block-Hours assigned to the submitting Customer for each Demand Bid.

Demand Designated Entity is the entity designated by a Market Participant to receive Dispatch Instructions for Real-Time Demand Response Resources and Real-Time Emergency Generation Resources in accordance with the provisions set forth in ISO New England Operating Procedure No. 14.

Demand Reduction Offer is an offer by a Market Participant with a Real-Time Demand Response Asset to reduce demand.

Demand Reduction Threshold Price is a minimum offer price calculated pursuant to Section III.E.6.

Demand Reduction Value is the quantity of reduced demand calculated pursuant to Section III.13.7.1.5.3 of Market Rule 1.

Demand Resource is a resource defined as On-Peak Demand Resources, Seasonal Peak Demand Resources, Critical Peak Demand Resources, Real-Time Demand Response Resources, or Real-Time Emergency Generation Resources. Demand Resources are installed measures (i.e., products, equipment, systems, services, practices and/or strategies) that result in additional and verifiable reductions in end-use demand on the electricity network in the New England Control Area during Demand Resource On-Peak Hours, Demand Resource Seasonal Peak Hours, Demand Resource Critical Peak Hours, Real-Time Demand Response Event Hours, or Real-Time Emergency Generation Event Hours, respectively. A Demand Resource may include a portfolio of measures aggregated together to meet or exceed the minimum Resource size requirements of the Forward Capacity Auction.

Demand Resource Commercial Operation Audit is an audit initiated pursuant to Section III.13.6.1.5.4.4.

Demand Resource Critical Peak Hours means Demand Resource Forecast Peak Hours and Real-Time Demand Resource Dispatch Hours.

Demand Resource Financial Assurance Requirement is an amount of financial assurance required from DRP-Only Customer registering a Demand Resource in the Day-Ahead Energy Market. This amount is calculated pursuant to Section VIII.A of the ISO New England Financial Assurance Policy.

Demand Resource Forecast Peak Hours are those hours, or portions thereof, in which, absent the dispatch of Critical Peak Demand Resources and Real-Time Demand Response Resources, Dispatch Zone, Load Zone, or system-wide implementation of the action of ISO New England Operating Procedure No. 4 where the ISO would have begun to allow the depletion of Thirty-Minute Operating Reserve is forecasted in the ISO's most recent next-day forecast.

Demand Resource On-Peak Hours are hours ending 1400 through 1700, Monday through Friday on non-holidays during the months of June, July, and August and hours ending 1800 through 1900, Monday through Friday on non-holidays during the months of December and January.

Demand Resource Operable Capacity Analysis means an analysis performed by the ISO estimating the expected dispatch hours of active Demand Resources given different assumed levels of Demand Resources clearing in the primary Forward Capacity Auction.

Demand Resource Performance Incentives means the additional monthly capacity payment that a Demand Resource may earn for producing a positive Monthly Capacity Variance in a period where other Demand Resources yield a negative monthly capacity variance.

Demand Resource Performance Penalties means the reduction in the monthly capacity payment to a Demand Resource for producing a negative Monthly Capacity Variance.

Demand Resource Seasonal Peak Hours are those hours in which the actual, real-time hourly load, as measured using real-time telemetry (adjusted for transmission and distribution losses, and excluding load associated with Exports and the pumping load associated with pumped storage generators) for Monday through Friday on non-Demand Response holidays, during the months of June, July, August, December, and January, as determined by the ISO, is equal to or greater than 90% of the most recent 50/50 system peak load forecast, as determined by the ISO, for the applicable summer or winter season.

Demand Response Baseline is the expected baseline demand of an individual end-use metered customer or group of end-use metered customers or the expected output levels of the generation of an individual end-use metered customer whose asset is comprised of Distributed Generation as determined pursuant to Section III.8.

Demand Response Holiday is a holiday for which a Market Participant may not submit a Demand Reduction Offer for a Real-Time Demand Response Asset.

Designated Agent is any entity that performs actions or functions required under the OATT on behalf of the ISO, a Transmission Owner, a Schedule 20A Service Provider, an Eligible Customer, or a Transmission Customer.

Designated Blackstart Resource is a resource that meets the eligibility requirements specified in Schedule 16 of the OATT, and may be a Category A Designated Blackstart Resource or a Category B Designated Blackstart Resource.

Designated Entity is the entity designated by a Market Participant to receive Dispatch Instructions for generation and/or Dispatchable Asset Related Demand in accordance with the provisions set forth in ISO New England Operating Procedure No. 14.

Designated FCM Participant is any Lead Market Participant, including any Provisional Member or DRP-Only Customer that is a Lead Market Participant, transacting in any Forward Capacity Auction, reconfiguration auctions or Capacity Supply Obligation Bilateral for capacity that is otherwise required to provide additional financial assurance under the ISO New England Financial Assurance Policy.

Designated FTR Participant is a Market Participant, including FTR-Only Customers, transacting in the FTR Auction that is otherwise required to provide additional financial assurance under the ISO New England Financial Assurance Policy.

Desired Dispatch Point (DDP) is the Dispatch Rate expressed in megawatts.

Direct Assignment Facilities are facilities or portions of facilities that are constructed for the sole use/benefit of a particular Transmission Customer requesting service under the OATT or a Generator Owner requesting an interconnection. Direct Assignment Facilities shall be specified in a separate agreement among the ISO, Interconnection Customer and Transmission Customer, as applicable, and the Transmission Owner whose transmission system is to be modified to include and/or interconnect with the Direct Assignment Facilities, shall be subject to applicable Commission requirements, and shall be paid for by the Customer in accordance with the applicable agreement and the Tariff.

Directly Metered Assets are specifically measured by OP-18 compliant metering as currently described in Section IV (Metering and Recording for Settlements) of OP-18. Directly Metered Assets include all Tie-Line Assets, all Generator Assets, as well as some Load Assets. Load Assets for which the Host Participant is not the Assigned Meter Reader are considered Directly Metered Assets. In addition, the Host Participant Assigned Meter Reader determines which additional Load Assets are considered Directly Metered Assets and which ones are considered Profiled Load Assets based upon the Host Participant

Assigned Meter Reader reporting systems and process by which the Host Participant Assigned Meter Reader allocates non-PTF losses.

Disbursement Agreement is the Rate Design and Funds Disbursement Agreement among the PTOs, as amended and restated from time to time.

Dispatch Instruction means directions given by the ISO to Market Participants, which may include instructions to start up, shut down, raise or lower generation, curtail or restore loads from Demand Resources, change External Transactions, or change the status of a Dispatchable Asset Related Demand in accordance with the Resource's or contract's Supply Offer or Demand Bid parameters. Such instructions may also require a change to the operation of a Pool Transmission Facility. Such instructions are given through either electronic or verbal means.

Dispatch Rate means the control signal, expressed in dollars per MWh and/or megawatts, calculated and transmitted to direct the output level of each generating Resource and each Dispatchable Asset Related Demand dispatched by the ISO in accordance with the Offer Data.

Dispatch Zone means a subset of Nodes located within a Load Zone established by the ISO for each Capacity Commitment Period pursuant to Section III.13.1.4.6.1.

Dispatchable Asset Related Demand is any portion of an Asset Related Demand of a Market Participant that is capable of having its energy consumption modified in Real-Time in response to Dispatch Instructions has Electronic Dispatch Capability, and must be able to increase or decrease energy consumption between its Minimum Consumption Limit and Maximum Consumption Limit in accordance with Dispatch Instructions and must meet the technical requirements specified in the ISO New England Manuals. Pumped storage facilities may qualify as Dispatchable Asset Related Demand resources, however, such resources shall not qualify as a capacity resource for both the generating output and dispatchable pumping demand of the facility.

Dispute Representatives are defined in 6.5.c of the ISO New England Billing Policy.

Disputed Amount is a Covered Entity's disputed amount due on any fully paid monthly Invoice and/or any amount believed to be due or owed on a Remittance Advice, as defined in Section 6 of the ISO New England Billing Policy.

Disputing Party, for the purposes of the ISO New England Billing Policy, is any Covered Entity seeking to recover a Disputed Amount.

Distributed Generation means generation resources directly connected to end-use customer load and located behind the end-use customer's Retail Delivery Point for the end-use customer, which reduce the amount of energy that would otherwise have been produced by other capacity resources on the electricity network in the New England Control Area during Demand Resource On-Peak Hours, Demand Resource Seasonal Peak Hours, Demand Resource Critical Peak Hours, Real-Time Demand Response Event Hours, or Real-Time Emergency Generation Event Hours, provided that the aggregate nameplate capacity of the generation resource does not exceed 5 MW, or does not exceed the most recent annual non-coincident peak demand of the end-use metered customer at the location where the generation resource is directly connected, whichever is greater. Distributed Generation resources are not eligible for energy payments from ISO-administered energy markets. Generation resources cannot participate in the Forward Capacity Market as Demand Resources, unless they meet the definition of Distributed Generation.

Do Not Exceed Dispatch Point is a Dispatch Instruction indicating a maximum output level that a wind resource must not exceed.

DR Auditing Period is the summer DR Auditing Period or winter DR Auditing Period as defined in Section III.13.6.1.5.4.3.1.

DRP-Only Customer is a Market Participant that enrolls itself and/or one or more Demand Resources in the Load Response Program and that does not participate in other markets or programs of the New England Markets, provided, however, that a DRP-Only Customer may also be an FTR-Only Customer and/or an ODR-Only Customer. References in this Tariff to a Non-Market Participant demand response provider or similar phrases shall be deemed references to a DRP-Only Customer.

Dynamic De-List Bid is a bid that may be submitted by Existing Generating Capacity Resources, Existing Import Capacity Resources, and Existing Demand Resources in the Forward Capacity Auction at prices of 0.8 times CONE or lower, as described in Section III.13.2.3.2(d) of Market Rule 1.

EA Amount is defined in Section IV.B.2.2 of the Tariff.

Early Amortization Charge (EAC) is defined in Section IV.B.2 of the Tariff.

Early Amortization Working Capital Charge (EAWCC) is defined in Section IV.B.2 of the Tariff.

Early Payment Shortfall Funding Amount (EPSF Amount) is defined in Section IV.B.2.4 of the Tariff.

Early Payment Shortfall Funding Charge (EPSFC) is defined in Section IV.B.2 of the Tariff.

EAWW Amount is defined in Section IV.B.2.3 of the Tariff.

EBITDA-to-Interest Expense Ratio is, on any date, a Market Participant's or Non-Market Participant Transmission Customer's earnings before interest, taxes, depreciation and amortization in the most recent fiscal quarter divided by that Market Participant's or Non-Market Participant Transmission Customer's expense for interest in that fiscal quarter, in each case as shown on the most recent financial statements provided by such Market Participant or Non-Market Participant Transmission Customer to the ISO.

Economic Maximum Limit or Economic Max is the maximum available output, in MW, of a resource that a Market Participant offers to supply in the Day-Ahead Energy Market or Real-Time Energy Market, as reflected in the resource's Supply Offer. This represents the highest MW output a Market Participant has offered for a resource for economic dispatch. A Market Participant must maintain an up-to-date Economic Maximum Limit for all hours in which a resource has been offered into the Day-Ahead Energy Market or Real-Time Energy Market.

Economic Minimum Limit or Economic Min is the maximum of the following values: (i) the Emergency Minimum Limit; (ii) a level supported by environmental and/or operating permit restrictions; or (iii) a level that addresses any significant economic penalties associated with operating at lower levels that can not be adequately represented by three part bidding (Start-Up Fee, No-Load Fee and incremental energy price). In no event shall the Economic Minimum Limit submitted as part of a generating unit's Offer Data be higher than the generation level at which a generating unit's incremental heat rate is minimized (i.e., transitioning from decreasing as output increases to increasing as output increases) except that a Self-Scheduled Resource may modify its Economic Minimum Limit on an hourly basis, as part of its Supply Offer, in order to indicate the desired level of Self-Scheduled MWs.

Economic Study is defined in Section 4.1(b) of Attachment K to the OATT.

EFT is electronic funds transfer.

Effective Heating Degree Days is equal to 68 – (average of max and min Effective Temperature of the day).

Effective Temperature is equal to dry bulb temperature – [windspeed X (65-dry bulb temp)/100].

Elective Transmission Upgrade is a Transmission Upgrade that is participant-funded (i.e., voluntarily funded by an entity or entities that have agreed to pay for all of the costs of such Transmission Upgrade), and is not: (i) a Generator Interconnection Related Upgrade; (ii) a Reliability Transmission Upgrade (including a NEMA Upgrade, as appropriate); (iii) an Market Efficiency Transmission Upgrade (including a NEMA Upgrade, as appropriate); ~~or~~ (iv) initially proposed in an Elective Transmission Upgrade Application filed with the ISO in accordance with Section II.47.5 on a date after the addition or modification already has been otherwise identified in the current Regional System Plan (other than as an Elective Transmission Upgrade) in publication as of the date of that application, or (v) a Public Policy Transmission Upgrade.

Elective Transmission Upgrade Applicant is defined in Section II.47.5 of the OATT.

Electric Reliability Organization (ERO) is defined in 18 C.F.R. § 39.1.

Electronic Dispatch Capability is the ability to provide for the electronic transmission, receipt, and acknowledgment of data relative to the dispatch of generating units and Dispatchable Asset Related Demands and the ability to carry out the real-time dispatch processes from ISO issuance of Dispatch Instructions to the actual increase or decrease in output of dispatchable Resources.

Eligible Customer is: (i) Any entity that is engaged, or proposes to engage, in the wholesale or retail electric power business is an Eligible Customer under the OATT. (ii) Any electric utility (including any power marketer), Federal power marketing agency, or any other entity generating electric energy for sale or for resale is an Eligible Customer under the OATT. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal

Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Owner with which that entity is directly interconnected or the distribution company having the service territory in which that entity is located (if that entity is a retail customer) offer the unbundled transmission service or Local Delivery Service, or pursuant to a voluntary offer of such service by the Transmission Owner with which that entity is directly interconnected or the distribution company having the service territory in which that entity is located (if that entity is a retail customer). (iii) Any end user taking or eligible to take unbundled transmission service or Local Delivery Service pursuant to a state requirement that the Transmission Owner with which that end user is directly interconnected or the distribution company having the service territory in which that entity is located (if that entity is a retail customer) offer the transmission service or Local Delivery Service, or pursuant to a voluntary offer of such service by the Transmission Owner with which that end user is directly interconnected, or the distribution company having the service territory in which that entity is located (if that entity is a retail customer) is an Eligible Customer under the OATT.

Eligible FTR Bidder is an entity that has satisfied applicable financial assurance criteria, and shall not include the auctioneer, its Affiliates, and their officers, directors, employees, consultants and other representatives.

Emergency is an abnormal system condition on the bulk power systems of New England or neighboring Control Areas requiring manual or automatic action to maintain system frequency, or to prevent the involuntary loss of load, equipment damage, or tripping of system elements that could adversely affect the reliability of an electric system or the safety of persons or property; or a fuel shortage requiring departure from normal operating procedures in order to minimize the use of such scarce fuel; or a condition that requires implementation of Emergency procedures as defined in the ISO New England Manuals.

Emergency Condition means an Emergency has been declared by the ISO in accordance with the procedures set forth in the ISO New England Manuals and ISO New England Administrative Procedures.

Emergency Energy is energy transferred from one control area operator to another in an Emergency.

Emergency Minimum Limit or Emergency Min means the minimum generation amount, in MWs, that a generating unit can deliver for a limited period of time without exceeding specified limits of equipment stability and operating permits.

EMS is energy management system.

End-of-Round Price is the lowest price associated with a round of a Forward Capacity Auction, as described in Section III.13.2.3.1 of Market Rule 1.

End User Participant is defined in Section 1 of the Participants Agreement.

Energy is power produced in the form of electricity, measured in kilowatthours or megawatthours.

Energy Administration Service (EAS) is the service provided by the ISO, as described in Schedule 2 of Section IV.A of the Tariff, in order to facilitate: (1) bilateral Energy transactions; (2) self-scheduling of Energy; (3) Interchange Transactions in the Energy Market; and (4) Energy Imbalance Service under Section II of the Tariff.

Energy Component means the Locational Marginal Price at the reference point.

Energy Efficiency is installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that reduce the total amount of electrical energy needed, while delivering a comparable or improved level of end-use service. Such measures include, but are not limited to, the installation of more energy efficient lighting, motors, refrigeration, HVAC equipment and control systems, envelope measures, operations and maintenance procedures, and industrial process equipment.

Energy Imbalance Service is the form of Ancillary Service described in Schedule 4 of the OATT.

Energy Market is, collectively, the Day-Ahead Energy Market and the Real-Time Energy Market.

Energy Non-Zero Spot Market Settlement Hours are hours for which the Customer has a positive or negative Real-Time System Adjusted Net Interchange as determined by the ISO settlement process for the Energy Market.

Energy Transaction Units (Energy TUs) are the sum for the month for a Customer of Bilateral Contract Block-Hours, Demand Bid Block-Hours, Asset Related Demand Bid Block-Hours, Supply Offer Block-Hours and Energy Non-Zero Spot Market Settlement Hours.

Enrolling Participant is the Market Participant that registers Customers for the Load Response Program.

Equipment Damage Reimbursement is the compensation paid to the owner of a Designated Blackstart Resource as specified in Section 5.5 of Schedule 16 to the OATT.

Equivalent Demand Forced Outage Rate (EFORd) means the portion of time a unit is in demand, but is unavailable due to forced outages.

Estimated Capacity Load Obligation is, for the purposes of the ISO New England Financial Assurance Policy, the Capacity Requirement from the latest available month, adjusted as appropriate to account for any relevant Capacity Load Obligation Bilaterals, HQICCs, and Self-Supplied FCA Resource designations for the applicable month.

Estimated Net Regional Clearing Price (ENRCP) is calculated in accordance with Section VII.C of the ISO New England Financial Assurance Policy.

Excepted Transaction is a transaction specified in Section II.40 of the Tariff for the applicable period specified in that Section.

Exempt Real-Time Generation Obligation means that portion of a Market Participant's Real-Time Generation Obligation that is not included in the calculation of Minimum Generation Emergency Credits pursuant to Appendix F of Market Rule 1.

Existing Capacity Qualification Deadline is a deadline, specified in Section III.13.1.10 of Market Rule 1, for submission of certain qualification materials for the Forward Capacity Auction, as discussed in Section III.13.1 of Market Rule 1.

Existing Capacity Qualification Package is information submitted by certain existing resources prior to participation in the Forward Capacity Auction, as described in Section III.13.1 of Market Rule 1.

Existing Capacity Resource is any resource that does not meet any of the eligibility criteria to participate in the Forward Capacity Auction as a New Capacity Resource, and, subject to ISO evaluation, for the

Forward Capacity Auction to be conducted beginning February 1, 2008, any resource that is under construction and within 12 months of its expected commercial operations date.

Existing Demand Resource is a type of Demand Resource participating in the Forward Capacity Market, as defined in Section III.13.1.4.1.1 of Market Rule 1.

Existing Generating Capacity Resource is a type of resource participating in the Forward Capacity Market, as defined in Section III.13.1.2.1 of Market Rule 1.

Existing Import Capacity Resource is a type of resource participating in the Forward Capacity Market, as defined in Section III.13.1.3.1 of Market Rule 1.

Expedited Study Request is defined in Section II.34.7 of the OATT.

Export-Adjusted LSR is as defined in Section III.12.4(b)(ii).

Export Bid is a bid that may be submitted by certain resources in the Forward Capacity Auction to export capacity to an external Control Area, as described in Section III.13.1.2.3.1.3 of Market Rule 1.

Exports are Real-Time External Transactions, which are limited to sales from the New England Control Area, for exporting energy out of the New England Control Area.

External Market Monitor means the person or entity appointed by the ISO Board of Directors pursuant to Section III.A.1.2 of Appendix A of Market Rule 1 to carry out the market monitoring and mitigation functions specified in Appendix A and elsewhere in Market Rule 1.

External Node is a proxy bus or buses used for establishing a Locational Marginal Price for energy received by Market Participants from, or delivered by Market Participants to, a neighboring Control Area or for establishing Locational Marginal Prices associated with energy delivered through the New England Control Area by Non-Market Participants for use in calculating Non-Market Participant Congestion Costs and loss costs.

External Resource means a generation resource located outside the metered boundaries of the New England Control Area.

External Transaction is the import of external energy into the New England Control Area by a Market Participant or the export of internal energy out of the New England Control Area by a Market Participant in the Day-Ahead Energy Market and/or Real-Time Energy Market, or the wheeling of external energy through the New England Control Area by a Market Participant or a Non-Market Participant in the Real-Time Energy Market.

Facilities Study is an engineering study conducted pursuant to the OATT by the ISO (or, in the case of Local Service or interconnections to Local Area Facilities as defined in the TOA, by one or more affected PTOs) or some other entity designated by the ISO in consultation with any affected Transmission Owner(s), to determine the required modifications to the PTF and Non-PTF, including the cost and scheduled completion date for such modifications, that will be required to provide a requested transmission service or interconnection on the PTF and Non-PTF.

Failure to Maintain Blackstart Capability is a failure of a Blackstart Owner or Designated Blackstart Resource to meet the Blackstart Service Minimum Criteria or Blackstart Service obligations, but does not include a Failure to Perform During a System Restoration event.

Failure to Perform During a System Restoration is a failure of a Blackstart Owner or Designated Blackstart Resource to follow ISO or Local Control Center dispatch instructions or perform in accordance with the dispatch instructions or the Blackstart Service Minimum Criteria and Blackstart Service obligations, described within the ISO New England Operating Documents, during a restoration of the New England Transmission System.

Fast Start Generator means a generating unit that the ISO may dispatch within the hour through electronic dispatch and that meets the following criteria: (i) minimum run time does not exceed one hour; (ii) minimum down time does not exceed one hour; (iii) time to start does not exceed 30 minutes; (iv) available for dispatch and manned or has automatic remote dispatch capability; (v) capable of receiving and acknowledging a start-up or shut-down dispatch instruction electronically; and (vi) has satisfied its minimum down time.

FCA Cleared Export Transaction is defined in Section III.1.10.7(f)(ii) of Market Rule 1.

FCA Payment is the monthly capacity payment for a resource whose offer has cleared in a Forward Capacity Auction as described in Section III.13.7.2.1.1(a) of Market Rule 1.

FCM Capacity Charge Requirements are calculated in accordance with Section VII.C of the ISO New England Financial Assurance Policy.

FCM Deposit is calculated in accordance with Section VII.B.1 of the ISO New England Financial Assurance Policy.

FCM Financial Assurance Requirements are described in Section VII of the ISO New England Financial Assurance Policy.

FCM Pivotal Supplier shall mean a Lead Market Participant whose total Qualified Capacity from its Existing Capacity Resources in a Capacity Zone minus the quantity of its capacity subject to Non-Price Retirement Requests in that Capacity Zone for the current Forward Capacity Auction is greater than the difference between the total MW from qualified Existing Capacity Resources in the Capacity Zone minus the sum of the quantity of capacity subject to Non-Price Retirement Requests in that Capacity Zone plus the Local Sourcing Requirement for that Capacity Zone.

Final Forward Reserve Obligation is calculated in accordance with Section III.9.8(a) of Market Rule 1.

Financial Assurance Default results from a Market Participant or Non-Market Participant Transmission Customer's failure to comply with the ISO New England Financial Assurance Policy.

Financial Assurance Obligations relative to the ISO New England Financial Assurance Policy are determined in accordance with Section III.A(v) of the ISO New England Financial Assurance Policy.

Financial Transmission Right (FTR) is a financial instrument that evidences the rights and obligations specified in Sections III.5.2.2 and III.7 of the Tariff.

Firm Point-To-Point Service is service which is arranged for and administered between specified Points of Receipt and Delivery in accordance with Part II.C of the OATT.

Firm Transmission Service is Regional Network Service, Through or Out Service, service for Excepted Transactions, firm MTF Service, firm OTF Service, and firm Local Service.

Force Majeure - An event of Force Majeure means any act of God, labor disturbance, act of the public enemy or terrorists, war, invasion, insurrection, riot, fire, storm or flood, ice, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond the control of the ISO, a Transmission Owner, a Schedule 20A Service Provider, or a Customer, including without limitation, in the case of the ISO, any action or inaction by a Customer, a Schedule 20A Service Provider, or a Transmission Owner, in the case of a Transmission Owner, any action or inaction by the ISO, any Customer, a Schedule 20A Service Provider, or any other Transmission Owner, in the case of a Schedule 20A Service Provider, any action or inaction by the ISO, any Customer, a Transmission Owner, or any other Schedule 20A Service Provider, and, in the case of a Transmission Customer, any action or inaction by the ISO, a Schedule 20A Service Provider, or any Transmission Owner.

Forecast Hourly Demand Reduction means the estimated maximum quantity of energy reduction (MWh), measured at the end-use customer meter that can be produced by a Critical Peak Demand Resource, Real-Time Demand Response Resource, and Real-Time Emergency Generation Resource, in each hour of an Operating Day.

Formal Warning is defined in Section III.B.4.1.1 of Appendix B of Market Rule 1.

Formula-Based Sanctions are defined in Section III.B.4.1.3 of Appendix B of Market Rule 1.

Forward Capacity Auction (FCA) is the annual descending clock auction in the Forward Capacity Market, as described in Section III.13.2 of Market Rule 1.

Forward Capacity Auction Starting Price is calculated in accordance with Section III.13.2.4 of Market Rule 1.

Forward Capacity Market (FCM) is the forward market for procuring capacity in the New England Control Area, as described in Section III.13 of Market Rule 1.

Forward Reserve means TMNSR and TMOR purchased by the ISO on a forward basis on behalf of Market Participants as provided for in Section III.9 of Market Rule 1.

Forward Reserve Assigned Megawatts is the amount of Forward Reserve, in megawatts, that a Market Participant assigns to eligible Forward Reserve Resources to meet its Forward Reserve Obligation as defined in Section III.9.4.1 of Market Rule 1.

Forward Reserve Auction is the periodic auction conducted by the ISO in accordance with Section III.9 of Market Rule 1 to procure Forward Reserve.

Forward Reserve Auction Offers are offers to provide Forward Reserve to meet system and Reserve Zone requirements as submitted by a Market Participant in accordance with Section III.9.3 of Market Rule 1.

Forward Reserve Charge is a Market Participant's share of applicable system and Reserve Zone Forward Reserve costs attributable to meeting the Forward Reserve requirement as calculated in accordance with Section III.9.9 of Market Rule 1.

Forward Reserve Clearing Price is the clearing price for TMNSR or TMOR, as applicable, for the system and each Reserve Zone resulting from the Forward Reserve Auction as defined in Section III.9.4 of Market Rule 1.

Forward Reserve Credit is the credit received by a Market Participant that is associated with that Market Participant's Final Forward Reserve Obligation as calculated in accordance with Section III.9.8 of Market Rule 1.

Forward Reserve Delivered Megawatts are calculated in accordance with Section III.9.6.5 of Market Rule 1.

Forward Reserve Delivery Period is defined in Section III.9.1 of Market Rule 1.

Forward Reserve Failure-to-Activate Megawatts are calculated in accordance with Section III.9.7.2(a) of Market Rule 1.

Forward Reserve Failure-to-Activate Penalty is the penalty associated with a Market Participant's failure to activate Forward Reserve when requested to do so by the ISO and is defined in Section III.9.7.2 of Market Rule 1.

Forward Reserve Failure-to-Activate Penalty Rate is specified in Section III.9.7.2 of Market Rule 1.

Forward Reserve Failure-to-Reserve, as specified in Section III.9.7.1 of Market Rule 1, occurs when a Market Participant's Forward Reserve Delivered Megawatts for a Reserve Zone in an hour is less than that Market Participant's Forward Reserve Obligation for that Reserve Zone in that hour. Under these circumstances the Market Participant pays a penalty based upon the Forward Reserve Failure-to-Reserve Penalty Rate and that Market Participant's Forward Reserve Failure-to-Reserve Megawatts.

Forward Reserve Failure-to-Reserve Megawatts are calculated in accordance with Section III.9.7.1(a) of Market Rule 1.

Forward Reserve Failure-to-Reserve Penalty is the penalty associated with a Market Participant's failure to reserve Forward Reserve and is defined in Section III.9.7.1 of Market Rule 1.

Forward Reserve Failure-to-Reserve Penalty Rate is specified in Section III.9.7.1(b)(ii) of Market Rule 1.

Forward Reserve Fuel Index is the index or set of indices used to calculate the Forward Reserve Threshold Price as defined in Section III.9.6.2 of Market Rule 1.

Forward Reserve Heat Rate is the heat rate as defined in Section III.9.6.2 of Market Rule 1 that is used to calculate the Forward Reserve Threshold Price.

Forward Reserve Market is a market for forward procurement of two reserve products, Ten-Minute Non-Spinning Reserve (TMNSR) and Thirty-Minute Operating Reserve (TMOR).

Forward Reserve MWs are those megawatts assigned to specific eligible Forward Reserve Resources which convert a Forward Reserve Obligation into a Resource-specific obligation.

Forward Reserve Obligation is a Market Participant's amount, in megawatts, of Forward Reserve that cleared in the Forward Reserve Auction and adjusted, as applicable, to account for bilateral transactions that transfer Forward Reserve Obligations.

Forward Reserve Obligation Charge is defined in Section III.10.4 of Market Rule 1.

Forward Reserve Offer Cap is $14,000/megawatt-month.

Forward Reserve Payment Rate is defined in Section III.9.8 of Market Rule 1.

Forward Reserve Procurement Period is defined in Section III.9.1 of Market Rule 1.

Forward Reserve Qualifying Megawatts refer to all or a portion of a Forward Reserve Resource's capability offered into the Real-Time Energy Market at energy offer prices above the applicable Forward Reserve Threshold Price that are calculated in accordance with Section III.9.6.4 of Market Rule 1.

Forward Reserve Resource is a Resource that meets the eligibility requirements defined in Section III.9.5.2 of Market Rule 1 that has been assigned Forward Reserve Obligation by a Market Participant.

Forward Reserve Threshold Price is the minimum price at which assigned Forward Reserve Megawatts are required to be offered into the Real-Time Energy Market as calculated in Section III.9.6.2 of Market Rule 1.

FTR Auction is the periodic auction of FTRs conducted by the ISO in accordance with Section III.7 of Market Rule 1.

FTR Auction Revenue is the revenue collected from the sale of FTRs in FTR Auctions. FTR Auction Revenue is payable to FTR Holders who submit their FTRs for sale in the FTR Auction in accordance with Section III.7 of Market Rule 1 and to ARR Holders and Incremental ARR Holders in accordance with Appendix C of Market Rule 1.

FTR Award Financial Assurance is a required amount of financial assurance that must be maintained at all times from a Designated FTR Participant for each FTR awarded to the participant in any FTR

Auctions. This amount is calculated pursuant to Section VI.C of the ISO New England Financial Assurance Policy.

FTR Bid Financial Assurance is an amount of financial assurance required from a Designated FTR Participant for each bid submission into an FTR auction. This amount is calculated pursuant to Section VI.B of the ISO New England Financial Assurance Policy.

FTR Credit Test Percentage is calculated in accordance with Section III.B.1(b) of the ISO New England Financial Assurance Policy.

FTR Financial Assurance Requirements are described in Section VI of the ISO New England Financial Assurance Policy.

FTR Holder is an entity that acquires an FTR through the FTR Auction to Section III.7 of Market Rule 1 and registers with the ISO as the holder of the FTR in accordance with Section III.7 of Market Rule 1 and applicable ISO New England Manuals.

FTR-Only Customer is a Market Participant that transacts in the FTR Auction and that does not participate in other markets or programs of the New England Markets, provided, however, that an FTR-Only Customer may also be a DRP-Only Customer and/or an ODR-Only Customer. References in this Tariff to a "Non-Market Participant FTR Customers" and similar phrases shall be deemed references to an FTR-Only Customer.

FTR Settlement Risk Financial Assurance is an amount of financial assurance required by a Designated FTR Participant for each bid submission into an FTR Auction and for each bid awarded to the individual participant in an FTR Auction. This amount is calculated pursuant to Section VI.A of the ISO New England Financial Assurance Policy.

GADS Data means data submitted to the NERC for collection into the NERC's Generating Availability Data System (GADS).

Gap Request for Proposals (Gap RFP) is defined in Section III.11 of Market Rule 1.

Gas Day means a period of 24 consecutive hours beginning at 0900 hrs Central Time.

Generating Capacity Resource means a New Generating Capacity Resource or an Existing Generating Capacity Resource.

Generator Asset is a generator that has been registered in accordance with the Asset Registration Process.

Generator Imbalance Service is the form of Ancillary Service described in Schedule 10 of the OATT.

Generator Interconnection Related Upgrade is an addition to or modification of the New England Transmission System (pursuant to Section II.47.1, Schedule 22 or Schedule 23 of the OATT) to effect the interconnection of a new generating unit or an existing generating unit whose energy capability or capacity capability is being materially changed and increased whether or not the interconnection is being effected to meet the Capacity Capability Interconnection Standard or the Network Capability Interconnection Standard. As to Category A Projects (as defined in Schedule 11 of the OATT), a Generator Interconnection Related Upgrade also includes an upgrade beyond that required to satisfy the Network Capability Interconnection Standard (or its predecessor) for which the Generator Owner has committed to pay prior to October 29, 1998.

Generator Owner is the owner, in whole or part, of a generating unit whether located within or outside the New England Control Area.

Good Utility Practice means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act Section 215(a)(4).

Governance Only Member is defined in Section 1 of the Participants Agreement.

Governance Participant is defined in the Participants Agreement.

Governing Documents, for the purposes of the ISO New England Billing Policy, are the Transmission, Markets and Services Tariff and ISO Participants Agreement.

Governing Rating is the lowest corporate rating from any Rating Agency for that Market Participant, or, if the Market Participant has no corporate rating, then the lowest rating from any Rating Agency for that Market Participant's senior unsecured debt.

Grandfathered Agreements (GAs) is a transaction specified in Section II.45 for the applicable period specified in that Section.

Grandfathered Intertie Agreement (GIA) is defined pursuant to the TOA.

Handy-Whitman Index of Public Utility Construction Costs is the Total Other Production Plant index shown in the Cost Trends of Electric Utility Construction for the North Atlantic Region as published in the Handy-Whitman Index of Public Utility Construction Costs.

Highgate Transmission Facilities (HTF) are existing U. S.-based transmission facilities covered under the Agreement for Joint Ownership, Construction and Operation of the Highgate Transmission Interconnection dated as of August 1, 1984 including (1) the whole of a 200 megawatt high-voltage, back-to-back, direct-current converter facility located in Highgate, Vermont and (2) a 345 kilovolt transmission line within Highgate and Franklin, Vermont (which connects the converter facility at the U.S.-Canadian border to a Hydro-Quebec 120 kilovolt line in Bedford, Quebec). The HTF include any upgrades associated with increasing the capacity or changing the physical characteristics of these facilities as defined in the above stated agreement dated August 1, 1984 until the Operations Date, as defined in the TOA. The current HTF rating is a nominal 225 MW. The HTF are not defined as PTF. Coincident with the Operations Date and except as stipulated in Schedules, 9, 12, and Attachment F to the OATT, HTF shall be treated in the same manner as PTF for purposes of the OATT and all references to PTF in the OATT shall be deemed to apply to HTF as well. The treatment of the HTF is not intended to establish any binding precedent or presumption with regard to the treatment for other transmission facilities within the New England Transmission System (including HVDC, MTF, or Control Area Interties) for purposes of the OATT.

Host Participant or Host Utility is a Market Participant or a Governance Participant transmission or distribution provider that reconciles the loads within the metering domain with OP-18 compliant metering.

Hourly Calculated Demand Resource Performance Value means the performance of a Demand Resource during Real-Time Demand Response Event Hours and Real-Time Emergency Generation Event Hours for purposes of calculating a Demand Reduction Value pursuant to Sections III.13.7.1.5.7.3 and III.13.7.1.5.8.3.

Hourly Charges are defined in Section 1.3 of the ISO New England Billing Policy.

Hourly PER is calculated in accordance with Section III.13.7.2.7.1.1.1(a) of Market Rule 1.

Hourly Real-Time Demand Response Resource Deviation means the difference between the Average Hourly Load Reduction or Average Hourly Output of the Real-Time Demand Response Resource and the amount of load reduction or output that the Market Participant was instructed to produce pursuant to a Dispatch Instruction calculated pursuant to Section III.13.7.1.5.7.3.1.

Hourly Real-Time Emergency Generation Resource Deviation is calculated pursuant to Section III.13.7.1.5.8.3.1.

Hourly Requirements are determined in accordance with Section III.A(i) of the ISO New England Financial Assurance Policy.

Hub is a specific set of pre-defined Nodes for which a Locational Marginal Price will be calculated for the Day-Ahead Energy Market and Real-Time Energy Market and which can be used to establish a reference price for energy purchases and the transfer of Day-Ahead Adjusted Load Obligations and Real-Time Adjusted Load Obligations and for the designation of FTRs.

Hub Price is calculated in accordance with Section III.2.8 of Market Rule 1.

HQ Interconnection Capability Credit (HQICC) is a monthly value reflective of the annual installed capacity benefits of the Phase I/II HVDC-TF, as determined by the ISO, using a standard methodology on file with the Commission, in conjunction with the setting of the Installed Capacity Requirement. An

appropriate share of the HQICC shall be assigned to an IRH if the Phase I/II HVDC-TF support costs are paid by that IRH and such costs are not included in the calculation of the Regional Network Service rate. The share of HQICC allocated to such an eligible IRH for a month is the sum in kilowatts of (1)(a) the IRH's percentage share, if any, of the Phase I Transfer Capability times (b) the Phase I Transfer Credit, plus (2)(a) the IRH's percentage share, if any, of the Phase II Transfer Capability, times (b) the Phase II Transfer Credit. The ISO shall establish appropriate HQICCs to apply for an IRH which has such a percentage share.

Import Capacity Resource means an Existing Import Capacity Resource or a New Import Capacity Resource offered to provide capacity in the New England Control Area from an external Control Area.

Inadequate Supply is defined in Section III.13.2.8.1 of Market Rule 1.

Inadvertent Energy Revenue is defined in Section III.3.2.1(k) of Market Rule 1.

Inadvertent Energy Revenue Charges or Credits is defined in Section III.3.2.1(l) of Market Rule 1.

Inadvertent Interchange means the difference between net actual energy flow and net scheduled energy flow into or out of the New England Control Area.

Increment Offer means an offer to sell energy at a specified Location in the Day-Ahead Energy Market which is not associated with a physical supply. An accepted Increment Offer results in scheduled generation at the specified Location in the Day-Ahead Energy Market.

Incremental ARR is an ARR provided in recognition of a participant-funded transmission system upgrade pursuant to Appendix C of this Market Rule.

Incremental ARR Holder is an entity which is the record holder of an Incremental Auction Revenue Right in the register maintained by the ISO.

Incremental Cost of Reliability Service is described in Section III.13.2.5.2.5.2 of Market Rule 1.

Independent Transmission Company (ITC) is a transmission entity that assumes certain responsibilities in accordance with Section 10.05 of the Transmission Operating Agreement and Attachment M to the OATT, subject to the acceptance or approval of the Commission and a finding of the Commission that the transmission entity satisfies applicable independence requirements.

Information Request is a request from a potential Disputing Party submitted in writing to the ISO for access to Confidential Information.

Initial Market Participant Financial Assurance Requirement is calculated for new Market Participants and Returning Market Participants, other than an FTR-Only Customer, a DRP-Only Customer or a Governance Only Member, according to Section IV of the ISO New England Financial Assurance Policy.

Installed Capacity Payment (ICAP Payment) means the monthly payments made to ICAP Resources for installed capacity during the ICAP Transition Period.

Installed Capacity Requirement means the level of capacity required to meet the reliability requirements defined for the New England Control Area, as described in Section III.12 of Market Rule 1.

Installed Capacity Resource (ICAP Resource) means a resource that met the requirements to receive installed capacity payments during the ICAP Transition Period.

Installed Capacity Transition Period (ICAP Transition Period) is December 1, 2006 through May 31, 2010.

Insufficient Competition is defined in Section III.13.2.8.2 of Market Rule 1.

Interchange Transactions are transactions deemed to be effected under Market Rule 1.

Interconnecting Transmission Owner has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Interconnection Agreement is the "Large Generator Interconnection Agreement" or the "Small Generator Interconnection Agreement" pursuant to Schedules 22 and 23 of the ISO OATT or an

interconnection agreement approved by the Commission prior to the adoption of the Interconnection Procedures.

Interconnection Customer has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Interconnection Feasibility Study Agreement has the meaning specified in Section I of Schedule 22 or Attachment 1 to Schedule 23 of the OATT.

Interconnection Procedure is the "Large Generator Interconnection Procedures" or the "Small Generator Interconnection Procedures" pursuant to Schedules 22 and 23 of the ISO OATT.

Interconnection Request has the meaning specified in Section I of Schedule 22 or Attachment 1 to Schedule 23 of the OATT.

Interconnection Rights Holder(s) (IRH) has the meaning given to it in Schedule 20A to Section II of this Tariff.

Interconnection System Impact Study Agreement has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Interest is interest calculated in the manner specified in Section II.8.3.

Intermittent Power Resource is defined in Section III.13.1.2.2.2 of Market Rule 1.

Intermittent Settlement Only Resource is a Settlement Only Resource that is also an Intermittent Power Resource.

Internal Bilateral for Load is an internal bilateral transaction under which the buyer receives a reduction in Real-Time Load Obligation and the seller receives a corresponding increase in Real-Time Load Obligation in the amount of the sale, in MWs. An Internal Bilateral for Load transaction is only applicable in the Real-Time Energy Market.

Internal Bilateral for Market for Energy is an internal bilateral transaction for Energy which applies in the Day-Ahead Energy Market and Real-Time Energy Market or just the Real-Time Energy Market under which the buyer receives a reduction in Day-Ahead Adjusted Load Obligation and Real-Time Adjusted Load Obligation and the seller receives a corresponding increase in Day-Ahead Adjusted Load Obligation and Real-Time Adjusted Load Obligation in the amount of the sale, in MWs.

Internal Market Monitor means the department of the ISO responsible for carrying out the market monitoring and mitigation functions specified in Appendix A and elsewhere in Market Rule 1.

Investment Grade Rating, for a Market (other than an FTR-Only Customer or DRP-Only Customer) or Non-Market Participant Transmission Customer, is either (a) a corporate investment grade rating from one or more of the Rating Agencies, or (b) if the Market Participant or Non-Market Participant Transmission Customer does not have a corporate rating from one of the Rating Agencies, then an investment grade rating for the Market Participant's or Non-Market Participant Transmission Customer's senior unsecured debt from one or more of the Rating Agencies.

Invoice is a statement issued by the ISO for the net Charge owed by a Covered Entity pursuant to the ISO New England Billing Policy.

Invoice Date is the day on which the ISO issues an Invoice.

ISO means ISO New England Inc.

ISO Charges, for the purposes of the ISO New England Billing Policy, are both Non-Hourly Charges and Hourly Charges.

ISO Control Center is the primary control center established by the ISO for the exercise of its Operating Authority and the performance of functions as an RTO.

ISO New England Administrative Procedures means procedures adopted by the ISO to fulfill its responsibilities to apply and implement ISO New England System Rules.

ISO New England Billing Policy is Exhibit ID to Section I of the Transmission, Markets and Services Tariff.

ISO New England Filed Documents means the Transmission, Markets and Services Tariff, including but not limited to Market Rule 1, the Participants Agreement, the Transmission Operating Agreement or other documents that affect the rates, terms and conditions of service.

ISO New England Financial Assurance Policy is Exhibit IA to Section I of the Transmission, Markets and Services Tariff.

ISO New England Information Policy is the policy establishing guidelines regarding the information received, created and distributed by Market Participants and the ISO in connection with the settlement, operation and planning of the System, as the same may be amended from time to time in accordance with the provisions of this Tariff. The ISO New England Information Policy is Attachment D to the Transmission, Markets and Services Tariff.

ISO New England Manuals are the manuals implementing Market Rule 1, as amended from time to time in accordance with the Participants Agreement. Any elements of the ISO New England Manuals that substantially affect rates, terms, and/or conditions of service shall be filed with the Commission under Section 205 of the Federal Power Act.

ISO New England Operating Documents are the Tariff and the ISO New England Operating Procedures.

ISO New England Operating Procedures are the ISO New England Planning Procedures and the operating guides, manuals, procedures and protocols developed and utilized by the ISO for operating the ISO bulk power system and the New England Markets.

ISO New England Planning Procedures are the procedures developed and utilized by the ISO for planning the ISO bulk power system.

ISO New England System Rules are Market Rule 1, the ISO New England Information Policy, the ISO New England Administrative Procedures, the ISO New England Manuals and any other system rules, procedures or criteria for the operation of the New England Transmission System and administration of the New England Markets and the Transmission, Markets and Services Tariff.

ITC Agreement is defined in Attachment M to the OATT.

ITC Rate Schedule is defined in Section 3.1 of Attachment M to the OATT.

ITC System is defined in Section 2.2 of Attachment M to the OATT.

ITC System Planning Procedures is defined in Section 15.4 of Attachment M to the OATT.

Late Payment Account is a segregated interest-bearing account into which the ISO deposits Late Payment Charges due from ISO Charges and interest owed from participants for late payments that are collected and not distributed to the Covered Entities, until the Late Payment Account Limit is reached, under the ISO New England Billing Policy and penalties collected under the ISO New England Financial Assurance Policy.

Late Payment Account Limit is defined in Section 4.2 of the ISO New England Billing Policy.

Late Payment Charge is defined in Section 4.1 of the ISO New England Billing Policy.

Lead Market Participant, for purposes other than the Forward Capacity Market, is the entity authorized to submit Supply Offers or Demand Bids for a Resource and to whom certain Energy TUs are assessed under Schedule 2 of Section IV.A of the Tariff. For purposes of the Forward Capacity Market, the Lead Market Participant is the entity designated to participate in that market on behalf of an Existing Capacity Resource or a New Capacity Resource.

Limited Energy Resource means generating resources that, due to design considerations, environmental restriction on operations, cyclical requirements, such as the need to recharge or refill or manage water flow, or fuel limitations, are unable to operate continuously at full output on a daily basis.

Load Asset means a physical load that has been registered in accordance with the Asset Registration Process.

Load Management means installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that curtail electrical usage or shift electrical usage from Demand Resource On-Peak Hours, Demand Resource Seasonal Peak Hours, Demand Resource Critical

Peak Hours, or Real-Time Demand Response Event Hours to other hours and reduce the amount of capacity needed, while delivering a comparable or acceptable level of end-use service. Such measures include, but are not limited to, energy management systems, load control end-use cycling, load curtailment strategies, chilled water storage, and other forms of electricity storage.

Load Response Program means the program implemented and administered by the ISO to promote demand side response as described in Appendix E to Market Rule 1.

Load Response Program Asset means one or more individual end-use metered customers that report load reduction and consumption, or generator output as a single set of values, are assigned an identification number, that participate in the Load Response Program and which encompass assets registered in the Real-Time Price Response Program or Real-Time Demand Response Assets, and are further described in Appendix E of Market Rule 1.

Load Shedding is the systematic reduction of system demand by temporarily decreasing load.

Load Zone is a Reliability Region, except as otherwise provided for in Section III.2.7 of Market Rule 1.

Local Area Facilities are defined in the TOA**.**

Local Benefit Upgrade(s) (LBU) is an upgrade, modification or addition to the transmission system that is: (i) rated below 115kV or (ii) rated 115kV or above and does not meet all of the non-voltage criteria for PTF classification specified in the OATT.

Local Control Centers are those control centers in existence as of the effective date of the OATT (including the CONVEX, REMVEC, Maine and New Hampshire control centers) or established by the PTOs in accordance with the TOA that are separate from the ISO Control Center and perform certain functions in accordance with the OATT and the TOA.

Local Delivery Service is the service of delivering electric energy to end users. This service is subject to state jurisdiction regardless of whether such service is provided over local distribution or transmission facilities. An entity that is an Eligible Customer under the OATT is not excused from any requirements of state law, or any order or regulation issued pursuant to state law, to arrange for Local Delivery Service

with the Participating Transmission Owner and/or distribution company providing such service and to pay all applicable charges associated with such service, including charges for stranded costs and benefits.

Local Network is defined as the transmission facilities constituting a local network as identified in Attachment E, as such Attachment may be modified from time to time in accordance with the Transmission Operating Agreement.

Local Network Load is the load that a Network Customer designates for Local Network Service under Schedule 21 to the OATT.

Local Network RNS Rate is the rate applicable to Regional Network Service to effect a delivery to load in a particular Local Network, as determined in accordance with Schedule 9 to the OATT.

Local Network Service (LNS) is the network service provided under Schedule 21 and the Local Service Schedules to permit the Transmission Customer to efficiently and economically utilize its resources to serve its load.

Local Point-To-Point Service (LPTP) is Point-to-Point Service provided under Schedule 21 of the OATT and the Local Service Schedules to permit deliveries to or from an interconnection point on the PTF.

Local Public Policy Transmission Upgrade is any addition and/or upgrade to the New England Transmission System with a voltage level below 115kV that is required in connection with the construction of a Public Policy Transmission Upgrade approved for inclusion in the Regional System Plan pursuant to Attachment K to the ISO OATT or included in a Local System Plan in accordance with Appendix 1 to Attachment K.

Local Second Contingency Protection Resources are those Resources identified by the ISO on a daily basis as necessary for the provision of Operating Reserve requirements and adherence to NERC, NPCC and ISO reliability criteria over and above those Resources required to meet first contingency reliability criteria within a Reliability Region.

Local Service is transmission service provided under Schedule 21 and the Local Service Schedules thereto.

Local Service Schedule is a PTO-specific schedule to the OATT setting forth the rates, charges, terms and conditions applicable to Local Service.

Local Sourcing Requirement (LSR) is the minimum amount of capacity that must be located within an import-constrained Load Zone, calculated as described in Section III.12.2 of Market Rule 1.

Local System Planning (LSP) is the process defined in Appendix 1 of Attachment K to the OATT.

Localized Costs are the incremental costs resulting from a RTEP02 Upgrade or a Regional Benefit Upgrade that exceeds those requirements that the ISO deems reasonable and consistent with Good Utility Practice and the current engineering design and construction practices in the area in which the Transmission Upgrade is built. In making its determination of whether Localized Costs exist, the ISO will consider, in accordance with Schedule 12C of the OATT, the reasonableness of the proposed engineering design and construction method with respect to alternate feasible Transmission Upgrades and the relative costs, operation, timing of implementation, efficiency and reliability of the proposed Transmission Upgrade. The ISO, with advisory input from the Reliability Committee, as appropriate, shall review such Transmission Upgrade, and determine whether there are any Localized Costs resulting from such Transmission Upgrade. If there are any such costs, the ISO shall identify them in the Regional System Plan.

Location is a Node, External Node, Load Zone or Hub.

Locational Marginal Price (LMP) is defined in Section III.2 of Market Rule 1. The Locational Marginal Price for a Node is the nodal price at that Node; the Locational Marginal Price for an External Node is the nodal price at that External Node; the Locational Marginal Price for a Load Zone or Reliability Region is the Zonal Price for that Load Zone or Reliability Region, respectively; and the Locational Marginal Price for a Hub is the Hub Price for that Hub.

Long Lead Time Generating Facility (Long Lead Facility) has the meaning specified in Section I of Schedule 22 of the OATT.

Long-Term is a term of one year or more.

Long-Term Transmission Outage is a long-term transmission outage scheduled in accordance with ISO New England Operating Procedure No. 3.

Loss Component is the component of the nodal LMP at a given Node or External Node on the PTF that reflects the cost of losses at that Node or External Node relative to the reference point. The Loss Component of the nodal LMP at a given Node on the non-PTF system reflects the relative cost of losses at that Node adjusted as required to account for losses on the non-PTF system already accounted for through tariffs associated with the non-PTF. When used in connection with Hub Price or Zonal Price, the term Loss Component refers to the Loss Components of the nodal LMPs that comprise the Hub Price or Zonal Price, which Loss Components are averaged or weighted in the same way that nodal LMPs are averaged to determine Hub Price or weighted to determine Zonal Price.

Loss of Load Expectation (LOLE) is the probability of disconnecting non-interruptible customers due to a resource deficiency.

Lost Opportunity Cost (LOC) is one of four forms of compensation that may be paid to resources providing VAR Service under Schedule 2 of the OATT.

LSE means load serving entity.

Lump Sum Blackstart Payment is defined and calculated as specified in Section 5.4 of Schedule 16 to the OATT.

Lump Sum Blackstart Capital Payment is defined and calculated as specified in Section 5.4 of Schedule 16 to the OATT.

Lump Sum Blackstart CIP Capital Payment is defined and calculated as specified in Section 5.4 of Schedule 16 to the OATT.

Major Transmission Outage is a major transmission outage scheduled in accordance with ISO New England Operating Procedure No. 3.

Marginal Loss Revenue Load Obligation is defined in Section III.3.2.1(b)(v) of Market Rule 1.

Market Credit Limit is a credit limit for a Market Participant's Financial Assurance Obligations (except FTR Financial Assurance Requirements) established for each Market Participant in accordance with Section II.C of the ISO New England Financial Assurance Policy.

Market Credit Test Percentage is calculated in accordance with Section III.B.1(a) of the ISO New England Financial Assurance Policy.

Market Efficiency Transmission Upgrade is defined as those additions and upgrades that are not related to the interconnection of a generator, and, in the ISO's determination, are designed to reduce bulk power system costs to load system-wide, where the net present value of the reduction in bulk power system costs to load system-wide exceeds the net present value of the cost of the transmission addition or upgrade. For purposes of this definition, the term "bulk power system costs to load system-wide" includes, but is not limited to, the costs of energy, capacity, reserves, losses and impacts on bilateral prices for electricity.

Market Participant is a participant in the New England Markets (including a FTR-Only Customer and/or a DRP-Only Customer and/or an ODR-Only Customer) that has executed a Market Participant Service Agreement, or on whose behalf an unexecuted Market Participant Service Agreement has been filed with the Commission.

Market Participant Financial Assurance Requirement is defined in Section III of the ISO New England Financial Assurance Policy.

Market Participant Obligations is defined in Section III.B.1.1 of Appendix B of Market Rule 1.

Market Participant Service Agreement (MPSA) is an agreement between the ISO and a Market Participant, in the form specified in Attachment A or Attachment A-1 to the Tariff, as applicable.

Market Rule 1 is ISO Market Rule 1 and appendices set forth in Section III of this ISO New England Inc. Transmission, Markets and Services Tariff, as it may be amended from time to time.

Market Violation is a tariff violation, violation of a Commission-approved order, rule or regulation, market manipulation, or inappropriate dispatch that creates substantial concerns regarding unnecessary market inefficiencies.

Material Adverse Change is any change in financial status including, but not limited to a downgrade to below an Investment Grade Rating by any Rating Agency, being placed on credit watch with negative implication by any Rating Agency if the Market Participant or Non-Market Participant Transmission Customer does not have an Investment Grade Rating, a bankruptcy filing or other insolvency, a report of a significant quarterly loss or decline of earnings, the resignation of key officer(s), the sanctioning of the Market Participant or Non-Market Participant Transmission Customer or any of its Principles imposed by the Federal Energy Regulatory Commission, the Securities Exchange Commission, any exchange monitored by the National Futures Association, or any state entity responsible for regulating activity in energy markets; the filing of a material lawsuit that could materially adversely impact current or future financial results; a significant change in the Market Participant's or Non-Market Participant Transmission Customer's credit default spreads; or a significant change in market capitalization.

Material Adverse Impact is defined, for purposes of review of ITC-proposed plans, as a proposed facility or project will be deemed to cause a "material adverse impact" on facilities outside of the ITC System if: (i) the proposed facility or project causes non-ITC facilities to exceed their capabilities or exceed their thermal, voltage or stability limits, consistent with all applicable reliability criteria, or (ii) the proposed facility or project would not satisfy the standards set forth in Section I.3.9 of the Transmission, Markets and Services Tariff. This standard is intended to assure the continued service of all non-ITC firm load customers and the ability of the non-ITC systems to meet outstanding transmission service obligations.

Maximum Capacity Limit is the maximum amount of capacity that can be procured in an export-constrained Load Zone, calculated as described in Section III.12.2 of Market Rule 1, to meet the Installed Capacity Requirement.

Maximum Consumption Limit is the maximum amount, in MW, available from the Dispatchable Asset Related Demand for economic dispatch and is based on the physical characteristics as submitted as part of a Resource's Offer Data except that a Self-Scheduled Dispatchable Asset Related Demand may modify its Minimum Consumption Limit on an hourly basis, as part of its Demand Bid, in order to indicate the desired level of Self-Scheduled MW.

Maximum Facility Load is the most recent annual non-coincident peak demand or, if unavailable, an estimate of the annual non-coincident peak demand of a Real-Time Demand Response Asset or a Real-

Time Emergency Generation Asset, where the demand evaluated is established by adding actual metered demand and the output of all generators located behind the asset's end use customer meter in the same time intervals.

Maximum Generation is the maximum generation output of a Real-Time Demand Response Asset comprised of Distributed Generation.

Maximum Interruptible Capacity is an estimate of the maximum hourly demand reduction amount that a Real-Time Demand Response Asset can deliver.

Maximum Load is the most recent annual non-coincident peak demand or, if unavailable, an estimate of the annual non-coincident peak demand, of a Real-Time Demand Response Asset or Real-Time Emergency Generation Asset.

Measure Life is the estimated time a Demand Resource measure will remain in place, or the estimated time period over which the facility, structure, equipment or system in which a measure is installed continues to exist, whichever is shorter. Suppliers of Demand Resources comprised of an aggregation of measures with varied Measures Lives shall determine and document the Measure Life either: (i) for each type of measure with a different Measure Life and adjust the aggregate performance based on the individual measure life calculation in the portfolio; or (ii) as the average Measure Life for the aggregated measures as long as the Demand Reduction Value of the Demand Resource is greater than or equal to the amount that cleared in the Forward Capacity Auction or reconfiguration auction for the entire Capacity Commitment Period, and the Demand Reduction Value for an Existing Demand Resource is not over-stated in a subsequent Capacity Commitment Period. Measure Life shall be determined consistent with the Demand Resource's Measurement and Verification Plan, which shall be reviewed by the ISO to ensure consistency with the measurement and verification requirements of Market Rule 1 and the ISO New England Manuals.

Measurement and Verification Documents mean the measurement and verification documents described in Section 13.1.4.3.1 of Market Rule 1, which includes Measurement and Verification Plans, Updated Measurement and Verification Plans, Measurement and Verification Summary Reports, and Measurement and Verification Reference Reports.

Measurement and Verification Plan means the measurement and verification plan submitted by a Demand Resource supplier as part of the qualification process for the Forward Capacity Auction pursuant to the requirements of Section III.13.1.4.3 of Market Rule 1 and the ISO New England Manuals.

Measurement and Verification Reference Reports are optional reports submitted by Demand Resource suppliers during the Capacity Commitment Period subject to the schedule in the Measurement and Verification Plan and consistent with the schedule and reporting standards set forth in the ISO New England Manuals. Measurement and Verification Reference Reports update the prospective Demand Reduction Value of the Demand Resource project based on measurement and verification studies performed during the Capacity Commitment Period.

Measurement and Verification Summary Report is the monthly report submitted by a Demand Resource supplier with the monthly settlement report for the Forward Capacity Market, which documents the total Demand Reduction Values for all Demand Resources in operation as of the end of the previous month.

MEPCO Grandfathered Transmission Service Agreement (MGTSA) is a MEPCO long-term firm point-to-point transmission service agreement with a POR or POD at the New Brunswick border and a start date prior to June 1, 2007 where the holder has elected, by written notice delivered to MEPCO within five (5) days following the filing of the settlement agreement in Docket Nos. ER07-1289 and EL08-56 or by September 1, 2008 (whichever is later), MGTSA treatment as further described in Section II.45.1.

Merchant Transmission Facilities (MTF) are the transmission facilities owned by MTOs, defined and classified as MTF pursuant to Schedule 18 of the OATT, over which the ISO shall exercise Operating Authority in accordance with the terms set forth in a MTOA or Attachment K to the OATT, rated 69 kV or above and required to allow energy from significant power sources to move freely on the New England Transmission System.

Merchant Transmission Facilities Provider (MTF Provider) is an entity as defined in Schedule 18 of the OATT.

Merchant Transmission Facilities Service (MTF Service) is transmission service over MTF as provided for in Schedule 18 of the OATT.

Merchant Transmission Operating Agreement (MTOA) is an agreement between the ISO and an MTO with respect to its MTF.

Merchant Transmission Owner (MTO) is an owner of MTF.

Meter Data Error means an error in meter data, including an error in Coincident Peak Contribution values, on an Invoice issued by the ISO after the completion of the data reconciliation process as described in the ISO New England Manuals and in Section III.3.8 of Market Rule 1.

Meter Data Error RBA Submission Limit means the date thirty 30 calendar days after the issuance of the Invoice containing the results of the data reconciliation process as described in the ISO New England Manuals and in Section III.3.6 of Market Rule 1.

Minimum Consumption Limit is the minimum amount, in MW, available from a Dispatchable Asset Related Demand that is not available for economic dispatch and is based on the physical characteristics as submitted as part of a Resource's Offer Data.

Minimum Generation Emergency means an Emergency declared by the ISO in which the ISO anticipates requesting one or more generating Resources to operate at or below Economic Minimum Limit, in order to manage, alleviate, or end the Emergency.

Minimum Generation Emergency Charge means the charge used to allocate the cost of Minimum Generation Emergency Credits. Minimum Generation Emergency Charges are discussed in Appendix F of Market Rule 1.

Minimum Generation Emergency Credits are credits calculated pursuant to Appendix F of Market Rule 1 to compensate certain generating Resources for operation in excess of their Economic Minimum Limits during a Minimum Generation Emergency.

Monthly Blackstart Service Charge is the charge made to Transmission Customers pursuant to Section 6 of Schedule 16 to the OATT.

Monthly Capacity Variance means a Demand Resource's actual monthly Capacity Value established pursuant to Section III.13.7.1.5.1 of Market Rule 1, minus the Demand Resource's final Capacity Supply Obligation for the month.

Monthly Peak is defined in Section II.21.2 of the OATT.

Monthly PER is calculated in accordance with Section III.13.7.2.7.1.1.2(a) of Market Rule 1.

Monthly Real-Time Generation Obligation is the sum, for all hours in a month, at all Locations, of a Customer's Real-Time Generation Obligation, in MWhs.

Monthly Real-Time Load Obligation is the absolute value of a Customer's hourly Real-Time Load Obligation summed for all hours in a month, in MWhs.

Monthly Regional Network Load is defined in Section II.21.2 of the OATT.

Monthly Statement is the first weekly Statement issued on a Monday after the tenth of a calendar month that includes both the Hourly Charges for the relevant billing period and Non-Hourly Charges for the immediately preceding calendar month.

MUI is the market user interface.

Municipal Market Participant is defined in Section II of the ISO New England Financial Assurance Policy.

MW is megawatt.

MWh is megawatt-hour.

Native Load Customers are the wholesale and retail power customers of a Transmission Owner on whose behalf the Transmission Owner, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate its system to meet the reliable electric needs of such customers.

NCPC Charge means the charges to Market Participants as provided in Section III.3.2.3, Section III.6.4 and Appendix F.

NCPC Credit means the payment made to a Resource as provided in Section III.3.2.3, Section III.6.4 and Appendix F.

Needs Assessment is defined in Section 4.1 of Attachment K to the OATT.

NEMA, for purposes of Section III of the Tariff, is the Northeast Massachusetts Reliability Region.

NEMA Contract is a contract described in Appendix C of Market Rule 1 and listed in Exhibit 1 of Appendix C of Market Rule 1.

NEMA Load Serving Entity (NEMA LSE) is a Transmission Customer or Congestion Paying LSE Entity that serves load within NEMA.

NEMA or Northeast Massachusetts Upgrade, for purposes of Section II of the Tariff, is an addition to or modification of the PTF into or within the Northeast Massachusetts Reliability Region that was not, as of December 31, 1999, the subject of a System Impact Study or application filed pursuant to Section I.3.9 of the Transmission, Markets and Services Tariff; that is not related to generation interconnections; and that will be completed and placed in service by June 30, 2004. Such upgrades include, but are not limited to, new transmission facilities and related equipment and/or modifications to existing transmission facilities and related equipment. The list of NEMA Upgrades is contained in Schedule 12A of the OATT.

NEPOOL is the New England Power Pool, and the entities that collectively participated in the New England Power Pool.

NEPOOL Agreement is the agreement among the participants in NEPOOL.

NEPOOL GIS is the generation information system.

NEPOOL GIS Administrator is the entity or entities that develop, administer, operate and maintain the NEPOOL GIS.

NERC is the North American Electric Reliability Corporation or its successor organization.

NESCOE is the New England States Committee on Electricity, recognized by the Commission as the regional state committee for the New England Control Area.

Net Commitment Period Compensation (NCPC) is the compensation methodology for Resources that is described in Appendix F to Market Rule 1.

Net Regional Clearing Price is described in Section III.13.7.3 of Market Rule 1.

Network Capability Interconnection Standard has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Network Customer is a Transmission Customer receiving RNS or LNS.

Network Resource is defined as follows: (1) With respect to Market Participants, (a) any generating resource located in the New England Control Area which has been placed in service prior to the Compliance Effective Date (including a unit that has lost its capacity value when its capacity value is restored and a deactivated unit which may be reactivated without satisfying the requirements of Section II.46 of the OATT in accordance with the provisions thereof) until retired; (b) any generating resource located in the New England Control Area which is placed in service after the Compliance Effective Date until retired, provided that (i) the Generator Owner has complied with the requirements of Sections II.46 and II.47 and Schedules 22 and 23 of the OATT, and (ii) the output of the unit shall be limited in accordance with Sections II.46 and II.47 and Schedules 22 and 23, if required; and (c) any generating resource or combination of resources (including bilateral purchases) located outside the New England Control Area for so long as any Market Participant has an Ownership Share in the resource or resources which is being delivered to it in the New England Control Area to serve Regional Network Load located in the New England Control Area or other designated Regional Network Loads contemplated by Section II.18.3 of the OATT taking Regional Network Service. (2) With respect to Non-Market Participant Transmission Customers, any generating resource owned, purchased or leased by the Non-Market Participant Transmission Customer which it designates to serve Regional Network Load.

New Brunswick Security Energy is defined in Section III.3.2.6A of Market Rule 1.

New Capacity Offer is an offer in the Forward Capacity Auction to provide capacity from a New Generating Capacity Resource, New Import Capacity Resource, or New Demand Resource, as described in Section III.13.2.3.2 of Market Rule 1.

New Capacity Qualification Deadline is a deadline, specified in Section III.13.1.10 of Market Rule 1, for submission of certain qualification materials for the Forward Capacity Auction, as discussed in Section III.13.1 of Market Rule 1.

New Capacity Qualification Package is information submitted by certain new resources prior to participation in the Forward Capacity Auction, as described in Section III.13.1 of Market Rule 1.

New Capacity Required is the amount of additional capacity required to meet the Installed Capacity Requirement or a Capacity Zone's Local Sourcing Requirement, as described in Section III.13.2.4(c) of Market Rule 1.

New Capacity Resource is a resource (i) that never previously received any payment as a capacity resource (including any payment as an ICAP Resource pursuant to the market rules in effect prior to December 1, 2006 or any ICAP Payment during the ICAP Transition Period pursuant to the market rules in effect from December 1, 2006 through May 31, 2010) and that has not cleared in any previous Forward Capacity Auction; or (ii) that is otherwise eligible to participate in the Forward Capacity Auction as a New Capacity Resource.

New Capacity Show of Interest Form is described in Section III.13.1.1.2.1 of Market Rule 1.

New Capacity Show of Interest Submission Window is the period of time during which a Project Sponsor may submit a New Capacity Show of Interest Form or a New Demand Resource Show of Interest Form, as described in Section III.13.1.10 of Market Rule 1.

New Demand Resource is a type of Demand Resource participating in the Forward Capacity Market, as defined in Section III.13.1.4.1.2 of Market Rule 1.

New Demand Resource Qualification Package is the information that a Project Sponsor must submit, in accordance with Section III 13.1.4.2.3 of Market Rule 1, for each resource that it seeks to offer in the Forward Capacity Auction as a New Demand Resource.

New Demand Resource Show of Interest Form is described in Section III.13.1.4.2 of Market Rule 1.

New England Control Area is the Control Area for New England, which includes PTF, Non-PTF, MTF and OTF. The New England Control Area covers Connecticut, Rhode Island, Massachusetts, New Hampshire, Vermont, and part of Maine (i.e., excluding the portions of Northern Maine and the northern portion of Eastern Maine which are in the Maritimes Control Area).

New England Markets are markets or programs for the purchase of energy, capacity, ancillary services, demand response services or other related products or services (including Financial Transmission Rights) that are delivered through or useful to the operation of the New England Transmission System and that are administered by the ISO pursuant to rules, rates, or agreements on file from time to time with the Federal Energy Regulatory Commission.

New England System Restoration Plan is the plan that is developed by ISO, in accordance with NERC Reliability Standards, NPCC regional criteria and standards, ISO New England Operating Documents and ISO operating agreements, to facilitate the restoration of the New England Transmission System following a partial or complete shutdown of the New England Transmission System.

New England Transmission System is the system of transmission facilities, including PTF, Non-PTF, OTF and MTF, within the New England Control Area under the ISO's operational jurisdiction.

New Generating Capacity Resource is a type of resource participating in the Forward Capacity Market, as described in Section III.13.1.1.1 of Market Rule 1.

New Import Capacity Resource is a type of resource participating in the Forward Capacity Market, as defined in Section III.13.1.3.4 of Market Rule 1.

NMPTC means Non-Market Participant Transmission Customer.

NMPTC Credit Threshold is described in Section V.A.2 of the ISO New England Financial Assurance Policy.

NMPTC Financial Assurance Requirement is an amount of additional financial assurance for Non-Market Participant Transmission Customers described in Section V.D of the ISO New England Financial Assurance Policy.

Nodal Amount is node(s)-specific on-peak and off-peak proxy value to which an FTR bid or awarded FTR bid relates.

Node is a point on the New England Transmission System at which LMPs are calculated.

No-Load Fee is the amount, in dollars per hour, for a generating unit that must be paid to Market Participants with an Ownership Share in the unit for being scheduled in the New England Markets, in addition to the Start-Up Fee and price offered to supply energy, for each hour that the generating unit is scheduled in the New England Markets.

Nominated Consumption Limit is the consumption level specified by the Market Participant for a Dispatchable Asset Related Demand as adjusted in accordance with the provisions of Section III.13.7.3.1.3.

Non-Commercial Capacity, for the purposes of the ISO New England Financial Assurance Policy, is defined in Section VII.B of that policy.

Non-Commercial Capacity Cure Period is the time period described in Section VII.D of the ISO New England Financial Assurance Policy.

Non-Commercial Capacity Financial Assurance Amount (Non-Commercial Capacity FA Amount) is calculated in accordance with Section VII.B.2(i) of the ISO New England Financial Assurance Policy.

Non-Designated Blackstart Resource Study Cost Payments are the study costs reimbursed under Section 5.3 of Schedule 16 of the OATT.

Non-Hourly Charges are defined in Section 1.3 of the ISO New England Billing Policy.

Non-Hourly Requirements are determined in accordance with Section III.A(ii) of the ISO New England Financial Assurance Policy, which is Exhibit 1A of Section I of the Tariff.

Non-Incumbent Transmission Developer is a Qualified Transmission Project Sponsor that: (i) is not currently a PTO; (ii) has a transmission project listed in the RSP Project List; and (iii) has executed a Non-Incumbent Transmission Developer Operating Agreement. "Non-Incumbent Transmission Developer" also includes a PTO that proposes the development of a transmission facility not located within or connected to its existing electric system; however, because such a PTO is a party to the TOA, it is not required to enter into a Non-Incumbent Transmission Developer Operating Agreement.

Non-Incumbent Transmission Developer Operating Agreement (or NTDOA) is an agreement between the ISO and a Non-Incumbent Transmission Developer in the form specified in Attachment O to the OATT that sets forth their respective rights and responsibilities to each other with regard to proposals for and construction of certain transmission facilities.

Non-Intermittent Settlement Only Resource is a Settlement Only Resource that is not an Intermittent Power Resource.

Non-Market Participant is any entity that is not a Market Participant.

Non-Market Participant Transmission Customer is any entity which is not a Market Participant but is a Transmission Customer.

Non-Municipal Market Participant is defined in Section II of the ISO New England Financial Assurance Policy.

Non-Price Retirement Request is a binding request to retire the entire capacity of a Generating Capacity Resource as described in Section III.13.1.2.3.1.5.

Non-PTF Transmission Facilities (Non-PTF) are the transmission facilities owned by the PTOs that do not constitute PTF, OTF or MTF.

Non-Qualifying means a Market Participant that is not a Credit Qualifying Market Participant.

Notice of RBA is defined in Section 6.3.2 of the ISO New England Billing Policy.

NPCC is the Northeast Power Coordinating Council.

Obligation Month means a time period of one calendar month for which capacity payments are issued and the costs associated with capacity payments are allocated.

ODR-Only Customer is a Market Participant that registers with the ISO an Other Demand Resource (as defined in Section III.1 of this Tariff) and that does not participate in other markets or programs of the New England Markets, provided, however, that a DRP-Only Customer may also be an FTR-Only Customer and/or an DRP-Only Customer.

Offer Data means the scheduling, operations planning, dispatch, new Resource, and other data, including generating unit and Dispatchable Asset Related Demand operating limits based on physical characteristics, and information necessary to schedule and dispatch generating and Dispatchable Asset Related Demand Resources for the provision of energy and other services and the maintenance of the reliability and security of the transmission system in the New England Control Area, and specified for submission to the New England Markets for such purposes by the ISO.

On-Peak Demand Resource is a type of Demand Resource and means installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that reduce the total amount of electrical energy consumed during Demand Resource On-Peak Hours, while delivering a comparable or acceptable level of end-use service. Such measures include Energy Efficiency, Load Management, and Distributed Generation.

Open Access Same-Time Information System (OASIS) is the ISO information system and standards of conduct responding to requirements of 18 C.F.R. §37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

Open Access Transmission Tariff (OATT) is Section II of the ISO New England Inc. Transmission, Markets and Services Tariff.

Operating Authority is defined pursuant to a MTOA, an OTOA, the TOA or the OATT, as applicable.

Operating Data means GADS Data, data equivalent to GADS Data, CARL Data, metered load data, or actual system failure occurrences data, all as described in the ISO New England Operating Procedures.

Operating Day means the calendar day period beginning at midnight for which transactions on the New England Markets are scheduled.

Operating Reserve means Ten-Minute Spinning Reserve (TMSR), Ten-Minute Non-Spinning Reserve (TMNSR) and Thirty-Minute Operating Reserve (TMOR).

Operations Date is February 1, 2005.

OTF Service is transmission service over OTF as provided for in Schedule 20.

Other Demand Resource (ODR) is an installation undertaken as part of a merchant, utility, or state-sponsored program, and may include Energy Efficiency, Load Management, and Distributed Generation projects that are installed after June 16, 2006, and that result in additional and verifiable reductions in end-use customer demand on the electricity network in the New England Control Area during specified ODR performance hours of the ICAP Transition Period.

Other Transmission Facility (OTF) are the transmission facilities owned by Transmission Owners, defined and classified as OTF pursuant to Schedule 20, over which the ISO shall exercise Operating Authority in accordance with the terms set forth in the OTOA, rated 69 kV or above, and required to allow energy from significant power sources to move freely on the New England Transmission System. OTF classification shall be limited to the Phase I/II HVDC-TF.

Other Transmission Operating Agreements (OTOA) is the agreement(s) between the ISO, an OTO and/or the associated service provider(s) with respect to an OTF, which includes the HVDC Transmission Operating Agreement and the Phase I/II HVDC-TF Transmission Service Administration Agreement. With respect to the Phase I/II HVDC-TF, the HVDC Transmission Operating Agreement covers the rights and responsibilities for the operation of the facility and the Phase I/II HVDC-TF Transmission Service Administration Agreement covers the rights and responsibilities for the administration of transmission service.

Other Transmission Owner (OTO) is an owner of OTF.

Out-of-Market Capacity is certain capacity that is counted in determining whether the Alternative Capacity Price Rule applies, as described in Section III.13.2.7.8 of Market Rule 1.

Ownership Share is a right or obligation, for purposes of settlement, to a percentage share of all credits or charges associated with a generating unit asset or Load Asset, where such unit or load is interconnected to the New England Transmission System.

Participant Expenses are defined in Section 1 of the Participants Agreement.

Participant Required Balance is defined in Section 5.3 of the ISO New England Billing Policy.

Participant Vote is defined in Section 1 of the Participants Agreement.

Participants Agreement is the agreement among the ISO, the New England Power Pool and Individual Participants, as amended from time to time, on file with the Commission.

Participants Committee is the principal committee referred to in the Participants Agreement.

Participating Transmission Owner (PTO) is a transmission owner that is a party to the TOA.

Payment is a sum of money due to a Covered Entity from the ISO.

Payment Default Shortfall Fund is defined in Section 5.1 of the ISO New England Billing Policy.

Peak Energy Rent (PER) is described in Section III.13.7.2.7.1 of Market Rule 1.

PER Proxy Unit is described in Section III.13.7.2.7.1 of Market Rule 1.

Percent of Total Demand Reduction Value Complete means the delivery schedule as a percentage of a Demand Resource's total Demand Reduction Value that will be or has been achieved as of specific target dates, as described in Section III.13 of Market Rule 1.

Permanent De-list Bid is a bid that may be submitted by an Existing Generating Capacity Resource, Existing Import Capacity Resource, or Existing Demand Resource in the Forward Capacity Auction to permanently remove itself from the capacity market, as described in Section III.13.1.2.3.1.2 of Market Rule 1.

Phase I Transfer Credit is 40% of the HQICC, or such other fraction of the HQICC as the ISO may establish.

Phase I/II HVDC-TF is defined in Schedule 20A to Section II of this Tariff.

Phase I/II HVDC-TF Transfer Capability is the transfer capacity of the Phase I/II HVDC-TF under normal operating conditions, as determined in accordance with Good Utility Practice. The "Phase I Transfer Capability" is the transfer capacity under normal operating conditions, as determined in accordance with Good Utility Practice, of the Phase I terminal facilities as determined initially as of the time immediately prior to Phase II of the Phase I/II HVDC-TF first being placed in service, and as adjusted thereafter only to take into account changes in the transfer capacity which are independent of any effect of Phase II on the operation of Phase I. The "Phase II Transfer Capability" is the difference between the Phase I/II HVDC-TF Transfer Capability and the Phase I Transfer Capability. Determinations of, and any adjustment in, Phase I/II HVDC-TF Transfer Capability shall be made by the ISO, and the basis for any such adjustment shall be explained in writing and posted on the ISO website.

Phase II Transfer Credit is 60% of the HQICC, or such other fraction of the HQICC as the ISO may establish.

Planning Advisory Committee is the committee described in Attachment K of the OATT.

Planning and Reliability Criteria is defined in Section 3.3 of Attachment K to the OATT.

Point(s) of Delivery (POD) is point(s) of interconnection where capacity and/or energy transmitted by a Transmission Customer will be made available to the Receiving Party under the OATT.

Point(s) of Receipt (POR) is point(s) of interconnection where capacity and/or energy transmitted by a Transmission Customer will be made available by the Delivering Party under the OATT.

Point-To-Point Service is the transmission of capacity and/or energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under the OATT pursuant to Local Point-To-Point Service or OTF Service or MTF Service; and the transmission of capacity and/or energy from the Point(s) of Receipt to the Point(s) of Delivery under the OATT pursuant to Through or Out Service.

Pool-Planned Unit is one of the following units: New Haven Harbor Unit 1 (Coke Works), Mystic Unit 7, Canal Unit 2, Potter Unit 2, Wyman Unit 4, Stony Brook Units 1, 1A, 1B, 1C, 2A and 2B, Millstone Unit 3, Seabrook Unit 1 and Waters River Unit 2 (to the extent of 7 megawatts of its Summer capability and 12 megawatts of its Winter capability).

Pool PTF Rate is the transmission rate determined in accordance with Schedule 8 to the OATT.

Pool RNS Rate is the transmission rate determined in accordance with paragraph (2) of Schedule 9 of Section II of the Tariff.

Pool-Scheduled Resources are described in Section III.1.10.2 of Market Rule 1.

Pool Supported PTF is defined as: (i) PTF first placed in service prior to January 1, 2000; (ii) Generator Interconnection Related Upgrades with respect to Category A and B projects (as defined in Schedule 11), but only to the extent not paid for by the interconnecting Generator Owner; and (iii) other PTF upgrades, but only to the extent the costs therefore are determined to be Pool Supported PTF in accordance with Schedule 12.

Pool Transmission Facility (PTF) means the transmission facilities owned by PTOs which meet the criteria specified in Section II.49 of the OATT.

Poorly Performing Resource is described in Section III.13.7.1.1.5 of Market Rule 1.

Posting Entity is any Market Participant or Non-Market Participant Transmission Customer providing financial security under the provisions of the ISO New England Financial Assurance Policy.

Posture means an action of the ISO to deviate from the jointly optimized security constrained economic dispatch for Energy and Operating Reserves solution for a Resource produced by the ISO's technical

software for the purpose of maintaining sufficient Operating Reserve (both online and off-line) or for the provision of voltage or VAR support.

Posturing Credit is calculated pursuant to Section III.F.2.6.2 of Appendix F to Market Rule 1.

Power Purchaser is the entity that is purchasing the capacity and/or energy to be transmitted under the OATT.

Principal is (i) the sole proprietor of a sole proprietorship; (ii) a general partner of a partnership; (iii) a president, chief executive officer, chief operating officer or chief financial officer (or equivalent position) of an organization; (iv) a manager, managing member or a member vested with the management authority for a limited liability company or limited liability partnership; (v) any person or entity that has the power to exercise a controlling influence over an organization's activities that are subject to regulation by the Federal Energy Regulatory Commission, the Securities and Exchange Commission, the Commodity Futures Trading Commission, any exchange monitored by the National Futures Association, or any state entity responsible for regulating activity in energy markets; or (vi) any person or entity that: (a) is the direct owner of 10% or more of any class of an organization's equity securities; or (b) has directly contributed 10% or more of an organization's capital.

Profiled Load Assets include all Load Assets that are not directly metered by OP-18 compliant metering as currently described in Section IV (Metering and Recording for Settlements) of OP18, and some Load Assets that are measured by OP-18 compliant metering (as currently described in Section IV of OP-18) to which the Host Participant Assigned Meter Reader allocates non-PTF losses.

Project Sponsor is an entity seeking to have a New Generating Capacity Resource or New Demand Resource participate in the Forward Capacity Market, as described in Section III.13.

Provisional Member is defined in Section I.68A of the Restated NEPOOL Agreement.

PTO Administrative Committee is the committee referred to in Section 11.04 of the TOA.

Public Policy Transmission Study is a study conducted by the ISO pursuant to the process set out in Section 4A.3 of Attachment K of the OATT, and consists of two phases: (i) an initial phase to produce a rough estimate of the costs and benefits of concepts that could meet transmission needs driven by public

policy requirements; and (ii) a follow-on phase designed to produce more detailed analysis and engineering work on transmission concepts identified in the first phase.

Public Policy Transmission Upgrade is an addition and/or upgrade to the New England Transmission System that meets the voltage and non-voltage criteria for Public Policy Transmission Upgrade PTF classification specified in the OATT, and has been included in the Regional System Plan and RSP Project List as a Public Policy Transmission Upgrade pursuant to Public Policy Transmittal procedures described in Section 4A of Attachment K of the OATT.

Public Policy Transmittal is a written document sent by NESCOE or jointly by all of the participating states' utility regulatory authorities to the ISO that indicates which of the New England states support inclusion of a particular Public Policy Transmission Upgrade in the Regional System Plan and provides each state's final decision concerning such proposed Public Policy Transmission Upgrade and associated cost allocation as set forth in such state's regulatory authority decisions that is to be utilized for the project costs.

Publicly Owned Entity is defined in Section I of the Restated NEPOOL Agreement.

Qualification Process Cost Reimbursement Deposit is described in Section III.13.1.9.3 of Market Rule 1.

Qualified Capacity is the amount of capacity a resource may provide in the summer or winter in a Capacity Commitment Period, as determined in the Forward Capacity Market qualification processes.

Qualified Generator Reactive Resource(s) is any generator source of dynamic reactive power that meets the criteria specified in Schedule 2 of the OATT.

Qualified Non-Generator Reactive Resource(s) is any non-generator source of dynamic reactive power that meets the criteria specified in Schedule 2 of the OATT.

Qualified Reactive Resource(s) is any Qualified Generator Reactive Resource and/or Qualified Non-Generator Reactive Resource that meets the criteria specified in Schedule 2 of the OATT.

Qualified Transmission Project Sponsor is defined in Sections 4B.2 and 4B.3 of Attachment K of the OATT.

Queue Position has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Rated means a Market Participant that receives a credit rating from one or more of the Rating Agencies, or, if such Market Participant is not rated by one of the Rating Agencies, then a Market Participant that has outstanding unsecured debt rated by one or more of the Rating Agencies.

Rating Agencies are Standard and Poor's (S&P), Moody's, and Fitch.

RBA Decision is a written decision provided by the ISO to a Disputing Party and to the Chair of the NEPOOL Budget and Finance Subcommittee accepting or denying a Requested Billing Adjustment within twenty Business Days of the date the ISO distributes a Notice of RBA, unless some later date is agreed upon by the Disputing Party and the ISO.

Reactive Supply and Voltage Control Service is the form of Ancillary Service described in Schedule 2 of the OATT.

Real-Time is a period in the current Operating Day for which the ISO dispatches Resources for energy and Regulation, designates Resources for Regulation and Operating Reserve and, if necessary, commits additional Resources.

Real-Time Adjusted Load Obligation is defined in Section III.3.2.1(b)(iii) of Market Rule 1.

Real-Time Adjusted Load Obligation Deviation is defined in Section III.3.2.1(c)(iii) of Market Rule 1.

Real-Time Commitment Periods are periods of continuous operation bounded by a start up and the earlier to occur of a shut-down or a unit trip used to determine eligibility for Real Time NCPC Credit.

Real-Time Congestion Revenue is defined in Section III.3.2.1(f) of Market Rule 1.

Real-Time Demand Reduction Obligation is a Real-Time demand reduction amount determined pursuant to Section III.E.8.

Real-Time Demand Resource Dispatch Hours means those hours, or portions thereof, in which ISO New England Operating Procedure No. 4 is implemented and the ISO has begun to allow the depletion of Thirty-Minute Operating Reserve on a Load Zone or system-wide basis, and the ISO notifies the Market Participants with Critical Peak Demand Resources and Real-Time Demand Response Resources of such hours. Beginning on June 1, 2011, "Real-Time Demand Resource Dispatch Hours" shall be defined as those hours, or portions thereof, in which ISO New England Operating Procedure No. 4 is implemented and the ISO has begun to allow the depletion of Thirty-Minute Operating Reserve on a Dispatch Zone, Load Zone, or system-wide basis, and the ISO notifies the Market Participants with Critical Peak Demand Resources and Real-Time Demand Response Resources of such hours.

Real-Time Demand Response Asset means one or more individual end-use metered customers that are located at a single Node, report load reduction and consumption, or generator output as a single set of values, are assigned a unique asset identification number by the ISO, and that participate in the Forward Capacity Market as part of a Market Participant's Real-Time Demand Response Resource.

Real-Time Demand Response Event Hours means the hours, or portions thereof, when the ISO dispatches Real-Time Demand Response Resources in the Load Zone where a Demand Resource is located in response to Demand Resource Forecast Peak Hours and Real-Time Demand Resource Dispatch Hours. Beginning on June 1, 2011, Real-Time Demand Response Event Hours means hours when the ISO dispatches Real-Time Demand Response Resources in response to Demand Resource Forecast Peak Hours and Real-Time Demand Resource Dispatch Hours, which may include Dispatch Zone, Load Zone, or system-wide dispatch of such resources.

Real-Time Demand Response Resource is a type of Demand Resource that is comprised of installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that: (i) curtail electrical usage in response to a Dispatch Instruction; and (ii) continue curtailing electrical usage until receiving Dispatch Instructions to restore electrical usage. Such measures include Load Management and Distributed Generation. The period of curtailment shall be consistent with Real-Time Demand Response Event Hours.

Real-Time Emergency Generation Asset means one or more individual end-use metered customers that are located at a single Node, report load reduction and consumption, or generator output as a single set of values, are assigned a unique asset identification number by the ISO, and that participate in the Forward Capacity Market as part of a Market Participant's Real-Time Emergency Generation Resource.

Real-Time Emergency Generation Event Hours means those hours, or portions thereof, between 7 a.m. and 7 p.m. Monday through Friday, non-Demand Response holidays in which the ISO dispatches Real-Time Emergency Generation Resources to curtail electric consumption. Real-Time Emergency Generation Resources would be dispatched by the ISO on a Load Zone or system-wide basis when deficient in Thirty-Minute Operating Reserve and when the ISO implements voltage reductions of five percent of normal operating voltage that require more than 10 minutes to implement. Beginning on June 1, 2011, Real-Time Emergency Generation Event Hours means those hours, or portions thereof, between 7 a.m. and 7 p.m. Monday through Friday, non-Demand Response holidays in which the ISO dispatches Real-Time Emergency Generation Resources on a Dispatch Zone, Load Zone, or system-wide basis when deficient in Thirty-Minute Operating Reserve and when the ISO implements voltage reductions of five percent of normal operating voltage that require more than 10 minutes to implement.

Real-Time Emergency Generation Resource is Distributed Generation whose federal, state and/or local air quality permits limit operation in response to requests from the ISO to the times when the ISO implements voltage reductions of five percent of normal operating voltage that require more than 10 minutes to implement. A Real-Time Emergency Generation Resource must be capable of: (i) curtailing its end-use electric consumption from the New England grid within 30 minutes of receiving a Dispatch Instruction; and (ii) continuing that curtailment until receiving a Dispatch Instruction to restore consumption.

Real-Time Energy Market means the purchase or sale of energy, payment of Congestion Costs, and payment for losses for quantity deviations from the Day-Ahead Energy Market in the Operating Day and designation of and payment for provision of Operating Reserve in Real-Time.

Real-Time Energy Market Deviation Congestion Charge/Credit is defined in Section III.3.2.1(e) of Market Rule 1.

Real-Time Energy Market Deviation Energy Charge/Credit is defined in Section III.3.2.1(e) of Market Rule 1.

Real-Time Energy Market Deviation Loss Charge/Credit is defined in Section III.3.2.1(e) of Market Rule 1.

Real-Time Generation Obligation is defined in Section III.3.2.1(b)(ii) of Market Rule 1.

Real-Time Generation Obligation Deviation is defined in Section III.3.2.1(c)(ii) of Market Rule 1.

Real-Time High Operating Limit is the maximum output, in MW, of a resource that could be achieved, consistent with Good Utility Practice, in response to an ISO request for Energy under Section III.13.6.4 of Market Rule 1, for each hour of the Operating Day, as reflected in the resource's Offer Data. This value is based on real-time operating conditions and the physical operating characteristics and operating permits of the unit.

Real-Time Load Obligation is defined in Section III.3.2.1(b)(i) of Market Rule 1.

Real-Time Load Obligation Deviation is defined in Section III.3.2.1(c)(i) of Market Rule 1.

Real-Time Locational Adjusted Net Interchange is defined in Section III.3.2.1(b)(iv) of Market Rule 1.

Real-Time Locational Adjusted Net Interchange Deviation is defined in Section III.3.2.1(c)(iv) of Market Rule 1.

Real-Time Loss Revenue is defined in Section III.3.2.1(i) of Market Rule 1.

Real-Time Loss Revenue Charges or Credits are defined in Section III.3.2.1(m) of Market Rule 1.

Real-Time NCP Load Obligation is the maximum hourly value, during a month, of a Market Participant's Real-Time Load Obligation summed over all Locations, excluding exports, in kilowatts.

Real-Time Price Response Program is the program described in Appendix E to Market Rule 1.

Real-Time Prices means the Locational Marginal Prices resulting from the ISO's dispatch of the New England Markets in the Operating Day.

Real-Time Reserve Charge is a Market Participant's share of applicable system and Reserve Zone Real-Time Operating Reserve costs attributable to meeting the Real-Time Operating Reserve requirement as calculated in accordance with Section III.10 of Market Rule 1.

Real-Time Reserve Clearing Price is the Real-Time TMSR, TMNSR or TMOR clearing price, as applicable, for the system and each Reserve Zone that is calculated in accordance with Section III.2.4 of Market Rule 1.

Real-Time Reserve Credit is a Market Participant's compensation associated with that Market Participant's Resources' Real-Time Reserve Designation as calculated in accordance with Section III.10 of Market Rule 1.

Real-Time Reserve Designation is the amount, in MW, of Operating Reserve designated to a Resource in Real-Time by the ISO as adjusted after-the-fact utilizing revenue quality meter data as described under Section III.10 of Market Rule 1.

Real-Time Reserve Opportunity Cost is defined in Section III.2.7A(b) of Market Rule 1.

Real-Time System Adjusted Net Interchange means, for each hour, the sum of Real-Time Locational Adjusted Net Interchange for a Market Participant over all Locations, in kilowatts.

Receiving Party is the entity receiving the capacity and/or energy transmitted to Point(s) of Delivery under the OATT.

Reference Level is defined in Section III.A.5.6.1 of Appendix A of Market Rule 1.

Regional Benefit Upgrade(s) (RBU) means a Transmission Upgrade that: (i) is rated 115kV or above; (ii) meets all of the non-voltage criteria for PTF classification specified in the OATT; and (iii) is included in the Regional System Plan as either a Reliability Transmission Upgrade or an Market Efficiency Transmission Upgrade identified as needed pursuant to Attachment K of the OATT. The category of RBU shall not include any Transmission Upgrade that has been categorized under any of the other categories specified in Schedule 12 of the OATT (e.g., an Elective Transmission Upgrade shall not also be categorized as an RBU). Any upgrades to transmission facilities rated below 115kV that were

PTF prior to January 1, 2004 shall remain classified as PTF and be categorized as an RBU if, and for so long as, such upgrades meet the criteria for PTF specified in the OATT.

Regional Network Load is the load that a Network Customer designates for Regional Network Service under Part II.B of the OATT. The Network Customer's Regional Network Load shall include all load designated by the Network Customer (including losses) and shall not be credited or reduced for any behind-the-meter generation. A Network Customer may elect to designate less than its total load as Regional Network Load but may not designate only part of the load at a discrete Point of Delivery. Where a Transmission Customer has elected not to designate a particular load at discrete Points of Delivery as Regional Network Load, the Transmission Customer is responsible for making separate arrangements under Part II.C of the OATT for any Point-To-Point Service that may be necessary for such non-designated load.

Regional Network Service (RNS) is the transmission service over the PTF described in Part II.B of the OATT, including such service which is used with respect to Network Resources or Regional Network Load that is not physically interconnected with the PTF.

Regional Planning Dispute Resolution Process is described in Section 12 of Attachment K to the OATT.

Regional System Plan (RSP) is the plan developed under the process specified in Attachment K of the OATT.

Regional Transmission Service (RTS) is Regional Network Service and Through or Out Service as provided over the PTF in accordance with Section II.B, Section II.C, Schedule 8 and Schedule 9 of the OATT.

Regulation is the capability of a specific generating unit with appropriate telecommunications, control and response capability to increase or decrease its output in response to a regulating control signal, in accordance with the specifications in the ISO New England Manuals and ISO New England Administrative Procedures.

Regulation and Frequency Response Service is the form of Ancillary Service described in Schedule 3 of the OATT. The capability of performing Regulation and Frequency Response Service is referred to as automatic generation control (AGC).

Regulation Capability (REGCAP) means the amount of Regulation capability available on a Market Participant's Resource as calculated by the ISO based upon that Resource's Automatic Response Rate and the available regulating range as specified in ISO New England Manual 11 – Market Operations.

Regulation Clearing Price is defined in Section III.3.2.2(e) of Market Rule 1.

Regulation High Limit is the maximum amount of energy that a generating unit can reliably produce when that unit is providing Regulation. The Regulation High Limit may be less than or equal to the unit's Economic Maximum Limit.

Regulation Low Limit is the minimum amount of energy that a generating unit can reliably produce when that unit is providing Regulation. The Regulation Low Limit may be greater than or equal to the unit's Economic Minimum Limit.

Regulation Opportunity Cost is defined in Section III.3.2.2(i) of Market Rule 1.

Regulation Rank Price is calculated in accordance with Section III.1.11.5(b) of Market Rule 1.

Regulation Requirement is the hourly amount of Regulation MWs required by the ISO to maintain system control and reliability as calculated and posted on the ISO website.

Regulation Service Credit is the credit associated with provision of Regulation Service Megawatts and is calculated in accordance with Section III.3.2.2(c) of Market Rule 1.

Regulation Service Megawatts are calculated in accordance with Section III.3.2.2(f) of Market Rule 1.

Related Person is defined pursuant to Section 1.1 of the Participants Agreement.

Related Transaction is defined in Section III.1.4.3 of Market Rule 1.

Reliability Administration Service (RAS) is the service provided by the ISO, as described in Schedule 3 of Section IV.A of the Tariff, in order to administer the Reliability Markets and provide other reliability-related and informational functions.

Reliability Committee is the committee whose responsibilities are specified in Section 8.2.3 of the Participants Agreement.

Reliability Markets are, collectively, the ISO's administration of Regulation, the Forward Capacity Market, and Operating Reserve.

Reliability Region means any one of the regions identified on the ISO's website. Reliability Regions are intended to reflect the operating characteristics of, and the major transmission constraints on, the New England Transmission System.

Reliability Transmission Upgrade means those additions and upgrades not required by the interconnection of a generator that are nonetheless necessary to ensure the continued reliability of the New England Transmission System, taking into account load growth and known resource changes, and include those upgrades necessary to provide acceptable stability response, short circuit capability and system voltage levels, and those facilities required to provide adequate thermal capability and local voltage levels that cannot otherwise be achieved with reasonable assumptions for certain amounts of generation being unavailable (due to maintenance or forced outages) for purposes of long-term planning studies. Good Utility Practice, applicable reliability principles, guidelines, criteria, rules, procedures and standards of ERO and NPCC and any of their successors, applicable publicly available local reliability criteria, and the ISO System Rules, as they may be amended from time to time, will be used to define the system facilities required to maintain reliability in evaluating proposed Reliability Transmission Upgrades. A Reliability Transmission Upgrade may provide market efficiency benefits as well as reliability benefits to the New England Transmission System.

Remittance Advice is an issuance from the ISO for the net Payment owed to a Covered Entity where a Covered Entity's total Payments exceed its total Charges in a billing period.

Remittance Advice Date is the day on which the ISO issues a Remittance Advice.

Re-Offer Period is the period normally between 16:00 and 18:00 on the day before the Operating Day during which a Market Participant may submit revised Supply Offers, revised External Transactions, or revised Demand Bids associated with Dispatchable Asset Related Demands.

Replacement Reserve is described in Part III, Section VII of ISO New England Operating Procedure No. 8.

Request for Alternative Proposals (RFAP) is the request described in Attachment K of the OATT.

Requested Billing Adjustment (RBA) is defined in Section 6.1 of the ISO New England Billing Policy.

Required Balance is an amount as defined in Section 5.3 of the Billing Policy.

Reseller is a MGTSA holder that sells, assigns or transfers its rights under its MGTSA, as described in Section II.45.1(a) of the OATT.

Reserve Constraint Penalty Factors (RCPFs) are rates, in $/MWh, that are used within the Real-Time dispatch and pricing algorithm to reflect the value of Operating Reserve shortages and are defined in Section III.2.7A(c) of Market Rule 1.

Reserve Zone is defined in Section III.2.7 of Market Rule 1.

Reserved Capacity is the maximum amount of capacity and energy that is committed to the Transmission Customer for transmission over the New England Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II.C or Schedule 18, 20 or 21 of the OATT, as applicable. Reserved Capacity shall be expressed in terms of whole kilowatts on a sixty-minute interval (commencing on the clock hour) basis, or, in the case of Reserved Capacity for Local Point-to-Point Service, in terms of whole megawatts on a sixty-minute interval basis.

Resource means a generating unit, a Dispatchable Asset Related Demand, an External Resource or an External Transaction.

Restated New England Power Pool Agreement (RNA) is the Second Restated New England Power Pool Agreement, which restated for a second time by an amendment dated as of August 16, 2004 the New

England Power Pool Agreement dated September 1, 1971, as the same may be amended and restated from time to time, governing the relationship among the NEPOOL members.

Rest-of-Pool Capacity Zone is a single Capacity Zone made up of the adjacent Load Zones that are neither export-constrained nor import-constrained.

Rest of System is an area established under Section III.2.7(d) of Market Rule 1.

Retail Delivery Point is the point on the transmission or distribution system at which the load of an end-use facility, which is metered and assigned a unique account number by the Host Participant, is measured to determine the amount of energy delivered to the facility from the transmission and distribution system. If an end-use facility is connected to the transmission or distribution system at more than one location, the Retail Delivery Point shall consist of the metered load at each connection point, summed to measure the net energy delivered to the facility in each interval.

Returning Market Participant is a Market Participant, other than an FTR-Only Customer, a DRP-Only Customer or a Governance Only Member, whose previous membership as a Market Participant was involuntarily terminated due to a Financial Assurance Default or a payment default and, since returning, has been a Market Participant for less than six consecutive months.

Revenue Requirement is defined in Section IV.A.2.1 of the Tariff.

Reviewable Action is defined in Section III.D.1.1 of Appendix D of Market Rule 1.

Reviewable Determination is defined in Section 12.4(a) of Attachment K to the OATT.

RSP Project List is defined in Section 1 of Attachment K to the OATT.

RTEP02 Upgrade(s) means a Transmission Upgrade that was included in the annual NEPOOL Transmission Plan (also known as the "Regional Transmission Expansion Plan" or "RTEP") for the year 2002, as approved by ISO New England Inc.'s Board of Directors, or the functional equivalent of such Transmission Upgrade, as determined by ISO New England Inc. The RTEP02 Upgrades are listed in Schedule 12B of the OATT.

RTO is a regional transmission organization or comparable independent transmission organization that complies with Order No. 2000 and the Commission's corresponding regulation.

Same Reserve Zone Export Transaction is defined in Section III.1.10.7(f)(iii) of Market Rule 1.

Sanctionable Behavior is defined in Section III.B.3 of Appendix B of Market Rule 1.

Schedule, Schedules, Schedule 1, 2, 3, 4 and 5 are references to the individual or collective schedules to Section IV.A. of the Tariff.

Schedule 20A Service Provider (SSP) is defined in Schedule 20A to Section II of this Tariff.

Scheduling Service, for purposes of Section IV.A and Section IV.B of the Tariff, is the service described in Schedule 1 to Section IV.A of the Tariff.

Scheduling, System Control and Dispatch Service, for purposes of Section II of the Tariff, is the form of Ancillary Service described in Schedule 1 of the OATT.

Seasonal Claimed Capability is the summer or winter claimed capability of a generating unit or ISO-approved combination of units, and represent the maximum dependable load carrying ability of such unit or units, excluding capacity required for station use.

Seasonal DR Audit is a seasonal audit of the demand response capability of a Demand Resource initiated pursuant to Section III.13.6.1.5.4.1.

Seasonal Peak Demand Resource is a type of Demand Resource and shall mean installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that reduce the total amount of electrical energy consumed during Demand Resource Seasonal Peak Hours, while delivering a comparable or acceptable level of end-use service. Such measures include Energy Efficiency, Load Management, and Distributed Generation.

Section III.1.4 Transactions are defined in Section III.1.4.2 of Market Rule 1.

Section III.1.4 Conforming Transactions are defined in Section III.1.4.2 of Market Rule 1.

Security Agreement is Attachment 1 to the ISO New England Financial Assurance Policy.

Self-Schedule is the action of a Market Participant in committing and/or scheduling its Resource, in accordance with applicable ISO New England Manuals, to provide service in an hour, whether or not in the absence of that action the Resource would have been scheduled or dispatched by the ISO to provide the service.

Self-Scheduled MW is an amount, in megawatts, that is Self-Scheduled and is equal to the greater of: (i) the Resource's Economic Minimum Limit; or (ii) the Resource's Minimum Consumption Limit; or (iii) for a generating Resource for which the Regulation Self-Schedule flag is set for the hour and the unit was on Regulation for at least 20 minutes during the applicable hour of the Operating Day, the median value of all Regulation setpoints (Desired Dispatch Point) used by the Resource while regulating.

Self-Supplied FCA Resource is described in Section III.13.1.6 of Market Rule 1.

Senior Officer means an officer of the subject entity with the title of vice president (or similar office) or higher, or another officer designated in writing to the ISO by that office.

Service Agreement is a Transmission Service Agreement or an MPSA.

Service Commencement Date is the date service is to begin pursuant to the terms of an executed Service Agreement, or the date service begins in accordance with the sections of the OATT addressing the filing of unexecuted Service Agreements.

Services means, collectively, the Scheduling Service, EAS and RAS; individually, a Service.

Settlement Financial Assurance is an amount of financial assurance required from a Designated FTR Participant awarded a bid in an FTR Auction. This amount is calculated pursuant to Section VI.D of the ISO New England Financial Assurance Policy.

Settlement Only Resources are generators of less than 5 MW or otherwise eligible for Settlement Only Resource treatment as described in ISO New England Operating Procedure No. 14 and that have elected

Settlement Only Resource treatment as described in the ISO New England Manual for Registration and Performance Auditing.

Seven-Day Forecast has the meaning specified in Section III.H.3.3(a).

Shortage Event is defined in Section III.13.7.1.1.1 of Market Rule 1.

Shortage Event Availability Score is the average of the hourly availability scores for each hour or portion of an hour during a Shortage Event, as described in Section III.13.7.1.1.1.A of Market Rule 1.

Shortfall Funding Arrangement, as specified in Section 5.1 of the ISO New England Billing Policy, is a separate financing arrangement that can be used to make up any non-congestion related differences between amounts received on Invoices and amounts due for ISO Charges in any bill issued.

Short-Term is a period of less than one year.

Significantly Reduced Congestion Costs are defined in Section III.G.2.2 of Appendix G to Market Rule 1.

SMD Effective Date is March 1, 2003.

Solutions Study is described in Section 4.2(b) of Attachment K to the OATT.

Special Constraint Resource (SCR) is a Resource that provides Special Constraint Resource Service under Schedule 19 of the OATT.

Special Constraint Resource Service is the form of Ancillary Service described in Schedule 19 of the OATT.

Specified-Term Blackstart Capital Payment is the annual compensation level, as calculated pursuant to Section 5.1 of Schedule 16 of the OATT, for a Designated Blackstart Resource's capital Blackstart Equipment costs associated with the provision of Blackstart Service (except for capital costs associated with adhering to NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Stage One Proposal is a first round submission, as defined in Sections 4A.5 of Attachment K of the OATT, of a proposal for a Public Policy Transmission Upgrade by a Qualified Transmission Project Sponsor.

Stage Two Solution is a second round submission, as defined in Section 4A.5 of Attachment K of the OATT, of a proposal for a Public Policy Transmission Upgrade by a Qualified Transmission Project Sponsor.

Standard Blackstart Capital Payment is the annual compensation level, as calculated pursuant to Section 5.1 of Schedule 16 of the OATT, for a Designated Blackstart Resource's capital Blackstart Equipment costs associated with the provision of Blackstart Service (except for capital costs associated with adhering to NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Start-of-Round Price is the highest price associated with a round of a Forward Capacity Auction as described in Section III.13.2.3.1 of Market Rule 1.

Start-Up Fee is the amount, in dollars, that must be paid for a generating unit to Market Participants with an Ownership Share in the unit each time the unit is scheduled in the New England Markets to start-up.

State Estimator means the computer model of power flows specified in Section III.2.3 of Market Rule 1.

Statements, for the purpose of the ISO New England Billing Policy, refer to both Invoices and Remittance Advices.

Static De-List Bid is a bid that may be submitted by an Existing Generating Capacity Resource, Existing Import Capacity Resource, or Existing Demand Resource in the Forward Capacity Auction to remove itself from the capacity market for a one year period, as described in Section III.13.1.2.3.1.1 of Market Rule 1.

Station is one or more Existing Generating Capacity Resources consisting of one or more assets located within a common property boundary.

Station Going Forward Common Costs are the net risk-adjusted going forward costs associated with a Station that are avoided only by (1) the clearing of the Static De-List Bids or the Permanent De-List Bids of all the Existing Generating Capacity Resources comprising the Station; or (2) the acceptance of a Non-Price Retirement Request of the Station, calculated in the same manner as the net-risk adjusted going forward costs of Existing Generating Capacity Resources as described in Section III.13.1.2.3.2.1.2.

Station-level Blackstart O&M Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Station-level Specified-Term Blackstart Capital Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Station-level Standard Blackstart Capital Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Successful FCA is a Forward Capacity Auction in which a Capacity Zone has neither Inadequate Supply nor Insufficient Competition.

Summer ARA Qualified Capacity is described in Section III.13.4.2.1.2.1.1.1 of Market Rule 1.

Summer Capability Period means one of two time periods defined by the ISO for the purposes of rating and auditing resources. The time period associated with the Summer Capability Period is the period of June 1 through September 30.

Summer Intermittent Reliability Hours are defined in Section III.13.1.2.2.2.1(c) of Market Rule 1.

Supplemental Availability Bilateral is described in Section III.13.5.3.2 of Market Rule 1.

Supplemental Capacity Resources are described in Section III.13.5.3.1 of Market Rule 1.

Supplemented Capacity Resource is described in Section III.13.5.3.2 of Market Rule 1.

Supply Offer is a proposal to furnish energy at a Node or Regulation from a Resource that meets the applicable requirements set forth in the ISO New England Manuals submitted to the ISO by a Market Participant with authority to submit a Supply Offer for the Resource. The Supply Offer will be submitted pursuant to Market Rule 1 and applicable ISO New England Manuals, and include a price and information with respect to the quantity proposed to be furnished, technical parameters for the Resource, timing and other matters. A Supply Offer is a subset of the information required in a Market Participant's Offer Data.

Supply Offer Block-Hours are Block-Hours assigned to the Lead Market Participant for each Supply Offer. The daily bid Blocks in the price-based Real-Time offer/bid will be multiplied by the number of hours in the day to determine the quantity of Supply Offer Block-Hours for a given day. In the case that a Resource has a Real-Time unit status of "unavailable" for the entire day, that day will not contribute to the quantity of Supply Offer Block-Hours. However, if the Resource has at least one hour of the day with a unit status of "available," the entire day will contribute to the quantity of Supply Offer Block-Hours.

Synchronous Condenser is a generator that is synchronized to the grid but supplying no energy for the purpose of providing Operating Reserve or VAR or voltage support.

System Condition is a specified condition on the New England Transmission System or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm MTF or OTF Service on the MTF or the OTF using the curtailment priority pursuant to Section II.44 of the Tariff or Curtailment of Local Long-Term Firm Point-to-Point Transmission Service on the non-PTF using the curtailment priority pursuant to Schedule 21 of the Tariff. Such conditions must be identified in the Transmission Customer's Service Agreement.

System Impact Study is an assessment pursuant to Part II.B, II.C, II.G, Schedule 21, Schedule 22, or Schedule 23 of the OATT of (i) the adequacy of the PTF or Non-PTF to accommodate a request for the interconnection of a new or materially changed generating unit or a new or materially changed interconnection to another Control Area or new Regional Network Service or new Local Service or an Elective Transmission Upgrade, and (ii) whether any additional costs may be required to be incurred in order to provide the interconnection or transmission service.

System Operator shall mean ISO New England Inc. or a successor organization.

TADO is the total amount due and owing (not including any amounts due under Section 14.1 of the RNA) at such time to the ISO, NEPOOL, the PTOs, the Market Participants and the Non-Market Participant Transmission Customers, by all PTOs, Market Participants and Non-Market Participant Transmission Customers.

Tangible Net Worth is the value, determined in accordance with international accounting standards or generally accepted accounting principles in the United States, of all of that entity's assets less the following: (i) assets the ISO reasonably believes to be restricted or potentially unavailable to settle a claim in the event of a default (e.g., regulatory assets, restricted assets, and Affiliate assets), net of any matching liabilities, to the extent that the result of that netting is a positive value; (ii) derivative assets, net of any matching liabilities, to the extent that the result of that netting is a positive value; (iii) the amount at which the liabilities of the entity would be shown on a balance sheet in accordance with international accounting standards or generally accepted accounting principles in the United States; (iv) preferred stock: (v) non-controlling interest; and (vi) all of that entity's intangible assets (e.g., patents, trademarks, franchises, intellectual property, goodwill and any other assets not having a physical existence), in each case as shown on the most recent financial statements provided by such entity to the ISO.

Technical Committee is defined in Section 8.2 of the Participants Agreement.

Ten-Minute Non-Spinning Reserve (TMNSR) is the reserve capability of a generating unit that can be converted fully into energy within ten minutes from the request of the ISO, and is provided by generating units that are either electrically synchronized or not electrically synchronized to the New England Transmission System or the reserve capability of a Dispatchable Asset Related Demand that can be fully utilized within ten minutes from the request of the ISO to reduce consumption.

Ten-Minute Non-Spinning Reserve Service is the form of Ancillary Service described in Schedule 6 of the OATT.

Ten-Minute Spinning Reserve (TMSR) is the reserve capability of a generating unit that can be converted fully into energy within ten minutes from the request of the ISO or a Dispatchable Asset Related Demand pump that can reduce energy consumption to provide reserve capability within ten minutes from the request of the ISO, and is provided by generating units and Dispatchable Asset Related Demand pumps electrically synchronized to the New England Transmission System.

Ten-Minute Spinning Reserve Service is the form of Ancillary Service described in Schedule 5 of the OATT.

Third-Party Sale is any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Regional Network Load or Local Network Load under the Regional Network Service or Local Network Service, as applicable.

Thirty-Minute Operating Reserve (TMOR) means the reserve capability of a generating unit that can be converted fully into energy within thirty minutes from the request of the ISO, and is provided by generating units that are either not electrically synchronized or synchronized to the New England Transmission System or the reserve capability of a Dispatchable Asset Related Demand that can be fully utilized within thirty minutes from the request of the ISO to reduce consumption.

Thirty-Minute Operating Reserve Service is the form of Ancillary Service described in Schedule 7 of the OATT.

Through or Out Rate (TOUT Rate) is the rate per hour for Through or Out Service, as defined in Section II.25.2 of the OATT.

Through or Out Service (TOUT Service) means Point-To-Point Service over the PTF provided by the ISO with respect to a transaction that goes through the New England Control Area, as, for example, a single transaction where energy or capacity is transmitted into the New England Control Area from New Brunswick and subsequently out of the New England Control Area to New York, or a single transaction where energy or capacity is transmitted into the New England Control Area from New York through one point on the PTF and subsequently flows over the PTF prior to passing out of the New England Control Area to New York, or with respect to a transaction which originates at a point on the PTF and flows over the PTF prior to passing out of the New England Control Area, as, for example, from Boston to New York.

Tie-Line Asset is a physical transmission tie-line, or an inter-state or intra-state border arrangement created according to the ISO New England Manuals and registered in accordance with the Asset Registration Process.

Time-on-Regulation Credit is the credit associated with provision of Time-on-Regulation Megawatts and is calculated in accordance with Section III.3.2.2(b) of Market Rule 1.

Time-on-Regulation Megawatts is the amount of Regulation capability provided during one hour calculated in accordance with Section III.3.2.2(g) of Market Rule 1.

Total Available Amount is the sum of the available amount of the Shortfall Funding Arrangement and the balance in the Payment Default Shortfall Fund.

Total Blackstart Capital Payment is the annual compensation calculated under either Section 5.1 or Section 5.2 of Schedule 16 of the OATT, as applicable.

Total Blackstart O&M Payment is the annual compensation calculated under either Section 5.1 or 5.2 of Schedule 16 of the OATT, as applicable.

Total Blackstart Service Payments is monthly compensation to Blackstart Owners or Market Participants, as applicable, and as calculated pursuant to Section 5.6 of Schedule 16 to the OATT.

Total Negative Hourly Demand Response Resource Deviation means the absolute value of the sum of the negative Hourly Real-Time Demand Response Resource Deviations and negative Hourly Real-Time Emergency Generation Deviations from all Real-Time Demand Response Resources and Real-Time Emergency Generation Resources receiving Dispatch Instructions in the same hour in the same Load Zone or, starting on June 1, 2011, in the same Dispatch Zone.

Total Positive Hourly Demand Response Resource Deviation means the sum of the positive Hourly Real-Time Demand Response Resource Deviations and positive Hourly Real-Time Emergency Generation Deviations from all Real-Time Demand Response Resources and Real-Time Emergency Generation Resources receiving Dispatch Instructions in the same hour in the same Load Zone or, starting on June 1, 2011, in the same Dispatch Zone.

Total System Capacity is the aggregate capacity supply curve for the New England Control Area as determined in accordance with Section III.13.2.3.3 of Market Rule 1.

Transaction Unit (TU) is a type of billing determinant under Schedule 2 of Section IV.A of the Tariff used to assess charges to Customers.

Transition Period: The six-year period commencing on March 1, 1997.

Transmission Charges, for the purposes of the ISO New England Financial Assurance Policy and the ISO New England Billing Policy, are all charges and payments under Schedules 1, 8 and 9 of the OATT.

Transmission Congestion Credit means the allocated share of total Transmission Congestion Revenue credited to each holder of Financial Transmission Rights, calculated and allocated as specified in Section III.5.2 of Market Rule 1.

Transmission Congestion Revenue is defined in Section III.5.2.5(a) of Market Rule 1.

Transmission Credit Limit is a credit limit, not to be used to meet FTR Requirements, established for each Market Participant in accordance with Section II.D and each Non-Market Participant Transmission Customer in accordance with Section V.B.2 of the ISO New England Financial Assurance Policy.

Transmission Credit Test Percentage is calculated in accordance with Section III.B.1(c) of the ISO New England Financial Assurance Policy.

Transmission Customer is any Eligible Customer that (i) executes, on its own behalf or through its Designated Agent, an MPSA or TSA, or (ii) requests in writing, on its own behalf or through its Designated Agent, that the ISO, the Transmission Owner, or the Schedule 20A Service Provider, as applicable, file with the Commission, a proposed unexecuted MPSA or TSA containing terms and conditions deemed appropriate by the ISO (in consultation with the applicable PTO, OTO or Schedule 20A Service Provider) in order that the Eligible Customer may receive transmission service under Section II of this Tariff. A Transmission Customer under Section II of this Tariff includes a Market Participant or a Non-Market Participant taking Regional Network Service, Through or Out Service, MTF Service, OTF Service, Ancillary Services, or Local Service.

Transmission Default Amount is all or any part of any amount of Transmission Charges due to be paid by any Covered Entity that the ISO, in its reasonable opinion, believes will not or has not been paid when due.

Transmission Default Period is defined in Section 3.4.f of the ISO New England Billing Policy.

Transmission Late Payment Account is defined in Section 4.2 of the ISO New England Billing Policy.

Transmission Late Payment Account Limit is defined in Section 4.2 of the ISO New England Billing Policy.

Transmission Late Payment Charge is defined in Section 4.1 of the ISO New England Billing Policy.

Transmission, Markets and Services Tariff (Tariff) is the ISO New England Inc. Transmission, Markets and Services Tariff, as amended from time to time.

Transmission Obligations are determined in accordance with Section III.A(vi) of the ISO New England Financial Assurance Policy.

Transmission Operating Agreement (TOA) is the Transmission Operating Agreement between and among the ISO and the PTOs, as amended and restated from time to time.

Transmission Owner means a PTO, MTO or OTO.

Transmission Provider is the ISO for Regional Network Service and Through or Out Service as provided under Section II.B and II.C of the OATT; Cross-Sound Cable, LLC for Merchant Transmission Service as provided under Schedule 18 of the OATT; the Schedule 20A Service Providers for Phase I/II HVDC-TF Service as provided under Schedule 20A of the OATT; and the Participating Transmission Owners for Local Service as provided under Schedule 21 of the OATT.

Transmission Requirements are determined in accordance with Section III.A(iii) of the ISO New England Financial Assurance Policy.

Transmission Service Agreement (TSA) is the initial agreement and any amendments or supplements thereto: (A) in the form specified in either Attachment A or B to the OATT, entered into by the Transmission Customer and the ISO for Regional Network Service or Through or Out Service; (B) entered into by the Transmission Customer with the ISO and PTO in the form specified in Attachment A

to Schedule 21 of the OATT; (C) entered into by the Transmission Customer with an OTO or Schedule 20A Service Provider in the appropriate form specified under Schedule 20 of the OATT; or (D) entered into by the Transmission Customer with a MTO in the appropriate form specified under Schedule 18 of the OATT. A Transmission Service Agreement shall be required for Local Service, MTF Service and OTF Service, and shall be required for Regional Network Service and Through or Out Service if the Transmission Customer has not executed a MPSA.

Transmission Upgrade(s) means an upgrade, modification or addition to the PTF that becomes subject to the terms and conditions of the OATT governing rates and service on the PTF on or after January 1, 2004. This categorization and cost allocation of Transmission Upgrades shall be as provided for in Schedule 12 of the OATT.

UDS is unit dispatch system software.

Unconstrained Export Transaction is defined in Section III.1.10.7(f)(iv) of Market Rule 1.

Uncovered Default Amount is defined in Section 3.3(i) of the ISO New England Billing Policy.

Uncovered Transmission Default Amounts are defined in Section 3.4.f of the ISO New England Billing Policy.

Unrated means a Market Participant that is not a Rated Market Participant.

Unsecured Covered Entity is, collectively, an Unsecured Municipal Market Participant and an Unsecured Non-Municipal Covered Entity.

Unsecured Municipal Default Amount is defined in Section 3.3(i) of the ISO New England Billing Policy.

Unsecured Municipal Market Participant is defined in Section 3.3(h) of the ISO New England Billing Policy.

Unsecured Municipal Transmission Default Amount is defined in Section 3.4.f of the ISO New England Billing Policy.

Unsecured Non-Municipal Covered Entity is a Covered Entity that is not a Municipal Market Participant or a Non-Market Participant Transmission Customer and has a Market Credit Limit or Transmission Credit Limit of greater than $0 under the ISO New England Financial Assurance Policy.

Unsecured Non-Municipal Default Amount is defined in Section 3.3(i) of the ISO New England Billing Policy.

Unsecured Non-Municipal Transmission Default Amount is defined in Section 3.3(i) of the ISO New England Billing Policy.

Unsecured Transmission Default Amounts are, collectively, the Unsecured Municipal Transmission Default Amount and the Unsecured Non-Municipal Transmission Default Amount.

Updated Measurement and Verification Plan is an optional Measurement and Verification Plan that may be submitted as part of a subsequent qualification process for a Forward Capacity Auction prior to the beginning of the Capacity Commitment Period of the Demand Resource project. The Updated Measurement and Verification Plan may include updated Demand Resource project specifications, measurement and verification protocols, and performance data as described in Section III.13.1.4.3.1.2 of Market Rule 1 and the ISO New England Manuals.

VAR CC Rate is the CC rate paid to Qualified Reactive Resources for VAR Service capability under Section IV.A of Schedule 2 of the OATT.

VAR Payment is the payment made to Qualified Reactive Resources for VAR Service capability under Section IV.A of Schedule 2 of the OATT.

VAR Service is the provision of reactive power voltage support to the New England Transmission System by a Qualified Reactive Resource or by other generators that are dispatched by the ISO to provide dynamic reactive power as described in Schedule 2 of the OATT.

Virtual Requirements are determined in accordance with Section III.A(iv) of the ISO New England Financial Assurance Policy.

Volt Ampere Reactive (VAR) is a measurement of reactive power.

Volumetric Measure (VM) is a type of billing determinant under Schedule 2 of Section IV.A of the Tariff used to assess charges to Customers under Section IV.A of the Tariff.

Winter ARA Qualified Capacity is described in Section III.13.4.2.1.2.1.1.2 of Market Rule 1.

Winter Capability Period means one of two time periods defined by the ISO for the purposes of rating and auditing resources. The time period associated with the Winter Capability Period is the period October 1 through May 31.

Winter Intermittent Reliability Hours are defined in Section III.13.1.2.2.2.2(c) of Market Rule 1.

Year means a period of 365 or 366 days, whichever is appropriate, commencing on, or on the anniversary of March 1, 1997. Year One is the Year commencing on March 1, 1997, and Years Two and higher follow it in sequence.

Zonal Price is calculated in accordance with Section III.2.7 of Market Rule 1.

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Non-discriminatory open-access transmission service over the New England Transmission System is provided by the ISO under the terms and conditions of this OATT. Ancillary Services will be supplied by the ISO in accordance with Section II.4 of this OATT. The ISO acts as Counterparty for sales to its Customers of Regional Transmission Service and Ancillary Services, and as Counterparty with suppliers of Ancillary Services. The ISO offers Regional Transmission Service, as made available to the ISO under the terms of the TOA for provision to its Customers, at the rates established by the PTOs. Where Ancillary Services are initially supplied to the ISO by Market Participants for provision to the ISO's Customers, the ISO pays to or charges its Market Participants or Customers (as applicable) the amounts produced by the pertinent market clearing process or through the other pricing mechanisms described in the Tariff.

This OATT is intended to provide for comparable, non-discriminatory treatment of all similarly situated Transmission Owners, Qualified Transmission Project Sponsors and all Transmission Customers, and it shall be construed in the manner which best achieves this objective.

This OATT provides for a two-tier transmission arrangement integrating regional service which is provided by the ISO under this OATT, and Local Service which is provided by the PTOs under Schedule 21 of this OATT.

II.8 Billing and Invoicing; Accounting

II.8.1 Billing Procedure: Billings to Transmission Customers shall be made in accordance with this Section II.8, Schedules 18, 20 and 21 and the ISO New England Billing Policy, as applicable, and as may be supplemented by other billing procedures established pursuant to the TOA, a MTOA or an OTOA, as applicable.

II.8.2 Invoicing: Invoicing and payments are addressed in Attachments L1, L2, L3 and L4 to Section II of the Transmission, Markets and Services Tariff.

II.8.3 Interest on Unpaid Balances: Interest on any unpaid amounts (including amounts placed in escrow) will be calculated in accordance with the methodology specified for interest on refunds in 18 C.F.R. §35.19a(a)(2)(iii) of the Commission's regulations. Interest on delinquent amounts will be

calculated from the due date of the bill to the date of payment. Payments must be made by Electronic Funds Transfer or in immediately available funds.

II.8.4 Customer Default: In the event a Transmission Customer fails to make payment to the ISO for services under this OATT, other than under Schedules 18, 20 and 21 of this OATT, on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the ISO notifies the Transmission Customer to cure such failure, a default by the Transmission Customer will be deemed to exist under this OATT. Additional default provisions may apply as stated under the ISO New England Billing Policy, Exhibit ID to Section I of the Transmission, Markets and Services Tariff. Upon the occurrence of a default under this OATT, the ISO may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission approves such termination. In the event of a billing dispute between the ISO and the Transmission Customer, service will continue to be provided under a Service Agreement, and service termination proceedings will not be initiated as long as the Transmission Customer continues to make all payments invoiced by the ISO, including any disputed amounts, subject to resolution of such dispute in favor of such Transmission Customer. If the Transmission Customer fails to meet this requirement for continuation of service, then the ISO may provide notice to the Transmission Customer of the ISO's intention to suspend service in sixty days, in accordance with applicable Commission rules and regulations, and may proceed with such suspension.

II.8.5 Study Costs and Revenues: Transmission Owners shall (i) include in a separate operating revenue account or sub-account the revenues, if any, it receives from transmission service when making Third-Party Sales under Section II of the Tariff, and (ii) include in a separate transmission operating expense account or sub-account, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Owner conducts or is subcontracted to conduct to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including Third-Party Sales, if any, under this OATT; and include in a separate operating revenue account or sub-account the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in a billing under the OATT.

II.8.6 Billing and Invoicing For Other Services and Transactions: Billings and invoicing for MTF Service, OTF Service, Local Service, Excepted Transactions, Grandfathered Intertie Agreements and MEPCO Grandfathered Transmission Service Agreements will be made pursuant to the terms and conditions of Schedules 18, 20 and 21 of this OATT, Excepted Transactions, Grandfathered Intertie

Agreements or MEPCO Grandfathered Transmission Service Agreements under which service is provided.

II. 8.7 Study Costs and Revenues of a Non-Incumbent Transmission Developer: Non-Incumbent Transmission Developers that are not otherwise party to the TOA shall include in a separate transmission operating expense account or sub-account, costs properly chargeable to expenses that are incurred to perform studies for Stage One Proposals and Stage Two Solutions pursuant to Attachment K of this OATT; and include in a separate operating revenue account or sub-account the revenues received for such studies when such amounts are separately stated and identified in a billing under the OATT.

II.8.~~7~~ 8 Refund Obligations and Surcharge Rights Associated With Adjustments to Regional and Local Rates: The ISO, ~~and the~~ PTOs and Non-Incumbent Transmission Developers shall (consistent with Attachment L4 to this OATT) calculate refunds from the PTOs or Non-Incumbent Transmission Developers to the ISO and/or surcharges by the PTOs or Non-Incumbent Transmission Developers to the ISO, which will be passed through by the ISO to its Customers, attributable to adjustments associated with charges under Attachment F and Schedules 1, 8, 9 and ~~9~~ 13 of this OATT resulting from: (i) an audit of the regional rates; (ii) a Commission order, including, without limitation, orders approving settlements and letter orders or (iii) a billing correction. Any recalculations shall be made as though any such adjustments had been in effect as of the effective date of the required change(s), with interest to the extent required by applicable order or contract. The affected PTO(s) or Non-Incumbent Transmission Developer(s) shall individually calculate any refunds and/or surcharges associated with any changes in the rates under their respective Local Service Schedules~~. The ISO and the PTOs~~ or other rate recovery mechanisms, as appropriate. The ISO, PTOs and Non-Incumbent Transmission Developers shall, to the extent necessary, reasonably cooperate with each other in performing such recalculations. The refund obligations to the ISO associated with such adjustments to rates under Schedules 1, 8, 9 and 21 shall be several, and not joint, obligations and rights ~~among~~ of the PTOs~~.~~; the refund obligations to the ISO associated with such adjustments to rates under Schedule 13 shall be several, and not joint, obligations and rights of the Non-Incumbent Transmission Developers.

II.8.~~8~~ 9 Creditworthiness: The creditworthiness procedures are specified in Attachments L1 through L4 to this OATT.

II.9 Regulatory Filings

Nothing contained in this OATT or any Service Agreement shall be construed as affecting in any way the right of the ISO, the Transmission Owners, ~~or~~ a Schedule 20A Service Provider, or a Non-Incumbent Transmission Developer to file (as specified in and subject to the terms of the TOA, an MTOA, ~~or~~ an OTOA or NTDOA, as applicable) with the Commission under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder for a change in any rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation.

Nothing contained in this OATT or any Service Agreement shall be construed as affecting in any way the ability of any Transmission Customer receiving service under this OATT, an Excepted Transaction, a Grandfathered Intertie Transaction or a MEPCO Grandfathered Transmission Service Agreement to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

II.21 Rates and Charges

II.21.1 Regional Network Service: Each Transmission Customer which has a load in the New England Control Area and takes Regional Network Service for a month shall be subject to the applicable provisions of Part II.B. of this OATT and shall pay to the ISO for such month an amount equal to its Monthly Regional Network Load for the month times the applicable Local Network RNS Rate, and shall pay in addition any amount which it is required to pay for the service pursuant to Section II.18.3 and Schedule 13 of this OATT. It shall also be obligated to pay for any Direct Assignment Facilities and its share of any new facilities or upgrades required to provide the requested service including applicable study costs to the extent they are consistent with Commission policy and Schedules 11 and 12, and any ancillary service charges and other charges and/or costs required to be paid pursuant to the Transmission, Markets and Services Tariff. The applicable Local Network RNS Rate shall be the rate, determined in accordance with Schedule 9 to this OATT, which is applicable to (i) a delivery to load in the particular Local Network in which the load served by the Transmission Customer is located, or (ii) to the extent that the ISO, after consultation with the affected PTOs, at the request of a PTO who owns the Local Network where the Regional Network Load is located, recognizes Regional Network Load to be the responsibility of another PTO, the applicable Local Network RNS Rate shall be the Local Network RNS Rate of the PTO responsible for such Regional Network Load. In the event the Transmission Customer serves Regional Network Load located on more than one Local Network, the amount to be paid by it shall be separately computed for the Regional Network Load located on each Local Network.

II.21.2 Determination of Network Customer's Monthly Regional Network Load: Network Customer's "Monthly Regional Network Load" is its hourly load (including its designated Regional Network Load not physically interconnected with the PTF under Section II.18.3 of this OATT) coincident with the coincident aggregate load of all Network Customers served in each Local Network in the hour in which the coincident load is at its maximum for the month ("Monthly Peak"). For Regional Network Load located within the New England Control Area, the Monthly Regional Network Load of all Network Customers within a Local Network shall be calculated by the associated PTO. For Regional Network Load located outside of the New England Control Area, the Monthly Regional Network Load of all Network Customers shall be calculated by the associated PTO (in consultation with the ISO and the associated Balancing Authority).

II.46 General

Additions to or modifications of the PTF may be required or permitted under this OATT, and be subject to related rights, obligations and procedures, in any of the following circumstances:

(a) An addition or modification may be required under Part II.B or Part II.C of the OATT in order to meet a new request for Regional Network Service or Through or Out Service. Where such an addition or modification is to be effected, the rights and obligations of the ISO, the PTOs and Transmission Customers shall be determined in accordance with the applicable provisions of Parts II.B and II.C of this OATT.

(b) An addition or modification may be required to permit the interconnection of a new or modified generating unit or the interconnection of an Elective Transmission Upgrade. Where such an addition or modification is to be effected, the rights and obligations of the ISO, the PTOs, and the Generator Owner or applicant for an Elective Transmission Upgrade, shall be determined in accordance with Section II.47 of this OATT and Schedules 11, 12, 22 and 23 to this OATT.

(c) A Reliability Transmission Upgrade, Market Efficiency Transmission Upgrade, ~~or~~ NEMA Upgrade or Public Policy Transmission Upgrade may be required or proposed pursuant to a Regional System Plan and Attachment K of this OATT. Where a Reliability Transmission Upgrade, Market Efficiency Transmission Upgrade, ~~or~~ NEMA Upgrade or Public Policy Transmission Upgrade is to be effected, the rights and

obligations of the ISO, the PTOs, Non-Incumbent Transmission Developers, and Transmission Customers shall be determined in accordance with the TOA, the NTDOA, Schedule 12 ~~of this OATT~~and Attachment K, as applicable.

(d) Consistent with reliability and safety standards, Transmission Owners, and operators of affected Local Control Centers in New England Control Area and the ISO will coordinate scheduled generation and transmission facility outages so as to minimize, to the extent practicable, Congestion Costs and Local Second Contingency Protection Resource NCPC Charges (as calculated pursuant to Market Rule 1) in accordance with the TOA, MTOA and applicable ISO New England Operating Procedures. The ISO shall provide Transmission Owners and the operators of the affected Local Control Centers with such information as is necessary to enable them to perform this function. Any information provided to Transmission Owners and the operators of the affected Local Control Centers pursuant to this provision will be subject to all the applicable requirements of the Commission's Order 889.

These provisions for PTF additions and modifications are not intended to be exclusive.
Nothing in this OATT is intended to preclude any entity from identifying and constructing Elective Transmission Upgrades on a merchant or other basis, so long as it obtains all required legal rights and approvals and satisfies applicable ISO and affected Transmission Owner requirements relating to such facilities.

An addition or modification under the TOA which constitutes PTF under the OATT shall become part of the PTF and shall be fully subject to this OATT, whether or not all or any part of the costs of the addition or modification are included in Pool Supported PTF costs. The transmission priorities, if any, with respect to the use of the addition or modification as among the owner and supporters of the addition or modification and other Transmission Customers shall be determined under Parts II.A to II.D, inclusive, of this OATT.

To the extent that a Generator Owner is responsible for the costs of a Generator Interconnection Related Upgrade or Elective Transmission Upgrade, or an entity other than a Generator Owner is responsible for costs of any other system upgrade, the Generator Owner or entity which supports part or all of the costs of the addition or modification shall be entitled to a share of any associated Incremental ARRs equivalent to the share of the total costs of such upgrade which it supports, as assigned and allocated in accordance with Appendix C of Market Rule 1. Any incremental FTRs resulting from Generator Interconnection

Related Upgrades or other upgrades shall be auctioned along with other FTRs in accordance with Section 7 of Market Rule 1.

If issues of cost allocation arise with respect to the recovery of any of the costs provided for in this Part II.G of this OATT, or in Schedules 9, 11, ~~or~~ 12 or 13 to this OATT, such issues shall be subject to determination by the Commission in the appropriate proceeding.

II.49 Definition of PTF

PTF or Pool Transmission Facilities are the transmission facilities owned by PTOs, over which the ISO shall exercise Operating Authority in accordance with the terms set forth in the TOA, rated 69 kV or above required to allow energy from significant power sources to move freely on the New England Transmission System, and include:

1. All transmission lines and associated facilities owned by PTOs rated 69 kV and above, except for lines and associated facilities that (i) were not built as Public Policy Transmission Upgrades and (ii) contribute little or no parallel capability to the PTF ~~(as defined in this OATT)~~. The following do not constitute PTF:

(a) Unless they were built as part of a Public Policy Transmission Upgrade,

~~(a)~~**i.** Those lines and associated facilities which are required to serve local load only~~.~~,

~~(b)~~**ii.** Generator leads, which are defined as radial transmission from a generation bus to the nearest point on the PTF~~.~~; or

~~(c)~~**iii.** Lines that are normally operated open.

~~(d)~~**(b)** Lines and associated facilities that are classified as MTF or OTF.

2. All Public Policy Transmission Upgrades that are comprised of transmission lines rated 115 kV or above, and associated facilities rated 115kV or above, owned by PTOs, and identified pursuant to Attachment K to the OATT shall constitute PTF.

~~2~~3. Parallel linkages in network stations owned by PTOs (including substation facilities such as transformers, circuit breakers and associated equipment) interconnecting the lines which constitute PTF.

~~3~~4. If a PTOs with significant generation in its transmission and distribution system (initially 25 MW) is connected to the New England Transmission System and none of the transmission facilities owned by the PTO qualify to be included in PTF as defined in (1), (2) and (~~2~~3) above, then such PTO's connection to PTF will constitute PTF if both of the following requirements are met for this connection:

(a) The connection is rated 69 kV or above.

(b) The connection is the principal transmission link between the PTO and the remainder of the PTF network.

~~4~~5. Rights of way and land owned by PTOs required for the installation of facilities ~~which~~ that constitute PTF under (1), (2), (3) or (~~3~~4) above.

The ISO shall review at least annually the status of transmission lines and ~~related~~ associated facilities and determine whether such facilities constitute PTF and shall prepare and keep current a schedule or catalogue of PTF facilities.

The following examples indicate the intent of the above definitions:

~~Radial~~ Unless they were built as part of a Public Policy Transmission Upgrade, radial tap lines to local load are excluded.

Lines which loop, from two geographically separate points on the PTF, the supply to a load bus from the PTF are included.

Lines which loop, from two geographically separate points on the PTF, the connections between a generator bus and the PTF are included

.

Radial connections or connections from a generating station to a single substation or switching station on the PTF are excluded, unless the requirements of paragraph (~~3~~2) or (4) above are met.

Transmission facilities owned or supported by a Related Person of a PTO which are rated 69 kV or above and are required to allow Energy from significant power sources to move freely on the New England Transmission System shall also constitute PTF provided (i) such Related Person files with the ISO its consent to such treatment; and (ii) the ISO determines that treatment of the facilities as PTF will facilitate accomplishment of the ISO's objectives. If such facilities constitute PTF pursuant to this paragraph, they shall be treated as "owned" or "supported," as applicable, by a PTO for purposes of this OATT and the other provisions of the TOA, including the ability to include the cost associated with such PTF and any Transmission Support Expenses for support of PTF made by its Related Person in that PTO's Annual Transmission Revenue Requirements, pursuant to Attachment F of the OATT.

Of those transmission facilities that are upgrades, modifications or additions, on and after January 1, 2004, to the transmission system administered by the ISO under the Interim Independent System Operator Agreement, or to the New England Transmission System on or after the Operations Date, only those that: (i) are rated 115kV or above, and (ii) otherwise meet the non-voltage criteria specified in Section II.49 shall be classified as PTF. Those transmission facilities that were PTF pursuant to the Restated NEPOOL Agreement on December 31, 2003, and any upgrades to such facilities that meet the criteria specified in Section II.49, shall remain classified as PTF for all purposes under this Tariff.

SCHEDULE 12
TRANSMISSION COST ALLOCATION ON AND AFTER JANUARY 1, 2004

This Schedule 12 describes the cost allocation treatment of upgrades, modifications or additions to the transmission system in New England on and after January 1, 2004. Nothing in this Schedule 12 shall eliminate the PTF status of transmission facilities that were PTF on December 31, 2003; and any upgrades to such facilities that continue to meet the definition of PTF specified in this OATT shall be classified as PTF for all purposes under this OATT. The costs of all upgrades to the Highgate Transmission Facilities will be treated as HTF and allocated according to this schedule, as may be amended from time to time, provided that such HTF upgrades shall not be limited by Appendix B to Attachment F Implementation Rule under this OATT if classified as Regional Benefit Upgrades.

A. Process for Categorizing Upgrades for Cost Allocation:

Upgrades, modifications or additions to the New England Transmission System shall be categorized by the ISO, with advisory input from the Reliability Committee and the Planning Advisory Committee, as appropriate. A list of categorized Transmission Upgrades shall be made part of each annual and interim RSP, subject to the provisions of Attachment K of this OATT.

B. Transmission Cost Allocation By Category:

1. Generator Interconnection Related Upgrades:

The cost for all Generator Interconnection Related Upgrades shall be allocated pursuant to Schedule 11 of this OATT.

2. Elective Transmission Upgrades:

The cost for all Elective Transmission Upgrades shall not be included in the Pool-Supported PTF costs recoverable under this OATT, but shall be allocated solely to the entity or entities volunteering to make and pay for such Elective Transmission Upgrades.

3. NEMA Upgrades:

The cost for all NEMA Upgrades shall be included in the Pool-Supported PTF costs recoverable under this Tariff for so long as such Transmission Upgrades continue to meet the definition of PTF under this OATT and allocated to Transmission Customers taking service under this OATT.

4. RTEP02 Upgrades:

The costs for all RTEP02 Upgrades placed in service on or before December 20, 2007, shall be included in the Pool-Supported PTF costs recoverable under this OATT for so long as such Transmission Upgrades continue to meet the definition of PTF under this OATT and allocated to Transmission Customers taking service under this OATT.

5. Regional Benefit Upgrades:

The cost for all Regional Benefit Upgrades, as well as all transmission facilities that were PTF as of December 31, 2003 and upgrades to such facilities that meet the definition of PTF under this OATT, shall be included in the Pool-Supported PTF costs recoverable under this OATT for so long as such Transmission Upgrades and such existing PTF continue to meet the definition of PTF under this OATT and allocated to Transmission Customers taking service under this OATT. Market Efficiency Transmission Upgrades that are not RBUs shall not be included in the Pool-Supported PTF Costs recoverable under this OATT.

6. Public Policy Transmission Upgrade Costs:

The costs of Public Policy Transmission Upgrade(s) shall be allocated to the Regional Network Load for all opting-in states based on each state's respective load-ratio share of the Qualified Transmission Project Sponsors' proposal/solution costs for that project as set forth in Attachment K of the OATT. If an alternative cost allocation is specified in the NESCOE Public Policy Transmittal, costs will be allocated in accordance with mechanisms to implement such alternative cost allocation included in the Tariff and/or other documents filed with and accepted by the Commission by the applicable PTOs in accordance with the TOA or by a Qualified Transmission Project Sponsor that is not a PTO. If not already a party to the TOA, each Qualified Transmission Project Sponsor for a Public Policy Transmission Upgrade shall execute the TOA upon placing the upgrade into service. The revenue requirements for such Public Policy Transmission Upgrades shall be separately determined in accordance with the provisions of Attachment F to this OATT, subject to separate incentives or other modifications specifically approved by the Commission for such upgrades under Section 205 of the Federal Power Act.

~~6~~7. Local Benefit Upgrades:

The cost for Local Benefit Upgrades shall not be included in the Pool-Supported PTF costs recoverable under this OATT.

~~7~~8. Localized Costs:

Localized Costs shall not be included in the Pool-Supported PTF costs recoverable under this OATT, but instead the responsibility for Localized Costs related to any RTEP02 Upgrades and any Regional Benefit Upgrades shall be the responsibility of the entity or entities causing or subject to such Localized Costs. The System Operator, in accordance with Schedule 12C of this OATT, shall review RTEP02 Upgrades and Regional Benefit Upgrades and identify any Localized Costs associated with them.

~~C~~9. Merchant Transmission Facilities Cost Allocation

The cost of all Merchant Transmission Facilities, including the cost of Transmission Upgrades required to interconnect the Merchant Transmission Facilities to the PTF, shall be the responsibility of the developer of the Merchant Transmission Facilities, and shall not be included in the Pool-Supported PTF costs recoverable under this OATT.

SCHEDULE 13

RECOVERY OF PUBLIC POLICY TRANSMISSION COSTS BY NON-INCUMBENT TRANSMISSION DEVELOPERS

1. Applicability

1.1 Use by Non-Incumbent Transmission Developers

This schedule is to be utilized by Non-Incumbent Transmission Developers that: (i) are not also Participating Transmission Owners, and (ii) are Qualified Transmission Project Sponsors. This schedule is designed to enable the recovery of all prudently incurred costs, to the extent permitted in Section 4A of Attachment K to this OATT, related to preparation of Stage One Proposals and Stage Two Solutions, and the recovery of "construction work in progress" costs stemming from the PTF transmission facilities associated with a Public Policy Transmission Upgrade.

1.2 Costs Recovered Under Schedule 13 May Not Also Be Recovered Through Another Schedule

Any costs recovered by the Non-Incumbent Transmission Developer under this Schedule 13 cannot also be recovered under another Schedule to this OATT.

1.3 Transfer of Unrecovered Costs Upon Execution of the Transmission Operating Agreement

Following the execution of the Transmission Operating Agreement by the Non-Incumbent Transmission Developer, any costs approved pursuant to Section 4A of Attachment K to this OATT that are not already recovered under this Schedule 13 may be recovered under the appropriate cost recovery mechanism set forth in this OATT.

2. Stage One Proposal and Stage Two Solution Costs

2.1 Section 205 Rate Filing

Prior to recovering any Stage One Proposal or Stage Two Solution costs that are subject to recovery in accordance with Section 4A of Attachment K to this OATT, a Non-Incumbent Transmission Developer shall submit a filing with the Commission pursuant to Section 205 of the Federal Power Act requesting approval of the actual Stage One Proposal or Stage Two Solution costs and the period of time over which the costs are to be recovered. Upon approval by the Commission, such terms of recovery shall be included in discrete schedules to this Schedule 13. The Non-Incumbent Transmission Developer shall notify the ISO of the Commission-approved

Stage One Proposal and Stage Two Solution costs and the applicable recovery period recognized in the Commission Order.

2.2 Invoicing and Collection by ISO

The ISO acts as counterparty for the billing and collection agent on behalf of Non-Incumbent Transmission Developers for recovery of their Commission-approved Stage One Proposal and Stage Two Solution costs, in accordance with Section 4A of Attachment K to this OATT and the applicable NESCOE Public Policy Transmittal. Upon notification from a Non-Incumbent Transmission Developer of the Commission Order approving costs for recovery, the ISO shall allocate and invoice such costs as identified in Section 4A of Attachment K.

3. Construction Work in Progress Costs

3.1 Section 205 Rate Filing

In accordance with the terms of the Non-Incumbent Transmission Developer Operating Agreement and the applicable NESCOE Public Policy Transmittal, a Non-Incumbent Transmission Developer may submit filings to the Commission pursuant to Section 205 of the Federal Power Act for recovery of its "construction work in progress" costs of the PTF transmission facilities associated with a Public Policy Transmission Upgrade. Upon approval by the Commission, such terms of recovery shall be included in discrete schedules to this Schedule 13.

SCHEDULE 14

[RESERVED]

SCHEDULE 22

LARGE GENERATOR INTERCONNECTION PROCEDURES

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APPENDIX 6 LARGE GENERATOR INTERCONNECTION AGREEMENT

APPENDIX 7 INTERCONNECTION PROCEDURES FOR WIND GENERATION

SECTION I. DEFINITIONS

The definitions contained in this section are intended to apply in the context of the generator interconnection process provided for in this Schedule 22 (and its appendices). To the extent that the definitions herein are different than those contained in Section I.2.2 of the Tariff, the definitions provided below shall control only for purposes of generator interconnections under this Schedule 22. Capitalized terms in Schedule 22 that are not defined in this Section I shall have the meanings specified in Section I.2.2 of the Tariff.

Administered Transmission System shall mean the PTF, the Non-PTF, and distribution facilities that are subject to the Tariff.

Adverse System Impact shall mean any significant negative effects on the stability, reliability or operating characteristics of the electric system.

Affected System shall mean any electric system that is within the Control Area, including, but not limited to, generator owned transmission facilities, or any other electric system that is not within the Control Area that may be affected by the proposed interconnection.

Affected Party shall mean the entity that owns, operates or controls an Affected System, or any other entity that otherwise may be a necessary party to the interconnection process.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the reliability council applicable to the New England Transmission System.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the NPCC and the New England Control Area, including publicly available local reliability requirements of Interconnecting Transmission Owners or other Affected Parties.

At-Risk Expenditure shall mean money expended for the development of the Generating Facility that cannot be recouped if the Interconnection Customer were to withdraw the Interconnection Request for the Generating Facility. At-Risk Expenditure may include, but is not limited to, money expended on: (i) costs of federal, state, local, regional and town permits, (ii) Site Control, (iii) site-specific design and surveys, (iv) construction activities, and (v) non-refundable deposits for major equipment components. For purposes of this definition, At-Risk Expenditure shall not include costs associated with the Interconnection Studies.

Base Case shall have the meaning specified in Section 2.3.

Base Case Data shall mean the Base Case power flow, short circuit, and stability data bases used for the Interconnection Studies by the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Capacity Capability Interconnection Standard ("CC Interconnection Standard") shall mean the criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, and in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other Capacity Network Resources, as detailed in the ISO New England Planning Procedures.

Capacity Network Resource ("CNR") shall mean that portion of a Generating Facility that is interconnected to the Administered Transmission System under the Capacity Capability Interconnection Standard.

Capacity Network Resource Capability ("CNR Capability") shall mean: (i) in the case of a Generating Facility that is a New Generating Capacity Resource pursuant to Section III.13.1 of the Tariff or an Existing Generating Capacity Resource that is increasing its capability pursuant to Section III.13.1.2.2.5 of the Tariff, the highest megawatt amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff, and, if applicable, as specified in a filing by the System Operator with the Commission in accordance with Section III.13.8.2 of the Tariff, or (ii) in the case of a Generating Facility that meets the criteria under Section 5.2.3 of this LGIP, the total megawatt amount determined pursuant to the hierarchy established in Section 5.2.3. The CNR Capability shall not exceed the maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter. Where the Generating Facility includes multiple production devices, the CNR Capability shall not exceed the aggregate maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter.

Capacity Network Resource Group Study ("CNR Group Study") shall mean the study performed by the System Operator under Section III.13.1.1.2.3 of the Tariff to determine which resources qualify to participate in a Forward Capacity Auction.

Capacity Network Resource Interconnection Service ("CNR Interconnection Service") shall mean the Interconnection Service selected by the Interconnection Customer to interconnect its Large Generating Facility with the Administered Transmission System in accordance with the Capacity Capability Interconnection Standard. An Interconnection Customer's CNR Interconnection Service shall be for the megawatt amount of CNR Capability. CNR Interconnection Service does not in and of itself convey transmission service.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise. Confidential Information shall include, but not be limited to, information that is confidential pursuant to the ISO New England Information Policy.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Interconnecting Transmission Owner's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to the Interconnecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by the Commission or if filed unexecuted, upon the date specified by the Commission.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is likely to endanger life or property; or (2) that, in the case of the Interconnecting Transmission Owner, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the

security of, or damage to the New England Transmission System, Interconnecting Transmission Owner's Interconnection Facilities or any Affected System to which the New England Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Engineering & Procurement ("E&P") Agreement shall mean an agreement that authorizes the Interconnection Customer, Interconnecting Transmission Owner and any other Affected Party to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Interconnecting Transmission Owner's Interconnection Facilities to obtain back feed power.

Interconnecting Transmission Owner shall mean a Transmission Owner that owns, leases or otherwise possesses an interest in, ~~the portion~~or a Non-Incumbent Transmission Developer that is not a Participating Transmission Owner that is constructing, a portion of the Administered Transmission System at the Point of Interconnection and shall be a Party to the Standard Large Generator Interconnection Agreement. The term Interconnecting Transmission Owner shall not be read to include the System Operator.

Interconnecting Transmission Owner's Interconnection Facilities shall mean all facilities and equipment owned, controlled, or operated by the Interconnecting Transmission Owner from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Interconnecting Transmission Owner's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Customer shall mean any entity, including a transmission owner or its Affiliates or subsidiaries, that interconnects or proposes to interconnect its Generating Facility with the Administered Transmission System under the Standard Large Generator Interconnection Procedures.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located

between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Administered Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Interconnecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Administered Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the System Operator, Interconnecting Transmission Owner, or a third party consultant for the Interconnection Customer to determine a list of facilities (including Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Administered Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Administered Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures. The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study, or as part of the Interconnection System Impact Study. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 6 and Section 7.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to: (i) interconnect a new Generating Facility to the Administered Transmission System as either a CNR or a NR; (ii) increase the energy capability or capacity capability of an existing Generation Facility; (iii) make a Material Modification to the design or operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected with the Administered Transmission System; (iv) commence participation in the wholesale markets by an existing Generating Facility that is interconnected with the Administered Transmission System; or (v) change from NR Interconnection Service to CNR Interconnection Service for all or part of a Generating Facility's capability. Interconnection Request shall not include: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility.

Interconnection Service shall mean the service provided by the System Operator, and the Interconnecting Transmission Owner, associated with interconnecting the Interconnection Customer's Generating Facility to the Administered Transmission System and enabling the receipt of electric energy capability and/or capacity capability from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, the Interconnection Facilities Study and the Optional Interconnection Study described in the Standard Large Generator Interconnection Procedures. Interconnection Study shall not include a CNR Group Study.

Interconnection Study Agreement shall mean any of the following agreements: the Interconnection Feasibility Study Agreement, the Interconnection System Impact Study Agreement, the Interconnection Facilities Study Agreement, and the Optional Interconnection Study Agreement attached to the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of the Administered Transmission System and any other Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on Adverse System Impacts, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 6 and Section 7.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Large Generating Facility shall mean a Generating Facility having a maximum gross capability at or above zero degrees F of more than 20 MW.

Long Lead Time Generating Facility ("Long Lead Facility") shall mean a Generating Facility with an Interconnection Request for CNR Interconnection Service that has, as applicable, elected or requested long lead time treatment and met the eligibility criteria and requirements specified in Section 3.2.3.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from another Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the Indemnifying Party.

Major Permits shall be as defined in Section III.13.1.1.2.2.2(a) of the Tariff.

Material Modification shall mean: (i) except as expressly provided in Section 4.4.1, those modifications to the Interconnection Request, including any of the technical data provided by the Interconnection Customer in Attachment A to the Interconnection Request or to the interconnection configuration, requested by the Interconnection Customer, that either require significant additional study of the same Interconnection Request and could substantially change the interconnection design, or have a material impact on the cost or timing of any Interconnection Studies or upgrades associated with an Interconnection Request with a later queue priority date; (ii) a change to the design or operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected with the Administered Transmission System that may have a significant adverse effect on the reliability or operating characteristics of the New England Transmission System; (iii) a delay to the Commercial Operation Date, In-Service Date, or Initial Synchronization Date of greater than three (3) years where the reason for delay is unrelated to construction schedules or permitting which delay is beyond the Interconnection Customer's control; (iv) except as provided in Section 3.2.3.4, a withdrawal of a request for Long Lead Facility treatment; or (v) except as provided in Section 3.2.3.6, an election to participate in an earlier Forward Capacity Auction than originally anticipated.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

Network Capability Interconnection Standard ("NC Interconnection Standard") shall mean the minimum criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, as detailed in the ISO New England Planning Procedures.

Network Resource ("NR") shall mean the portion of a Generating Facility that is interconnected to the Administered Transmission System under the Network Capability Interconnection Standard.

Network Resource Capability ("NR Capability") shall mean the maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. Where the Generating Facility includes multiple energy production devices, the NR Capability shall be the aggregate maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. The NR Capability shall be equal to or greater than the CNR Capability. In the case of a Generating Facility that

meets the criteria under Section 5.2.4 of this LGIP, the NR Capability shall mean the total megawatt amount determined pursuant to Section 5.2.4.

Network Resource Interconnection Service ("NR Interconnection Service") shall mean the Interconnection Service selected by the Interconnection Customer to interconnect its Generating Facility to the Administered Transmission System in accordance with the Network Capability Interconnection Standard. An Interconnection Customer's NR Interconnection Service shall be solely for the megawatt amount of the NR Capability. NR Interconnection Service in and of itself does not convey transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the New England Transmission System required at or beyond the Point of Interconnection to accommodate the interconnection of the Large Generating Facility to the Administered Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party shall mean the System Operator, Interconnection Customer and Interconnecting Transmission Owner or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Interconnecting Transmission Owner's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Administered Transmission System.

Queue Position shall mean the order of a valid request in the New England Control Area, relative to all other pending requests in the New England Control Area, that is established based upon the date and time of receipt of such request by the System Operator. Requests are comprised of Interconnection Requests, requests for Elective Transmission Upgrades, requests for transmission service and notification of requests for interconnection to other electric systems, as notified by the other electric systems, that impact the Administered Transmission System. For purposes of this LGIP, references to a "higher-queued" Interconnection Request shall mean one that has been received by System Operator (and placed in queue order) earlier than another Interconnection Request, which is referred to as "lower-queued."

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting between representatives of the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (a) that the Interconnection Customer is the owner in fee simple of the real property for which new interconnection is sought; (b) that the Interconnection Customer holds a valid written leasehold interest in the real property for which new interconnection is sought; (c) that the Interconnection Customer holds a valid written option to purchase or leasehold property for which new interconnection is sought; (d) that the Interconnection Customer holds a duly executed written contract to purchase or leasehold the real property for which new interconnection is sought; or (e) that the Interconnection Customer has filed applications for required permits to site on federal or state property.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the New England Transmission System during their

construction. The System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement ("LGIA") shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility, that is included in this Schedule 22 to the Tariff.

Standard Large Generator Interconnection Procedures ("LGIP") shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in this Schedule 22 to the Tariff.

System Protection Facilities shall mean the equipment, including necessary signal protection communications equipment, required to protect (1) the New England Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the New England Transmission System or on other delivery systems or other generating systems to which the New England Transmission System is directly connected.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

SECTION 2. SCOPE, APPLICATION AND TIME REQUIREMENTS.

2.1 Application of Standard Large Generator Interconnection Procedures.

The LGIP and LGIA shall apply to Interconnection Requests pertaining to Large Generating Facilities. Except as expressly provided in the LGIP and LGIA, nothing in the LGIP or LGIA shall be construed to limit the authority or obligations that the Interconnecting Transmission Owner or System Operator, as applicable, has with regard to ISO New England Operating Documents.

2.2. Comparability.

The System Operator shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this LGIP. The System Operator and Interconnecting Transmission Owner will use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Generating Facilities are owned by the Interconnecting Transmission Owner, its subsidiaries or Affiliates, or others.

2.3 Base Case Data.

System Operator, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, shall provide Base Case power flow, short circuit and stability databases, including all underlying assumptions, and contingency lists upon request to any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer. The recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy as well as any other applicable requirement under Applicable Laws and Regulations regulating disclosure or confidentiality of such information. System Operator is permitted to require that the third party consultant or non-market affiliate sign a confidentiality agreement before the release of information governed by Section 13.1 or the ISO New England Information Policy, or the release of any other information that is commercially sensitive or Critical Energy Infrastructure Information. To the extent that any applicable information is not covered by any applicable confidentiality/disclosure requirements, such information may be provided directly to the Interconnection Customer. Such databases and lists, hereinafter referred to as Base Cases, shall include all generation projects and transmission projects, including merchant transmission projects that are proposed for the New England Transmission System, for which a transmission expansion plan has been submitted and approved by the applicable authority. The Interconnection Customer, where applicable, shall provide Base Case Data to the Interconnecting Transmission Owner and System Operator to facilitate required Interconnection Studies.

2.4 No Applicability to Transmission Service.

Nothing in this LGIP shall constitute a request for, nor the provision of, any service except for Interconnection Service, including, but not limited to, transmission delivery service, local delivery service, distribution service, capacity service, energy service or Ancillary Services under any applicable tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.

2.5 Time Requirements.

Parties that must perform a specific obligation under a provision of the Standard Large Generator Interconnection Procedure or Standard Large Generator Interconnection Agreement within a specified time period shall use Reasonable Efforts to complete such obligation within the applicable time period. A Party may, in the exercise of reasonable discretion and within the time period set forth by the applicable

procedure or agreement, request that the relevant Party consent to a mutually agreeable alternative time schedule, such consent not to be unreasonably withheld.

SECTION 3. INTERCONNECTION REQUESTS.

3.1 General.

To initiate an Interconnection Request, an Interconnection Customer must comply with all of the requirements set forth in Section 3.3.1. The Interconnection Customer shall submit a separate Interconnection Request for each site and may submit multiple Interconnection Requests for a single site. The Interconnection Customer must comply with the requirements specified in Section 3.3.1 for each Interconnection Request even when more than one request is submitted for a single site.

Within three (3) Business Days after its receipt of a valid Interconnection Request, System Operator shall submit a copy of the Interconnection Request to Interconnecting Transmission Owner.

At Interconnection Customer's option, System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, will identify alternative Point(s) of Interconnection and configurations at the Scoping Meeting to evaluate in this process and attempt to eliminate alternatives in a reasonable fashion given resources and information available. Interconnection Customer will select the definitive Point(s) of Interconnection to be studied no later than the execution of the Interconnection Feasibility Study Agreement, or the Interconnection System Impact Study Agreement if the Interconnection Customer elects not to pursue the Interconnection Feasibility Study.

3.2 Type of Interconnection Services and Long Lead Time Generating Facility Treatment

At the time the Interconnection Request is submitted, the Interconnection Customer must request either CNR Interconnection Service or NR Interconnection Service, as described in Sections 3.2.1 and 3.2.2 below. An Interconnection Customer that meets the requirements to obtain CNR Interconnection Service shall obtain NR Interconnection Service up to the NR Capability upon completion of all requirements for NR Interconnection Service, including all necessary upgrades. Upon completion of all requirements for the CNR Interconnection Service, the Interconnection Customer shall also receive CNR Interconnection Service for CNR Capability. An Interconnection Customer that meets the requirements to obtain NR Interconnection Service shall receive NR Interconnection Service for the Interconnection Customer's NR Capability. At the time the Interconnection Request is submitted, the Interconnection Customer may also request Long Lead Facility treatment in accordance with Section 3.2.3.

3.2.1 Capacity Network Resource Interconnection Service

3.2.1.1 The Product.

The System Operator must conduct the necessary studies in conjunction with the Interconnecting Transmission Owner, and with other Affected Parties as appropriate and in accordance with applicable codes of conduct and confidentiality requirements, and the Interconnecting Transmission Owner and other Affected Parties as appropriate must construct the Network Upgrades needed to interconnect the Large Generating Facility in a manner comparable to that in which CNRs are interconnected under the CC Interconnection Standard. CNR Interconnection Service allows the Interconnection Customer's Large Generating Facility to be designated as a CNR, and to participate in the New England Markets, in accordance with Market Rule 1, Section III of the Tariff, up to the CNR Capability or as otherwise provided in the Tariff, on the same basis as existing CNRs, and to be studied as a CNR on the assumption that such a designation will occur.

3.2.1.2 The Studies.

All Interconnection Studies for CNR Interconnection Service shall assure that the Interconnection Customer's Large Generating Facility satisfies the minimum characteristics required to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the unit. The CNR Group Study for CNR Interconnection Service shall assure that the Interconnection Customer's Large Generating Facility can be interconnected in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other CNRs, in accordance with the CC Interconnection Standard and as detailed in the ISO New England Planning Procedures. The System Operator, in coordination with the Interconnecting Transmission Owner, may also study the New England Transmission System under non-peak load conditions. However, upon request by the Interconnection Customer, the System Operator and as appropriate the Interconnecting Transmission Owner must explain in writing to the Interconnection Customer why the study of non-peak load conditions is required for reliability purposes.

3.2.1.3 Milestones for CNR Interconnection Service.

In addition to the requirements set forth in this LGIP, an Interconnection Customer with an Interconnection Request for CNR Interconnection Service shall complete the following milestones prior to receiving CNR Interconnection Service for the CNR Capability, such milestones to be specified in Appendix B of the LGIA, as either completed or to be completed: (i) submit the necessary requests for participation in the Forward Capacity Auction associated with the Generating Facility's requested Commercial Operation Date (except as modified pursuant to Sections 3.2.3 or 4.4 of this LGIP), in

accordance with the provisions of Section III.13 of the Tariff; (ii) participate in a CNR Group Study for the Forward Capacity Auction associated with the requested Generating Facility's Commercial Operation Date; (iii) qualify and receive a Capacity Supply Obligation in accordance with Section III.13 of the Tariff; and (iv) complete a re-study of the applicable Interconnection Study to determine the cost responsibility for facilities and upgrades necessary to accommodate the Interconnection Request based on the results of the Forward Capacity Auction or Reconfiguration Auction or bilateral transaction through which the Interconnection Customer received a Capacity Supply Obligation. With respect to (iv) above, if an Interconnection Study has been completed, the completed Interconnection Study shall be subject to re-study, in accordance with the re-study provisions in this LGIP. If an Interconnection Study Agreement has been executed, the Interconnection Study associated with the Interconnection Study Agreement shall include the necessary analysis that would otherwise have been performed in a re-study. If an LGIA has been either executed or filed with the Commission in unexecuted form, then the last Interconnection Study completed for the Interconnection Customer under this LGIP shall be subject to re-study. The Appendices to the LGIA shall be amended (pursuant to Article 30 of the LGIA) to reflect CNR Capability and the results of the re-study.

3.2.2 Network Resource Interconnection Service

3.2.2.1 The Product.

The System Operator must conduct the necessary studies in conjunction with the Interconnecting Transmission Owner, and with other Affected Parties as appropriate and in accordance with applicable codes of conduct and confidentiality requirements, and the Interconnecting Transmission Owner and other Affected Parties as appropriate must construct the Network Upgrades needed to interconnect the Large Generating Facility in a manner comparable to that in which Network Resources are interconnected under the NC Interconnection Standard. NR Interconnection Service allows the Interconnection Customer's Large Generating Facility to participate in the New England Markets, in accordance with the provisions of Market Rule 1, Section III of the Tariff, up to the gross and net NR Capability or as otherwise provided in Market Rule 1, Section III of the Tariff, on the same basis as other Network Resources. Notwithstanding the above, the portion of a Large Generating Facility that has been designated as a Network Resource interconnected under the NC Interconnection Standard cannot be a capacity resource under Section III.13 of the Tariff, except pursuant to a new Interconnection Request for CNR Interconnection Service.

3.2.2.2 The Studies.

The Interconnection Studies for an Network Resource shall assure that the Interconnection Customer's Large Generating Facility satisfies the minimum characteristics required to interconnect in a manner that avoids any significant adverse effect on reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the unit, in accordance with the NC Interconnection Standard and as detailed in the ISO New

England Planning Procedures. The System Operator, in coordination with the Interconnecting Transmission Owner, may also study the New England Transmission System under non-peak load conditions. However, upon request by the Interconnection Customer, the System Operator and as appropriate the Interconnecting Transmission Owner must explain in writing to the Interconnection Customer why the study of non-peak load conditions is required for reliability purposes.

3.2.2.3 Milestones for NR Interconnection Service.

An Interconnection Customer with an Interconnection Request for NR Interconnection Service shall complete the requirements in this LGIP prior to receiving NR Interconnection Service.

3.2.3 Long Lead Time Generating Facility Treatment

3.2.3.1 Treatment of Long Lead Facilities.

Long Lead Facilities receive the treatment described herein in connection with the associated request of the Interconnection Customer for CNR Interconnection Service for its Generating Facility. Long Lead Facility treatment provides for the Interconnection Customer's Generating Facility, after the completion of the Interconnection System Impact Study, to be modeled in the Base Cases for the next CNR Group Study to determine whether the Long Lead Facility would have qualified to participate in the Forward Capacity Auction associated with that CNR Group Study, in accordance with Section III.13.1.2 of the Tariff, but for its development cycle (which shall include development of required transmission upgrades). If the Long Lead Facility is deemed to qualify, the Long Lead Facility shall be included in the re-study pursuant to Section 3.2.1.3(iv) in order to determine the facilities and upgrades that would be necessary in order to accommodate the Interconnection Request of the Long Lead Facility, and for which costs the Interconnection Customer must be responsible. In order to maintain Long Lead Facility status, the Interconnection Customer must commit to the completion of these facilities and upgrades in time to allow the Long Lead Facility to achieve its Commercial Operation Date by the start of the associated Capacity Commitment Period. In addition, the Long Lead Facility will be treated as if it cleared as a New Generating Capacity Resource for the sole purpose of inclusion in the CNR Group Studies for the Forward Capacity Auctions that precede the Forward Capacity Auction for the Capacity Commitment Period by which the Long Lead Facility is expected to have achieved Commercial Operation. If an earlier-queued Generating Facility obtains a Capacity Supply Obligation in a Forward Capacity Auction prior to or simultaneous with the Forward Capacity Auction in which the Long Lead Facility obtains a Capacity Supply Obligation, the Long Lead Facility will be re-studied in order to determine whether any additional facilities and upgrades to those identified prior to the CNR Group Study must be completed, at the Interconnection Customer's cost, prior to its Commercial Operation Date. A Long Lead Facility's cost responsibility for the facilities necessary to accommodate the Interconnection Request shall not be impacted by a Generating Facility with a Queue Position lower than the Long Lead Facility that clears in a Forward Capacity Auction, in accordance with Section III.13.2 of the Tariff, prior to the clearance of the Long Lead Facility.

3.2.3.2 Request for Long Lead Facility Treatment.

An Interconnection Customer requesting CNR Interconnection Service for its proposed Generating Facility, which the Interconnection Customer projects to have a development cycle that would not be completed until after the beginning of the Capacity Commitment Period associated with the next Forward Capacity Auction (after the election for the Long Lead Facility is made) may elect or request Long Lead Facility treatment in the following manner:

(a) An Interconnection Customer proposing a Generating Facility with a requested Summer net electrical output of 100 MW or more at or above 90 degrees F may elect Long Lead Facility treatment at the time the Interconnection Request is submitted, together with the critical path schedule and deposits required in Section 3.2.3.3.

(b) An Interconnection Customer proposing a Generating Facility with a requested Summer net electrical output under 100 MW at or above 90 degrees F may request Long Lead Facility treatment by submitting a written request to the System Operator for its review and approval, explaining why the Generating Facility cannot achieve Commercial Operation by the beginning of the Capacity Commitment Period associated with the next Forward Capacity Auction (after the election for Long Lead Facility treatment is made), together with the critical path schedule and deposits required in Section 3.2.3.3. In reviewing the request, the System Operator shall evaluate the feasibility of the Generating Facility achieving Commercial Operation to meet an earlier Capacity Commitment Period based on the information provided in the request and the critical path schedule submitted pursuant to Section 3.2.3.3, in a manner similar to that performed under Section III.13.3.2 of the Tariff. Within forty-five (45) Business Days after its receipt of the request for Long Lead Facility treatment, the System Operator shall notify the Interconnection Customer in writing whether the request has been granted or denied. If the System Operator determines that the Generating Facility can achieve a Commercial Operation Date prior to the beginning of the Capacity Commitment Period associated with the next Forward Capacity Auction, the Interconnection Customer's request shall be denied. The dispute resolution provisions of this LGIP are not available for disputes or claims associated with the ISO's determination to deny an Interconnection Customer's request for Long Lead Facility Treatment.

(c) An Interconnection Customer that did not request Long Lead Facility treatment at the time the Interconnection Request was submitted, may thereafter submit a request for treatment as a Long Lead Facility, together with the critical path schedule and deposits required in Section 3.2.3.3 and, if applicable, a request for an extension of the Commercial Operation Date specified in the Interconnection Request in accordance with Sections 4.4.4 and 4.4.5. A request for Long Lead Facility treatment that is submitted after the initial Interconnection Request will not be eligible to participate in any Forward Capacity Auction prior to the Forward Capacity Auction

associated with the extended Commercial Operation Date. The Long Lead Facility will be modeled in the Base Cases for the CNR Study Group associated with the near term Forward Capacity Auction unless that CNR Study Group is underway, in which case the Long Lead Facility will be modeled in the next CNR Study Group.

3.2.3.3 Critical Path Schedule and Deposits for Long Lead Facility Treatment.

At the time an Interconnection Customer submits an election or request for Long Lead Facility treatment, the Interconnection Customer must submit, together with the request:

(1) Critical Path Schedule. A critical path schedule, in writing, for the Long Lead Facility (with a development cycle that would not be completed until after the beginning of the Capacity Commitment Period associated with the next Forward Capacity Auction (after the election for the Long Lead Facility is made)) that meets the requirements set forth in Section III.13.1.1.2.2.2 of the Tariff. The Interconnection Customer must submit annually, in writing, an updated critical path schedule to the System Operator by the closing deadline of each New Capacity Show of Interest Submission Window that precedes the Forward Capacity Auction associated with the Capacity Commitment Period by which the Long Lead Facility is expected to have achieved Commercial Operation, prior to the inclusion of the Long Lead Facility in the Base Case for the CNR Group Study associated with the corresponding New Capacity Show of Interest Submission Window. With its annual update, for each critical path schedule milestone achieved since the submission of the previous critical path schedule update, the Interconnection Customer must include in the critical path update documentation demonstrating that the milestone has been achieved by the date indicated and as otherwise described in the critical path schedule.

(2) Long Lead Facility Deposits.

(a) Deposits. In addition to the deposits required elsewhere in this LGIP, at the time of its request for Long Lead Facility treatment, in accordance with Section 3.2.3.3, and by each deadline for which a New Generating Capacity Resource is required to provide financial assurance under Section III.13.1.9.1 of the Tariff, the Interconnection Customer must provide a separate deposit in the amount of 0.25*Cost of New Entry*requested summer net capacity. For each calculation of the deposit, the System Operator shall use the CONE in effect for the upcoming Forward Capacity Auction at the time of that calculation, pursuant to Section III.13.2.4 of the Tariff. The total amount of deposits shall not exceed the total amount of financial assurance that the Long Lead Facility would be required to provide if cleared in the upcoming Forward Capacity Auction, in accordance with Section III.13.1.9.1 of the Tariff. The Long Lead Facility deposits will be fully refunded (with interest to be calculated in accordance with Section 3.6) (i) if the Interconnection Customer withdraws the Interconnection Request, pursuant to

Section 3.6, within thirty (30) Calendar Days of the Scoping Meeting or of the completion of the System Impact Study (including restudy of the System Impact Study), pursuant to Section 7, or (ii) once the Long Lead Facility clears in a Forward Capacity Auction.

(b) Reductions. Ten (10) percent of the Long Lead Facility deposits collected pursuant to Section 3.2.3.3(2)(a) shall be non-refundable if the Interconnection Customer withdraws its Interconnection Request (except as provided in Section 3.2.3.3(2)(a)) after the Long Lead Facility fails to qualify or qualifies and fails to clear in the Forward Capacity Auction that follows the first Forward Capacity Auction for which it could qualify based on the Commercial Operation Date specified in the initial critical path schedule for the Long Lead Facility. An additional five (5) percent of the Long Lead Facility deposits collected pursuant to Section 3.2.3.3(2)(a) shall be non-refundable if the Interconnection Customer withdraws its Interconnection Request (except as provided in Section 3.2.3.3(2)(a)) following each subsequent Forward Capacity Auction in which the Long Lead Facility fails to qualify or qualifies and fails to clear such Forward Capacity Auction, not to exceed the maximum period allowed under Sections 3.3.1, 4.4.4 and 4.4.5. The non-refundable portions of the deposits shall be credited to the revenue requirements under Schedule 1 of Section IV of the Tariff.

3.2.3.4 Withdrawal and Refunds After Expenditures for Upgrades.

An Interconnection Customer that provides documentation in the critical path schedule update to be submitted in accordance with Section 3.2.3.3(1), showing expenditures of the required amounts for upgrades identified in the Interconnection Studies for the Long Lead Facility, may submit a withdrawal of the Interconnection Request for the Long Lead Facility, in accordance with Section 3.6, at any time up to thirty (30) Calendar Days, after failure to clear in any Forward Capacity Auction. In such instance, the Interconnection Customer shall receive a refund from the System Operator of the Long Lead Facility deposits (with interest to be calculated in accordance with Section 3.6) as adjusted pursuant to 3.2.3.3(2), if appropriate, and from the Interconnecting Transmission Owner a refund of the payments for the upgrades that exceed the costs incurred by the Interconnecting Transmission Owner. If the Interconnection Customer withdraws only its election or request for Long Lead Facility treatment, such withdrawal will be considered a Material Modification and the Long Lead Facility will lose its Queue Position unless its withdrawal occurs within one of the thirty (30)-day periods described in Section 3.2.3.3(2) of this LGIP.

3.2.3.5 Additional Requirements to Maintain Long Lead Facility Treatment.

An Interconnection Customer with a Long Lead Facility must begin payment as required by the transmission expenditure schedule for the transmission upgrade costs that have been identified in the pertinent Interconnection Studies. The Interconnection Request for CNR Interconnection Service shall be deemed withdrawn under Section 3.6 if the Interconnection Customer fails to comply with the requirements for Long Lead Facility treatment, including the milestones specified in Section 3.2.1.4. In

this circumstance, the conditions specified in Appendix A of the LGIA for a Large Generating Facility that had an Interconnection Request of a Queue Position lower than the Long Lead Facility, but cleared in a Forward Capacity Auction prior to the Long Lead Facility, shall be removed.

3.2.3.6 Participation in Earlier Forward Capacity Auctions.

An Interconnection Customer with a Long Lead Facility may, without loss of Queue Position, elect to participate in an earlier Forward Capacity Auction than originally anticipated, but only if the election to accelerate is made to the System Operator in writing within thirty (30) Calendar Days of the Scoping Meeting or within thirty (30) Calendar Days of the completion of the System Impact Study (but before the Long Lead Facility and the results of the associated System Impact Study are incorporated into the Base Cases). Otherwise, such an election shall be considered a Material Modification.

3.3 Valid Interconnection Request.

3.3.1 Initiating an Interconnection Request.

To initiate an Interconnection Request, Interconnection Customer must submit all of the following to the System Operator: (i) an initial deposit of $50,000, (ii) a completed application in the form of Appendix 1, (iii) all information and deposits required under Section 3.2, and (iv) in the case of a request for CNR Interconnection Service, demonstration of Site Control or, in the case of a request for NR Interconnection Service, demonstration of Site Control or a posting of an additional deposit of $10,000. Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. The portions of the deposit of $50,000 that have not been applied as provided in this Section 3.3.1 shall be refundable if (i) the Interconnection Customer withdraws the Interconnection Request, pursuant to Section 3.6, within ten (10) Business Days of the Scoping Meeting, or (ii) if the Interconnection Customer executes an LGIA. Otherwise, any unused balance of the deposit of $50,000 shall be non-refundable and applied on a pro-rata basis to offset costs incurred by Interconnection Customers with lower Queue Positions that are subject to re-study, as determined by the System Operator in accordance with the provisions of this LGIP, as a result of the withdrawal of an Interconnection Request with a higher Queue Position.

The deposit of $50,000 shall be applied toward the costs incurred by the System Operator associated with the Interconnection Request and Long Lead Facility treatment, as well as, the costs of the Interconnection Feasibility Study and/or the Interconnection System Impact Study, including the cost of developing the study agreements and their attachments, and the cost of developing the LGIA.

If, in the case of a request for NR Interconnection Service, the Interconnection Customer demonstrates Site Control within the cure period specified in Section 3.3.3 after submitting its Interconnection Request, the additional deposit of $10,000 shall be refundable; otherwise, that deposit shall be applied as provided in Section 3.1, including, toward the costs of any Interconnection Studies pursuant to the Interconnection Request, the cost of developing the study agreement(s) and associated attachment(s), and the cost of developing the LGIA.

The expected Initial Synchronization Date of the new Large Generating Facility, of the increase in capacity of the existing Generating Facility, or of the implementation of the Material Modification to the existing Generating Facility shall not exceed seven (7) years from the date the Interconnection Request is received by the System Operator, unless the Interconnection

Customer demonstrates that such time required to actively engineer, permit and construct the new Large Generating Facility or increase in capacity of the existing Generating Facility or implement the Material Modification to the existing Generating Facility will take longer than the seven year period. Upon such demonstration, the Initial Synchronization Date may succeed the date the Interconnection Request is received by the System Operator by a period of greater than seven (7) years so long as the Interconnection Customer, System Operator, and Interconnecting Transmission Owner agree,; such agreement shall not be unreasonably withheld.

3.3.2 Acknowledgment of Interconnection Request.

System Operator shall acknowledge receipt of the Interconnection Request within five (5) Business Days of receipt of the request and attach a copy of the received Interconnection Request to the acknowledgement. With the System Operator's acknowledgement of a valid Interconnection Request, the System Operator shall provide to the Interconnection Customer an Interconnection Feasibility Study Agreement in the form of Appendix 2 or an Interconnection System Impact Study Agreement in the form of Appendix 3.

3.3.3 Deficiencies in Interconnection Request.

An Interconnection Request will not be considered to be a valid request until all items in Section 3.3.1 have been received by the System Operator. If an Interconnection Request fails to meet the requirements set forth in Section 3.3.1, the System Operator shall notify the Interconnection Customer within five (5) Business Days of receipt of the initial Interconnection Request of the reasons for such failure and that the Interconnection Request does not constitute a valid request. Interconnection Customer shall provide the System Operator the additional requested information needed to constitute a valid request within ten (10)

Business Days after receipt of such notice. Failure by Interconnection Customer to comply with this Section 3.3.3 shall be treated in accordance with Section 3.6.

3.3.4 Scoping Meeting.

Within ten (10) Business Days after receipt of a valid Interconnection Request, System Operator shall establish a date agreeable to Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, for a Scoping Meeting, and such date shall be no later than thirty (30) Calendar Days from receipt of the valid Interconnection Request, unless otherwise mutually agreed upon by the Parties.

The purpose of the Scoping Meeting shall be (i) to discuss the estimated timeline for completing all applicable Interconnection Studies, and alternative interconnection options, (ii) to exchange pertinent information including any transmission data that would reasonably be expected to impact such interconnection options, (iii) to analyze such information, (iv) to determine the potential feasible Points of Interconnection, and (v) to discuss any other information necessary to facilitate the administration of the Interconnection Procedures. If a PSCAD model is required, the Parties shall discuss this at the Scoping Meeting.

The Parties will bring to the meeting such technical data, including, but not limited to: (i) general facility loadings, (ii) general instability issues, (iii) information regarding general short circuit issues, (iv) general voltage issues, and (v) general reliability issues as may be reasonably required to accomplish the purpose of the meeting. The Parties will also bring to the meeting personnel and other resources as may be reasonably required to accomplish the purpose of the meeting in the time allocated for the meeting. On the basis of the meeting, Interconnection Customer shall designate its Point of Interconnection, pursuant to Section 6.1, and one or more available alternative Point(s) of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

Within five (5) Business Days following the Scoping Meeting Interconnection Customer shall notify the System Operator, in writing, (i) whether it wants the Interconnection Feasibility Study to be completed as a separate and distinct study or as part of the Interconnection System Impact Study; and (ii) the Point(s) of Interconnection and any reasonable alternative Point(s) of Interconnection for inclusion in the attachment to the Interconnection Feasibility Study Agreement, or the Interconnection System Impact Study Agreement if the Interconnection Customer elects not to pursue the Interconnection Feasibility Study.

3.4 OASIS Posting.

The System Operator will maintain on its OASIS a list of all Interconnection Requests in its Control Area. The list will identify, for each Interconnection Request: (i) the maximum summer and winter

megawatt electrical output; (ii) the location by county and state; (iii) the station or transmission line or lines where the interconnection will be made; (iv) the projected Initial Synchronization Date; (v) the status of the Interconnection Request, including Queue Position; (vi) the type of Interconnection Service being requested (i.e., CNR Interconnection Service or NR Interconnection Service); and (vii) the availability of any studies related to the Interconnection Request; (viii) the date of the Interconnection Request; (ix) the type of Generating Facility to be constructed (combined cycle, base load or combustion turbine and fuel type); and (x) for Interconnection Requests that have not resulted in a completed interconnection, an explanation as to why it was not completed. Except in the case of an Affiliate, the list will not disclose the identity of the Interconnection Customer until the Interconnection Customer executes an LGIA or requests that the System Operator and Interconnecting Transmission Owner jointly file an unexecuted LGIA with the Commission. Before participating in a Scoping Meeting with an Interconnection Customer that is also an Affiliate, the Interconnecting Transmission Owner shall post on OASIS an advance notice of its intent to do so. The System Operator shall post to its OASIS site any deviations from the study timelines set forth herein. Interconnection Study reports and Optional Interconnection Study reports shall be posted to the System Operator's OASIS site subsequent to the meeting between the System Operator, Interconnecting Transmission Owner, and Interconnection Customer to discuss the applicable study results. The System Operator shall also post any known deviations in the Large Generating Facility's Initial Synchronization Date.

3.5 Coordination with Affected Systems.

The System Operator will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected Parties and, if possible, include those results (if available) in its applicable Interconnection Study within the time frame specified in this LGIP. The System Operator will include such Affected Parties in all meetings held with the Interconnection Customer as required by this LGIP. The Interconnection Customer will cooperate with the System Operator and Interconnecting Transmission Owner in all matters related to the conduct of studies and the determination of modifications to Affected Systems. The Interconnection Customer shall be responsible for the costs associated with the studies or portions of studies associated with the Affected Systems. Payment and refunds associated with the costs of such studies will be coordinated between the Interconnection Customer and the Affected Party(ies).

The System Operator shall seek the cooperation of all Affected Parties in all matters related to the conduct of studies and the determination of modifications to Affected Systems. Nothing in the foregoing is intended to authorize the Interconnection Customer to receive interconnection, related facilities or other services on an Affected System, and provision of such services must be handled through separate arrangements with Affected Party(ies).

3.6 Withdrawal.

The Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to System Operator, which System Operator will transmit to Interconnecting Transmission Owner and any Affected Parties. In addition, if the Interconnection Customer fails to adhere to all requirements of this LGIP, except as provided in Section 13.5 (Disputes), the System Operator shall deem the Interconnection Request to be withdrawn and shall provide written notice to the Interconnection Customer of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, if the Interconnection Customer wishes to dispute the withdrawal notice, the Interconnection Customer shall have fifteen (15) Business Days, unless otherwise provided elsewhere in this LGIP, in which to either respond with information or actions that cure the deficiency or to notify the System Operator of its intent to pursue Dispute Resolution, and System Operator shall notify Interconnecting Transmission Owner and any Affected Parties of the same.

Withdrawal shall result in the loss of the Interconnection Customer's Queue Position. If an Interconnection Customer disputes the withdrawal and loss of its Queue Position, then during Dispute Resolution, the System Operator may eliminate the Interconnection Customer's Interconnection Request from the queue until such time that the outcome of Dispute Resolution would restore its Queue Position. An Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to System Operator, Interconnecting Transmission Owner, and any Affected Parties all costs prudently incurred with respect to that Interconnection Request prior to System Operator's receipt of notice described above. The Interconnection Customer must pay all monies due before it is allowed to obtain any Interconnection Study data or results.

The System Operator shall update the OASIS Queue Position posting. Except as otherwise provided elsewhere in this LGIP, the System Operator and the Interconnecting Transmission Owner shall arrange to refund to the Interconnection Customer any portion of the Interconnection Customer's deposit or study payments that exceeds the costs incurred, including interest calculated in accordance with section 35.19a(a)(2) of the Commission's regulations, or arrange to charge to the Interconnection Customer any amount of such costs incurred that exceed the Interconnection Customer's deposit or study payments, including interest calculated in accordance with section 35.19a(a)(2) of the Commission's regulations. In the event of such withdrawal, System Operator, subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information, shall provide, at Interconnection Customer's request, all information developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

SECTION 4. QUEUE POSITION.

4.1 General.

System Operator shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the

lack of required information on the application form, and Interconnection Customer provides such information in accordance with Section 3.3.3, then System Operator shall assign Interconnection Customer a Queue Position based on the date the application form was originally filed. A Material Modification pursuant to Section 4.4.2 shall be treated in accordance with Section 4.4.

Except as otherwise provided in this Section 4.4.1, the Queue Position of each Interconnection Request will be used to determine: (i) the order of performing the Interconnection Studies; (ii) the order in which CNR Interconnection Requests will be included in the CNR Group Study; and (iii) the cost responsibility for the facilities and upgrades necessary to accommodate the Interconnection Request. A higher queued Interconnection Request is one that has been placed "earlier" in the queue in relation to another Interconnection Request that is lower queued.

Where a CNR Interconnection Request with a lower Queue Position submits a New Capacity Show of Interest Form for qualification to participate in a particular Forward Capacity Auction for a Capacity Commitment Period and another CNR Interconnection Request with a higher Queue Position does not submit a New Capacity Show of Interest Form for qualification until a subsequent Forward Capacity Auction, the CNR Interconnection Request with the lower Queue Position will be included in the CNR Group Study prior to the CNR Interconnection Request with the higher Queue Position. The CNR Group Study (to be conducted in accordance with Section III.13.1.1.2.3 of the Tariff) shall include all Interconnection Requests for Capacity Network Resource Interconnection Service that have submitted a New Capacity Show of Interest Form during the New Capacity Show of Interest Submission Window for the purpose of qualification for participation in the same Forward Capacity Auction for a Capacity Commitment Period, in accordance with Section III.13.1.1.2 of the Tariff, as well as Long Lead Facilities, in accordance with Section 3.2.3. Participation in a CNR Group Study shall be a prerequisite for a Generating Facility seeking to qualify as a New Generating Capacity Resource under Section III.13.1 of the Tariff to obtain CNR Interconnection Service.

An Interconnection Customer with a CNR Interconnection Request for a Generating Facility that is treated as a Conditional Qualified New Generating Capacity Resource, in accordance with Section III.13.1.1.2.3(f) of the Tariff, may be responsible for the facilities and upgrades associated with an overlapping CNR Interconnection Request having a higher Queue Position if the Conditional Qualified New Generating Capacity Resource obtains a Capacity Supply Obligation through a Forward Capacity Auction under Section III.13.2.5 of the Tariff.

An Interconnection Customer with a lower queued CNR Interconnection Request for a Large Generating Facility that has achieved Commercial Operation and obtained a Capacity Supply Obligation through a Forward Capacity Auction may be responsible for additional facilities and upgrades if the related higher queued CNR Interconnection Request for a Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation through a Forward Capacity Auction. In such circumstance,

Appendix A to the LGIA for the lower queued CNR Interconnection Request shall specify the facilities and upgrades for which the Interconnection Customer shall be responsible if the higher queued CNR Interconnection Request for a Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation. System Operator may allocate the cost of the common upgrades for clustered Interconnection Requests, pursuant to Section 4.2, without regard to Queue Position.

4.2 Clustering.

At the System Operator's option, Interconnection Requests may be studied serially or in clusters for the purpose of the Interconnection System Impact Study.

Clustering shall be implemented on the basis of Queue Position. If the System Operator elects to study Interconnection Requests using Clustering, all Interconnection Requests received within a period not to exceed one hundred and eighty (180) Calendar Days, hereinafter referred to as the "Queue Cluster Window" shall be studied together. The deadline for completing all Interconnection System Impact Studies for which an Interconnection System Impact Study Agreement has been executed during a Queue Cluster Window shall be in accordance with Section 7.4, for all Interconnection Requests assigned to the same Queue Cluster Window. The Queue Cluster Window shall have a fixed time interval based on fixed annual opening and closing dates. Any changes to the established Queue Cluster Window interval and opening or closing dates shall be announced with a posting on System Operator's OASIS beginning at least one hundred and eighty (180) Calendar Days in advance of the change and continuing thereafter through the end date of the first Queue Cluster Window that is to be modified.

Clustering Interconnection System Impact Studies shall be conducted in such a manner to ensure the efficient implementation of the applicable regional transmission expansion plan in light of the New England Transmission System's capabilities at the time of each study. The System Operator may study an Interconnection Request separately to the extent warranted by Good Utility Practice based upon the electrical remoteness of the proposed Large Generating Facility.

4.3 Transferability of Queue Position.

An Interconnection Customer may transfer its Queue Position to another entity only if such entity acquires the specific Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change. The Interconnection Customer must notify the System Operator, in writing, of any transfers of Queue Position and must provide the System Operator with the transferee's contact information, and System Operator shall notify Interconnecting Transmission Owner and any Affected Parties of the same.

4.4 Modifications.

The Interconnection Customer shall submit to System Operator and Interconnecting Transmission Owner, in writing, modifications to any information provided in the Interconnection Request, including its attachments. The Interconnection Customer shall retain its Queue Position if the modifications are in accordance with Sections 4.4.1 or 4.4.4, or are determined not to be Material Modifications pursuant to Section 4.4.2. The System Operator will notify the Interconnecting Transmission Owner, and, when System Operator deems it appropriate in accordance with applicable codes of conduct and confidentiality requirements, it will notify any Affected Party of such modifications.

A request to: (1) increase the energy capability or capacity capability output of a Generating Facility above that specified in an Interconnection Request, an existing Interconnection Agreement (whether executed or filed in unexecuted form with the Commission), or as established pursuant to Section 5.2 of this LGIP shall require a new Interconnection Request for the incremental increase and such Interconnection Request will receive the lowest Queue Position available at that time for the purposes of cost allocation and study analysis; and (2) change from NR Interconnection Service to CNR Interconnection Service, at any time, shall require a new Interconnection Request for CNR Interconnection Service and such Interconnection Request will receive the lowest Queue Position available at that time for the purposes of cost allocation and study analysis. Notwithstanding the foregoing, in the circumstance in which the Interconnection Customer seeking New Generating Capacity Resource treatment for its Generating Facility (pursuant to Section III.13.1 of the Tariff) has offered into a Forward Capacity Auction the full megawatt amount for which the CNR Interconnection Service was requested in the original Interconnection Request (or as that amount has been modified in accordance with Section 4.4.1(a)), but the entire amount did not clear in that Auction, no new Interconnection Request will be required if the Interconnection Customer seeks to offer the uncleared amount in a subsequent Forward Capacity Auction for which the associated Capacity Commitment Period begins less than seven (7) years (or the years agreed to pursuant to Section 3.3.1 or Section 4.4.5) from the date of the original Interconnection Request.

During the course of the Interconnection Studies, either the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection, and the ability of the proposed change to accommodate the Interconnection Request. To the extent the identified changes are acceptable to the Parties, such acceptance not to be unreasonably withheld, System Operator and the Interconnecting Transmission Owner shall modify the Point of Interconnection and/or configuration in accordance with such changes and proceed with any re-studies necessary to do so in accordance with Section 6.4, Section 7.6 and Section 8.5 as applicable and Interconnection Customer shall retain its Queue Position.

4.4.1 Prior to the return of the executed Interconnection System Impact Study Agreement to System Operator, modifications permitted under this Section shall include specifically: (a) a decrease of up to 60 percent of electrical output (MW) of the proposed project; (b) modifying the technical parameters associated with the Large Generating Facility technology or the Large Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration.

4.4.2 Prior to making any modification other than those specifically permitted by Sections 4.4.1 and 4.4.4, Interconnection Customer may first request that the System Operator and Interconnecting Transmission Owner evaluate whether such modification is a Material Modification. In response to Interconnection Customer's request, the System Operator in consultation with the Interconnecting Transmission Owner, and in consultation with any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, shall evaluate, at the Interconnection Customer's cost, the proposed modifications prior to making them and the System Operator will inform the Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection, except those deemed acceptable under Sections 4.4.1, 6.1, 7.2 or so allowed elsewhere, shall constitute a Material Modification. The Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.

4.4.3 Upon receipt of Interconnection Customer's request for modification that does not constitute a Material Modification and therefore is permitted under this Section 4.4, the System Operator in consultation with the Interconnecting Transmission Owner and in consultation with any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, shall commence and perform any necessary additional studies as soon as practicable, but in no event shall the System Operator, Interconnecting Transmission Owner, or Affected Party commence such studies later than thirty (30) Calendar Days after receiving notice of Interconnection Customer's request. Any additional studies resulting from such modification shall be done at Interconnection Customer's cost.

4.4.4 Extensions of less than three (3) cumulative years in the Commercial Operation Date, In-Service Date or Initial Synchronization Date of the Large Generating Facility to which the Interconnection Request relates are not material and should be handled through construction sequencing, provided that the extension(s) do not exceed seven (7) years from the date the Interconnection Request was received by the System Operator.

4.4.5 Extensions of three (3) or more cumulative years in the Commercial Operation Date, In-Service Date or Initial Synchronization Date of the Large Generating Facility to which the Interconnection Request relates or any extension of a duration that results in the Initial Synchronization Date exceeding the date the Interconnection Request was received by the System Operator by seven (7) or more years is a

Material Modification unless the Interconnection Customer demonstrates to the System Operator due diligence, including At-Risk Expenditures, in pursuit of permitting, licensing and construction of the Large Generating Facility to meet the Commercial Operation Date, In-Service Date or Initial Synchronization Date provided in the Interconnection Request. Such demonstration shall be based on evidence to be provided by the Interconnection Customer of accomplishments in permitting, licensing, and construction in an effort to meet the Commercial Operation Date, In-Service Date or Initial Synchronization Date provided in this Interconnection Request. Such evidence may include filed documents, records of public hearings, governmental agency findings, documentation of actual construction progress or documentation acceptable to the System Operator showing At-Risk Expenditure made previously, including the previous four (4) months. If the evidence demonstrates that the Interconnection Customer did not undertake reasonable efforts to meet the Commercial Operation Date, In-Service Date or Initial Synchronization Date specified in the Interconnection Request, or demonstrates that reasonable efforts were not undertaken until four (4) months prior to the request for extension, the request for extension shall constitute a Material Modification. The Interconnection Customer may then withdraw the proposed Material Modification or proceed with a new Interconnection Request for such modification.

SECTION 5. PROCEDURES FOR TRANSITION.

5.1 Queue Position for Pending Requests.

5.1.1 Any Interconnection Customer assigned a Queue Position prior to February 1, 2009, shall retain that Queue Position subject to Section 4.4 of the LGIP.

5.1.1.1 If an Interconnection Study Agreement has not been executed prior to February 1, 2009, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with the version of this LGIP in effect on February 1, 2009 (or as revised thereafter).

5.1.1.2 If an Interconnection Study Agreement has been executed prior to February 1, 2009, such Interconnection Study shall be completed in accordance with the terms of such agreement

5.1.2 Transition Period. To the extent necessary, the System Operator, Interconnection Customers with an outstanding Interconnection Request (i.e., an Interconnection Request for which an LGIA has neither been executed nor submitted to the Commission for approval prior to February 1, 2009), Interconnecting Transmission Owner and any other Affected Parties, shall transition to proceeding under the version of the LGIP in effect as of February 1, 2009 (or as revised thereafter) within a reasonable period of time not

to exceed sixty (60) Calendar Days. The use of the term "outstanding Interconnection Request" herein shall mean any Interconnection Request, on February 1, 2009: (i) that has been submitted, together with the required deposit and attachments, but not yet accepted by the System Operator; (ii) where the related LGIA has not yet been submitted to the Commission for approval in executed or unexecuted form, (iii) where the relevant Interconnection Study Agreements have not yet been executed, or (iv) where any of the relevant Interconnection Studies are in process but not yet completed. Any Interconnection Customer with an outstanding request as of the effective date of this LGIP may request a reasonable extension of any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Interconnection Request. A reasonable extension, not to exceed sixty (60) Calendar Days, shall be granted by the System Operator to the extent consistent with the intent and process provided for under this LGIP.

5.1.3 One-Time Election for CNR Interconnection Service at Queue Position Assigned Prior to February 1, 2009.

An Interconnection Customer with an outstanding Interconnection Request will be eligible to make a one-time election to be considered for CNR Interconnection Service at the Queue Position assigned prior to February 1, 2009. The Interconnection Customer's one-time election must be made by the end of the New Generating Capacity Show of Interest Submission Window for the fourth Forward Capacity Auction. The Interconnection Customer's one-time election may also include a request for Long Lead Facility Treatment, which shall be subject to review pursuant to Section 3.2.3, and, if applicable, a request for a change of the Commercial Operation Date, in accordance with Sections 4.4.4 and 4.4.5. Interconnection Customers requesting CNR Interconnection Service will be required to comply with the requirements for CNR Interconnection Service set forth in Section 3.2.1. Interconnection Customers requesting CNR Interconnection Service that have not received a completed Interconnection System Impact Study may request a preliminary, non-binding, analysis of potential upgrades that may be necessary for the fourth Forward Capacity Auction – the prompt or near-term auction – pursuant to Sections 6.3 or 7.3, whichever is applicable.

5.2 Grandfathering.

5.2.1 An Interconnection Customer's Generating Facility that is interconnected pursuant to an Interconnection Agreement executed or submitted to the Commission for approval prior to February 1, 2009, will maintain its status as a Network Resource with Network Resource Interconnection Service eligible to participate in the New England Markets, in accordance with the requirements of Market Rule 1, Section III of the Tariff, up to the megawatt amount specified in the Interconnection Agreement, subject to the Interconnection Customer satisfying all requirements set forth in the Interconnection Agreement and this LGIP. If the Generating Facility does not meet the criteria set forth in Section 5.2.3 of this LGIP, the Interconnection Customer will be eligible to make a one-time election, pursuant to Section 5.1.3, for Capacity Network Resource treatment without submitting a new Interconnection

Request; however, the Interconnection Customer will be required to comply with the requirements for CNR Interconnection Service set forth in Section 3.2.1. Upon completion of the requirements to obtain CNR Interconnection Service, the Interconnection Customer's Interconnection Agreement shall be amended to conform to the LGIA in Appendix 6 of this LGIP.

5.2.2 An Interconnection Customer's Generating Facility governed by an Interconnection Agreement either executed or filed with the Commission in unexecuted form prior to August 1, 2008, shall maintain the Queue Position assigned as of August 1, 2008, and be eligible to participate in the New England Markets, in accordance with the requirements in Market Rule 1, Section III of the Tariff, as in effect as of August 1, 2008, so long as the Interconnection Customer complies with all of the requirements specified in the Interconnection Agreement, including achieving the milestones associated with At-Risk Expenditures, subject to Section 4.4 of this LGIP.

5.2.3 All resources that are treated as Existing Generating Capacity Resources in the fourth Forward Capacity Auction pursuant to Section III.13 of the Tariff shall receive treatment as a CNR and obtain CNR Interconnection Service, in accordance with this LGIP, up to the CNR Capability of the resource. The grandfathered CNR Capability for these resources shall be equal to the megawatt amount established pursuant to the following hierarchy:

(a) First, the megawatt amount specified in an Interconnection Agreement (whether executed or filed in unexecuted form with the Commission).

(b) Second, in the absence of an Interconnection Agreement with a specified megawatt amount, the megawatt amount specified in an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision).

(c) Third, in the absence of an Interconnection Agreement and an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) with a specified megawatt amount, as determined by the System Operator based on documented historic capability of the Generating Facility.

Where a resource has both an Interconnection Agreement and an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision), the lower megawatt amount will govern until the resource completes the applicable process(es) under the Tariff for obtaining the higher megawatt amount. The absence of an Interconnection Agreement or an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) specifying a megawatt amount shall be confirmed by an affidavit executed by a corporate officer of the resource attesting that the resource does not have an Interconnection Agreement and/or an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) that specifies a megawatt amount.

Where the governing document (as determined by the hierarchy set forth in Section 5.2.3) specifies a megawatt amount at an ambient temperature consistent with the definition of CNR Capability, the grandfathered CNR Capability shall be equal to that amount.

Where the governing document (as determined by the hierarchy set forth in Section 5.2.3) does not specify an ambient temperature, the megawatt amount will be deemed to be at the value consistent with the definition of CNR Capability.

Where the implementation of this Section 5.2.3 results in a CNR Capability that is different than previously had been identified, the revised CNR Capability will be applied commencing with the next Forward Capacity Auction qualification process (after the revised CNR Capability value is identified), which is initiated by the closing deadline of the Show of Interest Submission Window in accordance with Section III.13 of the Tariff. The revised CNR Capability will continue to govern until the resource completes the applicable process(es) for obtaining the higher megawatt amount.

5.2.4 All resources that are treated as Existing Generating Capacity Resources in the fourth Forward Capacity Auction pursuant to Section III.13 of the Tariff shall receive treatment as a NR and obtain NR Interconnection Service, in accordance with this LGIP, up to the NR Capability of the resource. The grandfathered NR Capability shall be determined pursuant to the hierarchy set forth in Section 5.2.3.

Where the governing document (as determined by the hierarchy set forth in Section 5.2.3) of a resource for which a temperature-adjustment curve is used for the claimed capability verification, as set forth in the ISO New England Manuals, specifies a megawatt amount at an ambient temperature, the grandfathered NR Capability shall be equal to a temperature-adjusted value consistent with the definition of NR Capability.

Where the governing document (as determined by the hierarchy set forth in Section 5.2.3) does not specify an ambient temperature, the megawatt amount will be deemed to be at the value consistent with the definition of NR Capability.

5.3 New System Operator or Interconnecting Transmission Owner.

If the System Operator transfers operational control of the New England Transmission System to a successor System Operator during the period when an Interconnection Request is pending, the System Operator shall transfer to the successor System Operator any amount of the deposit or payment with

interest thereon that exceeds the cost that it incurred to evaluate the request for interconnection. Any difference between such net amount and the deposit or payment required by this LGIP shall be paid by or refunded to the Interconnection Customer, as appropriate. The System Operator shall coordinate with the successor System Operator to complete any Interconnection Study, as appropriate, that the System Operator has begun but has not completed.

If the Interconnecting Transmission Owner transfers ownership of its transmission facilities to a successor transmission owner during the period when an Interconnection Request is pending, and System Operator in conjunction with Interconnecting Transmission Owner has tendered a draft LGIA to the Interconnection Customer but the Interconnection Customer has not either executed the LGIA or requested the filing of an unexecuted LGIA with the Commission, unless otherwise provided, the Interconnection Customer must complete negotiations with the successor transmission owner.

SECTION 6. INTERCONNECTION FEASIBILITY STUDY.

6.1 Interconnection Feasibility Study Agreement.

The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study under this Section 6, or as part of the Interconnection System Impact Study under Section 7. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and the System Operator shall be responsible for generating only one final report, which will include the results of both Section 6 and Section 7.

Within five (5) Business Days following the System Operator's and Interconnecting Transmission Owner's receipt from the Interconnection Customer of its designation of the Point(s) of Interconnection and of the type of study to be performed pursuant to Section 3.3.4, System Operator shall tender to Interconnection Customer the Interconnection Feasibility Study Agreement, which includes a good faith estimate of the cost for completing the Interconnection Feasibility Study. The Interconnection Feasibility Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Interconnection Feasibility Study, including the cost of developing the study agreement and its attachment(s). No later than thirty (30) Calendar Days after its receipt of the Interconnection Feasibility Study Agreement, (a) the Interconnection Customer shall execute and deliver the agreement to System Operator and the Interconnecting Transmission Owner, (b) the Interconnection Customer shall also deliver the refundable deposit for the Interconnection Feasibility Study to the System Operator, and (c)

the technical data called for in Appendix 1, Attachment B. The deposit for the study shall be 100 percent of the estimated cost of the study. The deposit shall be applied toward the cost of the Interconnection Feasibility Study, including the cost of developing the study agreement and its attachment(s). Any difference between the study deposit and the actual cost of the Interconnection Feasibility Study shall be paid by or refunded to the Interconnection Customer, except as otherwise provided in Section 13.3. In accordance with Section 13.3, the System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of the Interconnection Feasibility Study that have been incurred by the System Operator and/or the Interconnecting Transmission Owner on the Interconnection Feasibility Study, including the development of the study agreement and its attachment(s). The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold any amounts on deposit until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

On or before the return of the executed Interconnection Feasibility Study Agreement to the System Operator and Interconnecting Transmission Owner, the Interconnection Customer shall provide the technical data called for in Appendix 1, Attachment B. If the Interconnection Customer does not provide all such technical data when it delivers the Interconnection Feasibility Study Agreement, the System Operator shall notify the Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection Feasibility Study Agreement and the Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such deficiency does not include failure to deliver the executed Interconnection Feasibility Study Agreement or deposit.

If the Interconnection Feasibility Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting, a substitute Point of Interconnection identified by the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, and acceptable to the Parties, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and re-studies shall be completed pursuant to Section 6.4 as applicable. For the purpose of this Section 6.1, if the Parties cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to Section 3.3.4, shall be the substitute.

6.2 Scope of Interconnection Feasibility Study.

The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the Administered Transmission System with available data and information. The Interconnection Feasibility Study does not require detailed model development.

The Interconnection Feasibility Study will consider the base case as well as all generating facilities (and with respect to (iii), any identified Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced: (i) are directly interconnected to the New England Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the New England Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with the Commission. An Interconnection Customer with a CNR Interconnection Request may also request that the Interconnection Feasibility Study include a preliminary, non-binding, analysis to identify potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff, based on a limited set of assumptions to be specified by the Interconnection Customer and reflected in Attachment A to the Interconnection Feasibility Study Agreement. The Interconnection Feasibility Study will consist of a power flow, including thermal analysis and voltage analysis, and short circuit analysis. The Interconnection Feasibility Study report will provide (i) a list of facilities, and a non-binding good faith estimate of cost responsibility; (ii) a non-binding good faith estimated time to construct; (iii) a protection assessment to determine the required Interconnection Facilities; and may provide (iv) an evaluation of the siting of Interconnection Facilities and Network Upgrades; and (v) identification of the likely permitting and siting process including easements and environmental work. To the extent the Interconnection Customer requested a preliminary analysis as described in this Section 6.2, the Interconnection Feasibility Study report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

6.3 Interconnection Feasibility Study Procedures.

The System Operator in coordination with Interconnecting Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Interconnection Feasibility Study no later than forty-five (45) Calendar Days after System Operator and Interconnecting Transmission Owner receive the fully executed Interconnection Feasibility Study Agreement, study deposit and required technical data in accordance with Section 6.1. At the request of the Interconnection Customer or at any time the System Operator or the Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Feasibility Study, the System Operator shall notify the Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If the System Operator is unable to complete the Interconnection Feasibility Study within that time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, the System Operator with input from the Interconnecting Transmission Owner shall provide all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow and short circuit databases for the Interconnection Feasibility Study to any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer. The

recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/disclosure requirements, such information may be provided directly to the Interconnection Customer.

6.3.1 Meeting with Parties.

Within ten (10) Business Days of providing an Interconnection Feasibility Study report to the Interconnection Customer, the System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Interconnection Feasibility Study.

6.4 Re-Study.

If re-study of the Interconnection Feasibility Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project subject to Section 4.4, (iii) a re-designation of the Point of Interconnection pursuant to Section 6.1, (iv) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (v) a modification to a transmission project included in the Base Case, the System Operator shall notify the Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take not longer than sixty (60) Calendar Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection Feasibility Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection Feasibility Study Agreement.

The Interconnection Customer shall have the option to waive the re-study and elect to have the re-study performed as part of its Interconnection System Impact Study. The Interconnection Customer shall provide written notice of the waiver and election of moving directly to the Interconnection System Impact Study within five (5) Business Days of receiving notice from the System Operator of the required re-study.

SECTION 7. INTERCONNECTION SYSTEM IMPACT STUDY.

7.1 Interconnection System Impact Study Agreement.

If the Interconnection Customer did not request that the Interconnection Feasibility Study be completed as a separate and distinct study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and the System Operator shall be responsible for generating only one final report, which will include the results of both Section 6 and Section 7.

Within five (5) Business Days following the Interconnection Feasibility Study results meeting, or subsequent to the Scoping Meeting within five (5) Business Days following the receipt of designation of the Point(s) of Interconnection and type of study to be performed pursuant to Section 3.3.4, if the Interconnection Customer did not request that the Interconnection Feasibility Study be completed as a separate and distinct study, the System Operator and Interconnecting Transmission Owner shall provide to Interconnection Customer the Interconnection System Impact Study Agreement, which includes a non-binding good faith estimate of the cost and timeframe for completing the Interconnection System Impact Study. The Interconnection System Impact Study Agreement shall provide that the Interconnection Customer shall compensate the System Operator and Interconnecting Transmission Owner for the actual cost of the Interconnection System Impact Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the LGIA.

7.2 Execution of Interconnection System Impact Study Agreement.

The Interconnection Customer shall execute the Interconnection System Impact Study Agreement and deliver the executed Interconnection System Impact Study Agreement to the System Operator no later than thirty (30) Calendar Days after its receipt along with a demonstration of Site Control and the technical data called for in Appendix 1, Attachment A, and the Interconnection Customer shall also deliver simultaneously a refundable deposit. An Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. The deposit for the study shall be: (i) the greater of 100 percent of the estimated cost of the study or $250,000; or (ii) the lower of 100 percent of the estimated costs of the study or $50,000, if the Interconnection Customer can provide: (1) evidence of applications for all Major Permits, as defined in Section III.13.1.1.2.2.2(a) of the Tariff, required in support of the Interconnection Request or written certification that Major Permits are not required, or (2) evidence acceptable to the System Operator of At-Risk Expenditures (excluding Interconnection Study costs) totaling at least the amounts of money described in (i) above; or (iii) the lower of 100 percent of the estimated costs of the study or $50,000, if the Interconnection Request is for a modification to an existing Large Generating Facility that does not increase the energy capability or capacity capability of the Large Generating Facility.

The deposit shall be applied toward the cost of the Interconnection System Impact Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the LGIA. Any difference between the study deposit and the actual cost of the Interconnection System Impact Study shall be paid by or refunded to the Interconnection Customer, except as otherwise provided in Section 13.3. In accordance with Section 13.3, the System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of Interconnection System Impact Study that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the System Impact Study, including the study agreement and its attachment(s) and the LGIA. If the Interconnection Customer elects the deposit described in (ii) above, the System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection System Impact Study on each month. The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the amounts on deposit until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

On or before the return of the executed Interconnection System Impact Study Agreement to the System Operator and Interconnecting Transmission Owner, the Interconnection Customer shall provide the technical data called for in Appendix 1, Attachment A; provided that if a PSCAD model was determined to be needed at the Scoping Meeting, then the Interconnection Customer shall have ninety (90) Calendar Days from the execution of the System Impact Study Agreement to provide the PSCAD model.

If the Interconnection Customer does not provide all such technical data when it delivers the Interconnection System Impact Study Agreement, the System Operator shall notify the Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection System Impact Study Agreement and the Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such deficiency does not include failure to deliver the executed Interconnection System Impact Study Agreement or deposit.

If the Interconnection System Impact Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting or the Interconnection Feasibility Study, a substitute Point of Interconnection identified by the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, and acceptable to each Party, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and re-studies shall be completed pursuant to Section 7.6 as applicable. For the purpose of this Section 7.2, if the Parties cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement or Interconnection System Impact Study depending on whether Interconnection Customer requested that the Interconnection Feasibility Study be completed as a separate

and distinct study or as part of the Interconnection System Impact Study, as specified pursuant to Section 3.3.4, shall be the substitute.

7.3 Scope of Interconnection System Impact Study.

The Interconnection System Impact Study shall evaluate the impact of the proposed interconnection on the reliability and operation of the New England Transmission System. The Interconnection System Impact Study will consider the base case as well as all generating facilities (and with respect to (iii) below, any identified Network Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced: (i) are directly interconnected to the New England Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the New England Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with the Commission. An Interconnection Customer with a CNR Interconnection Request that elected to waive the Interconnection Feasibility Study may also request that the Interconnection System Impact Study include a preliminary, non-binding, analysis to identify potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff, based on a limited set of assumptions to be specified by the Interconnection Customer and reflected in Attachment A to the Interconnection System Impact Study Agreement.

The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, a power flow analysis, including thermal analysis and voltage analysis, a system protection analysis and any other analyses that are deemed necessary by the System Operator in consultation with the Interconnecting Transmission Owner. The Interconnection System Impact Study report will state the assumptions upon which it is based, state the results of the analyses, and provide the requirements or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study report will provide (i) a list of facilities that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility; (ii) a non-binding good faith estimated time to construct; (iii) a protection assessment to determine the required protection upgrades; and may provide (iv) an evaluation of the siting of the Interconnection Facilities and Network Upgrades; and (v) identification of the likely permitting and siting process including easements and environment work. To the extent the Interconnection Customer requested a preliminary analysis as described in this Section 7.3, the Interconnection System Impact Study report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

7.4 Interconnection System Impact Study Procedures.

The System Operator shall coordinate the Interconnection System Impact Study with the Interconnecting Transmission Owner, and with any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, that is affected by the Interconnection Request pursuant to Section 3.5 above. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Interconnection System Impact Study within ninety (90) Calendar Days after the receipt of the Interconnection System Impact Study Agreement, study deposit, demonstration of Site Control, if Site Control is required, and required technical data in accordance with Section 7.2. If System Operator or Interconnecting Transmission Owner uses Clustering, the System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to deliver a completed Interconnection System Impact Study within ninety (90) Calendar Days after the close of the Queue Cluster Window.

At the request of the Interconnection Customer or at any time the System Operator or Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection System Impact Study, the System Operator shall notify the Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If the System Operator and Interconnecting Transmission Owner are unable to complete the Interconnection System Impact Study within the time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, the System Operator and Interconnecting Transmission Owner shall provide all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases for the Interconnection System Impact Study to any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer. The recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/ disclosure requirements, such information may be provided directly to the Interconnection Customer.

7.5 Meeting with Parties.

Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer, the System Operator shall convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, to discuss the results of the Interconnection System Impact Study.

Within five (5) Business Days following the study results meeting, the Interconnection Customer shall provide to the System Operator written notice that it will either pursue the Interconnection Facilities Study or waive the Interconnection Facilities Study and elect an expedited interconnection. If the Interconnection Customer waives the Facilities Study, it shall commit to the following milestones in the LGIA: (i) Siting approval for the Generating Facility and Interconnection Facilities; (ii) Engineering of Interconnection Facilities approved by Interconnecting Transmission Owner; (iii) Ordering of long lead time material for Interconnection Facilities and system upgrades; (iv) Initial Synchronization Date; and (v) Commercial Operation Date.

Within thirty (30) Calendar Days of the Interconnection Customer receiving the Interconnection System Impact Study report, the Interconnection Customer shall provide written comments on the report or written notice that it has no comments on the report. The System Operator shall issue a final Interconnection System Impact Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving the Interconnection Customer's notice that it will not provide comments.

7.6 Re-Study.

If re-study of the Interconnection System Impact Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project subject to Section 4.4, (iii) re-designation of the Point of Interconnection pursuant to Section 7.2, (iv) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (v) a modification to a transmission project included in the Base Case, the System Operator shall notify the Interconnection Customer and Interconnecting Transmission Owner in writing.

Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take no longer than sixty (60) Calendar Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection System Impact Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection System Impact Study Agreement.

7.7 Operational Readiness.

The System Operator shall, as close to the Interconnection Customer's actual Synchronization Date as reasonably possible, ensure that current stability analyses, power flow analyses, and any other analyses deemed necessary by the System Operator, are performed or reviewed, as deemed appropriate by the System Operator, and to develop or update procedures to address the operation of the New England Transmission System with the addition of the Interconnection Customer's Generating Facility. The

operational analysis will also include tests of system performance with selected facilities out of service. Such studies shall be performed at the expense of the Interconnection Customer.

The System Operator is not obligated to perform the operational analyses described in this Section 7.7 if, in the exercise of reasonable discretion, the System Operator in consultation with Interconnecting Transmission Owner determines that interconnection of the Interconnection Customer's Generating Facility to the Administered Transmission System is remote and speculative.

SECTION 8. INTERCONNECTION FACILITIES STUDY.

8.1 Interconnection Facilities Study Agreement.

The Interconnection Customer may waive the Interconnection Facilities Study and instead elect expedited interconnection, which means that the Interconnection Customer may enter into E&P Agreements under Section 9 if it had not already done so, and shall enter into an LGIA in accordance with the requirements specified in Section 11.

If the Interconnection Customer waives the Interconnection Facilities Study, the Interconnection Customer, subject to the specific terms of the E&P Agreements, assumes all risks and shall pay all costs associated with equipment, engineering, procurement and construction work covered by the Interconnection Facilities Study as described in Section 8.2 below.

The System Operator shall provide to the Interconnection Customer an Interconnection Facilities Study Agreement in the form of Appendix 4 to this LGIP simultaneously with the delivery of the Interconnection System Impact Study to the Interconnection Customer.

The Interconnection Facilities Study Agreement shall provide that the Interconnection Customer shall compensate the System Operator and Interconnecting Transmission Owner for the actual cost of the Interconnection Facilities Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the LGIA. Within three (3) Business Days following the Interconnection System Impact Study results meeting, the System Operator and Interconnecting Transmission Owner shall provide to Interconnection Customer a non-binding good faith estimate of the cost for completing the Interconnection Facilities Study in accordance with requirements specified in Section 8.3. The Interconnection Customer shall execute the Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement to the System Operator within thirty (30) Calendar Days after its receipt, together with the required technical data and the refundable deposit

for the Interconnection Facilities Study. In accordance with Section 8.3, the Interconnection Customer shall specify in Attachment A to the Interconnection Facilities Study Agreement whether it wants no more than a +/- 20 percent or a +/- 10 percent good faith cost estimate contained in the report. The deposit for the study shall be either: (i) the greater of twenty-five percent of the estimated cost of the study or $250,000; or (ii) the greater of 100 percent of one month's estimated study cost or $100,000, if the Interconnection Customer can provide: (1) evidence of applications for all Major Permits, as defined in Section III.13.1.1.2.2.2 of the Tariff, required in support of the Interconnection Request, or provide certification that Major Permits are not required or (2) evidence acceptable to the System Operator of At-Risk Expenditures (excluding Interconnection Study costs) totaling at least the amounts of money in (i) above, not including the same At-Risk Expenditures demonstrated with the Interconnection System Impact Study Agreement, if applicable; or (iii) the greater of 100 percent of one month's estimated study cost or $100,000, if the Interconnection Request is for a modification to an existing Large Generating Facility that does not increase the energy capability or capacity capability of the Large Generating Facility.

Any difference between the study deposit and the actual cost of the Interconnection Facilities Study shall be paid by or refunded to the Interconnection Customer, except as otherwise provided in Section 13.3. In accordance with Section 13.3, the System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the cost of the Interconnection Facilities Studies that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the Interconnection Facilities Study, the study agreement and its attachment(s) and the LGIA. The System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month. The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the amounts on deposit until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

8.2 Scope of Interconnection Facilities Study.

The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Facility to the Administered Transmission System. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities. The scope and cost of the Interconnection Facilities Study shall include completion of any engineering work limited to what is reasonably required to (i) estimate such aforementioned cost to the accuracy specified by the Interconnection Customer pursuant to Section

8.3, (ii) identify, configurations of required facilities and (iii) identify time requirements for construction and installation of required facilities.

8.3 Interconnection Facilities Study Procedures.

The System Operator shall coordinate the Interconnection Facilities Study with Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, pursuant to Section 3.5 above. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the study and the System Operator shall issue a draft Interconnection Facilities Study report to the Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, within the following number of days after receipt of an executed Interconnection Facilities Study Agreement: ninety (90) Calendar Days, with no more than a +/- 20 percent good faith cost estimate contained in the report; or one hundred eighty (180) Calendar Days, if the Interconnection Customer requests a +/- 10 percent good faith cost estimate. Such cost estimates either individually or in the aggregate will be provided in the final study report.

At the request of the Interconnection Customer or at any time the System Operator or Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Facilities Study, System Operator shall notify the Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, as to the schedule status of the Interconnection Facilities Study. If the System Operator is unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, the System Operator shall notify the Interconnection Customer, Interconnecting Transmission Owner and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, and provide an estimated completion date and an explanation of the reasons why additional time is required.

The Interconnection Customer and appropriate Affected Parties may, within thirty (30) Calendar Days after receipt of the draft report, provide written comments to the System Operator and Interconnecting Transmission Owner, which the System Operator shall include in the final report. The System Operator shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving Interconnection Customer's statement that it will not provide comments. The System Operator may reasonably extend such fifteen-day period upon notice to the Interconnection Customer if the Interconnection Customer's comments require the System Operator or Interconnecting Transmission Owner to perform additional analyses or

make other significant modifications prior to the issuance of the final Interconnection Facilities Report. Upon request, the System Operator and Interconnecting Transmission Owner shall provide the Interconnection Customer and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, or any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer supporting documentation, with workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study. The recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/ disclosure requirements, such information may be provided directly to the Interconnection Customer.

8.4 Meeting with Parties.

Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, the System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Interconnection Facilities Study.

8.5 Re-Study.

If re-study of the Interconnection Facilities Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project subject to Section 4.4, (iii) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (iv) a modification to a transmission project included in the Base Case, the System Operator shall so notify The Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take no longer than sixty (60) Calendar Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection Facilities Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection Facilities Study Agreement.

SECTION 9. ENGINEERING & PROCUREMENT ("E&P") AGREEMENT.

Prior to executing an LGIA, an Interconnection Customer may request, in order to advance the implementation of its interconnection, and the Interconnecting Transmission Owner and any Affected

Party shall offer the Interconnection Customer, an E&P Agreement that authorizes the Interconnecting Transmission Owner and any Affected Party to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection. However, the Interconnecting Transmission Owner or any Affected Party shall not be obligated to offer an E&P Agreement if the Interconnection Customer is in Dispute Resolution as a result of an allegation that the Interconnection Customer has failed to meet any milestones or comply with any prerequisites specified in other parts of the LGIP. The E&P Agreement is an optional procedure and it will not alter the Interconnection Customer's Queue Position or Initial Synchronization Date. The E&P Agreement shall provide for the Interconnection Customer to pay the cost of all activities authorized by the Interconnection Customer, including a deposit of 100 percent of the estimated engineering and study costs, and to make advance payments or provide other satisfactory security for such costs.

The Interconnection Customer shall pay the cost of such authorized activities and any cancellation costs for equipment that is already ordered for its interconnection, which cannot be mitigated as hereafter described, whether or not such items or equipment later become unnecessary. If the Interconnection Customer withdraws its application for interconnection or an E&P Agreement is terminated by any Party, to the extent the equipment ordered can be canceled under reasonable terms, the Interconnection Customer shall be obligated to pay the associated cancellation costs. To the extent that the equipment cannot be reasonably canceled, the Interconnecting Transmission Owner or the Affected Party that is a party to an E&P Agreement may elect: (i) to take title to the equipment, in which event the Interconnecting Transmission Owner or relevant Affected Party shall refund the Interconnection Customer any amounts paid by the Interconnection Customer for such equipment and shall pay the cost of delivery of such equipment, or (ii) to transfer title to and deliver such equipment to the Interconnection Customer, in which event the Interconnection Customer shall pay any unpaid balance and cost of delivery of such equipment.

SECTION 10. OPTIONAL INTERCONNECTION STUDY.

10.1 Optional Interconnection Study Agreement.

On or after the date when the Interconnection Customer receives Interconnection System Impact Study report and no later than five (5) Business Days after the study results meeting to review the report, the Interconnection Customer may request in writing, and the System Operator in coordination with the Interconnecting Transmission Owner shall perform, an Optional Interconnection Study. The request shall describe the assumptions that the Interconnection Customer wishes the System Operator to study within the scope described in Section 10.2. Within five (5) Business Days after receipt of a request for an Optional Interconnection Study, the System Operator shall provide to the Interconnecting Transmission Owner and the Interconnection Customer an Optional Interconnection Study Agreement in the form of Appendix 5.

The Optional Interconnection Study Agreement shall: (i) specify the technical data that the Interconnection Customer must provide for each phase of the Optional Interconnection Study, (ii) specify the Interconnection Customer's assumptions as to which Interconnection Requests with earlier queue priority dates will be excluded from the Optional Interconnection Study case, and (iii) specify the System Operator's and Interconnecting Transmission Owner's estimate of the cost of the Optional Interconnection Study. To the extent known by the System Operator, such estimate shall include any costs expected to be incurred by any Affected System whose participation is necessary to complete the Optional Interconnection Study. The Optional Interconnection Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Optional Interconnection Study, including the cost of developing the study agreement and its attachment(s). Notwithstanding the above, the System Operator and Interconnecting Transmission Owner shall not be required as a result of an Optional Interconnection Study request to conduct any additional Interconnection Studies with respect to any other Interconnection Request.

The Interconnection Customer shall execute the Optional Interconnection Study Agreement within ten (10) Business Days of receipt and deliver the Optional Interconnection Study Agreement, the required technical data and the refundable deposit for the Optional Interconnection Study to the System Operator. The deposit for the study shall be 100 percent of the estimated cost of the study. Any difference between the study deposit and the actual cost of the Optional Interconnection Study shall be paid by or refunded to the Interconnection Customer, except as otherwise provided in Section 13.3. In accordance with Section 13.3, the System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of the Optional Interconnection Study that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the Optional Interconnection Study and the study agreement and its attachments(s). The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the amounts on deposits until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

10.2 Scope of Optional Interconnection Study.

The Optional Interconnection Study will consist of a sensitivity analysis based on the assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement. The Optional Interconnection Study will also identify the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or Interconnection Service based upon the results of the Optional Interconnection Study. The System Operator shall use Reasonable Efforts to coordinate the study with any Affected Systems that may be affected by the types of Interconnection Services that are being studied. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable in conducting the Optional Interconnection Study.

The Optional Interconnection Study will consist of a short circuit analysis, a stability analysis, a power flow analysis, including thermal analysis and voltage analysis, a system protection analysis, and any other analyses that are deemed necessary by the System Operator in consultation with the Interconnecting Transmission Owner.

10.3 Optional Interconnection Study Procedures.

The executed Optional Interconnection Study Agreement, the prepayment, and technical and other data called for therein must be provided to the System Operator and Interconnecting Transmission Owner within ten (10) Business Days of the Interconnection Customer receipt of the Optional Interconnection Study Agreement. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Optional Interconnection Study within a mutually agreed-upon time period specified within the Optional Interconnection Study Agreement. If the System Operator and Interconnecting Transmission Owner are unable to complete the Optional Interconnection Study within such time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required. Upon request, the System Operator and Interconnecting Transmission Owner shall provide the Interconnection Customer supporting documentation and workpapers and databases or data developed in the preparation of the Optional Interconnection Study to any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer. The recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/disclosure requirements, such information may be provided directly to the Interconnection Customer.

10.4 Meeting with Parties.

Within ten (10) Business Days of providing an Optional Interconnection Study report to Interconnection Customer, System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Optional Interconnection Study.

10.5 Interconnection Agreement Developed Based on Optional Interconnection Study.

If the LGIA for a Large Generating Facility is based on the results of an Optional Interconnection Study, the LGIA shall reflect the conditions studied and any obligations that may involve: (i) additional studies if such conditions change, (ii) operational limits, or (iii) financial support for transmission upgrades.

SECTION 11. STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT (LGIA).

11.1 Tender.

Interconnection Customer shall tender comments or provide notice, in writing, to the System Operator and Interconnecting Transmission Owner that the Interconnection Customer has no comments on the draft Interconnection Facilities Study report or on the draft Interconnection System Impact Study report if the Interconnection Customer waived the Interconnection Facilities Study, within thirty (30) Calendar Days of receipt of the report. Except as provided in the E&P Agreement or any mutual agreement by the entities that would be Parties to the LGIA, the System Operator shall initiate the development of the LGIA process within fifteen (15) Calendar Days after the comments are submitted or waived, by tendering to the Interconnection Customer a draft LGIA, together with draft appendices completed by the System Operator, in conjunction with the Interconnecting Transmission Owner to the extent practicable. The draft LGIA shall be in the form of the System Operator's Commission-approved standard form LGIA which is in Appendix 6 to Schedule 22. The Interconnection Customer shall return the Interconnection Customer specific information required to complete the form of LGIA, including the appendices, in Appendix 6 of Schedule 22 that the Interconnection Customer is willing to execute within thirty (30) Calendar Days after receipt of the draft from the System Operator.

11.2 Negotiation.

Notwithstanding Section 11.1, at the request of the Interconnection Customer the System Operator and Interconnecting Transmission Owner shall begin negotiations with the Interconnection Customer concerning the appendices to the LGIA at any time after the Interconnection Facilities Study is complete or after the Interconnection System Impact Study is complete if the Interconnection Customer intends to waive the Interconnection Facilities Study. The System Operator, Interconnection Customer, and Interconnecting Transmission Owner shall negotiate concerning any disputed provisions of the appendices to the draft LGIA for not more than sixty (60) Calendar Days after tender by the System Operator of the draft LGIA pursuant to Section 11. If the Interconnection Customer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the draft LGIA pursuant to Section 11.1 and request submission of the unexecuted LGIA with the Commission or initiate Dispute Resolution procedures pursuant to Section 13.5. If the Interconnection Customer requests termination of the negotiations, but within sixty (60) Calendar Days thereafter fails to request either the filing of the unexecuted LGIA or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if the Interconnection Customer has not executed the LGIA, requested filing of an unexecuted LGIA, or initiated Dispute Resolution procedures pursuant to Section 13.5 within sixty (60) Calendar Days of tender of by the System Operator of the draft LGIA pursuant to Section 11.1, it shall be deemed to have withdrawn its Interconnection Request. The System Operator and Interconnecting Transmission Owner shall provide to the Interconnection Customer a final LGIA within fifteen (15) Business Days after the mutually agreed completion of the negotiation process.

11.3 Evidence to be Provided by Interconnection Customer; Execution and Filing of LGIA.

11.3.1 Evidence to be Provided by Interconnection Customer.

11.3.1.1 Site Control. Within fifteen (15) Business Days after receipt of the final LGIA, the Interconnection Customer shall provide (A) to the System Operator, reasonable evidence of continued Site Control, or (B) to the Interconnecting Transmission Owner, posting of $250,000, non-refundable additional security, which shall be applied toward future construction costs. Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property.

11.3.1.2 Development Milestones. Within fifteen (15) Business Days after receipt of the final LGIA, the Interconnection Customer also shall provide to the System Operator reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, to be elected by the Interconnection Customer, has been achieved: (i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility; (ii) the execution of a contract for the supply of cooling water to the Large Generating Facility; (iii) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Large Generating Facility; (iv) execution of a contract for the sale of electric energy or capacity from the Large Generating Facility; (v) application for an air, water, or land use permit.

At the same time, the Interconnection Customer shall commit to a schedule for the payment of upgrades identified in the Interconnection Studies or an E&P Agreement and either: (A) provide evidence of approvals for all Major Permits, as defined in Section III.13.1.1.2.2.2(a) of the Tariff, or (B) provide a refundable deposit to the Interconnecting Transmission Owner, at execution of the LGIA, of 20 percent of the total costs for the Interconnection Facilities and other upgrades identified in the Interconnection Studies or an E&P Agreement, unless the Interconnecting Transmission Owner's expenditure schedule for the Interconnection Facilities and other upgrades calls for an initial payment of greater than 20 percent of the total upgrade costs, in which case the scheduled initial payment must instead be made at time of LGIA execution. If the Interconnection Customer selects option (B) above, it shall also commit in the LGIA to the achievement of: (i) milestones for the completion of Major Permit approvals, and (ii) in the case of a CNR Interconnection Request, milestones to align the LGIA with the fulfillment of terms outlined in Section III.13 of the Tariff for participation in the Forward Capacity Market.

11.3.2 Execution and Filing of LGIA. Within fifteen (15) Business Days after receipt of the final LGIA, the Interconnection Customer shall either: (i) execute three (3) originals of the tendered LGIA and return one to the System Operator and one to the Interconnecting Transmission Owner; or (ii) request in writing that the System Operator and Interconnecting Transmission Owner jointly file with the Commission an LGIA in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either the executed originals of the tendered LGIA (if it does not conform with a Commission-approved standard form of interconnection agreement) or the request to file an unexecuted LGIA, the System Operator and Interconnecting Transmission Owner, in accordance with Section 11.3.3 or Section 11.3.4, as appropriate , shall jointly file the LGIA with the Commission, together with its explanation of any matters as to which the System Operator, Interconnection Customer or Interconnecting Transmission Owner disagree and support for the costs that the Interconnecting Transmission Owner proposes to charge to the Interconnection Customer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by the System Operator and Interconnecting Transmission Owner for the Interconnection Request. If the Parties agree to proceed with design, procurement, and construction of facilities and upgrades under the agreed-upon terms of the unexecuted LGIA, they may proceed pending Commission action.

With respect to the interconnection of an Interconnection Customer under Schedule 22, the LGIA shall be a three-party agreement among the Interconnecting Transmission Owner, the System Operator and the Interconnection Customer. If Interconnecting Transmission Owner, System Operator and Interconnection Customer agree to the terms and conditions of a specific LGIA, or any amendments to such an LGIA, then the System Operator and Interconnecting Transmission Owner shall jointly file the executed LGIA, or amendment thereto, with the Commission under Section 205 of the Federal Power Act. To the extent the Interconnecting Transmission Owner, System Operator and Interconnection Customer cannot agree to proposed variations from the standard form of LGIA in Appendix 6 or cannot otherwise agree to the terms and conditions of the LGIA for such Large Generating Unit, or any amendments to such an LGIA, then the System Operator and Interconnecting Transmission Owner shall jointly file an unexecuted LGIA, or amendment thereto, with the Commission under Section 205 of the Federal Power Act and shall identify the areas of disagreement in such filing, provided that, in the event of disagreement on terms and conditions of the LGIA related to the costs of upgrades to such Interconnecting Transmission Owner's transmission facilities, the anticipated schedule for the construction of such upgrades, any financial obligations of the Interconnecting Transmission Owner, and any provisions related to physical impacts of the interconnection on the Interconnecting Transmission Owner's transmission facilities or other assets, then the standard applicable under Section 205 of the Federal Power Act shall apply only to the Interconnecting Transmission Owner's position on such terms and conditions.

11.3.3 The Interconnecting Transmission Owner, acting on its own or jointly with the System Operator, may initiate a filing to amend this LGIP and the standard form of LGIA in Appendix 6 under Section 205 of the Federal Power Act and shall include in such filing the views of System Operator, provided that the standard applicable under Section 205 of the Federal Power Act shall apply only to the Interconnecting Transmission Owner's position on any financial obligations of the Interconnecting Transmission Owner

or the Interconnection Customer(s), and any provisions related to physical impacts of the interconnection on the Interconnecting Transmission Owner's transmission facilities or other assets.

11.4 Commencement of Interconnection Activities.

If the Interconnection Customer executes the final LGIA, the System Operator, Interconnection Customer and Interconnecting Transmission Owner shall perform their respective obligations in accordance with the terms of the LGIA, subject to modification by the Commission. Upon submission of an unexecuted LGIA, the System Operator, Interconnection Customer and Interconnecting Transmission Owner shall promptly comply with the unexecuted LGIA, subject to modification by the Commission.

SECTION 12. CONSTRUCTION OF INTERCONNECTING TRANSMISSION OWNER INTERCONNECTION FACILITIES AND NETWORK UPGRADES.

12.1 Schedule.

The Interconnection Customer, Interconnecting Transmission Owner and any other Affected Party shall negotiate in good faith concerning a schedule for the construction of the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades.

12.2 Construction Sequencing.

12.2.1 General. In general, the Initial Synchronization Date of an Interconnection Customer seeking interconnection to the Administered Transmission System will determine the sequence of construction of Network Upgrades.

12.2.2 Advance Construction of Network Upgrades that are an Obligation of an Entity other than the Interconnection Customer. An Interconnection Customer with an executed or unexecuted, but filed with the Commission, LGIA, in order to maintain its Initial Synchronization Date, may request that the Interconnecting Transmission Owner or appropriate Affected Party advance to the extent necessary the completion of Network Upgrades that: (i) were assumed in the Interconnection Studies for such Interconnection Customer, (ii) are necessary to support such Initial Synchronization Date, and (iii) would otherwise not be completed, pursuant to a contractual obligation of an entity other than the Interconnection Customer that is seeking interconnection to the Administered Transmission System, in time to support such Initial Synchronization Date. Upon such request, the Interconnecting Transmission Owner or appropriate Affected Party will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that the Interconnection Customer commits to

pay the Interconnecting Transmission Owner or appropriate Affected Party; (i) any associated expediting costs and (ii) the cost of such Network Upgrades.

The Interconnecting Transmission Owner or appropriate Affected Party will refund to the Interconnection Customer both the expediting costs and the cost of Network Upgrades, in accordance with Article 11.4 of the LGIA. Consequently, the entity with a contractual obligation to construct such Network Upgrades shall be obligated to pay only that portion of the costs of the Network Upgrades that the Interconnecting Transmission Owner or appropriate Affected Party has not refunded to the Interconnection Customer. Payment by that entity with a contractual obligation to construct such Network Upgrades shall be due on the date that it would have been due had there been no request for advance construction. The Interconnecting Transmission Owner or appropriate Affected Party shall forward to the Interconnection Customer the amount paid by the entity with a contractual obligation to construct the Network Upgrades as payment in full for the outstanding balance owed to the Interconnection Customer. The Interconnecting Transmission Owner or appropriate Affected Party then shall refund to that entity the amount that it paid for the Network Upgrades, in accordance with Article 11.4 of the LGIA.

12.2.3 Advancing Construction of Network Upgrades that are Part of the Regional System Plan of the System Operator. An Interconnection Customer with an LGIA, in order to maintain its Initial Synchronization Date, may request that Interconnecting Transmission Owner or appropriate Affected Party advance to the extent necessary the completion of Network Upgrades that: (i) are necessary to support such Initial Synchronization Date and (ii) would otherwise not be completed, pursuant to the Regional System Plan, in time to support such Initial Synchronization Date. Upon such request, the Interconnecting Transmission Owner or appropriate Affected Party will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that the Interconnection Customer commits to pay the Interconnecting Transmission Owner or appropriate Affected Party any associated expediting costs.

12.2.4 Amended Interconnection System Impact Study. An Interconnection System Impact Study will be amended to determine the facilities necessary to support the requested Initial Synchronization Date. This amended study will include those transmission and Large Generating Facilities that are expected to be in service on or before the requested Initial Synchronization Date. The LGIA will also be amended to reflect the results of the Amended Interconnection System Impact Study and any changes in obligations, including financial support, of the Parties.

SECTION 13. MISCELLANEOUS.

13.1 Confidentiality.

Confidential Information shall include, without limitation, all information treated as confidential under the ISO New England Information Policy, all information obtained from third parties under confidentiality agreements, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by any of the Parties to the others prior to the execution of an LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by any Party, the other Party(ies) shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

13.1.1 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of the LGIA; or (6) is required, in accordance with Section 13.1.6, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Parties that it no longer is confidential.

13.1.2 Release of Confidential Information. A Party shall not release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with these procedures, unless such person has first been advised of the confidentiality provisions of this Section 13.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Section 13.1.

13.1.3 Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party(ies). The disclosure by each Party to the other Party(ies) of Confidential Information shall not be deemed a waiver by any Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

13.1.4 No Warranties. By providing Confidential Information, a Party does not make any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, a Party does not obligate itself to provide any particular information or Confidential Information to the other Party(ies) nor to enter into any further agreements or proceed with any other relationship or joint venture.

13.1.5 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party(ies) under these procedures or its regulatory requirements.

13.1.6 Order of Disclosure. If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires a Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party(ies) with prompt notice of such request(s) or requirement(s) so that the other Party(ies) may seek an appropriate protective order or waive compliance with the terms of the LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

13.1.7 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's(ies') Breach of its obligations under this Section 13.1. Each Party accordingly agrees that the other Party(ies) shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Section 13.1, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Section 13.1, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Section 13.1.

13.1.8 Disclosure to the Commission, its Staff, or a State. Notwithstanding anything in this Section 13.1 to the contrary, and pursuant to 18 CFR section 1b.20, if the Commission or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to the LGIP, the Party shall provide the requested information to the Commission or its staff, within the time provided for in the request for information. In providing the information to the Commission or its staff, the Party must, consistent with 18 CFR. section 388.112, request that the information be treated as confidential and non-public by the Commission and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party(ies) prior to the release of the Confidential Information to the Commission or its staff. The Party shall notify the other Party(ies) to the LGIA when its is notified by the Commission or its staff that a request to release Confidential Information has been received by the Commission, at which time any of the Parties may respond before such information would be made public, pursuant to 18 CFR section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner, consistent with applicable state rules, regulations and Section 13.1.

13.1.9 Subject to the exception in Section 13.1.8, any information that a Party claims is competitively sensitive, commercial or financial information ("Confidential Information") shall not be disclosed by the other Party(ies) to any person not employed or retained by the other Party(ies), except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party(ies), such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIP or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a subregional, regional or national reliability organization or planning group. The Party asserting confidentiality shall notify the other Party(ies) in writing of the information it claims is confidential. Prior to any disclosures of the other Party's(ies') Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party(ies) in writing and agrees to assert confidentiality and cooperate with the other Party(ies) in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

13.1.10 This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a Breach of this provision).

13.1.11 The System Operator and Interconnecting Transmission Owner shall, at Interconnection Customer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time when Confidential Information is no longer needed.

13.2 Delegation of Responsibility.

The System Operator and Interconnecting Transmission Owner, or any Affected Party may use the services of subcontractors as it deems appropriate to perform its obligations under this LGIP. The Party using the services of a subcontractor shall remain primarily liable to the Interconnection Customer for the performance of such subcontractors and compliance with its obligations of this LGIP. The subcontractor shall keep all information provided confidential and shall use such information solely for the performance of such obligation for which it was provided and no other purpose.

13.3 Obligation for Study Costs.

The System Operator and the Interconnecting Transmission Owner shall charge, and the Interconnection Customer shall pay, the actual costs of the Interconnection Studies. Any difference between the study deposit and the actual cost of the applicable Interconnection Study shall be paid by or refunded, except as otherwise provided herein, to the Interconnection Customer or offset against the cost of any future Interconnection Studies associated with the applicable Interconnection Request prior to beginning of any such future Interconnection Studies. Any invoices for Interconnection Studies shall include a detailed and itemized accounting of the cost of each Interconnection Study. The Interconnection Customer shall pay any such undisputed costs within thirty (30) Calendar Days of receipt of an invoice therefore. The System Operator and Interconnecting Transmission Owner shall not be obligated to perform or continue to perform any studies unless the Interconnection Customer has paid all undisputed amounts in compliance herewith.

13.4 Third Parties Conducting Studies.

If (i) at the time of the signing of an Interconnection Study Agreement there is disagreement as to the estimated time to complete an Interconnection Study, (ii) the Interconnection Customer receives notice pursuant to Sections 6.3, 7.4 or 8.3 that the System Operator or Interconnecting Transmission Owner will not complete an Interconnection Study within the applicable timeframe for such Interconnection Study, or (iii) the Interconnection Customer receives neither the Interconnection Study nor a notice under Sections 6.3, 7.4 or 8.3 within the applicable timeframe for such Interconnection Study, then the Interconnection Customer may request, which request will not be unreasonably denied, that the System Operator and Interconnecting Transmission Owner utilize a third party consultant reasonably acceptable to the System Operator, Interconnection Customer, Interconnecting Transmission Owner and any appropriate Affected Party, to perform such Interconnection Study under the direction of the System Operator or Interconnecting Transmission Owner as applicable. At other times, System Operator or Interconnecting Transmission Owner may also utilize a third party consultant to perform such Interconnection Study, either in response to a general request of the Interconnection Customer, or on its own volition.

In all cases, use of a third party consultant shall be in accord with Article 26 of the LGIA (Subcontractors) and limited to situations where the System Operator or Interconnecting Transmission Owner determines

that doing so will help maintain or accelerate the study process for the Interconnection Customer's pending Interconnection Request and not interfere with the System Operator and Interconnecting Transmission Owner's progress on Interconnection Studies for other pending Interconnection Requests. In cases where the Interconnection Customer requests use of a third party consultant to perform such Interconnection Study, the Interconnection Customer, System Operator and Interconnecting Transmission Owner shall negotiate all of the pertinent terms and conditions, including reimbursement arrangements and the estimated study completion date and study review deadline. The System Operator and Interconnecting Transmission Owner shall convey all workpapers, data bases, study results and all other supporting documentation prepared to date with respect to the Interconnection Request as soon as soon as practicable upon the Interconnection Customer's request subject to the confidentiality provision in Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. In any case, such third party contract may be entered into with the System Operator, Interconnection Customer, or Interconnecting Transmission Owner at the System Operator and Interconnecting Transmission Owner's discretion. In the case of (iii) the Interconnection Customer maintains its right to submit a claim to Dispute Resolution to recover the costs of such third party study. Such third party consultant shall be required to comply with this LGIP, Article 26 of the LGIA (Subcontractors), and the relevant Tariff procedures and protocols as would apply if the System Operator and Interconnecting Transmission Owner were to conduct the Interconnection Study and shall use the information provided to it solely for purposes of performing such services and for no other purposes.

The System Operator and Interconnecting Transmission Owner shall cooperate with such third party consultant and Interconnection Customer to complete and issue the Interconnection Study in the shortest reasonable time.

13.5 Disputes.

13.5.1 Submission. In the event a Party has a dispute, or asserts a claim, that arises out of or in connection with the LGIA, the LGIP, or their performance, such Party (the "Disputing Party") shall provide the other Party(ies) with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party(ies). In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's(ies') receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, after thirty (30) Calendar Days, then (i) in the case of disputes arising out of or in conjunction with the LGIA, the System Operator and Interconnecting Transmission Owner shall jointly file an unexecuted LGIA, or amendment thereto, with the Commission in accordance with Section 11.3.4, or (ii) in the case of disputes arising out of or in connection with any

other matter regarding the administration of the LGIP, the System Operator may terminate the Interconnection Request and the Interconnection Customer may seek relief pursuant to Section 206 of the Federal Power Act. Each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this Schedule 22.

13.5.2 External Arbitration Procedures. Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The arbitrator so chosen by the System Operator shall chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable Commission regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Section 13, the terms of this Section 13 shall prevail.

13.5.3 Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons for such decision. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the LGIA and LGIP and shall have no power to modify or change any provision of the LGIA and LGIP in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

13.5.4 Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three-member panel and one-third of any associated arbitration costs; or (2) one-third the cost of the single arbitrator jointly chosen by the Parties and one-third of any associated arbitration costs.

13.6 Local Furnishing Bonds.

13.6.1 Facilities Financed by Local Furnishing Bonds. This provision is applicable only to interconnections associated with facilities financed for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of this LGIA and LGIP, the Interconnecting Transmission Owner shall not be required to provide Interconnection Service to the Interconnection Customer pursuant to this LGIA and LGIP if the provision of such Interconnection Service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance the Interconnecting Transmission Owner's facilities that would be used in providing such Interconnection Service.

13.6.2 Alternative Procedures for Requesting Interconnection Service. If the Interconnecting Transmission Owner determines that the provision of Interconnection Service requested by the Interconnection Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such Interconnection Service, it shall advise the Interconnection Customer within thirty (30) Calendar Days of receiving notice of the Interconnection Request. The Interconnection Customer thereafter may renew its Interconnection Request using the process specified in the Tariff.

APPENDICES TO LGIP

APPENDIX 1 INTERCONNECTION REQUEST

APPENDIX 2 INTERCONNECTION FEASIBILITY STUDY AGREEMENT

APPENDIX 3 INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT

APPENDIX 4 INTERCONNECTION FACILITIES STUDY AGREEMENT

APPENDIX 5 OPTIONAL INTERCONNECTION STUDY AGREEMENT

APPENDIX 6 LARGE GENERATOR INTERCONNECTION AGREEMENT

APPENDIX 1
INTERCONNECTION REQUEST

The undersigned Interconnection Customer submits this request to interconnect its Large Generating Facility to the Administered Transmission System under Schedule 22 - Large Generator Interconnection Procedures ("LGIP") of the ISO New England Inc. Open Access Transmission Tariff (the "Tariff"). Capitalized terms have the meanings specified in the Tariff.

PROJECT INFORMATION

Proposed Project Name: _____

1. This Interconnection Request is for (check one):

_____ **A proposed new Large Generating Facility**

_____ **An increase in the generating capacity or a modification that has the potential to be a Material Modification of an existing Generating Facility**

_____ **Commencement of participation in the wholesale markets by an existing Generating Facility**

_____ **A change from Network Resource Interconnection Service to Capacity Network Resource Interconnection Service**

2. The types of Interconnection Service requested:

_____ **Network Resource Interconnection Service (energy capability only)**

_____ **Capacity Network Resource Interconnection Service (energy capability and capacity capability)**

If Capacity Network Resource Interconnection Service, does Interconnection Customer request Long Lead Facility treatment? Check: ____Yes or ___ No

If yes, provide, together with this Interconnection Request, the Long Lead Facility deposit and other required information as specified in Section 3.2.3 of the LGIP, including (if the Large Generating Facility will be less than 100 MW) a justification for Long Lead Facility treatment.

3. This Interconnection Customer requests (check one, selection is not required as part of the initial Interconnection Request):

_____ A Feasibility Study to be completed as a separate and distinct study

_____ A System Impact Study with the Feasibility Study to be performed as the first step of the study

(The Interconnection Customer shall select either option and may revise any earlier selection up to within five (5) Business Days following the Scoping Meeting.)

4. The Interconnection Customer shall provide the following information:

Address or Location of the Facility (including Town/City, County and State):

_____

_____

_____

Approximate location of the proposed Point of Interconnection (information is not required as part of the initial Interconnection Request):

_____

Type of Generating Facility to be Constructed:_____

Generating Facility Fuel Type:

_____

Generating Facility Capacity (MW):

	Maximum Net MW Electrical Output	**Maximum Gross MW Electrical Output**
At or above 90 degrees F		
At or above 50 degrees F		
At or above 20 degrees F		
At or above 0 degrees F		

General description of the equipment configuration (# of units and GSUs):

_____

_____

Requested Commercial Operations Date:

_____

Requested Initial Synchronization Date:

_____

Requested In Service Date:

_____

Evidence of Site Control (check one):

_____ **If for Capacity Network Resource Interconnection Service, Site Control is provided herewith, as required.**

_____ **If for Network Resource Interconnection Service: (Check one)**

___ Is provided herewith

___ In lieu of evidence of Site Control, a $10,000 deposit is provided herewith (refundable within the cure period as described in Section 3.3.3 of the LGIP).

_____ **Site Control is not provided because the proposed modification is to the Interconnection Customer's existing Large Generating Facility and, by checking this option, the Interconnection Customer certifies that it has Site Control and that the proposed modification does not require additional real property.**

The technical data specified within the applicable attachment to this form (check one):

_____ **Is included with the submittal of this Interconnection Request form**

_____ **Will be provided on or before the execution and return of the Feasibility Study Agreement (Attachment B) or the System Impact Study Agreement (Attachment A), as applicable**

The ISO will post the Project Information on the ISO web site under "New Interconnections" and OASIS.

CUSTOMER INFORMATION

Company Name:_____

ISO Customer ID# (If available):_____

(Interconnection Customer)

Company Address: **PO Box No.:**
_____

Street Address:_____

City, State ZIP:_____

Company Representative: **Name:** _____

Title: _____

Company Representative's Company and Address (if different from above):

Company Name:_____

PO Box No.:_____

Street Address:_____

City, State ZIP:_____

Phone: _____ **FAX:** _____ **email:**_____

This Interconnection Request is submitted by:

Authorized Signature:_____

Name (type or print):_____

Title:_____

Date:_____

In order for an Interconnection Request to be considered a valid request, it must:

(a) Be accompanied by a deposit of $50,000.00, which may be refundable in accordance with Section 3.3.1 of the LGIP;

(b) For Capacity Network Resource Interconnection Service, include documentation demonstrating Site Control. If for Network Resource Interconnection Service, demonstrate Site Control or post an additional deposit of $10,000.00. If the Interconnection Customer with an Interconnection Request for Network Resource Interconnection Service demonstrates Site Control within the cure period specified in Section 3.3.1 of the LGIP, the additional deposit of $10,000.00 shall be refundable (An Interconnection Customer does not need to demonstrate Site Control for an Interconnection Request for a modification to its existing Large Generating Facility where the Interconnection Customer has certified that it has Site Control and that the proposed modification does not require additional real property);

(c) Include a detailed map (2 copies), such as a map of the quality produced by the U.S. Geological Survey, which clearly indicates the site of the new facility and pertinent surrounding structures; and

(d) Include all information required on the Interconnection Request form; and

(e) Include the deposit and all information required for Long Lead Facility treatment, if such treatment is requested in accordance with Section 3.2.3 of the LGIP.

Attachment A (page 1)
To Appendix 1
Interconnection Request
Technical Data Required For
Interconnection System Impact Study

The technical data required below must be submitted no later than the date of execution of the System Impact Study Agreement pursuant to Section 7.2 of the LGIP.

LARGE GENERATING FACILITY DATA

UNIT RATINGS

Kva	°F	Voltage
Power Factor		
Speed (RPM)		Connection (e.g. Wye) _____
Short Circuit Ratio		Frequency, Hertz _____
Stator Amperes at Rated Kva		Field Volts _____
Max Turbine MW	°F	

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 90 ^{o} OR ABOVE

Gross Unit Rating (MW)	Gross Lagging (MVAR)
Net Unit Rating (MW)	Gross Leading (MVAR)
Station Service (MW)	Station Service (MVAR)
Temperature (^{o}F)	

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 50^{o} OR ABOVE

Gross Unit Rating (MW)	Gross Lagging (MVAR)

Net Unit Rating (MW) Gross Leading (MVAR)

Station Service (MW) Station Service (MVAR)

Temperature (^{o}F)

Attachment A (page 2)

To Appendix 1

Interconnection Request

Technical Data Required For

Interconnection System Impact Study

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 20^{o} OR ABOVE

Gross Unit Rating (MW) Gross Lagging (MVAR)

Net Unit Rating (MW) Gross Leading (MVAR)

Station Service (MW) Station Service (MVAR)

Temperature (^{o} F)

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 0^{o} OR ABOVE

Gross Unit Rating (MW) Gross Lagging (MVAR)

Net Unit Rating (MW) Gross Leading (MVAR)

Station Service (MW) Station Service (MVAR)

Temperature (^{o}F)

COMBINED TURBINE-GENERATOR-EXCITER INERTIA DATA

Inertia Constant, H = kW sec/kVA

Moment-of-Inertia, WR2	=	lb. ft.2

REACTANCE DATA (PER UNIT-RATED KVA)

	DIRECT AXIS	**QUADRATURE AXIS**
Synchronous – saturated	Xdv	Xqv
Synchronous – unsaturated	Xdi	Xqi
Transient – saturated	X'dv	X'qv
Transient – unsaturated	X'di	X'qi
Subtransient – saturated	X"dv	X"qv
Subtransient – unsaturated	X"di	X"qi
Negative Sequence – saturated	X2v	
Negative Sequence – unsaturated	X2i	
Zero Sequence – saturated	X0v	
Zero Sequence – unsaturated	X0i	
Leakage Reactance	Xlm	

FIELD TIME CONSTANT DATA (SEC)

Open Circuit	T'qo	T'do
Three-Phase Short Circuit Transient	T'd3	T'q
Line to Line Short Circuit Transient	T'd2	
Line to Neutral Short Circuit Transient	T'd1	

Short Circuit Subtransient	T”d	T”q
Open Circuit Subtransient	T”do	T”qo

ARMATURE TIME CONSTANT DATA (SEC)

Three Phase Short Circuit	Ta3
Line to Line Short Circuit	Ta2
Line to Neutral Short Circuit	Ta1

NOTE: If requested information is not applicable, indicate by marking “N/A.”

MW CAPABILITY AND PLANT CONFIGURATION
LARGE GENERATING FACILITY DATA
ARMATURE WINDING RESISTANCE DATA (PER UNIT)

Positive	R1		
Negative	R2		
Zero	R0		
Rotor Short Time Thermal Capacity I^2t	=		
Field Current at Rated kVA, Armature Voltage and PF	=	amps	
Field Current at Rated kVA and Armature Voltage, 0 PF		amps	
Three Phase Armature Winding Capacitance	=	microfarad	
Field Winding Resistance	=	ohms	°C
Armature Winding Resistance (Per Phase)	=	ohms	°C

CURVES

Provide Saturation, Vee, Reactive Capability, Capacity Temperature Correction curves. Designate normal and emergency Hydrogen Pressure operating range for multiple curves.

GENERATOR STEP-UP TRANSFORMER DATA RATINGS

Capacity Self-cooled/Maximum Nameplate

/ Kva

Voltage Ratio Generator side/System side/Tertiary

/ kV

Winding Connections Generator side/System Side/Tertiary (Delta or Wye)

/

Fixed Taps Available

Present Tap Setting

IMPEDANCE

Positive	Z1 (on self-cooled kVA rating)	%	X/R
Zero	Z0 (on self-cooled kVA rating)	%	X/R

EXCITATION SYSTEM DATA

Identify appropriate IEEE model block diagram of excitation system and power system stabilizer ("PSS") for computer representation in power system stability simulations and the corresponding excitation system and PSS constants for use in the model.

GOVERNOR SYSTEM DATA

Identify appropriate IEEE model block diagram of governor system for computer representation in power system stability simulations and the corresponding governor system constants for use in the model.

WIND GENERATORS

Number of generators to be interconnected pursuant to
this Interconnection Request: _____
Elevation: _____ _____ Single Phase _____ Three Phase
Inverter manufacturer, model name, number, and version:

List of adjustable set points for the protective equipment or software:

For all generator types: A completed fully functioning, non-proprietary or non-confidential Siemens PTI's ("PSSE") power flow model or other compatible formats, such as IEEE and General Electric Company Power Systems Load Flow ("PSLF") data sheet , must be supplied with this Attachment A. If additional non-proprietary or non-confidential data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

A PSCAD model shall be provided pursuant to Section 7.2 of the LGIP if deemed required at the Scoping Meeting.

INDUCTION GENERATORS:

(*) Field Volts:
(*) Field Amperes:
(*) Motoring Power (kW):
(*) Neutral Grounding Resistor (If Applicable):
(*) I_2^2t or K (Heating Time Constant):
(*) Rotor Resistance:
(*) Stator Resistance:
(*) Stator Reactance:
(*) Rotor Reactance:
(*) Magnetizing Reactance:
(*) Short Circuit Reactance:
(*) Exciting Current:
(*) Temperature Rise:
(*) Frame Size:
(*) Design Letter:
(*) Reactive Power Required In Vars (No Load):
(*) Reactive Power Required In Vars (Full Load):
(*) Total Rotating Inertia, H: Per Unit on KVA Base

Note: Please consult System Operator prior to submitting the Interconnection Request to determine if the information designated by (*) is required.

Applicant Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Attachment A to the Interconnection Request is true and accurate.

For Interconnection Customer:_____Date:_____

Attachment B (page 1)
To Appendix 1
Interconnection Request
Technical Data Required For
Interconnection Feasibility Study

The technical data required below must be submitted no later than the date of execution of the Feasibility Study Agreement pursuant to Section 6.1 of the LGIP.

LARGE GENERATING FACILITY DATA
UNIT RATING

kVA	°F	Phase to Phase Voltage, kV
Rated Power Factor		
Speed (RPM)		Connection (e.g. Wye) _____
Short Circuit Ratio		Frequency, Hertz _____
Stator Amperes at Rated, kVA		Field Volts _____
Max Turbine MW	°F	

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 50^{o}F OR ABOVE

Gross Unit Rating (MW)	Gross Lagging (MVAR)
Net Unit Rating (MW)	Gross Leading (MVAR)
Station Service (MW)	Station Service (MVAR)
Temperature (^{o}F)	

DATA (PER UNIT-RATED KVA AND RATED VOLTAGE)

Saturated Reactance

Direct axis positive sequence X''_{dv}

negative sequence X''_{2v} _____

zero sequence X''_{0v}

Resistance

Generator AC resistance R_a _____

negative sequence R_2 _____

zero sequence R_0 _____

Attachment B (page 2)

To Appendix 1

Interconnection Request

Technical Data Required For

Interconnection Feasibility Study

Time Constant (seconds)

Three-phase short circuit armature time constant T_{a3} _____

CURVES

Provide Saturation, Vee, Reactive Capability, Capacity Temperature Correction curves. Designate normal and emergency Hydrogen Pressure operating range for multiple curves.

GENERATOR STEP-UP TRANSFORMER DATA RATINGS

Capacity Self-cooled/Maximum Nameplate

/ kVA

Voltage Ratio Generator side/System side/Tertiary

/ kV

Winding Connections Generator side/system side /Tertiary

(Delta or Wye)

/

Fixed Taps Available

Present Tap Setting

IMPEDANCE

For 2-Winding Transformers

Positive	Z1 (on self-cooled kVA rating)	%	X/R
Zero	Z0 (on self-cooled kVA rating)	%	X/R

Technical Data Required For
Interconnection Feasibility Study

IMPEDANCE

For 3-winding transformers

Positive $Z1_{H-L}$ (on self-cooled kVA rating)_____ %, X/R _____

$Z1_{H-T}$ (on self-cooled kVA rating)_____ %, X/R _____

$Z1_{L-T}$ (on self-cooled kVA rating)_____ %, X/R _____

Zero $Z0_{H-L}$ (on self-cooled kVA rating)_____ %, X/R _____

$Z0_{H-T}$ (on self-cooled kVA rating)_____ %, X/R _____

$Z0_{L-T}$ (on self-cooled kVA rating)_____ %, X/R _____

FEEDER IMPEDANCE (Per Unit)

From GSU to Point of Interconnection

Positive R1 _____ + j X1 _____ on 100 MVA base

Zero R0 _____ + j X0 _____ on 100 MVA base

WIND GENERATORS

Number of generators to be interconnected pursuant to this Interconnection Request: _____

Elevation:_____Single Phase_____Three Phase

Inverter manufacturer, model name, number, and version:

List of adjustable setpoints for the protective equipment or software:

For all generator types: A completed fully functioning, non-proprietary or non-confidential Siemens PTI's ("PSSE") power flow model or other compatible formats, such as IEEE and General Electric Company Power Systems Load Flow ("PSLF") data sheet, must be supplied with this Attachment B. If additional non-proprietary or non-confidential data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

Applicant Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Attachment B to the Interconnection Request is true and accurate.

For Interconnection Customer:_____Date:_____

APPENDIX 2
INTERCONNECTION FEASIBILITY STUDY AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State of _____ ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator, and Interconnecting Transmission Owner may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility to the Administered Transmission System; and

WHEREAS, Interconnection Customer has requested System Operator and Interconnecting Transmission Owner to perform an Interconnection Feasibility Study to assess the feasibility of interconnecting the proposed Large Generating Facility to the Administered Transmission System, and any Affected Systems.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the Commission-approved Large Generator Interconnection Procedures ("LGIP"), or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 Interconnection Customer elects and System Operator shall cause to be performed an Interconnection Feasibility Study consistent with Section 6.0 of the LGIP in accordance with the Tariff.

3.0 The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Interconnection Feasibility Study shall be based on the technical information provided by Interconnection Customer in Attachment B to the Interconnection Request, as may be modified as the result of the Scoping Meeting. System Operator and Interconnecting Transmission Owner reserve the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with Section 3.3.4 of the LGIP. If, after the designation of the Point of Interconnection pursuant to Section 3.3.4 of the LGIP, Interconnection Customer modifies its Interconnection Request pursuant to Section 4.4, the time to complete the Interconnection Feasibility Study may be extended.

5.0 The Interconnection Feasibility Study report shall provide the following information:

- preliminary identification of any circuit breaker or other facility short circuit capability limits exceeded as a result of the interconnection;
- preliminary identification of any thermal overload of any transmission facility or system voltage limit violations resulting from the interconnection;
- initial review of grounding requirements and electric system protection;

- preliminary description and non-binding estimated cost of facilities required to interconnect the Large Generating Facility to the New England Transmission System and to address the identified short circuit and power flow issues; and
- to the extent the Interconnection Customer requested a preliminary analysis as described in this Section 6.2 of the LGIP, the report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

  In accordance with the LGIP, in performing the Interconnection Feasibility Study, System Operator and Interconnecting Transmission Owner shall coordinate with each other and Affected Parties, and shall receive and incorporate input from such entities into its study, and shall provide copies of the final study report to such entities.

6.0 The Interconnection Customer is providing herewith a deposit equal to 100 percent of the estimated cost of the study. The deposit shall be applied toward the cost of the Interconnection Feasibility Study and the development of this Interconnection Feasibility Study Agreement and its attachment(s). Interconnecting Transmission Owner's and System Operator's good faith estimate for the time of completion of the Interconnection Feasibility Study Agreement is [insert date].

The total estimated cost of the performance of the Interconnection Feasibility Study consists of $_____ which is comprised of the System Operator's estimated cost of $_____ and the Interconnecting Transmission Owner's estimated cost of $_____. Any difference between the deposit and the actual cost of the Interconnection Feasibility Study shall be paid by or refunded to the Interconnection Customer, as appropriate. Upon receipt of the Interconnection Feasibility Study System Operator and Interconnecting Transmission Owner shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Feasibility Study.

Interconnection Customer shall pay any invoiced amounts within thirty (30) Calendar Days of receipt of the invoice.

7.0 Miscellaneous.

7.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

7.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection Feasibility Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection Feasibility Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection Feasibility Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection Feasibility Study, the content of the Interconnection Feasibility Study, or the conclusions of the Interconnection Feasibility Study. Interconnection Customer acknowledges that it has not relied on any

representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

7.3 Force Majeure, Liability and Indemnification.

7.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

7.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or an Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or an Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

7.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owner and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owner shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

7.4 Third-Party Beneficiaries. Without limitation of Sections 7.2 and 7.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection Feasibility Study shall be deemed third party beneficiaries of Sections 7.2 and 7.3.

7.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 7.5, shall continue in effect for a term of one year or until the Interconnection Feasibility Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 3.6 of the LGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

7.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state where the Point of Interconnection is located without regard to any choice of laws provisions.

7.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

7.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

7.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

7.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

7.11 Independent Contractor. Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

7.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect.

7.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

7.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

System Operator	Interconnecting Transmission Owner
By:	By:

Title:	Title:
Date:	Date:

[Insert name of Interconnection Customer]
By:
Title:
Date:

Attachment A to
Appendix 2
Interconnection Feasibility
Study Agreement

ASSUMPTIONS USED IN CONDUCTING THE INTERCONNECTION FEASIBILITY STUDY

The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the Scoping Meeting held on _____:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer, System Operator, and Interconnecting Transmission Owner]

APPENDIX 3
INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State of _____ ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator, and Interconnecting Transmission Owner may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility to the Administered Transmission System;

WHEREAS, System Operator and Interconnecting Transmission Owner have completed an Interconnection Feasibility Study (the "Feasibility Study") and provided the results of said study to the Interconnection Customer, or Interconnection Customer has requested that the Feasibility Study be completed as part of the System Impact Study pursuant to Section 6.1 of the LGIP, or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff")(This recital is to be omitted if Interconnection Customer has elected to forego the Interconnection Feasibility Study); and

WHEREAS, Interconnection Customer has requested System Operator and Interconnecting Transmission Owner to perform an Interconnection System Impact Study to assess the impact of

interconnecting the Large Generating Facility to the Administered Transmission System, and any Affected Systems.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the Commission-approved Large Generator Interconnection Procedure ("LGIP").

2.0 Interconnection Customer elects and System Operator and Interconnecting Transmission Owner shall cause to be performed an Interconnection System Impact Study consistent with Section 7.0 of the LGIP in accordance with the Tariff.

3.0 The scope of the Interconnection System Impact Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study, whether performed separately or as part of the Interconnection System Impact Study, and the technical information provided by Interconnection Customer in Attachment A to the Interconnection Request, subject to any modifications in accordance with Section 4.4 of the LGIP. System Operator and Interconnecting Transmission Owner reserve the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection System Impact Study. If Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the Interconnection System Impact Study may be extended.

5.0 The Interconnection System Impact Study report shall provide the following information:

- identification of any circuit breaker or other facility short circuit capability limits exceeded as a result of the interconnection;
- identification of any thermal overload of any transmission facility or system voltage limit violations resulting from the interconnection;
- initial review of grounding requirements and electric system protection;
- identification of any instability or inadequately damped response to system disturbances resulting from the interconnection;
- description and non-binding, good faith estimated cost of facilities required to interconnect the Large Generating Facility to the Administered Transmission

System and to address the identified short circuit, instability, and power flow issues; and

- to the extent the Interconnection Customer requested a preliminary analysis as described in this Section 7.4 of the LGIP, the report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

6.0 The Interconnection Customer is providing herewith a deposit equal to:

i. the greater of 100 percent of the estimated cost of the Interconnection System Impact Study or $250,000;
or

ii. the lower of 100 percent of the estimated cost of the Interconnection System Impact Study or $50,000, if the Interconnection Customer is providing herewith either:

(a) evidence of applications for all Major Permits, as defined in Section III.13.1.1.2.2.2(a) of the Tariff, required in support of the Interconnection Request, or provide certification that Major Permits are not required or

(b) evidence acceptable to the System Operator of At-Risk Expenditures (excluding study cots) totaling at least the amounts of money described in (i) above.

or

iii the lower of 100 percent of the estimated costs of the study or $50,000 if the Interconnection Request is for a modification to an existing Large Generating Facility that does not increase the energy capability or capacity capability of the Large Generating Facility.

The deposit shall be applied toward the cost of the Interconnection System Impact Study and the development of this Interconnection System Impact Study Agreement and its attachment(s) and the LGIA. Interconnecting Transmission Owner's and System Operator's good faith estimate for the time of completion of the Interconnection System Impact Study is [insert date].

The total estimated cost of the performance of the Interconnection System Impact Study consists of $_____ which is comprised of the System Operator's estimated cost of $_____ and the Interconnecting Transmission Owner's estimated cost of $_____.

Any difference between the deposit and the actual cost of the Interconnection System Impact Study shall be paid by or refunded to the Interconnection Customer, as appropriate.

Upon receipt of the Interconnection System Impact Study, System Operator and Interconnecting Transmission Owner shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection System Impact Study.
System Operator and Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection System Impact Study each month. Interconnection Customer shall pay any invoiced amounts within thirty (30) Calendar Days of receipt of the invoice.

In accordance with the LGIP, in performing the Interconnection System Impact Study, System Operator and Interconnecting Transmission Owner shall coordinate with Affected Parties, shall receive and incorporate input from such entities into its study, and shall provide copies of the final study report to such entities.

7.0 Miscellaneous.

7.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

7.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection System Impact Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection System Impact Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection System Impact Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection System Impact Study, the content of the Interconnection System Impact Study, or the conclusions of the Interconnection System Impact Study. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

7.3 Force Majeure, Liability and Indemnification.

7.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

7.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, an Interconnecting Transmission Owner or any Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

7.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owners and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owners shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

7.4 Third-Party Beneficiaries. Without limitation of Sections 7.2 and 7.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection System Impact Study shall be deemed third party beneficiaries of Sections 7.2 and 7.3.

7.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 7.5, shall continue in effect for a term of one year or until the Interconnection System Impact Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 3.6 of the LGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

7.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state where the Point of Interconnection is located without regard to any choice of laws provisions.

7.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed

severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

7.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

7.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

7.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

7.11 Independent Contractor. Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

7.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect.

7.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

7.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

System Operator	Interconnecting Transmission Owner
By:	By:
Title:	Title:
Date:	Date:

[Insert name of Interconnection Customer]
By:
Title:
Date:

Attachment A
To Appendix 3
Interconnection System Impact
Study Agreement

ASSUMPTIONS USED IN CONDUCTING THE INTERCONNECTION SYSTEM IMPACT STUDY

The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study, whether performed separately or as part of the Interconnection System Impact Study, subject to any modifications in accordance with Section 4.4 of the LGIP, and the following assumptions:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer, System Operator, and Interconnecting Transmission Owner]

APPENDIX 4
INTERCONNECTION FACILITIES STUDY AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State of _____ ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator, and Interconnecting Transmission Owner may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated ; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility to the Administered Transmission System; and

WHEREAS, System Operator and Interconnecting Transmission Owner have completed an Interconnection System Impact Study (the "System Impact Study") and provided the results of said study to the Interconnection Customer; and

WHEREAS, Interconnection Customer has requested System Operator and Interconnecting Transmission Owner to perform an Interconnection Facilities Study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the

Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Large Generating Facility to the Administered Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the Commission-approved Large Generator Interconnection Procedures ("LGIP"), or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 Interconnection Customer elects and System Operator shall cause an Interconnection Facilities Study consistent with Section 8.0 of the LGIP to be performed in accordance with the Tariff.

3.0 The scope of the Interconnection Facilities Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.

4.0 The Interconnection Facilities Study report (i) shall provide a description, estimated cost of (consistent with Attachment A), and schedule for required facilities to interconnect the Large Generating Facility to the Administered Transmission System and (ii) shall address the short circuit, instability, and power flow issues identified in the Interconnection System Impact Study.

5.0 The Interconnection Customer is providing herewith a deposit equal to:

i. the greater of 25 percent of the estimated cost of the Interconnection Facilities Study or $250,000;
or

ii. the greater of 100 percent of the estimated monthly cost of the Interconnection Facilities Study Agreement or $100,000, if the Interconnection Customer can provide either:

(a) evidence of application for all Major Permits, as defined in Section III.13.1.1.2.2.2(a) of the Tariff, required in support of the Interconnection Request, or provide certification that Major Permits are not required or

(b) evidence acceptable to the System Operator of At-Risk Expenditures (excluding Interconnection Study costs)

totaling at least the amount of the money in (i) above, not including the At-Risk Expenditures demonstrated with the Interconnection System Impact Study Agreement, if applicable.

or

iii. the greater of 100 percent of one month's estimated study cost or $100,000, if the Interconnection Request is for a modification to an existing Large Generating Facility that does not increase the energy capability or capacity capability of the Large Generating Facility.

The deposit shall be applied toward the cost of the Interconnection Facilities Study and the development of this Interconnection Facilities Study Agreement and its attachment(s) and the LGIA. The time for completion of the Interconnection Facilities Study is specified in Attachment A.

The total estimated cost of the performance of the Interconnection Facilities Study consists of $_____ which is comprised of the System Operator's estimated cost of $_____ and the Interconnecting Transmission Owner's estimated cost of $_____. Any difference between the deposit and the actual cost of the Interconnection Facilities Study shall be paid by or refunded to the Interconnection Customer, as appropriate. Upon receipt of the Interconnection Facilities Study, System Operator and Interconnecting Transmission Owner shall charge and Interconnection Customer shall pay the actual costs of the Interconnection Facilities Study. System Operator and Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month. Interconnection Customer shall pay any invoiced amounts within thirty (30) Calendar Days of receipt of the invoice. In accordance with the LGIP, in performing the Interconnection Facilities Study, Interconnecting Transmission Owner and System Operator shall coordinate with Affected Parties, shall receive and incorporate input from such entities into its study, and shall provide copies of the final study report to such entities.

6.0 Miscellaneous.

6.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

6.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection Facilities Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection Facilities Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection Facilities Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection Facilities Study, the content of the Interconnection Facilities Study, or the conclusions of the Interconnection Facilities Study. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

6.3 Force Majeure, Liability and Indemnification.

6.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

6.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission

Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or any Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

6.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owners and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owners shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

6.4 Third-Party Beneficiaries. Without limiting Sections 7.2 and 7.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, review, or to assist in the conducting, participating in, or reviewing of, an Interconnection Facilities Study shall be deemed third party beneficiaries of Sections 7.2 and 7.3.

6.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 7.5, shall continue in effect for a term of one year or until the Interconnection Facilities Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 3.6 of the LGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

6.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state where the Point of Interconnection is located without regard to any choice of laws provisions.

6.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

6.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

6.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

6.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

6.11 Independent Contractor. Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

6.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect.

6.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the

Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

6.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

System Operator	Interconnecting Transmission Owner
By:	By:
Title:	Title:
Date:	Date:

[Insert name of Interconnection Customer]
By:
Title:
Date:

Attachment A
To Appendix 4
Interconnection Facilities
Study Agreement

INTERCONNECTION CUSTOMER SCHEDULE ELECTION FOR CONDUCTING THE INTERCONNECTION FACILITIES STUDY

Interconnection Customer elects (check one):

☐ +/- 20 percent cost estimate contained in the Interconnection Facilities Study report.

☐ +/- 10 percent cost estimate contained in the Interconnection Facilities Study report.

Interconnecting Transmission Owner and System Operator shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to the Interconnection Customer within the following number of days after of receipt of an executed copy of this Interconnection Facilities Study Agreement:

- ninety (90) Calendar Days with no more than a +/- 20 percent cost estimate contained in the report, or
- one hundred eighty (180) Calendar Days with no more than a +/- 10 percent cost estimate contained in the report.

DATA FORM TO BE PROVIDED BY INTERCONNECTION CUSTOMER WITH THE INTERCONNECTION FACILITIES STUDY AGREEMENT

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

One set of metering is required for each generation connection to the new ring bus or existing New England Transmission System station. Number of generation connections:

On the one line indicate the generation capacity attached at each metering location. (Maximum load on Current Transformer/Power Transformer ("CT/PT"))

On the one line indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

Will an alternate source of auxiliary power be available during CT/PT maintenance?

Yes _____ No _____

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes _____ No _____

(Please indicate on one line).

What type of control system or Power Line Carrier ("PLC") will be located at the Interconnection Customer's Large Generating Facility?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle of the site. Sketch the plant, station, transmission line, and property line.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to Interconnecting Transmission Owner's transmission line.

Tower number observed in the field. (Painted on tower leg)*

Number of third party easements required for transmission lines*:

* To be completed in coordination with System Operator and Interconnecting Transmission Owner.

Is the Large Generating Facility in Interconnecting Transmission Owner's service area?

Yes _____ No _____ Local provider:
Please provide proposed schedule dates:
Begin Construction Date:
Generator step-up transformer Date:
Receives back feed power Date
Generation Testing Date:
Commercial Operation Date:

APPENDIX 5
OPTIONAL INTERCONNECTION STUDY AGREEMENT

THIS AGREEMENT is made and entered into this _____day of _____, 20___by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State of _____ ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator, and Interconnecting Transmission Owner may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer is proposing to establish an interconnection to the Administered Transmission System; and

WHEREAS, Interconnection Customer has submitted to System Operator an Interconnection Request; and

WHEREAS, on or after the date when the Interconnection Customer receives the Interconnection System Impact Study results, Interconnection Customer has further requested that the System Operator and Interconnecting Transmission Owner prepare an Optional Interconnection Study.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the Commission-approved Large Generator Interconnection Procedures ("LGIP"), or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 Interconnection Customer elects and System Operator shall cause an Optional Interconnection Study consistent with Section 10.0 of the LGIP to be performed in accordance with the Tariff.

3.0 The scope of the Optional Interconnection Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Optional Interconnection Study shall be performed solely for informational purposes.

5.0 The Optional Interconnection Study report shall provide a sensitivity analysis based on the assumptions specified by the Interconnection Customer in Attachment A to this Agreement. The Optional Interconnection Study will identify Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or Interconnection Service based upon the assumptions specified by the Interconnection Customer in Attachment A.
In accordance with the LGIP, in performing the Optional Interconnection Study, the System Operator shall coordinate with Interconnecting Transmission Owner and Affected Parties, and shall receive and incorporate input from such entities into its study, and shall provide copies of the final study report to such entities.

6.0 The Interconnection Customer is providing herewith a deposit equal to 100 percent of the estimated cost of the study. Interconnecting Transmission Owner's and System Operator's good faith estimate for the time of completion of the Optional Interconnection Study is [insert date].

The total estimated cost of the performance of the Optional Interconnection Study consists of $_____ which is comprised of the System Operator's estimated cost of $_____ and the Interconnecting Transmission Owner's estimated cost of $_____.

Any difference between the initial payment and the actual cost of the study shall be paid by or refunded to the Interconnection Customer, as appropriate. Upon receipt of the Optional Interconnection Study, System Operator and Interconnecting Transmission Owner shall charge and the Interconnection Customer shall pay the actual costs of the

Optional Interconnection Study. Interconnection Customer shall pay any invoiced amounts within thirty (30) Calendar Days of receipt of invoice.

7.0 Miscellaneous.

7.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

7.2 Disclaimer of Warranty. In preparing and/or participating in the Optional Interconnection Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Optional Interconnection Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Optional Interconnection Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Optional Interconnection Study, the content of the Optional Interconnection Study, or the conclusions of the Optional Interconnection Study. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

7.3 Force Majeure, Liability and Indemnification.

7.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

7.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or any Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

7.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owners and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owners under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the

indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owners shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

7.4 Third-Party Beneficiaries. Without limitation of Sections 7.2 and 7.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Optional Interconnection Study shall be deemed third party beneficiaries of Sections 7.2 and 7.3.

7.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 7.5, shall continue in effect for a term of one year or until the Optional Interconnection Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 3.6 of the LGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

7.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state where the Point of Interconnection is located, without regard to any choice of laws provisions.

7.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

7.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

7.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

7.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

7.11 Independent Contractor. Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

7.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instances; rather, the same shall be and remain in full force and effect.

7.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

7.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

System Operator	Interconnecting Transmission Owner
By:	By:
Title:	Title:
Date:	Date:

[Insert name of Interconnection Customer]
By:
Title:
Date:

Attachment A
Appendix 5
Optional Interconnection
Study Agreement

ASSUMPTIONS USED IN CONDUCTING
THE OPTIONAL INTERCONNECTION STUDY

[To be completed by Interconnection Customer consistent with Section 10 of the LGIP.]

APPENDIX 6
LARGE GENERATOR INTERCONNECTION AGREEMENT

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THIS STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

("Agreement") is made and entered into this ____ day of _____ 20__, by and between _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnection Customer" with a Large Generating Facility), ISO New England Inc., a non-stock corporation organized and existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnecting Transmission Owner"). Under this Agreement the Interconnection Customer, System Operator, and Interconnecting Transmission Owner each may be referred to as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, System Operator is the central dispatching agency provided for under the Transmission Operating Agreement ("TOA") which has responsibility for the operation of the New England Control Area from the System Operator control center and the administration of the Tariff; and

WHEREAS, Interconnecting Transmission Owner is the owner or possessor of an interest in the Administered Transmission System; and

WHEREAS, Interconnection Customer intends to own, lease and/or control and operate the Generating Facility identified as a Large Generating Facility in Appendix C to this Agreement; and

WHEREAS, System Operator, Interconnection Customer and Interconnecting Transmission Owner have agreed to enter into this Agreement for the purpose of interconnecting the Large Generating Facility to the Administered Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

When used in this Standard Large Generator Interconnection Agreement, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used.

ARTICLE 1. DEFINITIONS

The definitions contained in this Article 1 and those definitions embedded in an Article of this Agreement are intended to apply in the context of the generator interconnection process provided for in Schedule 22 (and its appendices). To the extent that the definitions herein are different than those contained in Section I.2.2 of the Tariff, the definitions provided below shall control only for purposes of generator interconnections under Schedule 22. Capitalized terms in Schedule 22 that are not defined in this Article 1 shall have the meanings specified in Section I.2.2 of the Tariff.

Administered Transmission System shall mean the PTF, the Non-PTF, and distribution facilities that are subject to the Tariff.

Adverse System Impact shall mean any significant negative effects on the stability, reliability or operating characteristics of the electric system.

Affected Party shall mean the entity that owns, operates or controls an Affected System, or any other entity that otherwise may be a necessary party to the interconnection process.

Affected System shall mean any electric system that is within the Control Area, including, but not limited to, generator owned transmission facilities, or any other electric system that is not within the Control Area that may be affected by the proposed interconnection.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the reliability council applicable to the New England Transmission System.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the NPCC and the New England Control Area, including publicly available local reliability requirements of Interconnecting Transmission Owners or other Affected Parties.

At-Risk Expenditure shall mean money expended for the development of the Generating Facility that cannot be recouped if the Interconnection Customer were to withdraw the Interconnection Request for the Generating Facility. At-Risk Expenditure may include, but is not limited to, money expended on: (i) costs of federal, state, local, regional and town permits, (ii) Site Control, (iii) site-specific design and surveys, (iv) construction activities, and (v) non-refundable deposits for major equipment components. For purposes of this definition, At-Risk Expenditure shall not include costs associated with the Interconnection Studies.

Base Case shall have the meaning specified in Section 2.3 of the Large Generator Interconnection Procedures ("LGIP").

Base Case Data shall mean the Base Case power flow, short circuit, and stability data bases used for the Interconnection Studies by the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Capacity Capability Interconnection Standard ("CC Interconnection Standard") shall mean the criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, and in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other Capacity Network Resources, as detailed in the ISO New England Planning Procedures.

Capacity Network Resource ("CNR") shall mean that portion of a Generating Facility that is interconnected to the Administered Transmission System under the Capacity Capability Interconnection Standard.

Capacity Network Resource Capability ("CNR Capability") shall mean: (i) in the case of a Generating Facility that is a New Generating Capacity Resource pursuant to Section III.13.1 of the Tariff or an Existing Generating Capacity Resource that is increasing its capability pursuant to Section III.13.1.2.2.5 of the Tariff, the highest megawatt amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff, and, if applicable, as specified in a filing by the System Operator with the Commission in accordance with Section III.13.8.2 of the Tariff, or (ii) in the case of a Generating Facility that meets the criteria under Section 5.2.3 of this LGIP, the total megawatt amount determined pursuant to the hierarchy established in Section 5.2.3. CNR Capability shall not exceed the maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter. Where the Generating Facility includes multiple production devices, the CNR Capability shall not exceed the aggregate maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter.

Capacity Network Resource Group Study ("CNR Group Study") shall mean the study performed by the System Operator under Section III.13.1.1.2.3 of the Tariff to determine which resources qualify to participate in a Forward Capacity Auction.

Capacity Network Resource Interconnection Service ("CNR Interconnection Service") shall mean the Interconnection Service selected by the Interconnection Customer to interconnect its Large Generating Facility with the Administered Transmission System in accordance with the Capacity Capability Interconnection Standard. An Interconnection Customer's CNR Interconnection Service shall be for the megawatt amount of CNR Capability. CNR Interconnection Service does not in and of itself convey transmission service.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise. Confidential Information shall include, but not be limited to, information that is confidential pursuant to the ISO New England Information Policy.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Interconnecting Transmission Owner's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to Interconnecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect

Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by the Commission or if filed unexecuted, upon the date specified by the Commission.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is likely to endanger life or property; or (2) that, in the case of the Interconnecting Transmission Owner, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the New England Transmission System, Interconnecting Transmission Owner's Interconnection Facilities or any Affected System to which the New England Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Engineering & Procurement ("E&P") Agreement shall mean an agreement that authorizes the Interconnection Customer, Interconnecting Transmission Owner and any other Affected Party to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a *et seq.*

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Interconnecting Transmission Owner's Interconnection Facilities to obtain back feed power.

Interconnecting Transmission Owner shall mean a Transmission Owner that owns, leases or otherwise possesses an interest in, ~~the portion~~ or a Non-Incumbent Transmission Developer that is not a Participating Transmission Owner that is constructing, a portion of the Administered Transmission System at the Point of Interconnection and shall be a Party to the Standard Large Generator Interconnection Agreement. The term Interconnecting Transmission Owner shall not be read to include the System Operator.

Interconnecting Transmission Owner's Interconnection Facilities shall mean all facilities and equipment owned, controlled, or operated by Interconnecting Transmission Owner from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Interconnecting Transmission Owner's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Customer shall mean any entity, including a transmission owner or its Affiliates or subsidiaries, that interconnects or proposes to interconnect its Generating Facility with the Administered Transmission System under the Standard Large Generator Interconnection Procedures.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Administered Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Interconnecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Administered Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the System Operator, Interconnecting Transmission Owner, or a third party consultant for the Interconnection Customer to determine a list of facilities (including Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Administered Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Administered Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures. The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study, or as part of the Interconnection System Impact Study. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the

Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 6 and Section 7.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request (a) shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to: (i) interconnect a new Generating Facility to the Administered Transmission System as either a CNR or a NR; (ii) increase the energy capability or capacity capability of an existing Generating Facility; (iii) make a Material Modification to the design or operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected with the Administered Transmission System; (iv) commence participation in the wholesale markets by an existing Generating Facility that is interconnected with the Administered Transmission System; or (v) change from NR Interconnection Service to CNR Interconnection Service. Interconnection Request shall not include: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility.

Interconnection Service shall mean the service provided by System Operator and the Interconnecting Transmission Owner, associated with interconnecting the Interconnection Customer's Generating Facility to the Administered Transmission System and enabling the receipt of electric energy capability and/or capacity capability from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, the Interconnection Facilities Study and the Optional Interconnection Study described in the Standard Large Generator Interconnection Procedures. Interconnection Study shall not include a CNR Group Study.

Interconnection Study Agreement shall mean any of the following agreements: the Interconnection Feasibility Study Agreement, the Interconnection System Impact Study Agreement, the Interconnection Facilities Study Agreement, and the Optional Interconnection Study Agreement attached to the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of the Administered Transmission System and any other Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on Adverse System Impacts, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 6 and Section 7.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Large Generating Facility shall mean a Generating Facility having a maximum gross capability at or above zero degrees F of more than 20 MW.

Long Lead Time Generating Facility ("Long Lead Facility") shall mean a Generating Facility with an Interconnection Request for CNR Interconnection Service that has, as applicable, elected or requested long lead time treatment and met the eligibility criteria and requirements specified in Section 3.2.3 of the LGIP.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from another Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the Indemnifying Party.

Major Permits shall be as defined in Section III.13.1.1.2.2.2(a) of the Tariff.

Material Modification shall mean (i) except as expressly provided in Section 4.4.1, those modifications to the Interconnection Request, including any of the technical data provided by the Interconnection Customer in Attachment A to the Interconnection Request or to the interconnection configuration, requested by the Interconnection Customer that either require significant additional study of the same Interconnection Request and could substantially change the interconnection design, or have a material impact on the cost or timing of any Interconnection Studies or upgrades associated with an Interconnection Request with a later queue priority date; (ii) a change to the design or operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected with the Administered Transmission System that may have a significant adverse effect on the reliability or operating characteristics of the New England Transmission System; (iii) a delay to the

Commercial Operation Date, In-Service Date, or Initial Synchronization Date of greater than three (3) years where the reason for delay is unrelated to construction schedules or permitting which delay is beyond the Interconnection Customer's control; or (iv) except as provided in Section 3.2.3.4 of the LGIP, a withdrawal of a request for Long Lead Facility treatment; or (v) except as provided in Section 3.2.3.6 of the LGIP, an election to participate in an earlier Forward Capacity Auction than originally anticipated.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

Network Capability Interconnection Standard ("NC Interconnection Standard") shall mean the criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, as detailed in the ISO New England Planning Procedures.

Network Resource ("NR") shall mean the portion of a Generating Facility that is interconnected to the Administered Transmission System under the Network Capability Interconnection Standard.

Network Resource Capability ("NR Capability") shall mean the maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. Where the Generating Facility includes multiple energy production devices, the NR Capability shall be the aggregate maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. NR Capability shall be equal to or greater than the CNR Capability. In the case of a Generating Facility that meets the criteria under Section 5.2.4 of this LGIP, the NR Capability shall equal the total megawatt amount determined pursuant to Section 5.2.4.

Network Resource Interconnection Service ("NR Interconnection Service") shall mean the Interconnection Service selected by the Interconnection Customer to interconnect its Generating Facility to the Administered Transmission System in accordance with the Network Capability Interconnection Standard. An Interconnection Customer's NR Interconnection Service shall be solely for the megawatt amount of the NR Capability. NR Interconnection Service in and of itself does not convey transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the New England Transmission System required at or beyond the Point of Interconnection to accommodate the interconnection of the Large Generating Facility to the Administered Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party shall mean the System Operator, Interconnection Customer and Interconnecting Transmission Owner or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to Interconnecting Transmission Owner's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Administered Transmission System.

Queue Position shall mean the order of a valid request in the New England Control Area, relative to all other pending requests in the New England Control Area, that is established based upon the date and time of receipt of such request by the System Operator. Requests are comprised of Interconnection Requests, requests for Elective Transmission Upgrades, requests for transmission service and notification of requests for interconnection to other electric systems, as notified by the other electric systems, that impact the Administered Transmission System. For purposes of this LGIA, references to a "higher-queued" Interconnection Request shall mean one that has been received by the System Operator (and placed in queue order) earlier than another Interconnection Request, which is referred to as "lower-queued."

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting between representatives of the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (a) that the Interconnection Customer is the owner in fee simple of the real property for which new interconnection is sought; (b) that the Interconnection Customer holds a valid written leasehold interest in the real property for which new interconnection is sought; (c) that the Interconnection Customer holds a valid written option to purchase or leasehold property for which new interconnection is sought; (d) that the Interconnection Customer holds a duly executed written contract to purchase or leasehold the real property for which new interconnection is sought; or (e) that the Interconnection Customer has filed applications for required permits to site on federal or state property.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the New England Transmission System during their construction. The System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by System Operator in accordance with applicable codes of conduct and confidentiality requirements, must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement ("LGIA") shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility, that is included in this Schedule 22 to the Tariff.

Standard Large Generator Interconnection Procedures ("LGIP") shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in this Schedule 22 to the Tariff.

System Protection Facilities shall mean the equipment, including necessary signal protection communications equipment, required to protect (1) the New England Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the New England Transmission System or on

other delivery systems or other generating systems to which the New England Transmission System is directly connected.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION

2.1 Effective Date. This LGIA shall become effective upon execution by the Parties subject to acceptance by the Commission (if applicable), or if filed unexecuted, upon the date specified by the Commission. System Operator and Interconnecting Transmission Owner, shall promptly and jointly file this LGIA with the Commission upon execution in accordance with Section 11.3 of the LGIP and Article 3.1, if required.

2.2 Term of Agreement. This LGIA, subject to the provisions of Article 2.3, and by mutual agreement of the Parties, shall remain in effect for a period of _____ years from the Effective Date (*term to be specified in individual Agreement, but in no case should the term be less than ten (10) years from the Effective Date or such other longer period as the Interconnection Customer may request)* and shall be automatically renewed for each successive one-year period thereafter.

2.3 Termination Procedures.

2.3.1 Written Notice. This LGIA may be terminated by the Interconnection Customer, subject to continuing obligations of this LGIA and the Tariff, after giving the System Operator and Interconnecting Transmission Owner ninety (90) Calendar Days advance written notice, or by System Operator or Interconnecting Transmission Owner notifying the Commission after a Generating Facility retires pursuant to the Tariff, provided that if an Interconnection Customer exercises its right to terminate on ninety (90) Calendar Days, any reconnection would be treated as a new interconnection request; or this LGIA may be terminated by Interconnecting Transmission Owner or System Operator by notifying the Commission after the Generating Facility permanently ceases Commercial Operation.

2.3.2 Default. Each Party may terminate this LGIA in accordance with Article 17. Notwithstanding Articles 2.3.1 and 2.3.2, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing, if applicable, with the Commission of a notice of

termination of this LGIA, which notice has been accepted for filing by the Commission. Termination of the LGIA shall not supersede or alter any requirements for deactivation or retirement of a generating unit under ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

2.4 Termination Costs. If a Party elects to terminate this LGIA pursuant to Article 2.3 above, each Party shall pay all costs incurred (including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment) or charges assessed by the other Party(ies), as of the date of such Party's(ies') receipt of such notice of termination, that are the responsibility of such Party(ies) under this LGIA. In the event of termination by a Party, all Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. Upon termination of this LGIA, unless otherwise ordered or approved by the Commission:

2.4.1 With respect to any portion of the Interconnecting Transmission Owner's Interconnection Facilities, Network Upgrades, or Distribution Upgrades to the extent covered by this LGIA, that have not yet been constructed or installed, the Interconnecting Transmission Owner shall to the extent possible and with Interconnection Customer's authorization cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, such facilities; provided that in the event Interconnection Customer elects not to authorize such cancellation, Interconnection Customer shall assume all payment obligations with respect to such materials, equipment, and contracts, and the Interconnecting Transmission Owner shall deliver such material and equipment, and, if necessary, and to the extent possible, assign such contracts, to Interconnection Customer as soon as practicable, at Interconnection Customer's expense. To the extent that Interconnection Customer has already paid Interconnecting Transmission Owner for any or all such costs of materials or equipment not taken by Interconnection Customer, either (i) in the case of overpayment, Interconnecting Transmission Owner shall promptly refund such amounts to Interconnection Customer, less any costs, including penalties incurred by the Interconnecting Transmission Owner to cancel any pending orders of or return such materials, equipment, or contracts, or (ii) in the case of underpayment, Interconnection Customer shall promptly pay such amounts still due plus any costs, including penalties incurred by Interconnecting Transmission Owner to cancel any pending orders of or return such materials, equipment, or contracts.
If an Interconnection Customer terminates this LGIA, it shall be responsible for all costs incurred in association with that Interconnection Customer's interconnection, including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment, and other expenses including any Network Upgrades for which the Interconnecting Transmission Owner has incurred expenses and has not been reimbursed by the Interconnection Customer.

2.4.2 Interconnecting Transmission Owner may, at its option, retain any portion of such materials, equipment, or facilities that Interconnection Customer chooses not to accept

delivery of, in which case Interconnecting Transmission Owner shall be responsible for all costs associated with procuring such materials, equipment, or facilities.

2.4.3 With respect to any portion of the Interconnection Facilities, and any other facilities already installed or constructed pursuant to the terms of this LGIA, Interconnection Customer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.

2.5 Disconnection. Upon termination of this LGIA, Interconnection Service shall terminate and, the Parties will take all appropriate steps to disconnect the Large Generating Facility from the Interconnecting Transmission Owner's Interconnection Facilities. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from a non-terminating Party's Default of this LGIA or such non-terminating Party otherwise is responsible for these costs under this LGIA.

2.6 Survival. This LGIA shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder, including billings and payments pursuant to this LGIA; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this LGIA was in effect; and to permit each Party to have access to the lands of the other Party(ies) pursuant to this LGIA or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

ARTICLE 3. REGULATORY FILINGS

3.1 Filing. The System Operator and Interconnecting Transmission Owner shall jointly file this LGIA (and any amendment hereto) with the appropriate Governmental Authority, if required, in accordance with Section 11.3 of the LGIP. Interconnection Customer may request that any information so provided be subject to the confidentiality provisions of Article 22. If the Interconnection Customer has executed this LGIA, or any amendment thereto, the Interconnection Customer shall reasonably cooperate with the System Operator and Interconnecting Transmission Owner with respect to such filing and to provide any information reasonably requested by the System Operator and/or the Interconnecting Transmission Owner needed to comply with applicable regulatory requirements.

ARTICLE 4. SCOPE OF SERVICE

4.1 Interconnection Product Options. Interconnection Customer has selected the following (checked) type(s) of Interconnection Service:

Check: ___ NR for NR Interconnection Service (NR Capability Only)

___ CNR for CNR Interconnection Service (CNR Capability and NR Capability)

4.1.1 Capacity Network Resource Interconnection Service (CNR Interconnection Service).

4.1.1.1 The Product. The System Operator and Interconnecting Transmission Owner must conduct the necessary studies and the Interconnecting Transmission Owner and Affected Parties must construct the Network Upgrades needed to interconnect the Large Generating Facility in a manner comparable to that in which all other Capacity Network Resources are interconnected under the CNR Interconnection Standard. CNR Interconnection Service allows the Interconnection Customer's Large Generating Facility to be designated as a Capacity Network Resource, to participate in the New England Markets, in accordance with Market Rule 1, Section III of the Tariff, up to the net CNR Capability, or as otherwise provided in Market Rule 1, Section III of the Tariff, on the same basis as all other existing Capacity Network Resources, and to be studied as a Capacity Network Resource on the assumption that such a designation will occur.

4.1.2 Network Resource Interconnection Service (NR Interconnection Service).

4.1.2.1 The Product. The System Operator and Interconnecting Transmission Owner must conduct the necessary studies and Interconnecting Transmission Owner and Affected Parties must construct the Network Upgrades needed to interconnect the Large Generating Facility in a manner comparable to that in which all other Network Resources are interconnected under the NC Interconnection Standard. NC Interconnection Service allows the Interconnection Customer's Large Generating Facility to participate in the New England Markets, in accordance with Market Rule 1, Section III of the Tariff, up to the gross and net NR Capability or as otherwise provided in Market Rule l, Section III of the Tariff. Notwithstanding the above, the portion of a Large Generating Facility that has been designated as a Network Resource interconnected under the NC Interconnection Standard cannot be a capacity resource under Section III.13 of the Tariff, unless pursuant to a new Interconnection Request for CNR Interconnection Service.

4.2 **Provision of Service**. System Operator and Interconnecting Transmission Owner shall provide Interconnection Service for the Large Generating Facility at the Point of Interconnection.

4.3 **Performance Standards**. Each Party shall perform all of its obligations under this LGIA in accordance with Applicable Laws and Regulations, the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such requirements and standards, such Party shall not be deemed to be in Breach of this LGIA for its compliance therewith. If such Party is the Interconnecting Transmission Owner, then that Party shall amend the LGIA and System Operator, in conjunction with the Interconnecting Transmission Owner, shall submit the amendment to the Commission for approval.

4.4 **No Transmission Delivery Service**. The execution of this LGIA does not constitute a request for, nor the provision of, any service except for Interconnection Service, including, but not limited to, transmission delivery service, local delivery service, distribution service, capacity service, energy service, or Ancillary Services under any applicable tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.

4.5 **Transmission Delivery Service Implications**. CNR Interconnection Service and NR Interconnection Service allow the Interconnection Customer's Large Generating Facility to be designated by any Network Customer under the Tariff on the New England Transmission System as a Capacity Network Resource or Network Resource, up to the net CNR Capability or NR Capability, respectively, on the same basis as all other existing Capacity Network Resources and Network Resources interconnected to the New England Transmission System, and to be studied as a Capacity Network Resource or a Network Resource on the assumption that such a designation will occur. Although CNR Interconnection Service and NR Interconnection Service do not convey a reservation of transmission service, any Network Customer can utilize its network service under the Tariff to obtain delivery of capability from the Interconnection Customer's Large Generating Facility in the same manner as it accesses Capacity Network Resources and Network Resources. A Large Generating Facility receiving CNR Interconnection Service or NR Interconnection Service may also be used to provide Ancillary Services, in accordance with the Tariff and Market Rule 1, after technical studies and/or periodic analyses are performed with respect to the Large Generating Facility's ability to provide any applicable Ancillary Services, provided that such studies and analyses have been or would be required in connection with the provision of such Ancillary Services by any existing Capacity Network Resource or Network Resource. However, if an Interconnection Customer's Large Generating Facility has not been designated as a Capacity Network Resource or as a Network Resource by any load, it cannot be required to provide Ancillary Services except to the extent such requirements extend to all Generating Facilities that are similarly situated.

CNR Interconnection Service and NR Interconnection Service do not necessarily provide the Interconnection Customer with the capability to physically deliver the output of its Large Generating Facility to any particular load on the New England Transmission System without incurring congestion costs. In the event of transmission constraints on the New England Transmission System, the Interconnection Customer's Large Generating Facility shall be subject to the applicable congestion management procedures for the New England Transmission System in the same manner as other Capacity Network Resources or Network Resources.

There is no requirement either at the time of study or interconnection, or at any point in the future, that the Interconnection Customer's Large Generating Facility be designated as a Capacity Network Resource or as a Network Resource by a Network Service Customer under the Tariff or that the Interconnection Customer identify a specific buyer (or sink). To the extent a Network Customer does designate the Large Generating Facility as either a Capacity Network Resource or a Network Resource, it must do so pursuant to the Tariff.

Once an Interconnection Customer satisfies the requirements for obtaining CNR Interconnection Service or NR Interconnection Service, as long as the Large Generating Facility has not been deemed to be retired, any future transmission service request for delivery from the Large Generating Facility on the New England Transmission System of any amount of capacity capability and/or energy capability will not require that any additional studies be performed or that any further upgrades associated with such Large Generating Facility be undertaken, regardless of whether or not such Large Generating Facility is ever designated by a Network Customer as a Capacity Network Resource or Network Resource, and regardless of changes in ownership of the Large Generating Facility. To the extent the Interconnection Customer enters into an arrangement for long-term transmission service for deliveries from the Large Generating Facility outside the New England Transmission System, or if the unit has been deemed to be retired, such request may require additional studies and upgrades in order for Interconnecting Transmission Owner to grant such request.

4.6 Interconnection Customer Provided Services. The services provided by Interconnection Customer under this LGIA are set forth in Article 9.6 and Article 13.4. Interconnection Customer shall be paid for such services in accordance with Article 11.6.

ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION

5.1 Options. Unless otherwise mutually agreed to between the Parties, Interconnection Customer shall specify the In-Service Date, Initial Synchronization Date, and Commercial Operation Date as specified in the Interconnection Request or as subsequently revised pursuant to Section 4.4 of the LGIP; and select either Standard Option or Alternate Option set forth below for completion of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as set forth in Appendix A, and such dates and selected option shall be set forth in Appendix B (Milestones). In accordance with Section 8 of the LGIP and unless otherwise mutually agreed, the Alternate Option is not an available option if the Interconnection Customer waived the Interconnection Facilities Study.

5.1.1 Standard Option. The Interconnecting Transmission Owner shall design, procure, and construct the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades, using Reasonable Efforts to complete the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades by the dates set forth in Appendix B (Milestones). The Interconnecting Transmission Owner shall not be required to undertake any action which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. In the event the Interconnecting Transmission Owner reasonably expects that it will not be able to complete the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades by the specified dates, the Interconnecting Transmission Owner shall promptly provide written notice to the Interconnection Customer and shall undertake Reasonable Efforts to meet the earliest dates thereafter.

5.1.2 Alternate Option. If the dates designated by Interconnection Customer are acceptable to Interconnecting Transmission Owner, the Interconnecting Transmission Owner shall so notify Interconnection Customer within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities by the designated dates.
If Interconnecting Transmission Owner subsequently fails to complete Interconnecting Transmission Owner's Interconnection Facilities by the In-Service Date, to the extent necessary to provide back feed power; or fails to complete Network Upgrades by the Initial Synchronization Date to the extent necessary to allow for Trial Operation at full power output, unless other arrangements are made by the Parties for such Trial Operation; or fails to complete the Network Upgrades by the Commercial Operation Date, as such dates are reflected in Appendix B (Milestones); Interconnecting Transmission Owner shall pay Interconnection Customer liquidated damages in

accordance with Article 5.3, Liquidated Damages, provided, however, the dates designated by Interconnection Customer shall be extended day for day for each day that the applicable System Operator refuses to grant clearances to install equipment.

5.1.3 Option to Build. If the dates designated by Interconnection Customer are not acceptable to Interconnecting Transmission Owner, the Interconnecting Transmission Owner shall so notify the Interconnection Customer within thirty (30) Calendar Days, and unless the Parties agree otherwise, Interconnection Customer shall have the option to assume responsibility for the design, procurement and construction of Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades on the dates specified in Article 5.1.2. The System Operator, Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by System Operator in accordance with applicable codes of conduct and confidentiality requirements must agree as to what constitutes Stand Alone Network Upgrades and identify such Stand Alone Network Upgrades in Appendix A to the LGIA. Except for Stand Alone Network Upgrades, Interconnection Customer shall have no right to construct Network Upgrades under this option.

5.1.4 Negotiated Option. If the Interconnection Customer elects not to exercise its option under Article 5.1.3 (Option to Build), Interconnection Customer shall so notify Interconnecting Transmission Owner within thirty (30) Calendar Days, and the Parties shall in good faith attempt to negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives or the procurement and construction of a portion of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades by Interconnection Customer) pursuant to which Interconnecting Transmission Owner is responsible for the design, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades. If the Parties are unable to reach agreement on such terms and conditions, Interconnecting Transmission Owner shall assume responsibility for the design, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades pursuant to 5.1.1 (Standard Option).

5.2 General Conditions Applicable to Option to Build. If Interconnection Customer assumes responsibility for the design, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades,

(1) the Interconnection Customer shall engineer, procure equipment, and construct the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by the Interconnecting Transmission Owner;

(2) Interconnection Customer's engineering, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network

Upgrades shall comply with all requirements of law to which Interconnecting Transmission Owner would be subject in the engineering, procurement or construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades;

(3) Interconnecting Transmission Owner shall review and approve the engineering design, equipment acceptance tests, and the construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades;

(4) prior to commencement of construction, Interconnection Customer shall provide to Interconnecting Transmission Owner a schedule for construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades, and shall promptly respond to requests for information from Interconnecting Transmission Owner;

(5) at any time during construction, Interconnecting Transmission Owner shall have the right to gain unrestricted access to the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades and to conduct inspections of the same;

(6) at any time during construction, should any phase of the engineering, equipment procurement, or construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades not meet the standards and specifications provided by Interconnecting Transmission Owner, the Interconnection Customer shall be obligated to remedy deficiencies in that portion of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades;

(7) the Interconnection Customer shall indemnify the Interconnecting Transmission Owner for claims arising from the Interconnection Customer's construction of Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades under the terms and procedures applicable to Article 18.1 (Indemnity);

(8) the Interconnection Customer shall transfer control of Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades to the Interconnecting Transmission Owner;

(9) Unless Parties otherwise agree, Interconnection Customer shall transfer ownership of Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades to Interconnecting Transmission Owner;

(10) Interconnecting Transmission Owner shall approve and accept for operation and maintenance the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades to the extent engineered, procured, and constructed in accordance with this Article 5.2; and

(11) Interconnection Customer shall deliver to Interconnecting Transmission Owner "as built" drawings, information, and any other documents that are reasonably required by Interconnecting

Transmission Owner to assure that the Interconnection Facilities and Stand Alone Network Upgrades are built to the standards and specifications required by Interconnecting Transmission Owner.

5.3 Liquidated Damages. The actual damages to the Interconnection Customer, in the event the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades are not completed by the dates designated by the Interconnection Customer and accepted by the Interconnecting Transmission Owner pursuant to subparagraphs 5.1.2 or 5.1.4, above, may include Interconnection Customer's fixed operation and maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. Because of such uncertainty, any liquidated damages paid by the Interconnecting Transmission Owner to the Interconnection Customer in the event that Interconnecting Transmission Owner does not complete any portion of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades by the applicable dates, shall be an amount equal to ½ of 1 percent per day of the actual cost of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades, in the aggregate, for which Interconnecting Transmission Owner has assumed responsibility to design, procure and construct.

However, in no event shall the total liquidated damages exceed 20 percent of the actual cost of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades for which the Interconnecting Transmission Owner has assumed responsibility to design, procure, and construct. The foregoing payments will be made by the Interconnecting Transmission Owner to the Interconnection Customer as just compensation for the damages caused to the Interconnection Customer, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this LGIA. Liquidated damages, when the Parties agree to them, are the exclusive remedy for the Interconnecting Transmission Owner's failure to meet its schedule.

No liquidated damages shall be paid to Interconnection Customer if: (1) Interconnection Customer is not ready to commence use of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades to take the delivery of power for the Large Generating Facility's Trial Operation or to export power from the Large Generating Facility on the specified dates, unless the Interconnection Customer would have been able to commence use of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades to take the delivery of power for Large Generating Facility's Trial Operation or to export power from the Large Generating Facility, but for Interconnecting Transmission Owner's delay; (2) the Interconnecting Transmission Owner's failure to meet the specified dates is the result of the action or inaction of the Interconnection Customer or any other Interconnection Customer who has entered into an LGIA with the Interconnecting Transmission Owner or any cause beyond Interconnecting Transmission Owner's reasonable control or reasonable ability to cure, including, but not limited to, actions by the System Operator that cause delays and/or delays in licensing, permitting or consents where the Interconnecting Transmission Owner has pursued such licenses, permits or consents in good faith; (3) the Interconnection Customer has assumed responsibility for the design, procurement and construction of the Interconnecting Transmission Owner's

Interconnection Facilities and Stand Alone Network Upgrades; or (4) the Parties have otherwise agreed.

5.4 Power System Stabilizers. If a Power System Stabilizer is required to be installed on the Large Generating Facility for the purpose of maintaining system stability, the Interconnection Customer shall procure, install, maintain and operate Power System Stabilizers in accordance with the guidelines and procedures established by the System Operator and Interconnecting Transmission Owner, and consistent with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. The System Operator and Interconnecting Transmission Owner reserve the right to reasonably establish minimum acceptable settings for any installed Power System Stabilizers, subject to the design and operating limitations of the Large Generating Facility. If the Large Generating Facility's Power System Stabilizers are removed from service or not capable of automatic operation, the Interconnection Customer shall immediately notify the System Operator and Interconnecting Transmission Owner, or their designated representative. The requirements of this paragraph shall not apply to non-synchronous power production equipment.

5.5 Equipment Procurement. If responsibility for construction of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades is to be borne by the Interconnecting Transmission Owner, then the Interconnecting Transmission Owner shall commence design of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades and procure necessary equipment as soon as practicable after all of the following conditions are satisfied, unless the Parties otherwise agree in writing:

5.5.1 The Interconnecting Transmission Owner has completed the Facilities Study pursuant to the Facilities Study Agreement;

5.5.2 The Interconnecting Transmission Owner has received written authorization to proceed with design and procurement from the Interconnection Customer by the date specified in Appendix B (Milestones); and

5.5.3 The Interconnection Customer has provided security to the Interconnecting Transmission Owner in accordance with Article 11.5 by the dates specified in Appendix B (Milestones).

5.6 Construction Commencement. The Interconnecting Transmission Owner shall commence construction of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:

5.6.1 Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;

5.6.2 Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of a discrete aspect of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades;

5.6.3 The Interconnecting Transmission Owner has received written authorization to proceed with construction from the Interconnection Customer by the date specified in Appendix B (Milestones); and

5.6.4 The Interconnection Customer has provided security to Interconnecting Transmission Owner in accordance with Article 11.5 by the dates specified in Appendix B (Milestones).

5.7 Work Progress. The Interconnection Customer and the Interconnecting Transmission Owner shall keep each Party informed, by written quarterly progress reports, as to the progress of their respective design, procurement and construction efforts in order to meet the dates specified in Appendix B (Milestones). Any Party may also, at any other time, request a written progress report from the other Parties. If, at any time, the Interconnection Customer determines that the completion of the Interconnecting Transmission Owner's Interconnection Facilities will not be required until after the specified In-Service Date, the Interconnection Customer, upon the System Operator's approval that the change in the In-Service Date will not constitute a Material Modification pursuant to Section 4.4 of the LGIP, will provide written notice to the Interconnecting Transmission Owner of such later date upon which the completion of the Interconnecting Transmission Owner's Interconnection Facilities will be required.

5.8 Information Exchange. As soon as reasonably practicable after the Effective Date, the Parties shall exchange information regarding the design and compatibility of the Parties' Interconnection Facilities and compatibility of the Interconnection Facilities with the New England Transmission System, and shall work diligently and in good faith to make any necessary design changes.

5.9 Limited Operation. If any of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of the Large Generating Facility, System Operator and the Interconnecting Transmission Owner shall, upon the request and at the expense of Interconnection Customer, perform operating studies on a timely basis to determine the extent to which the Large Generating Facility and the Interconnection Customer's Interconnection Facilities may operate prior to the completion of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades consistent with Applicable Laws and Regulations, Applicable Reliability Standards, Good Utility Practice, and this LGIA. System Operator and Interconnecting Transmission Owner shall permit Interconnection Customer to operate the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in accordance with the results of such studies.

5.10 Interconnection Customer's Interconnection Facilities ("ICIF"). Interconnection Customer shall, at its expense, design, procure, construct, own and install the ICIF, as set forth in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades).

5.10.1 Large Generating Facility Specifications. Interconnection Customer shall submit initial specifications for the ICIF, including System Protection Facilities, to Interconnecting Transmission Owner at least one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date; and final specifications for review and comment at least ninety (90) Calendar Days prior to the Initial Synchronization Date. Interconnecting Transmission Owner shall review such specifications to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of the Interconnecting Transmission Owner and comment on such specifications within thirty (30) Calendar Days of Interconnection Customer's submission. All specifications provided hereunder shall be deemed confidential.

5.10.2 Interconnecting Transmission Owner's Review. Interconnecting Transmission Owner's review of Interconnection Customer's final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Large Generating Facility, or the ICIF. Interconnection Customer shall make such changes to the ICIF as may reasonably be required by Interconnecting Transmission Owner, in accordance with Good Utility Practice, to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of the Interconnecting Transmission Owner.

5.10.3 ICIF Construction. The ICIF shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, the Interconnection Customer shall deliver to the Interconnecting Transmission Owner "as-built" drawings, information and documents for the ICIF, such as: a one-line diagram, a site plan showing the Large Generating Facility and the ICIF, plan and elevation drawings showing the layout of the ICIF, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with the Interconnection Customer's step-up transformers, the facilities connecting the Large Generating Facility to the step-up transformers and the ICIF, and the impedances (determined by factory tests) for the associated step-up transformers and the Large Generating Facilities. The Interconnection Customer shall provide Interconnecting Transmission Owner specifications for the excitation system, automatic voltage regulator, Large Generating Facility control and protection settings, transformer tap settings, and communications, if applicable.

5.11 Interconnecting Transmission Owner's Interconnection Facilities Construction. The Interconnecting Transmission Owner's Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Upon request, within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another

mutually acceptable deadline, the Interconnecting Transmission Owner shall deliver to the Interconnection Customer the following "as-built" drawings, information and documents for the Interconnecting Transmission Owner's Interconnection Facilities. The appropriate drawings and relay diagrams shall be included in Appendix A of this LGIA.
The System Operator will obtain operational control of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades upon completion of such facilities pursuant to the TOA.

5.12 Access Rights. Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party ("Granting Party") shall furnish at the incremental cost to another Party ("Access Party") any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents if allowed under the applicable agency agreement, that are necessary to enable the Access Party solely to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Large Generating Facility with the Administered Transmission System; (ii) operate and maintain the Large Generating Facility, the Interconnection Facilities and the New England Transmission System; and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this LGIA. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party.

5.13 Lands of Other Property Owners. If any part of the Interconnecting Transmission Owner's Interconnection Facilities and/or Network Upgrades is to be installed on property owned by persons other than Interconnection Customer or Interconnecting Transmission Owner, the Interconnecting Transmission Owner shall at Interconnection Customer's expense use Reasonable Efforts, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove the Interconnecting Transmission Owner's Interconnection Facilities and/or Network Upgrades upon such property. Notwithstanding the foregoing, the Interconnecting Transmission Owner shall not be obligated to exercise eminent domain authority in a manner inconsistent with Applicable Laws and Regulations or when an Interconnection Customer is authorized under Applicable Laws and Regulations to exercise eminent domain on its own behalf.

5.14 Permits. System Operator, Interconnecting Transmission Owner and Interconnection Customer shall cooperate with each other in good faith in obtaining all permits, licenses, and authorizations that are necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. With respect to this paragraph, Interconnecting Transmission Owner shall provide permitting assistance to the Interconnection Customer comparable to that provided to the Interconnecting Transmission Owner's own, or an Affiliate's generation.

5.15 Early Construction of Base Case Facilities. Interconnection Customer may request Interconnecting Transmission Owner to construct, and Interconnecting Transmission Owner shall construct, using Reasonable Efforts to accommodate Interconnection Customer's In-Service Date, all or any portion of any Network Upgrades required for Interconnection Customer to be interconnected to the Administered Transmission System, which are included in the Base Case of the Facilities Study for the Interconnection Customer, and which also are required to be constructed for another Interconnection Customer, but where such construction is not scheduled to be completed in time to achieve Interconnection Customer's In-Service Date. The Interconnection Customer shall reimburse the Interconnecting Transmission Owner for all costs incurred related to early construction to the extent such costs are not recovered from other Interconnection Customers included in the base case.

5.16 Suspension. Interconnection Customer reserves the right, upon written notice to Interconnecting Transmission Owner and System Operator, to suspend at any time all work by Interconnecting Transmission Owner associated with the construction and installation of Interconnecting Transmission Owner's Interconnection Facilities and/or Network Upgrades required under this LGIA with the condition that the New England Transmission System shall be left in a safe and reliable condition in accordance with Good Utility Practice and the System Operator's and Interconnecting Transmission Owner's safety and reliability criteria. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which Interconnecting Transmission Owner (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the New England Transmission System during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Interconnecting Transmission Owner cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, Interconnecting Transmission Owner shall obtain Interconnection Customer's authorization to do so. Interconnecting Transmission Owner shall invoice Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work by Interconnecting Transmission Owner required under this LGIA pursuant to this Article 5.16, and has not requested Interconnecting Transmission Owner to recommence the work required under this LGIA on or before the expiration of three (3) years following commencement of such suspension, this LGIA shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to Interconnecting Transmission Owner and System Operator, if no effective date is specified. A suspension under this Article 5.16 does not automatically permit an extension of the In-Service Date, the Initial Synchronization Date or the Commercial Operation Date. A request for extension of such dates is subject to Section 4.4.5 of the LGIP. Notwithstanding the extensions permitted under Section 4.4.5 of the LGIP, the three-year period shall in no way result in an extension of the In-Service Date, the Initial Synchronization Date or the Commercial Operation Date that exceeds seven (7) years from the date of the Interconnection Request; otherwise, this LGIA shall be deemed terminated.

5.17 Taxes.

5.17.1 Payments Not Taxable. The Parties intend that all payments or property transfers made by any Party for the installation of the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.

5.17.2 Representations and Covenants. In accordance with IRS Notice 2001-82 and IRS Notice 88-129, Interconnection Customer represents and covenants that (i) ownership of the electricity generated at the Large Generating Facility will pass to another party prior to the transmission of the electricity on the New England Transmission System, (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to the Interconnecting Transmission Owner for the Interconnecting Transmission Owner's Interconnection Facilities will be capitalized by Interconnection Customer as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of the Interconnecting Transmission Owner's Interconnection Facilities that is a "dual-use intertie," within the meaning of IRS Notice 88-129, is reasonably expected to carry only a de minimis amount of electricity in the direction of the Large Generating Facility. For this purpose, "de minimis amount" means no more than 5 percent of the total power flows in both directions, calculated in accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At Interconnecting Transmission Owner's request, Interconnection Customer shall provide Interconnecting Transmission Owner with a report from an independent engineer confirming its representation in clause (iii), above. Interconnecting Transmission Owner represents and covenants that the cost of the Interconnecting Transmission Owner's Interconnection Facilities paid for by Interconnection Customer will have no net effect on the base upon which rates are determined.

5.17.3 Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon Interconnecting Transmission Owner. Notwithstanding Article 5.17.1, Interconnection Customer shall protect, indemnify and hold harmless Interconnecting Transmission Owner from the cost consequences of any current tax liability imposed against Interconnecting Transmission Owner as the result of payments or property transfers made by Interconnection Customer to Interconnecting Transmission Owner under this LGIA, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Interconnecting Transmission Owner.

The Interconnecting Transmission Owner shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Interconnection Customer under this LGIA unless (i) Interconnecting Transmission Owner has determined, in good faith, that the payments or property transfers made by Interconnection Customer to Interconnecting Transmission Owner should be reported as income subject to taxation or (ii) any Governmental Authority directs Interconnecting Transmission Owner to report payments or property as income subject to taxation; provided, however, that Interconnecting Transmission Owner may require Interconnection Customer to provide security, in a form reasonably acceptable to Interconnecting Transmission Owner (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17. Interconnection Customer shall reimburse Interconnecting Transmission Owner for such costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from Interconnecting Transmission Owner of the amount due, including detail about how the amount was calculated.

The indemnification obligation shall terminate at the earlier of (1) the expiration of the ten year testing period, and the applicable statute of limitation, as it may be extended by the Interconnecting Transmission Owner upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.17.

5.17.4 Tax Gross-Up Amount. Interconnection Customer's liability for the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Interconnection Customer will pay Interconnecting Transmission Owner, in addition to the amount paid for the Interconnection Facilities and Network Upgrades, an amount equal to (1) the current taxes imposed on Interconnecting Transmission Owner ("Current Taxes") on the excess of (a) the gross income realized by Interconnecting Transmission Owner as a result of payments or property transfers made by Interconnection Customer to Interconnecting Transmission Owner under this LGIA (without regard to any payments under this Article 5.17) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit the Interconnecting Transmission Owner to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).For this purpose, (i) Current Taxes shall be computed based on Interconnecting Transmission Owner composite federal and state tax rates at the time the payments or property transfers are received and Interconnecting Transmission Owner will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting Interconnecting Transmission Owner's anticipated tax depreciation deductions as a result of such payments or property transfers by Interconnecting Transmission Owner current weighted average cost of capital. Thus, the formula for

calculating Interconnection Customer's liability to Transmission Owner pursuant to this Article 5.17.4 can be expressed as follows: (Current Tax Rate x (Gross Income Amount – Present Value of Tax Depreciation))/(1-Current Tax Rate). Interconnection Customer's estimated tax liability in the event taxes are imposed shall be stated in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades).

5.17.5 Private Letter Ruling or Change or Clarification of Law. At Interconnection Customer's request and expense, Interconnecting Transmission Owner shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Interconnection Customer to Interconnecting Transmission Owner under this LGIA are subject to federal income taxation. Interconnection Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Interconnection Customer's knowledge. Interconnecting Transmission Owner and Interconnection Customer shall cooperate in good faith with respect to the submission of such request.

Interconnecting Transmission Owner shall keep Interconnection Customer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Interconnection Customer to participate in all discussions with the IRS regarding such request for a private letter ruling. Interconnecting Transmission Owner shall allow Interconnection Customer to attend all meetings with IRS officials about the request and shall permit Interconnection Customer to prepare the initial drafts of any follow-up letters in connection with the request.

5.17.6 Subsequent Taxable Events. If, within ten (10) years from the date on which the relevant Interconnecting Transmission Owner's Interconnection Facilities are placed in service, (i) Interconnection Customer Breaches the covenant contained in Article 5.17.2, (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (iii) this LGIA terminates and Interconnecting Transmission Owner retains ownership of the Interconnection Facilities and Network Upgrades, the Interconnection Customer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on Interconnecting Transmission Owner, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.

5.17.7 Contests. In the event any Governmental Authority determines that Interconnecting Transmission Owner's receipt of payments or property constitutes income that is subject to taxation, Interconnecting Transmission Owner shall notify Interconnection Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Interconnection Customer and at Interconnection Customer's sole expense, Interconnecting Transmission Owner may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Interconnection Customer's written request and sole expense, Interconnecting Transmission Owner may file a claim for refund with

respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. Interconnecting Transmission Owner reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but Interconnecting Transmission Owner shall keep Interconnection Customer informed, shall consider in good faith suggestions from Interconnection Customer about the conduct of the contest, and shall reasonably permit Interconnection Customer or an Interconnection Customer representative to attend contest proceedings.

Interconnection Customer shall pay to Interconnecting Transmission Owner on a periodic basis, as invoiced by Interconnecting Transmission Owner, documented reasonable costs of prosecuting such appeal, protest, abatement or other contest. At any time during the contest, Interconnecting Transmission Owner may agree to a settlement either with Interconnection Customer's consent or after obtaining written advice from nationally-recognized tax counsel, selected by Interconnecting Transmission Owner, but reasonably acceptable to Interconnection Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Interconnection Customer's obligation shall be based on the amount of the settlement agreed to by Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally recognized tax counsel selected under the terms of the preceding sentence. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. Any settlement without Interconnection Customer's consent or such written advice will relieve Interconnection Customer from any obligation to indemnify Interconnecting Transmission Owner for the tax at issue in the contest.

5.17.8 Refund. In the event that (a) a private letter ruling is issued to Interconnecting Transmission Owner which holds that any amount paid or the value of any property transferred by Interconnection Customer to Interconnecting Transmission Owner under the terms of this LGIA is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to Interconnecting Transmission Owner in good faith that any amount paid or the value of any property transferred by Interconnection Customer to Interconnecting Transmission Owner under the terms of this LGIA is not taxable to Interconnecting Transmission Owner, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Interconnection Customer to Interconnecting Transmission Owner are not subject to federal income tax, or (d) if Interconnecting Transmission Owner receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Interconnection Customer to Interconnecting Transmission Owner pursuant to this LGIA, Interconnecting Transmission Owner shall promptly refund to Interconnection Customer the following:

(i) any payment made by Interconnection Customer under this Article 5.17 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,

(ii) interest on any amounts paid by Interconnection Customer to Interconnecting Transmission Owner for such taxes which Interconnecting Transmission Owner did not submit to the taxing authority, interest calculated in accordance with the methodology set forth in the Commission's regulations at 18 CFR §35.19a(a)(2)(iii) from the date payment was made by Interconnection Customer to the date Interconnecting Transmission Owner refunds such payment to Interconnection Customer, and

(iii) with respect to any such taxes paid by Interconnecting Transmission Owner, any refund or credit Interconnecting Transmission Owner receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to the Interconnecting Transmission Owner for such overpayment of taxes (including any reduction in interest otherwise payable by Interconnecting Transmission Owner to any Governmental Authority resulting from an offset or credit); provided, however, that Interconnecting Transmission Owner will remit such amount promptly to Interconnection Customer only after and to the extent that Interconnecting Transmission Owner has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to the Interconnecting Transmission Owner's Interconnection Facilities.

The intent of this provision is to leave Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for Interconnection Facilities and Network Upgrades hereunder, in the same position they would have been in had no such tax payments been made.

5.17.9 Taxes Other Than Income Taxes. Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, Interconnecting Transmission Owner shall appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against Interconnecting Transmission Owner for which Interconnection Customer may be required to reimburse Interconnecting Transmission Owner under the terms of this LGIA. Interconnection Customer shall pay to Interconnecting Transmission Owner on a periodic basis, as invoiced by Interconnecting Transmission Owner, Interconnecting Transmission Owner's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer and Interconnecting Transmission Owner shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer to Interconnecting Transmission Owner for such

taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by Interconnecting Transmission Owner.

5.18 Tax Status. Each Party shall cooperate with the others to maintain the other Party's(ies') tax status. Nothing in this LGIA is intended to adversely affect any Interconnecting Transmission Owner's tax-exempt status with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds.

5.19 Modification.

5.19.1 General. Either Interconnection Customer or Interconnecting Transmission Owner may undertake modifications to its facilities. If a Party plans to undertake a modification that reasonably may be expected to affect the other Party's facilities,the facilities of any Affected Parties, or the New England Transmission System, that Party shall provide to the other Parties and any Affected Party: (i) sufficient information regarding such modification so that the other Party(ies) may evaluate the potential impact of such modification prior to commencement of the work; and (ii) such information as may be required by the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Such information shall be deemed to be confidential hereunder and shall include information concerning the timing of such modifications and whether such modifications are expected to interrupt the flow of electricity from the Large Generating Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party(ies) at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed. Notwithstanding the foregoing, no Party shall be obligated to proceed with a modification that would constitute a Material Modification and therefore require an Interconnection Request under the LGIP, except as provided under and pursuant to the LGIP.

In the case of Large Generating Facility or Interconnection Customer's Interconnection Facility modifications that do not require Interconnection Customer to submit an Interconnection Request, Interconnecting Transmission Owner shall provide, within thirty (30) Calendar Days (or such other time as the Parties may agree), an estimate of any additional modifications to the New England Transmission System, Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades necessitated by such Interconnection Customer modification and a good faith estimate of the costs thereof.

5.19.2 Standards. Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this LGIA and Good Utility Practice.

5.19.3 Modification Costs. Interconnection Customer shall not be directly assigned for the costs of any additions, modifications, or replacements that Interconnecting Transmission Owner makes to the Interconnecting Transmission Owner's Interconnection Facilities or the New England Transmission System to facilitate the interconnection of a third party to the Interconnecting Transmission Owner's Interconnection Facilities or the New England Transmission System, or to provide transmission service to a third party under the Tariff, except as provided for under the Tariff or any other applicable tariff. Interconnection Customer shall be responsible for the costs of any additions, modifications, or replacements to the Large Generating Facility or Interconnection Customer's Interconnection Facilities that may be necessary to maintain or upgrade such Interconnection Customer's Interconnection Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

ARTICLE 6. TESTING AND INSPECTION

6.1 Pre-Commercial Operation Date Testing and Modifications. Prior to the Commercial Operation Date, the Interconnecting Transmission Owner shall test Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades and Interconnection Customer shall test the Large Generating Facility and the Interconnection Customer's Interconnection Facilities to ensure their safe and reliable operation. Similar testing may be required after initial operation. Each Party shall make any modifications to its facilities that are found to be necessary as a result of such testing. Interconnection Customer shall bear the cost of all such testing and modifications. Interconnection Customer shall generate test energy at the Large Generating Facility only if it has arranged for the delivery of such test energy.

6.2 Post-Commercial Operation Date Testing and Modifications. Each Interconnection Customer and Interconnecting Transmission Owner shall at its own expense perform routine inspection and testing of its facilities and equipment in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, as may be necessary to ensure the continued interconnection of the Large Generating Facility to the Administered Transmission System in a safe and reliable manner. The Interconnection Customer and Interconnecting Transmission Owner each shall have the right, upon advance written notice, to require reasonable additional testing of the other Party's(ies') facilities, at the requesting Party's expense, as may be in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. The System Operator shall also have the right to require reasonable additional testing of the other Party's (ies') facilities in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

6.3 Right to Observe Testing. Each Party shall notify the System Operator and other Party(ies) in advance of its performance of tests of its Interconnection Facilities. The other Party(ies) has the right, at its own expense, to observe such testing.

6.4 Right to Inspect. Each Party shall have the right, but shall have no obligation to: (i) observe the other Party's(ies') tests and/or inspection of any of its System Protection Facilities and other protective equipment, including Power System Stabilizers; (ii) review the settings of the other Party's(ies') System Protection Facilities and other protective equipment; and (iii) review the other Party's(ies') maintenance records relative to the Interconnection Facilities, the System Protection Facilities and other protective equipment. Each Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Parties. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Interconnection Facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 6.4 shall be governed by Article 22.

ARTICLE 7. METERING

7.1 General. Each Party shall comply with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, regarding metering. Interconnection Customer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment. Unless the System Operator otherwise agrees, the Interconnection Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under this Tariff and to communicate the information to the System Operator. Unless otherwise agreed, such equipment shall remain the property of the Interconnecting Transmission Owner.

7.2 Check Meters. Interconnection Customer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more check meters to check Interconnecting Transmission Owner's meters. Such check meters shall be for check purposes only and shall not be used for the measurement of power flows for purposes of this LGIA, except as provided in Article 7.4 below. The check meters shall be subject at all reasonable times to inspection and examination by Interconnecting Transmission Owner or its designee. The installation, operation and maintenance thereof shall be performed entirely by Interconnection Customer in accordance with Good Utility Practice.

7.3 Standards. Interconnecting Transmission Owner shall install, calibrate, and test revenue quality Metering Equipment in accordance with applicable ANSI standards and the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

7.4 Testing of Metering Equipment. Interconnecting Transmission Owner shall inspect and test all Interconnecting Transmission Owner-owned Metering Equipment upon installation and thereafter as specified in the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Interconnecting Transmission Owner shall give reasonable notice of the time when any inspection or test shall take place, and Interconnection Customer may have representatives present at the test or inspection. If at any time Metering Equipment is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at Interconnection Customer's expense, in order to provide accurate metering. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies by more than the values specified within ISO New England Operating Documents, or successor documents, from the measurement made by the standard meter used in the test, the Interconnecting Transmission Owner shall adjust the measurements, in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

7.5 Metering Data. At Interconnection Customer's expense, metered data shall be telemetered to one or more locations designated by System Operator and Interconnecting Transmission Owner. The hourly integrated metering, established in accordance with ISO New England Operating

Documents, Applicable Reliability Standards, or successor documents, used to transmit Megawatt hour ("MWh") per hour data by electronic means and the Watt-hour meters equipped with kilowatt-hour ("kwh") or MWh registers to be read at month's end shall be the official measurement of the amount of energy delivered from the Large Generating Facility to the Point of Interconnection. Instantaneous metering is required for all Generators in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

ARTICLE 8. COMMUNICATIONS

8.1 **Interconnection Customer Obligations.** Interconnection Customer shall maintain satisfactory operating communications with the System Operator and Interconnecting Transmission Owner in accordance with applicable provisions of ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

8.2 **Remote Terminal Unit.** Prior to the Initial Synchronization Date of the Large Generating Facility, a Remote Terminal Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by Interconnection Customer or Interconnecting Transmission Owner at Interconnection Customer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by System Operator and Interconnecting Transmission Owner through use of a dedicated point-to-point data circuit(s). The communication protocol for the data circuit(s) shall be specified by System Operator and Interconnecting Transmission Owner. All information required by the ISO New England Operating Documents, or successor documents, must be telemetered directly to the location(s) specified by System Operator and Interconnecting Transmission Owner.
Each Party will promptly advise the other Party(ies) if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by the other Party(ies). The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

8.3 **No Annexation.** Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

ARTICLE 9. OPERATIONS

9.1 **General.** Each Party shall comply with applicable provisions of ISO New England Operating Documents, Reliability Standards, or successor documents, regarding operations. Each Party shall provide to the other Party(ies) all information that may reasonably be required by the other Party(ies) to comply with Applicable Laws and Regulations and Applicable Reliability Standards.

9.2 Control Area Notification. Before Initial Synchronization Date, the Interconnection Customer shall notify the System Operator and Interconnecting Transmission Owner in writing in accordance with ISO New England Operating Documents, Reliability Standards, or successor documents. If the Interconnection Customer elects to have the Large Generating Facility dispatched and operated from a remote Control Area other than the Control Area in which the Large Generating Facility is physically located, and if permitted to do so by the relevant transmission tariffs and ISO New England Operating Documents, Reliability Standards, or successor documents, all necessary arrangements, including but not limited to those set forth in Article 7 and Article 8 of this LGIA, and remote Control Area generator interchange agreements, if applicable, and the appropriate measures under such agreements, shall be executed and implemented prior to the placement of the Large Generating Facility in the other Control Area for dispatch and operations.

9.3 Interconnecting Transmission Owner and System Operator Obligations. Interconnecting Transmission Owner and System Operator shall cause the Interconnecting Transmission Owner's Interconnection Facilities to be operated, maintained and controlled in a safe and reliable manner and in accordance with this LGIA and ISO New England Operating Documents, Reliability Standards, or successor documents. Interconnecting Transmission Owner or System Operator may provide operating instructions to Interconnection Customer consistent with this LGIA, ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, and Interconnecting Transmission Owner's and System Operator's operating protocols and procedures as they may change from time to time. Interconnecting Transmission Owner and System Operator will consider changes to their operating protocols and procedures proposed by Interconnection Customer.

9.4 Interconnection Customer Obligations. Interconnection Customer shall at its own expense operate, maintain and control the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA and ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.5 Start-Up and Synchronization. The Interconnection Customer is responsible for the proper start-up and synchronization of the Large Generating Facility to the New England Transmission System in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.6 Reactive Power.

9.6.1 Power Factor Design Criteria. Interconnection Customer shall design the Large Generating Facility and all generating units comprising the Large Generating Facility, as applicable, to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the System Operator or Interconnecting Transmission Owner has established different requirements that apply to all generators in the Control Area on a

comparable basis and in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. The requirements of this paragraph shall not apply to wind generators.

9.6.2 Voltage Schedules. Once the Interconnection Customer has synchronized the Large Generating Facility to the New England Transmission System, Interconnection Customer shall operate the Large Generating Facility at the direction of System Operator and Interconnecting Transmission Owner in accordance with applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, regarding voltage schedules in accordance with such requirements.

9.6.2.1 Voltage Regulators. The Interconnection Customer must keep and maintain a voltage regulator on all generating units comprising a Large Generating Facility in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. All Interconnection Customers that have, or are required to have, automatic voltage regulation shall normally operate the Large Generating Facility with its voltage regulators in automatic operation.

It is the responsibility of the Interconnection Customer to maintain the voltage regulator in good operating condition and promptly report to the System Operator and Interconnecting Transmission Owner any problems that could cause interference with its proper operation.

9.6.2.2 Governor Control. The Interconnection Customer is obligated to provide and maintain a functioning governor on all generating units comprising the Large Generating Facility in accordance with applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.6.2.3 System Protection. The Interconnection Customer shall install and maintain protection systems in accordance with applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.6.3 Payment for Reactive Power.

Interconnection Customers shall be compensated for Reactive Power service in accordance with Schedule 2 of the Section II of the Tariff.

9.7 Outages and Interruptions.

9.7.1 Outages.

9.7.1.1 Outage Authority and Coordination. The System Operator shall have the authority to coordinate facility outages in accordance with the ISO New England

Operating Documents, Applicable Reliability Standards, or successor documents. Each Party may in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, in coordination with the other Party(ies), remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact the other Party's(ies') facilities as necessary to perform maintenance or testing or to install or replace equipment, subject to the oversight of System Operator in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.1.2 Outage Schedules. Outage scheduling, and any related compensation, shall be in accordance with the applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.2 Interruption of Service. In accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, the System Operator or Interconnecting Transmission Owner may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect System Operator's or Interconnecting Transmission Owner's ability to perform such activities as are necessary to safely and reliably operate and maintain the New England Transmission System.

9.7.3 Under-Frequency and Over Frequency Conditions. Interconnection Customer shall implement under-frequency and over-frequency relay set points for the Large Generating Facility as required by the applicable provisions of ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Large Generating Facility response to frequency deviations of pre-determined magnitudes, both under-frequency and over-frequency deviations, shall be studied and coordinated with System Operator and Interconnecting Transmission Owner in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.4 System Protection and Other Control Requirements.

9.7.4.1 System Protection Facilities. Interconnection Customer shall, at its expense, install, operate and maintain System Protection Facilities as a part of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Interconnecting Transmission Owner shall install at Interconnection Customer's expense, in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, any System Protection Facilities that may be required on the Interconnecting Transmission Owner Interconnection Facilities or the New England Transmission System as a result of the interconnection of the Large

Generating Facility and the Interconnection Customer's Interconnection Facilities.

9.7.4.2 Each Party's protection facilities shall be designed and coordinated with other systems in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.4.3 Each Party shall be responsible for protection of its facilities consistent with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.4.4 Each Party's protective relay design shall allow for tests required in Article 6.

9.7.4.5 Each Party will test, operate and maintain System Protection Facilities in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.5 Requirements for Protection. In accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, and compliance with Good Utility Practice , Interconnection Customer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of the Large Generating Facility to any short circuit occurring on the New England Transmission System not otherwise isolated by Interconnecting Transmission Owner's equipment, such that the removal of the fault contribution shall be coordinated with the protective requirements of the New England Transmission System. Such protective equipment shall include, without limitation, a disconnecting device or switch with load-interrupting capability located between the Large Generating Facility and the New England Transmission System at a site selected upon mutual agreement (not to be unreasonably withheld, conditioned or delayed) of the Parties. Interconnection Customer shall be responsible for protection of the Large Generating Facility and Interconnection Customer's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field. Interconnection Customer shall be solely responsible to disconnect the Large Generating Facility and Interconnection Customer's other equipment if conditions on the New England Transmission System could adversely affect the Large Generating Facility.

9.7.6 Power Quality. A Party's facilities shall not cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, or any applicable superseding electric industry standard.

9.8 Switching and Tagging Rules. Each Party shall provide the other Party(ies) with a copy of its switching and tagging rules that are applicable to the other Party's activities. Such switching and tagging rules shall be developed on a non-discriminatory basis. The Parties shall comply with

applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.

9.9 Use of Interconnection Facilities by Third Parties.

9.9.1 Purpose of Interconnection Facilities. Except as may be required by Applicable Laws and Regulations, or as otherwise agreed to among the Parties, the Interconnection Facilities shall be constructed for the sole purpose of interconnecting the Large Generating Facility to the Administered Transmission System and shall be used for no other purpose.

9.9.2 Third Party Users. If required by Applicable Laws and Regulations or if the Parties mutually agree, such agreement not to be unreasonably withheld, to allow one or more third parties to use the Interconnecting Transmission Owner's Interconnection Facilities, or any part thereof, Interconnection Customer will be entitled to compensation for the capital expenses it incurred in connection with the Interconnection Facilities based upon the pro rata use of the Interconnection Facilities by Interconnecting Transmission Owner, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed-upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Interconnection Facilities, will be allocated between Interconnection Customer and any third party users based upon the pro rata use of the Interconnection Facilities by Interconnecting Transmission Owner, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed-upon methodology. If the issue of such compensation or allocation cannot be resolved through such negotiations, it shall be submitted to the Commission for resolution.

9.10 Disturbance Analysis Data Exchange. The Parties will cooperate with one another in the analysis of disturbances to either the Large Generating Facility or the New England Transmission System by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

ARTICLE 10. MAINTENANCE

10.1 Interconnecting Transmission Owner and Customer Obligations. Interconnecting Transmission Owner and Interconnection Customer shall each maintain that portion of its respective facilities that are part of the New England Transmission System and the Interconnecting Transmission Owner's Interconnection Facilities in a safe and reliable manner and in accordance with the applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

10.2 Operating and Maintenance Expenses. Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Interconnection Customer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Interconnection Customer's Interconnection Facilities; and (2) operation, maintenance, repair and replacement of Interconnecting Transmission Owner's Interconnection Facilities, Stand Alone Network Upgrades, Network Upgrades and Distribution Upgrades.

ARTICLE 11. PERFORMANCE OBLIGATION

11.1 Interconnection Customer's Interconnection Facilities. Interconnection Customer shall design, procure, construct, install, own and/or control the Interconnection Customer's Interconnection Facilities described in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades) at its sole expense.

11.2 Interconnecting Transmission Owner's Interconnection Facilities. Interconnecting Transmission Owner shall design, procure, construct, install, own and/or control the Interconnecting Transmission Owner's Interconnection Facilities described in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades) at the sole expense of the Interconnection Customer.

11.3 Network Upgrades and Distribution Upgrades. Interconnecting Transmission Owner shall design, procure, construct, install, and own the Network Upgrades, and to the extent provided by Article 5.1, Stand Alone Network Upgrades, and Distribution Upgrades described in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades). The Interconnection Customer shall be responsible for all costs related to Distribution Upgrades. Unless the Interconnecting Transmission Owner elects to fund the capital for the Network Upgrades, they shall be solely funded by the Interconnection Customer.

11.4 Cost Allocation; Compensation; Rights; Affected Systems

11.4.1 Cost Allocation. Cost allocation of Generator Interconnection Related Upgrades shall be in accordance with Schedule 11 of Section II of the Tariff.

11.4.2 Compensation. Any compensation due to the Interconnection Customer for increases in transfer capability to the PTF resulting from its Generator Interconnection Related Upgrade shall be determined in accordance with Sections II and III of the Tariff.

11.4.3 Rights. Notwithstanding any other provision of this LGIA, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission

credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades.

11.4.4 Special Provisions for Affected Systems. The Interconnection Customer shall enter into separate related facilities agreements to address any upgrades to the Affected System(s) that are necessary for safe and reliable interconnection of the Interconnection Customer's Generating Facility.

11.5 Provision of Security. At least thirty (30) Calendar Days prior to the commencement of the procurement, installation, or construction of a discrete portion of an Interconnecting Transmission Owner's Interconnection Facilities, Network Upgrades, or Distribution Upgrades, Interconnection Customer shall provide Interconnecting Transmission Owner a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Interconnecting Transmission Owner in accordance with Section 7 of Schedule 11 of the Tariff. In addition:

11.5.1 The guarantee must be made by an entity that meets the creditworthiness requirements of Interconnecting Transmission Owner, and contain terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.

11.5.2 The letter of credit must be issued by a financial institution reasonably acceptable to Interconnecting Transmission Owner and must specify a reasonable expiration date.

11.5.3 The surety bond must be issued by an insurer reasonably acceptable to Interconnecting Transmission Owner and must specify a reasonable expiration date.

11.6 Interconnection Customer Compensation. If System Operator or Interconnecting Transmission Owner requests or directs Interconnection Customer to provide a service pursuant to Articles 9.6.3 (Payment for Reactive Power), or 13.4.1 of this LGIA, Interconnection Customer shall be compensated pursuant to the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition. Interconnection Customer shall be compensated for its provision of real and reactive power and other Emergency Condition services that Interconnection Customer provides to support the New England Transmission System during an Emergency Condition in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

ARTICLE 12. INVOICE

12.1 General. Each Party shall submit to the other Party(ies), on a monthly basis, invoices of amounts due for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. The Parties may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts a Party owes to the other Party(ies) under this LGIA, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.

12.2 Final Invoice. Within six months after completion of the construction of the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades, Interconnecting Transmission Owner shall provide an invoice of the final cost of the construction of the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades and shall set forth such costs in sufficient detail to enable Interconnection Customer to compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates. Interconnecting Transmission Owner shall refund to Interconnection Customer any amount by which the actual payment by Interconnection Customer for estimated costs exceeds the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice. Interconnection Customer shall pay to Interconnecting Transmission Owner any amount by which the actual payment by Interconnection Customer for estimated costs falls short of the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice.

12.3 Payment. Invoices shall be rendered to the paying Party at the address specified in Appendix F. The Party receiving the invoice shall pay the invoice within thirty (30) Calendar Days of receipt. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party. Payment of invoices by any Party will not constitute a waiver of any rights or claims the other Party(ies) may have under this LGIA.

12.4 Disputes. In the event of a billing dispute between Interconnecting Transmission Owner and Interconnection Customer, Interconnecting Transmission Owner shall continue to provide Interconnection Service under this LGIA as long as Interconnection Customer: (i) continues to make all payments not in dispute; and (ii) pays to Interconnecting Transmission Owner or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Interconnection Customer fails to meet these two requirements for continuation of service, then Interconnecting Transmission Owner may provide notice to Interconnection Customer of a Default pursuant to Article 17. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accord with the methodology set forth in the Commission's Regulations at 18 CFR § 35.19a(a)(2)(iii).

ARTICLE 13. EMERGENCIES

13.1 Obligations. Each Party shall comply with the Emergency Condition procedures of the System Operator in accordance with the applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

13.2 Notice. Interconnecting Transmission Owner or System Operator as applicable shall notify Interconnection Customer and System Operator or Interconnecting Transmission Owner as applicable, promptly when it becomes aware of an Emergency Condition that affects the Interconnecting Transmission Owner's Interconnection Facilities or the New England Transmission System that may reasonably be expected to affect Interconnection Customer's operation of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities. Interconnection Customer shall notify Interconnecting Transmission Owner and System Operator promptly when it becomes aware of an Emergency Condition that affects the Large Generating Facility or the Interconnection Customer's Interconnection Facilities that may reasonably be expected to affect the New England Transmission System or the Interconnecting Transmission Owner's Interconnection Facilities. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of Interconnection Customer's or Interconnecting Transmission Owner's facilities and operations, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice.

13.3 Immediate Action. Unless, in Interconnection Customer's reasonable judgment, immediate action is required, Interconnection Customer shall obtain the consent of Interconnecting Transmission Owner and System Operator, such consent to not be unreasonably withheld, prior to performing any manual switching operations at the Large Generating Facility or the Interconnection Customer's Interconnection Facilities in response to an Emergency Condition either declared by the Interconnecting Transmission Owner or the System Operator or otherwise regarding the New England Transmission System.

13.4 System Operator's and Interconnecting Transmission Owner's Authority.

13.4.1 General. System Operator or Interconnecting Transmission Owner may take whatever actions or inactions with regard to the New England Transmission System or the Interconnecting Transmission Owner's Interconnection Facilities it deems necessary during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the New England Transmission System or Interconnecting Transmission Owner's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service.

System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Large Generating Facility or the Interconnection Customer's Interconnection Facilities. System Operator and Interconnecting Transmission Owner may, on the basis of technical considerations, require the Large Generating Facility to mitigate an Emergency Condition by taking

actions necessary and limited in scope to remedy the Emergency Condition, including, but not limited to, directing Interconnection Customer to shut-down, start-up, increase or decrease the real or reactive power output of the Large Generating Facility; implementing a reduction or disconnection pursuant to Article 13.4.2; directing the Interconnection Customer to assist with black start (if available) or restoration efforts; or altering the outage schedules of the Large Generating Facility and the Interconnection Customer's Interconnection Facilities. Interconnection Customer shall comply with all of System Operator's and Interconnecting Transmission Owner's operating instructions concerning Large Generating Facility real power and reactive power output within the manufacturer's design limitations of the Large Generating Facility's equipment that is in service and physically available for operation at the time, in compliance with Applicable Laws and Regulations.

13.4.2 Reduction and Disconnection. System Operator and Interconnecting Transmission Owner may reduce Interconnection Service or disconnect the Large Generating Facility or the Interconnection Customer's Interconnection Facilities when such reduction or disconnection is necessary in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. These rights are separate and distinct from any right of curtailment of the System Operator and Interconnecting Transmission Owner pursuant to the Tariff. When the System Operator and Interconnecting Transmission Owner can schedule the reduction or disconnection in advance, System Operator and Interconnecting Transmission Owner shall notify Interconnection Customer of the reasons, timing and expected duration of the reduction or disconnection. System Operator and Interconnecting Transmission Owner shall coordinate with the Interconnection Customer in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents to schedule the reduction or disconnection during periods of least impact to the Interconnection Customer and the System Operator and Interconnecting Transmission Owner. Any reduction or disconnection shall continue only for so long as reasonably necessary in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. The Parties shall cooperate with each other to restore the Large Generating Facility, the Interconnection Facilities, and the New England Transmission System to their normal operating state as soon as practicable in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

13.5 Interconnection Customer Authority. In accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents and the LGIA and the LGIP, the Interconnection Customer may take whatever actions or inactions with regard to the Large Generating Facility or the Interconnection Customer's Interconnection Facilities during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service. Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the New England

Transmission System and the Interconnecting Transmission Owner's Interconnection Facilities. System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to assist Interconnection Customer in such actions.

13.6 Limited Liability. Except as otherwise provided in Article 11.6.1 of this LGIA, a Party shall not be liable to another Party for any action it takes in responding to an Emergency Condition so long as such action is made in good faith and in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

ARTICLE 14. REGULATORY REQUIREMENTS AND GOVERNING LAW

14.1 Regulatory Requirements. Each Party's obligations under this LGIA shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this LGIA shall require Interconnection Customer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 1935, as amended. To the extent that a condition arises that could result in Interconnection Customer's inability to obtain, or its loss of, status or exemption under the Federal Power Act, the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978, the Parties shall engage in good faith negotiations to address the condition so that such result will not occur and so that this LGIA can be performed.

14.2 Governing Law.

14.2.1 The validity, interpretation and performance of this LGIA and each of its provisions shall be governed by the laws of the state where the Point of Interconnection is located, without regard to its conflicts of law principles.

14.2.2 This LGIA is subject to all Applicable Laws and Regulations.

14.2.3 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

ARTICLE 15. NOTICES

15.1 General. Unless otherwise provided in this LGIA, any notice, demand or request required or permitted to be given by a Party to another Party and any instrument required or permitted to be

tendered or delivered by a Party in writing to another Party shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix F (Addresses for Delivery of Notices and Billings).
A Party may change the notice information in this LGIA by giving five (5) Business Days written notice prior to the effective date of the change.

15.2 Billings and Payments. Billings and payments shall be sent to the addresses set out in Appendix F.

15.3 Alternative Forms of Notice. Any notice or request required or permitted to be given by a Party to another Party and not required by this Agreement to be given in writing may be so given by telephone, facsimile or email to the telephone numbers and email addresses set out in Appendix F.

15.4 Operations and Maintenance Notice. Each Party shall notify the other Party(ies) in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10.

ARTICLE 16. FORCE MAJEURE

16.1 Force Majeure.

16.1.1 Economic hardship is not considered a Force Majeure event.

16.1.2 A Party shall not be considered to be in Default with respect to any obligation hereunder (including obligations under Article 4), other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party(ies) in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

ARTICLE 17. DEFAULT

17.1 Default.

17.1.1 General. No Breach shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this LGIA or the result of an act or omission of the other Party(ies). Upon a Breach, the non-Breaching Party shall give written notice of such Breach to the breaching Party. Except as provided in Article 17.1.2, the Breaching Party shall have thirty (30) Calendar Days from receipt of the Breach notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the Breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Breach notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

17.1.2 Right to Terminate. If a Breach is not cured as provided in this Article, or if a Breach is not capable of being cured within the period provided for herein, the non-Breaching Party(ies) shall have the right to terminate this LGIA by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not those Parties terminate this LGIA, to recover from the Breaching Party all amounts due hereunder, plus all other damages and remedies to which they are entitled at law or in equity. The provisions of this Article will survive termination of this LGIA.

ARTICLE 18. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE

Notwithstanding any other provision of this Agreement, the liability, indemnification and insurance provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner and the liability, indemnification and insurance provisions of the Tariff apply to the relationship between the System Operator and the Interconnection Customer and between the Interconnecting Transmission Owner and the Interconnection Customer.

18.1 Indemnity. Each Party shall at all times indemnify, defend, and save the other Party(ies) harmless from any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's(ies') action or inactions of their obligations under this LGIA on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by an indemnified Party.

18.1.1 Indemnified Person. If an Indemnified Person is entitled to indemnification under this Article 18 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 18.1, to assume the defense of such claim, such Indemnified Person may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

18.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Article 18, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual Loss, net of any insurance or other recovery.

18.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 18.1 may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses.

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in which event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

18.2 Consequential Damages. Other than the Liquidated Damages heretofore described, in no event shall a Party be liable under any provision of this LGIA for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

18.3 Insurance. The Interconnecting Transmission Owner and the Interconnection Customer shall, at their own expense, maintain in force throughout the period of this LGIA, and until released by the other Party(ies), the following minimum insurance coverages, with insurers authorized to do business in the state where the Point of Interconnection is located:

18.3.1 Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located.

18.3.2 Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars ($1,000,000) per occurrence/One Million Dollars ($1,000,000) aggregate combined single limit for personal injury, bodily injury, including death, and property damage.

18.3.3 Comprehensive Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars ($1,000,000) per occurrence for bodily injury, including death, and property damage.

18.3.4 Excess Public Liability Insurance over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars ($20,000,000) per occurrence/Twenty Million Dollars ($20,000,000) aggregate.

18.3.5 The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Public Liability Insurance policies shall name the other Party(ies), its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall

contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this LGIA against the Other Party Group and provide thirty (30) Calendar Days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.

18.3.6 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.

18.3.7 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this LGIA, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.

18.3.8 The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this LGIA.

18.3.9 Within ten (10) days following execution of this LGIA, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, each Party shall provide certification of all insurance required in this LGIA, executed by each insurer or by an authorized representative of each insurer.

18.3.10 Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 18.3.2 through 18.3.8 to the extent it maintains a self-insurance program, provided that such Party's senior secured debt is rated at investment grade, or better, by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.2 through 18.3.8. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 18.3.2 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this Article, it shall notify the other Party(ies) that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.

18.3.11 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this LGIA.

ARTICLE 19. ASSIGNMENT

19.1 Assignment. This LGIA may be assigned by any Party only with the written consent of the other Parties; provided that the Parties may assign this LGIA without the consent of the other Parties to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this LGIA; and provided further that the Interconnection Customer shall have the right to assign this LGIA, without the consent of the Interconnecting Transmission Owner or System Operator, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that the Interconnection Customer will promptly notify the Interconnecting Transmission Owner and System Operator of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the Interconnecting Transmission Owner and System Operator of the date and particulars of any such exercise of assignment right(s), including providing the Interconnecting Transmission Owner with proof that it meets the requirements of Articles 11.5 and 18.3. Any attempted assignment that violates this Article is void and ineffective. Any assignment under this LGIA shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

ARTICLE 20. SEVERABILITY

20.1 Severability. If any provision in this LGIA is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this LGIA; provided that if the Interconnection Customer (or any third party, but only if such third party is not acting at the direction of the Interconnecting Transmission Owner) seeks and obtains such a final determination with respect to any provision of the Alternate Option (Article 5.1.2), or the Negotiated Option (Article 5.1.4), then none of these provisions shall thereafter have any force or effect and the Parties' rights and obligations shall be governed solely by the Standard Option (Article 5.1.1).

ARTICLE 21. COMPARABILITY

21.1 Comparability. The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

ARTICLE 22. CONFIDENTIALITY

22.1 Confidentiality. Confidential Information shall include, without limitation, all information governed by the ISO New England Information Policy, all information obtained from third parties under confidentiality agreements, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by a Party to another prior to the execution of this LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by a Party, the other Party(ies) shall provide, in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

22.1.1 Term. During the term of this LGIA, and for a period of three (3) years after the expiration or termination of this LGIA, except as otherwise provided in this Article 22, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

22.1.2 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this LGIA; or (6) is required, in accordance with Article 22.1.7 of the LGIA, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be

disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party(ies) that it no longer is confidential.

22.1.3 Release of Confidential Information. A Party shall not release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), subcontractors, employees, consultants, or to parties who may be or are considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with this LGIA, unless such person has first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 22.

22.1.4 Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party(ies). The disclosure by each Party to the other Party(ies) of Confidential Information shall not be deemed a waiver by a Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

22.1.5 No Warranties. By providing Confidential Information, a Party does not make any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, a Party does not obligate itself to provide any particular information or Confidential Information to the other Party(ies) nor to enter into any further agreements or proceed with any other relationship or joint venture.

22.1.6 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party(ies) under this LGIA or its regulatory requirements.

22.1.7 Order of Disclosure. If a court or a Governmental Authority or entity with the right, power, and apparent authority to do so requests or requires a Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party(ies) with prompt notice of such request(s) or requirement(s) so that the other Party(ies) may seek an appropriate protective order or waive compliance with the terms of this LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

22.1.8 Termination of Agreement. Upon termination of this LGIA for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from the other Party(ies), use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party(ies)) or return to the other Party(ies), without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party(ies).

22.1.9 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's(ies') Breach of its obligations under this Article 22. Each Party accordingly agrees that the other Party(ies) shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 22, which equitable relief shall be granted without bond or proof of damages, and the receiving Parties shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 22, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 22.

22.1.10 Disclosure to the Commission, its Staff, or a State. Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 CFR. section 1b.20, if the Commission or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this LGIA, the Party shall provide the requested information to the Commission or its staff, within the time provided for in the request for information. In providing the information to the Commission or its staff, the Party must, consistent with 18 CFR section 388.112, request that the information be treated as confidential and non-public by the Commission and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party(ies) to this LGIA prior to the release of the Confidential Information to the Commission or its staff. The Party shall notify the other Party(ies) to the LGIA when it is notified by the Commission or its staff that a request to release Confidential Information has been received by the Commission, at which time any of the Parties may respond before such information would be made public, pursuant to 18 CFR section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

22.1.11 Subject to the exception in Article 22.1.10, any information that a Party claims is competitively sensitive, commercial or financial information under this LGIA ("Confidential Information") shall not be disclosed by the other Party(ies) to any person not employed or retained by the other Party(ies), except to the extent disclosure

is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party(ies), such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIA or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Party(ies) in writing of the information it claims is confidential. Prior to any disclosures of the other Parties' Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party(ies) in writing and agrees to assert confidentiality and cooperate with the other Party(ies) in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

ARTICLE 23. ENVIRONMENTAL RELEASES

23.1 Each Party shall notify the other Party(ies), first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Large Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party(ies). The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four (24) hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Party(ies) copies of any publicly available reports filed with any Governmental Authorities addressing such events.

ARTICLE 24. INFORMATION REQUIREMENTS

24.1 **Information Acquisition.** Subject to any applicable confidentiality restrictions, including, but not limited to, codes of conduct, each Party shall submit specific information regarding the electrical characteristics of their respective facilities to each other as described below and in accordance with Applicable Reliability Standards.

24.2 **Information Submission by System Operator and Interconnecting Transmission Owner.** The initial information submission by System Operator and Interconnecting Transmission Owner shall occur no later than one hundred eighty (180) Calendar Days prior to the Initial

Synchronization Date and shall include information necessary to allow the Interconnection Customer to select equipment and meet any system protection and stability requirements, unless otherwise mutually agreed to by the Parties. On a monthly basis Interconnecting Transmission Owner shall provide Interconnection Customer a status report on the construction and installation of Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.

24.3 Updated Information Submission by Interconnection Customer. The updated information submission by the Interconnection Customer, including manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date. Interconnection Customer shall submit a completed copy of the Large Generating Facility data requirements contained in Appendix 1 to the LGIP. It shall also include any additional information provided to Interconnecting Transmission Owner and System Operator for the Interconnection Feasibility Study, Interconnection System Impact Study and Interconnection Facilities Study. Information in this submission shall be the most current Large Generating Facility design or expected performance data. Information submitted for stability models shall be compatible with Interconnecting Transmission Owner and System Operator standard models. If there is no compatible model, the Interconnection Customer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If the Interconnection Customer's data is different from what was originally provided to Interconnecting Transmission Owner pursuant to the Interconnection Study Agreement between Interconnecting Transmission Owner and Interconnection Customer, then the System Operator will review it and conduct appropriate studies, as needed, at the Interconnection Customer's cost, to determine the impact on the New England Transmission System based on the actual data submitted pursuant to this Article 24.3. The Interconnection Customer shall not begin Trial Operation until such studies are completed.

24.4 Information Supplementation. Prior to the Commercial Operation Date, the Parties shall supplement their information submissions described above in this Article 24 with any and all "as-built" Large Generating Facility information and "as-tested" performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. The Interconnection Customer shall conduct tests on the Large Generating Facility as required by Good Utility Practice such as an open circuit "step voltage" test on the Large Generating Facility to verify proper operation of the Large Generating Facility's automatic voltage regulator.

Unless otherwise agreed, the test conditions shall include: (1) Large Generating Facility at synchronous speed; (2) automatic voltage regulator on and in voltage control mode; and (3) a five percent change in Large Generating Facility terminal voltage initiated by a change in the voltage regulators reference voltage. Interconnection Customer shall provide validated test recordings showing the responses of Large Generating Facility terminal and field voltages. In the event that

direct recordings of these voltages is impractical, recordings of other voltages or currents that mirror the response of the Large Generating Facility's terminal or field voltage are acceptable if information necessary to translate these alternate quantities to actual Large Generating Facility terminal or field voltages is provided. Large Generating Facility testing shall be conducted and results provided to the Interconnecting Transmission Owner for each individual generating unit in a station.

The Interconnection Customer shall provide the Interconnecting Transmission Owner and System Operator with any information changes due to proposed equipment replacement, repair, or adjustment. Interconnecting Transmission Owner shall provide the Interconnection Customer and System Operator with any information changes due to proposed equipment replacement, repair or adjustment in the directly connected substation or any adjacent Interconnecting Transmission Owner-owned substation that may affect the Interconnection Customer's Interconnection Facilities equipment ratings, protection or operating requirements. The Parties shall provide such information in accordance with Article 5.19 of this Agreement.

ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS

25.1 Information Access. Each Party (the "disclosing Party") shall make available to the other Parties information that is in the possession of the disclosing Party and is necessary in order for the other Party(ies) to: (i) verify the costs incurred by the disclosing Party for which the other Party(ies) are responsible under this LGIA; and (ii) carry out its obligations and responsibilities under this LGIA. The Parties shall not use such information for purposes other than those set forth in this Article 25.1 and to enforce their rights under this LGIA.

25.2 Reporting of Non-Force Majeure Events. Each Party (the "notifying Party") shall notify the other Party(ies) when the notifying Party becomes aware of its inability to comply with the provisions of this LGIA for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this Article shall not entitle the Party receiving such notification to allege a cause for anticipatory Breach of this LGIA.

25.3 Audit Rights. Subject to the requirements of confidentiality under Article 22 of this LGIA, each Party shall have the right, during normal business hours, and upon prior reasonable notice to the other Party(ies), to audit at its own expense the other Party's(ies') accounts and records pertaining to a Party's performance or a Party's satisfaction of obligations under this LGIA. Such audit rights shall include audits of the other Party's(ies') costs, calculation of invoiced amounts, the efforts to allocate responsibility for the provision of reactive support to the New England Transmission System, the efforts to allocate responsibility for interruption or reduction of generation on the New England Transmission System, and each Party's actions in an Emergency Condition. Any audit authorized by this Article shall be performed at the offices where such

accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to each Party's performance and satisfaction of obligations under this LGIA. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 25.4.

25.4 Audit Rights Periods.

25.4.1 Audit Rights Period for Construction-Related Accounts and Records. Accounts and records related to the design, engineering, procurement, and construction of Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades shall be subject to audit for a period of twenty-four (24) months following Interconnecting Transmission Owner's issuance of a final invoice in accordance with Article 12.2.

25.4.2 Audit Rights Period for All Other Accounts and Records. Accounts and records related to a Party's performance or satisfaction of all obligations under this LGIA other than those described in Article 25.4.1 shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four (24) months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four (24) months after the event for which the audit is sought.

25.5 Audit Results. If an audit by a Party determines that an overpayment or an underpayment has occurred, a notice of such overpayment or underpayment shall be given to the other Party(ies) together with those records from the audit which support such determination.

ARTICLE 26. SUBCONTRACTORS

26.1 General. Nothing in this LGIA shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this LGIA; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this LGIA in providing such services and each Party shall remain primarily liable to the other Party(ies) for the performance of such subcontractor.

26.2 Responsibility of Principal. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this LGIA. The hiring Party shall be fully responsible to the other Party(ies) for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under Article 5 of this LGIA. Any applicable obligation imposed by this LGIA upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

26.3 No Limitation by Insurance. The obligations under this Article 26 will not be limited in any way by any limitation of subcontractor's insurance.

ARTICLE 27. DISPUTES

27.1 Submission. In the event a Party has a dispute, or asserts a claim, that arises out of or in connection with this LGIA or its performance, such Party (the "disputing Party") shall provide the other Party(ies) with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party(ies). In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's(ies') receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this LGIA.

27.2 External Arbitration Procedures. Any arbitration initiated under this LGIA shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The arbitrator so chosen by the System Operator shall chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable Commission regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail

27.3 Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this LGIA and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

27.4 Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel; or (2) a pro rata share of the cost of a single arbitrator chosen by the Parties.

ARTICLE 28. REPRESENTATIONS, WARRANTIES AND COVENANTS

28.1 General. Each Party makes the following representations, warranties and covenants:

28.1.1 Good Standing. Such Party is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Large Generating Facility, Interconnection Facilities and Network Upgrades owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this LGIA and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this LGIA.

28.1.2 Authority. Such Party has the right, power and authority to enter into this LGIA, to become a Party hereto and to perform its obligations hereunder. This LGIA is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

28.1.3 No Conflict. The execution, delivery and performance of this LGIA does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

28.1.4 Consent and Approval. Such Party has sought or obtained, or, in accordance with this LGIA will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this LGIA, and it will provide to any Governmental Authority notice of any actions under this LGIA that are required by Applicable Laws and Regulations.

ARTICLE 29. [OMITTED]

ARTICLE 30. MISCELLANEOUS

30.1 Binding Effect. This LGIA and the rights and obligations hereof shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

30.2 Conflicts. In the event of a conflict between the body of this LGIA and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this LGIA shall prevail and be deemed the final intent of the Parties.

30.3 Rules of Interpretation. This LGIA, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this LGIA, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this LGIA), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this LGIA or such Appendix of this LGIA, or such Section of the LGIP or such Appendix of the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this LGIA as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

30.4 Entire Agreement. Except for the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, this LGIA, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this LGIA. Except for the ISO New England Operating Documents, Applicable Reliability Standards, any applicable tariffs, related facilities agreements, or successor documents, there are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this LGIA.

30.5 No Third Party Beneficiaries. This LGIA is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

30.6 Waiver. The failure of a Party to this LGIA to insist, on any occasion, upon strict performance of any provision of this LGIA will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by a Party of its rights with respect to this LGIA shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this LGIA. Termination or Default of this LGIA for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Interconnecting Transmission Owner. Any waiver of this LGIA shall, if requested, be provided in writing.

30.7 Headings. The descriptive headings of the various Articles of this LGIA have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this LGIA.

30.8 Multiple Counterparts. This LGIA may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

30.9 Amendment. The Parties may by mutual agreement amend this LGIA by a written instrument duly executed by the Parties.

30.10 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this LGIA by a written instrument duly executed by all of the Parties. Such amendment shall become effective and a part of this LGIA upon satisfaction of all Applicable Laws and Regulations.

30.11 Reservation of Rights. Consistent with Section 11.3 of the LGIP, Interconnecting Transmission Owner and System Operator shall have the right to make unilateral filings with the Commission to modify this LGIA with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this LGIA pursuant to section 206 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Parties and to participate fully in any proceeding before the Commission in which such modifications may be considered. In the event of disagreement on terms and

conditions of the LGIA related to the costs of upgrades to such Interconnecting Transmission Owner's transmission facilities, the anticipated schedule for the construction of such upgrades, any financial obligations of Interconnecting Transmission Owner, and any provisions related to physical impacts of the interconnection on Interconnecting Transmission Owner's transmission facilities or other assets, then the standard applicable under Section 205 of the Federal Power Act shall apply only to Interconnecting Transmission Owner's position on such terms and conditions. Nothing in this LGIA shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

30.12 No Partnership. This LGIA shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Parties.

IN WITNESS WHEREOF, the Parties have executed this LGIA in triplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

ISO New England Inc. (System Operator)
By:
Title:
Date:

[*Insert Name of*] (Interconnecting Transmission Owner)
By:
Title:
Date:

[*Insert name of*] (Interconnection Customer)
By:
Title:
Date:

APPENDICES TO LGIA

Appendix A	Interconnection Facilities, Network Upgrades and Distribution Upgrades
Appendix B	Milestones
Appendix C	Interconnection Details
Appendix D	Security Arrangements Details
Appendix E	Commercial Operation Date
Appendix F	Addresses for Delivery of Notices and Billings
Appendix G	Interconnection Requirements for a Wind Generating Plant

APPENDIX A TO LGIA

Interconnection Facilities, Network Upgrades and Distribution Upgrades

1. Interconnection Facilities:

a. **Point of Interconnection and Point of Change of Ownership**. The Point of Interconnection shall be at the point where [*insert description of location*]. See Appendix A-[*insert*], which drawing is attached hereto and made part hereof.

The Point of Change of Ownership shall be at the point where *[insert description of location]*. See Appendix A – [*insert*], which drawing is attached hereto and made part hereof.

If not located at the Point of Interconnection, the metering point(s) shall be located at: [*insert location*].

b. **Interconnection Customer's Interconnection Facilities (including metering equipment)**. The Interconnection Customer shall construct [*insert Interconnection Customer's Interconnection Facilities*]. See Appendix A-[*insert*].

c. **Interconnecting Transmission Owner's Interconnection Facilities (including metering equipment)**. The Interconnecting Transmission Owner shall construct [*insert Interconnecting Transmission Owner's Interconnection Facilities*]. See Appendix – [*insert*].

2. Network Upgrades:

a. **Stand Alone Network Upgrades**. [*insert Stand Alone Network Upgrades*].

b. **Other Network Upgrades**. [*insert Other Network Upgrades*].

3. Distribution Upgrades. [*insert Distribution Upgrades*]

4. Affected System Upgrades. [insert Affected System Upgrades]

5. Contingency Upgrades List:

a. Long Lead Facility-Related Upgrades. The Interconnection Customer's Large Generating Facility is associated with a Long Lead Facility, in accordance with Section 3.2.3 of the LGIP. Pursuant to Section 4.1 of the LGIP, the Interconnection Customer shall be responsible for the following upgrades in the event that the Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation in accordance with Section III.13.1 of the Tariff:

[*insert list of upgrades*]

If the Interconnection Customer fails to cause these upgrades to be in-service prior to the commencement of the Long Lead Facility's Capacity Commitment Period, the Interconnection Customer shall be deemed to be in Breach of this LGIA in accordance with Article 17.1, and the System Operator will initiate all necessary steps to terminate this LGIA, in accordance with Article 2.3.

b. Other Contingency Upgrades. [*e.g*., list of upgrades associated with higher queued Interconnection Requests with LGIAs prior to this LGIA and any other contingency upgrades that the Parties may deem necessary for the interconnection of the Large Generating Facility.]

6. Post-Forward Capacity Auction Re-study Upgrade Obligations. [*insert any change in upgrade obligations that result from re-study conducted post receiving a Capacity Supply Obligation through a Forward Capacity Auction.*]

APPENDIX B TO LGIA

Milestones

1. **Selected Option Pursuant to Article 5.1:** Interconnection Customer selects the [*insert*]. Options as described in Articles 5.1.[*insert*], 5.1.[*insert*], and 5.1.[*insert*] shall not apply to this LGIA.

2. **Milestones and Other Requirements for all Large Generating Facilities:** The description and entries listed in the following table establish the required Milestones in accordance with the provisions of the LGIP and this LGIA. The referenced section of the LGIP or article of the LGIA should be reviewed by each Party to understand the requirements of each milestone.

Item No.	Milestone Description	Responsible Party	Date	LGIP/LGIA Reference
1	Provide evidence of continued Site Control to System Operator, or $250,000 non-refundable deposit to Interconnecting Transmission Owner	Interconnection Customer	Within 15 BD of final LGIA receipt	§ 11.3.1.1 of LGIP
2	Provide evidence of one or more milestones specified in § 11.3 of LGIP	Interconnection Customer	Within 15 BD of final LGIA receipt	§ 11.3.1.2 of LGIP
3	Commit to a schedule for payment of upgrades	Interconnection Customer	Within 15 BD of final LGIA receipt	§ 11.3.1.2 of LGIP
4	Provide either (1) evidence of Major Permits or (2) refundable deposit to Interconnecting Transmission Owner	Interconnection Customer	If (1) Within 15 BD of final LGIA receipt or if (2) At time of LGIA execution	§ 11.3.1.2 of LGIP
5	Provide certificate of insurance	Interconnection Customer and Interconnecting Transmission Owner	Within 10 Calendar Days of execution of LGIA	§ 18.3.9 of LGIA
6	Provide siting approval for	Interconnection	As may be agreed	§ 7.5 of LGIP

	Generating Facility and Interconnection Facilities to Interconnecting Transmission Owner	Customer	to by the Parties	
7A	Receive Governmental Authority approval for any facilities requiring regulatory approval	Interconnection Customer and/or Interconnecting Transmission Owner	If needed, as may be agreed to by the Parties	§ 5.6.1 of LGIA
7B	Obtain necessary real property rights and rights-of-way for the construction of a discrete aspect of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades	Interconnection Customer and/or Interconnecting Transmission Owner	If needed, as may be agreed to by the Parties	§ 5.6.2 of LGIA
7C	Provide to Interconnecting Transmission Owner written authorization to proceed with design, equipment procurement and construction	Interconnection Customer	As may be agreed to by the Parties	§ 5.5.2 and § 5.6.3 of LGIA
7D	Provide quarterly written progress reports	Interconnection Customer and Interconnecting Transmission Owner	15 Calendar Days after the end of each quarter beginning the quarter that includes the date for Milestone 7C and ending when the entire Large Generating Facility and all required Interconnection Facilities and Network Upgrades are in place	§ 5.7 of LGIA
8	Provision of Security to	Interconnection	At least 30	§§ 5.5.3 and 5.6.4

	Interconnecting Transmission Owner pursuant to Section 11.5 of LGIA	Customer	Calendar Days prior to design, procurement and construction	of LGIA
9	Provision of Security Associated with Tax Liability to Interconnecting Transmission Owner pursuant to Section 5.17.3 of LGIA	Interconnection Customer	As may be agreed to by the Parties	§ 5.17.3 of LGIA
10	Commit to the ordering of long lead time material for Interconnection Facilities and Network Upgrades	Interconnection Customer	As may be agreed to by the Parties	§ 7.5 of LGIP
11A	Provide initial design, engineering and specification for Interconnection Customer's Interconnection Facilities to Interconnecting Transmission Owner	Interconnection Customer	180 Calendar Days prior to Initial Synchronization Date	§ 5.10.1 of LGIA § 7.5 of LGIP
11B	Provide comments on initial design, engineering and specification for Interconnection Customer's Interconnection Facilities	Interconnecting Transmission Owner	Within 30 Calendar Days of receipt	§ 5.10.1 of LGIA § 7.5 of LGIP
12A	Provide final design, engineering and specification for Interconnection Customer's Interconnection Facilities to Interconnecting Transmission Owner	Interconnection Customer	90 Calendar Days prior to Initial Synchronization Date	§ 5.10.1 of LGIA § 7.5 of LGIP
12B	Provide comments on final design, engineering and specification for Interconnection Customer's Interconnection Facilities	Interconnecting Transmission Owner	Within 30 Calendar Days of receipt	§ 5.10.1 of LGIA § 7.5 of LGIP
13	Deliver to Transmission Owner "as built" drawings, information and documents	Interconnection Customer	Within 120 Calendar Days of Commercial	§ 5.10.3 of LGIA

	regarding Interconnection Customer's Interconnection Facilities		Operation date	
14	Provide protective relay settings to Interconnecting Transmission Owner for coordination and verification	Interconnection Customer	At least 90 Calendar Days prior to Initial Synchronization Date	§§ 5.10.1 of LGIA
15	Commencement of construction of Interconnection Facilities	Interconnecting Transmission Owner	As may be agreed to by the Parties	§ 5.6 of LGIA
16	Submit updated data "as purchased"	Interconnection Customer	No later than 180 Calendar Days prior to Initial Synchronization Date	§ 24.3 of LGIA
17	In Service Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	§ 3.3.1 and 4.4.5 of LGIP, § 5.1 of LGIA
18	Initial Synchronization Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	§ 3.3.1, 4.4.4, 4.4.5, and 7.5 of LGIP
19	Submit supplemental and/or updated data – "as built/as-tested"	Interconnection Customer	Prior to Commercial Operation Date	§ 24.4 of LGIA
20	Commercial Operation Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	§ 3.3.1, 4.4.4, 4.4.5, and 7.5 of LGIP
21	Deliver to Interconnection Customer "as built" drawings, information and documents regarding	Interconnecting Transmission Owner	If requested, within 120 Calendar Days after Commercial	§ 5.11 of LGIA

	Interconnecting Transmission Owner's Interconnection Facilities		Operation Date	
22	Provide Interconnection Customer final cost invoices	Interconnecting Transmission Owner	Within 6 months of completion of construction of Interconnecting Transmission Owner Interconnection Facilities and Network Upgrades	§ 12.2 of LGIA

3. **Milestones Applicable Solely for CNR Interconnection Service and Long Lead Facility Treatment.** In addition to the Milestones above, the following Milestones apply to Interconnection Customers requesting CNR Interconnection Service and/or Long Lead Facility Treatment:

Item No.	Milestone Description	Responsible Party	Date	LGIP/LGIA Reference
1	If Long Lead Facility, all dates by which Critical Path Schedule upgrades will be submitted to System Operator (end date for New Capacity Show of Interest Submission)	Interconnection Customer		§ 3.2.3 of LGIP
2	If Long Lead Facility, dates by which Long Lead Facility Deposits will be provided to System Operator (each deadline for which New Generating Capacity Resource would be required to provide financial assurance under § III.13.1.9 of the Tariff)	Interconnection Customer		§ 3.2.3 of LGIP
3	If Long Lead Facility, Capacity Commitment Period (not to exceed the Commercial Operation Date)	Interconnection Customer		§ 1 and 3.2 of LGIP
4	Submit necessary requests for participation in the Forward Capacity	Interconnection		§ 3.2.1.3 of LGIP

	Auction associated with the Generating Facility's requested Commercial Operation Date, in accordance with Section III.13 of the Tariff	Customer		
5	Participate in a CNR Group Study	Interconnection Customer		§ 3.2.1.3 of LGIP
6	Qualify and receive a Capacity Supply Obligation in accordance with Section III.13 of the Tariff	Interconnection Customer		§ 3.2.1.3 of LGIP
7	Complete a re-study of the applicable Interconnection Study to determine the cost responsibility for facilities and upgrades necessary to accommodate the Interconnection Request based on the results of the Forward Capacity Auction or Reconfiguration Auction or bilateral transaction through which the Interconnection Customer received a Capacity Supply Obligation	System Operator		§ 3.2.1.3 of LGIP

APPENDIX C TO LGIA

Interconnection Details

1. Description of Interconnection:

Interconnection Customer shall install a [*insert*] MW facility, rated at [*insert*]MW gross and [*insert*] MW net, with all studies performed at or below these outputs. The Generating Facility is comprised of [*insert*] units in a [*insert description of facility type - combined cycle, wind farm, etc*.] rated at: [*insert*] MW each, and will located at [*insert location*].

The Large Generating Facility shall receive:

Network Resource Interconnection Service for the NR Capability at a level not to exceed [*insert gross and net*] MW for Summer, and [*insert gross and net*] MW for Winter.

Capacity Network Resource Interconnection Service for: (i) the NR Capability at a level not to exceed [*insert gross and net at or above 50 degrees F*] MW for Summer and [*insert gross and net at or above 0 degrees F*] MW for Winter; and (ii) the CNR Capability at [*insert net*] MW for Summer and [*insert net*] MW for Winter, which shall not exceed [*insert the maximum net MW electrical output of the Generating Facility at an ambient temperature at or above 90 degrees F for summer and at or above 20 degrees F for winter*.] The CNR Capability shall be the highest amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff and, if applicable, as specified in filings by the System Operator with the Commission pursuant to Section III.13 of the Tariff.

2. Detailed Description of Generating Facility and Generator Step-Up Transformer, if applicable:

Generator Data	
Number of Generators	
Manufacturer	

Model	
Designation of Generator(s)	
Excitation System Manufacturer	
Excitation System Model	
Voltage Regulator Manufacturer	
Voltage Regulator Model	
Generator Ratings	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 90 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 50 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 20 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above zero Degrees F	
Station Service Load For Each Unit	
Overexcited Reactive Power at Rated MVA and Rated Power Factor	
Underexcited Reactive Power at Rated MVA and Rated Power Factor	
Generator Short Circuit and Stability Data	
Generator MVA rating	
Generator AC Resistance	
Subtransient Reactance (saturated)	
Subtransient Reactance (unsaturated)	

Transient Reactance (saturated)	
Negative sequence reactance	
Transformer Data	
Number of units	
Self Cooled Rating	
Maximum Rating	
Winding Connection (LV/LV/HV)	
Fixed Taps	
Z1 primary to secondary at self cooled rating	
Z1 primary to tertiary at self cooled rating	
Z1 secondary to tertiary at self cooled rating	
Positive Sequence X/R ratio primary to secondary	
Z0 primary to secondary at self cooled rating	
Z0 primary to tertiary at self cooled rating	
Z0 secondary to tertiary at self cooled rating	
Zero Sequence X/R ratio primary to tertiary	

3. Other Description of Interconnection Plan and Facilities:

[*Insert any other description relating to the Generating Facility, including, but not limited to switchyard, protection equipment, step-up transformer to the extent not described in Appendix A.*]

APPENDIX D TO LGIA

Security Arrangements Details

Infrastructure security of the New England Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day New England Transmission System reliability and operational security. The Commission will expect System Operator, Interconnecting Transmission Owners, market participants, and Interconnection Customers interconnected to the New England Transmission System to comply with the recommendations offered by the Critical Infrastructure Protection Committee and, eventually, best practice recommendations from NERC. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

APPENDIX E TO LGIA

Commercial Operation Date

This Appendix E is a part of the LGIA between System Operator Interconnecting, Transmission Owner and Interconnection Customer.

[*Date*]

[*Interconnecting Transmission Owner; Address*]
[to be supplied]

Generator Interconnections
Transmission Planning Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

Re: _____ Large Generating Facility

Dear _____:

On [Date] [Interconnection Customer] has completed Trial Operation of Unit No. ___. This letter confirms that [Interconnection Customer] commenced commercial operation of Unit No. ___ at the Large Generating Facility, effective as of [Date plus one day].

Thank you.

[*Signature*]
[*Interconnection Customer Representative*]

APPENDIX F TO LGIA

Addresses for Delivery of Notices and Billings Notices:

System Operator:

Generator Interconnections
Transmission Planning Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

With copy to:
Billing Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

Interconnecting Transmission Owner:

[To be supplied.]

Interconnection Customer:

[*To be supplied*.]

Billings and Payments:

System Operator:

Generator Interconnections
Transmission Planning Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

With copy to:
Billing Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

Interconnecting Transmission Owner:

[*To be supplied*.]

Interconnection Customer:
[*To be supplied.*]

Alternative Forms of Delivery of Notices (telephone, facsimile or email):

System Operator:
Facsimile: (413) 540-4203
E-mail: geninterconn@iso-ne.com

With copy to:
Facsimile: (413) 535-4024

E-mail: billingdept@iso-ne.com
Interconnecting Transmission Owner:
[*To be supplied.*]

Interconnection Customer:
[*To be supplied.*]

DUNS Numbers:
Interconnection Customer: [To be supplied]

Interconnecting Transmission Owner: [To be supplied]

APPENDIX G TO LGIA

Interconnection Requirements For A Wind Generating Plant

Appendix G sets forth requirements and provisions specific to a wind generating plant. All other requirements of this LGIA continue to apply to wind generating plant interconnections.

A. Technical Standards Applicable to a Wind Generating Plant

i. Low Voltage Ride-Through (LVRT) Capability

A wind generating plant shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The LVRT standard provides for a transition period standard and a post-transition period standard.

Transition Period LVRT Standard

The transition period standard applies to wind generating plants subject to FERC Order 661 that have either: (i) interconnection agreements signed and filed with the Commission, filed with the Commission in unexecuted form, or filed with the Commission as non-conforming agreements between January 1, 2006 and December 31, 2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generating turbines subject to a wind turbine procurement contract executed prior to December 31, 2005, for delivery through 2007.

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the System Operator and Interconnecting Transmission Owner. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15 p.u., as measured at the high side of the wind generating plant step-up transformer (i.e. the transformer that steps the voltage up to the transmission interconnection voltage or "GSU"), after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU or to faults that would result in a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.

3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.

4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAr Compensator, etc.) within the wind generating plant or by a combination of generator performance and additional equipment.

5. Existing individual wind generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT. Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual wind generator units that are replaced are required to meet the Appendix G LVRT Standard.

Post-transition Period LVRT Standard

All wind generating plants subject to FERC Order No. 661 and not covered by the transition period described above must meet the following requirements:

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the System Operator and Interconnecting Transmission Owner. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system. A wind generating plant shall remain interconnected during such a fault on the transmission system for a voltage level as low as zero volts, as measured at the high voltage side of the wind GSU.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU.

3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.

4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAr Compensator) within the wind generating plant or by a combination of generator performance and additional equipment.

5. Existing individual wind generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual wind generator units that are replaced are required to meet the Appendix G LVRT Standard.

ii. Power Factor Design Criteria (Reactive Power)

A wind generating plant shall maintain a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this LGIA, if the Interconnection System Impact Study shows that such a requirement is necessary to ensure safety or reliability. The power factor range standard can be met by using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors if agreed to by the System Operator and Interconnecting Transmission Owner, or a combination of the two. The Interconnection Customer shall not disable power factor equipment while the wind generating plant is in operation. Wind generating plants shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the Interconnection System Impact Study shows this to be required for system safety or reliability.

iii. Supervisory Control and Data Acquisition (SCADA) Capability

The wind generating plant shall provide SCADA capability to transmit data and receive instructions from the System Operator and Local Control Center to protect system reliability. The System Operator, Interconnecting Transmission Owner and the wind generating plant Interconnection Customer shall determine what SCADA information is essential for the proposed wind generating plant, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

APPENDIX 7
INTERCONNECTION PROCEDURES FOR WIND GENERATION

Appendix 7 sets forth procedures specific to a wind generating plant. All other requirements of this LGIP continue to apply to wind generating plant interconnections.

A. Special Procedures Applicable to Wind Generating Plants

The wind generating plant Interconnection Customer, in completing the Interconnection Request required by Section 3.3 of this LGIP, may provide to the System Operator a set of preliminary electrical design specifications depicting the wind generating plant as a single equivalent generator. Upon satisfying these and other applicable Interconnection Request conditions, the wind generating plant may enter the queue and receive the base case data as provided for in this LGIP.

No later than six months after submitting an Interconnection Request completed in this manner, the wind generating plant Interconnection Customer must submit completed detailed electrical design specifications and other data (including collector system layout data) needed to allow the System Operator to complete the Interconnection System Impact Study.

SCHEDULE 23

SMALL GENERATOR
INTERCONNECTION PROCEDURES

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EXHIBIT 1 - Small Generator Interconnection Agreement (SGIA)

SECTION 1. APPLICATION

1.1 Applicability

1.1.1 The Small Generator Interconnection Procedures ("SGIP") and Small Generator Interconnection Agreement ("SGIA") shall apply to Interconnection Requests, as defined in Attachment 1, pertaining to Small Generating Facilities, except that the SGIP and SGIA shall not apply to: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility. In the event the SGIP and SGIA do not apply, the Interconnection Customer shall follow the applicable state tariff, rules or procedures regarding generator interconnections.

A request to interconnect a certified Small Generating Facility (See Attachments 3 and 4 for description of certification criteria) no larger than 2 MW shall be evaluated under the section 2 Fast Track Process. A request to interconnect a certified inverter-based Small Generating Facility no larger than 10 kW (solely as a Network Resource) shall be evaluated under the Attachment 5 10 kW Inverter Process. A request to interconnect a Small Generating Facility larger than 2 MW but no larger than 20 MW or a Small Generating Facility that does not pass the Fast Track Process or the 10 kW Inverter Process, shall be evaluated under the section 3 Study Process.

1.1.2 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of these procedures. To the extent that the definitions herein are different than those contained in Section I.2.2 of the Tariff, the definitions provided below shall control only for the

purposes of generator interconnections under this Schedule 23. Capitalized terms in Schedule 23 that are not defined in Attachment 1 or the body of these procedures shall have the meanings specified in Section I.2.2 of the Tariff.

1.1.3 Neither these procedures nor the requirements included hereunder apply to Small Generating Facilities interconnected or approved for interconnection prior to May 9, 2006.

1.1.4 Prior to submitting its Interconnection Request (Attachment 2), the Interconnection Customer may ask the System Operator's interconnection contact employee or office whether the proposed interconnection is subject to these procedures. The System Operator shall respond within fifteen (15) Business Days.

1.1.5 Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Commission expects all ISOs/RTOs, Interconnecting Transmission Owners, market participants, and Interconnection Customers interconnected with electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices.

1.1.6 References in these procedures to interconnection agreement are to the SGIA.

1.2 Pre-Application

The System Operator shall designate an employee or office from which information on the application process and on an Affected System can be obtained through informal requests from the Interconnection Customer presenting a proposed project for a specific site. The names, telephone numbers, and e-mail addresses of the System Operator's contact employees or offices shall be made available on the System Operator's Internet web site. Electric system information provided to the Interconnection Customer

should include relevant system studies, interconnection studies, and other materials useful to an understanding of an interconnection at a particular point on the Administered Transmission System, to the extent such provision does not violate confidentiality provisions of prior agreements or critical infrastructure requirements. The System Operator shall comply with reasonable requests for such information.

1.3 Interconnection Request

To initiate an Interconnection Request, the Interconnection Customer shall submit its Interconnection Request to the System Operator, together with the processing fee or deposit specified in the Interconnection Request. The Interconnection Request shall be date- and time-stamped upon receipt. The original date- and time-stamp applied to the Interconnection Request at the time of its original submission shall be accepted as the qualifying date- and time-stamp for the purposes of any timetable in these procedures. The Interconnection Customer shall be notified of receipt by the System Operator within three (3) Business Days of receiving the Interconnection Request. The System Operator shall notify the Interconnection Customer within ten (10) Business Days of the receipt of the Interconnection Request as to whether the Interconnection Request is complete or incomplete. If the Interconnection Request is incomplete, the System Operator shall provide along with the notice that the Interconnection Request is incomplete, a written list detailing all information that must be provided to complete the Interconnection Request. The Interconnection Customer will have ten (10) Business Days after receipt of the notice to submit the listed information or to request an extension of time to provide such information. If the Interconnection Customer does not provide the listed information or a request for an extension of time within the deadline, the Interconnection Request will be deemed withdrawn. An Interconnection Request will be deemed complete upon submission of the listed information to the System Operator.

The Interconnection Customer must submit a separate Interconnection Request for each site. The Interconnection Customer must comply with the requirements specified in this Section 1.3 for each Interconnection Request even when more than one request is submitted for a single site.

1.3.1 Within three (3) Business Days of receiving the Interconnection Request, the System Operator shall provide a copy of the Interconnection Request to the Interconnecting Transmission Owner. The System

Operator, in consultation with the Interconnecting Transmission Owner, shall determine whether the Interconnection Request is complete or incomplete. If such request is to interconnect to a distribution facility, the Interconnecting Transmission Owner shall be responsible for determining whether the distribution facility is subject to the Tariff.

1.4 Site Control

Documentation of site control must be submitted with the Interconnection Request. Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. Site control may be demonstrated through:

1.4.1 Ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Small Generating Facility;

1.4.2 An option to purchase or acquire a leasehold site for such purpose; or

1.4.3 An exclusivity or other business relationship between the Interconnection Customer and the entity having the right to sell, lease, or grant the Interconnection Customer the right to possess or occupy a site for such purpose; or

1.4.4 Filed applications for required permits to site on federal or state property.

1.5 Queue Position

1.5.1 **General**. The System Operator shall assign a Queue Position based upon the date- and time-stamp of the Interconnection Request. Except as otherwise provided in this Section 1.5, the Queue Position of each Interconnection Request will be used to determine: (i) the order of performing the Interconnection Studies; (ii) the order in which CNR Interconnection Requests will be included in the CNR Group Study; and (iii) the cost responsibility for the interconnection facilities and upgrades necessary to accommodate the Interconnection Request. The System Operator shall maintain a single queue. At the System Operator's option, Interconnection Requests may be studied serially or in clusters for the purpose of the Interconnection System Impact Study.

1.5.2 **Implications**. Where a CNR Interconnection Request with a lower Queue Position submits a New Capacity Show of Interest Form for qualification to participate in a particular Forward Capacity Auction for a Capacity Commitment Period and another CNR Interconnection Request with a higher Queue Position does not submit a New Capacity Show of Interest Form for qualification until a subsequent Forward Capacity Auction, the CNR Interconnection Request with the lower Queue Position will be included in the CNR Group Study prior to the CNR Interconnection Request with the higher Queue Position. The CNR Group Study (to be conducted in accordance with Section III.13.1.1.2.3 of the Tariff) shall include all Interconnection Requests for CNR Interconnection Service that have submitted a New Capacity Show of Interest Form during the New Capacity Show of Interest Submission Window for the purpose of qualification for participation in the same Forward Capacity Auction for a Capacity Commitment Period, in accordance with Section III.13.1.1.2 of the Tariff, as well as Long Lead Facilities, in accordance with Section 3.2.3 of Schedule 22 of Section II of the Tariff. Participation in a CNR Group Study shall be a prerequisite for a Generating Facility seeking to qualify as a New Generating Capacity Resource under Section III.13.1 of the Tariff to obtain CNR Interconnection Service. An Interconnection Customer with a CNR Interconnection Request for a Generating Facility that is treated as a Conditional Qualified New Generating Capacity Resource, in accordance with Section III.13.1.1.2.3(f) of the Tariff, may be responsible for the facilities and upgrades associated with an overlapping CNR Interconnection Request having a higher Queue Position if the Conditional Qualified New Generating Capacity Resource obtains a Capacity Supply Obligation through a Forward Capacity Auction under Section III.13.2.5 of the Tariff. An Interconnection Customer with a lower queued CNR Interconnection Request for a Generating Facility that has achieved Commercial Operation and obtained a Capacity Supply Obligation through a Forward Capacity Auction may be responsible for additional facilities and upgrades if the related higher queued Generating Facility with a CNR Interconnection Request for a Long Lead Facility (as defined in Schedule 22 of Section II of the Tariff) achieves Commercial Operation and obtains a Capacity Supply

Obligation through a Forward Capacity Auction. In such circumstance, Attachment 2 to the SGIA for the lower queued CNR Interconnection Request shall specify the facilities and upgrades for which the Interconnection Customer shall be responsible if the higher queued CNR Interconnection Request for a Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation.

1.5.3 **Transferability of Queue Position.** An Interconnection Customer may transfer its Queue Position to another entity only if such entity acquires the specific Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change. The Interconnection Customer must notify the System Operator, in writing, of any transfers of Queue Position and must provide the System Operator with the transferee's contact information, and System Operator shall notify Interconnecting Transmission Owner and any Affected Parties of the same.

1.5.4 **Modifications**. Any modification to the Interconnection Request, including the information provided in the attachments, and to the machine data or equipment configuration or to the interconnection site of the Small Generating Facility not agreed to in writing by the System Operator, in consultation with the Interconnecting Transmission Owner, and the Interconnection Customer may be deemed a withdrawal of the Interconnection Request and may require submission of a new Interconnection Request, unless proper notification of each Party by the other and a reasonable time to cure the problems created by the change are undertaken. A request to: (1) increase the energy capability or capacity capability output of the Small Generating Facility above that specified in an Interconnection Request, an existing Interconnection Agreement (whether executed or filed in unexecuted form with the Commission), or as established pursuant to 1.6.4 of this SGIP shall require a new Interconnection Request for the incremental increase and such Interconnection Request will receive the lowest Queue Position available at that time for the purposes of cost allocation and study analysis; and (2) change from NR Interconnection Service to CNR Interconnection Service, at any time, shall require a new Interconnection Request for CNR Interconnection Service and such Interconnection Request will receive the lowest Queue Position available at that time for the purposes of cost allocation and study analysis.

Notwithstanding the foregoing, in the circumstance in which the Interconnection Customer seeking New Generating Capacity Resource treatment for its Generating Facility (pursuant to Section III.13.1 of the Tariff) has offered into a Forward Capacity Auction the full megawatt amount for which the CNR Interconnection Service was requested in the original Interconnection Request (or as that amount has been

modified in accordance with this Section 1.5.4), but the entire amount did not clear in that Auction, no new Interconnection Request will be required if the Interconnection Customer seeks to offer the uncleared amount in a subsequent Forward Capacity Auction for which the associated Capacity Commitment Period begins less than seven (7) years from the date of the original Interconnection Request.

1.6 Procedures for Transition

1.6.1 **Queue Position for Pending Requests.** Any Interconnection Customer assigned a Queue Position prior to February 1, 2009 shall retain that Queue Position subject to Section 1.6 of the SGIP.

1.6.1.1 If an Interconnection Study Agreement has not been executed prior to February 1, 2009, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with the version of this SGIP in effect on February 1, 2009 (or as revised thereafter).

1.6.1.2 If an Interconnection Study Agreement has been executed prior to February 1, 2009, such Interconnection Study shall be completed in accordance with the terms of such agreement.

1.6.2 **Transition Period**. To the extent necessary, the System Operator, Interconnection Customers with an outstanding Interconnection Request (i.e., an Interconnection Request for which an SGIA has neither been executed nor submitted to the Commission for approval prior to February 1, 2009), Interconnecting Transmission Owner and any other Affected Parties, shall transition to proceeding under the version of the SGIP in effect as of February 1, 2009 (or as revised thereafter) within a reasonable period of time not to exceed sixty (60) Calendar Days. The use of the term "outstanding Interconnection Request" herein shall mean any Interconnection Request, on February 1, 2009: (i) that has been submitted, together with the required deposit and attachments, but not yet accepted by the System Operator; (ii) where the related SGIA has not yet been submitted to the Commission for approval in executed or unexecuted form, (iii) where the relevant Interconnection Study Agreements have not yet been executed, or (iv) where any of the relevant Interconnection Studies are in process but not yet completed. Any Interconnection Customer with an outstanding request as of the effective date of this SGIP may request a reasonable extension of

any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Interconnection Request. A reasonable extension shall be granted by the System Operator to the extent consistent with the intent and process provided for under this SGIP.

1.6.3 **One-Time Election for CNR Interconnection Service at Queue Position Assigned Prior to February 1, 2009**. An Interconnection Customer with an outstanding Interconnection Request will be eligible to make a one-time election to be considered for CNR Interconnection Service at the Queue Position assigned prior to February 1, 2009. The Interconnection Customer's one-time election must be made by the end of the New Generating Capacity Show of Interest Submission Window for the fourth Forward Capacity Auction. Interconnection Customers requesting CNR Interconnection Service will be required to comply with the requirements for CNR Interconnection Service set forth in Section 1.7.1. Interconnection Customers requesting CNR Interconnection Service that have not received a completed Interconnection System Impact Study may request a preliminary, non-binding, analysis of potential upgrades that may be necessary for the fourth Forward Capacity Auction – the prompt or near-term auction – pursuant to Sections 3.3.2 or 3.4.3, whichever is applicable.

1.6.4 **Grandfathering.**

1.6.4.1 An Interconnection Customer's Generating Facility that is interconnected pursuant to an Interconnection Agreement executed or submitted to the Commission for approval prior to February 1, 2009, will maintain its status as a Network Resource with Network Resource Interconnection Service eligible to participate in the New England Markets, in accordance with the requirements of Market Rule 1, Section III of the Tariff, up to the megawatt amount specified in the Interconnection Agreement, subject to the Interconnection Customer satisfying all requirements set forth in the Interconnection Agreement and this SGIP. If the Generating Facility does not meet the criteria set forth in Section 1.6.4.3 of this SGIP, the Interconnection Customer will be eligible to make a one-time election, pursuant to Section 1.6.3, for Capacity Network Resource treatment without submitting a new Interconnection Request; however, the Interconnection Customer will be required to comply with the requirements for CNR Interconnection Service set forth in Section 1.7.1. Upon completion of the requirements to obtain CNR Interconnection Service, the Interconnection Customer's Interconnection Agreement shall be amended to conform to the SGIA in Exhibit 1 of this SGIP.

1.6.4.2 An Interconnection Customer's Generating Facility governed by an Interconnection Agreement either executed or filed with the Commission in unexecuted form prior to August 1, 2008, shall maintain the Queue Position assigned as of August 1, 2008, and be eligible to participate in the New England Markets, in accordance with the requirements in Market Rule 1, Section III of the Tariff, as in effect as of August 1, 2008, so long as the Interconnection Customer complies with all of the requirements specified in the Interconnection Agreement, including achieving the milestones associated with At-Risk Expenditures, subject to Section 1.5.4 of this SGIP.

1.6.4.3 All resources that are treated as Existing Generating Capacity Resources in the fourth Forward Capacity Auction pursuant to Section III.13 of the Tariff shall receive treatment as a CNR and obtain CNR Interconnection Service, in accordance with this SGIP, up to the CNR Capability of the resource. The grandfathered CNR Capability for these resources shall be equal to the megawatt amount established pursuant to the following hierarchy:

(a) First, the megawatt amount specified in an Interconnection Agreement (whether executed or filed in unexecuted form with the Commission).

(b) Second, in the absence of an Interconnection Agreement with a specified megawatt amount, the megawatt amount specified in an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision).

(c) Third, in the absence of an Interconnection Agreement and an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) with a specified megawatt amount, as determined by the System Operator based on the documented historic capability of the Generating Facility.

Where a resource has both an Interconnection Agreement and an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision), the lower megawatt amount will govern until the resource completes the applicable process(es) under the Tariff for obtaining the higher megawatt amount. The absence of an Interconnection Agreement or an approval pursuant to Section I.3.9 (or its predecessor provision) specifying a megawatt amount shall be confirmed by an affidavit executed by a corporate officer of the

resource attesting that the resource does not have an Interconnection Agreement and/or an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) that specifies a megawatt amount.

Where the governing document (as determined by the hierarchy set forth in 1.6.4.3) specifies a megawatt amount at an ambient temperature consistent with the definition of CNR Capability, the grandfathered CNR Capability shall be equal to that amount.

Where the governing document (as determined by the hierarchy set forth in Section 1.6.4.3) does not specify an ambient temperature, the megawatt amount will be deemed to be at the value consistent with the definition of CNR Capability.

Where the implementation of this Section 1.6.4.3 results in a CNR Capability that is different than previously had been identified, the revised CNR Capability will be applied commencing with the next Forward Capacity Auction qualification process (after the revised CNR Capability value is identified), which is initiated by the Show of Interest Window in accordance with Section III.13 of the Tariff. The revised CNR Capability will continue to govern until the resource completes the applicable process(es) for obtaining the higher megawatt amount.

1.6.4.4 All resources that are treated as Existing Generating Capacity Resources in the fourth Forward Capacity Auction pursuant to Section III.13 of the Tariff shall receive treatment as a NR and obtain NR Interconnection Services in accordance with this SGIP, up to the NR Capability of the resource. The grandfathered NR Capability shall be determined pursuant to the hierarchy set forth in Section 1.6.4.3.

Where the governing document (as described by the hierarchy set forth in Section 1.6.4.3) of a resource for which a temperature-adjustment curve is used for the claimed capability verification, as set forth in the ISO New England Manuals, specifies a megawatt amount at an ambient temperature, the grandfathered NR Capability shall be equal to a temperature-adjusted value consistent with the definition of NR Capability.

Where the governing document (as determined by the hierarchy set forth in Section 1.6.4.3) does not specify an ambient temperature, the megawatt amount will be deemed to be at the value consistent with the definition of NR Capability.

1.7 Type of Interconnection Services

At the time the Interconnection Request is submitted, the Interconnection Customer must request either CNR Interconnection Service or NR Interconnection Service, as described in Sections 1.7.1 and 1.7.2 below. An Interconnection Customer that meets the requirements to obtain CNR Interconnection Service shall obtain NR Interconnection Service up to the NR Capability upon completion of all requirements for NR Interconnection Service, including all necessary upgrades. Upon completion of all requirements for the CNR Interconnection Service, the Interconnection Customer shall also receive CNR Interconnection Service for CNR Capability. An Interconnection Customer that meets the requirements to obtain NR Interconnection Service shall receive NR Interconnection Service for the Interconnection Customer's Generating Facility NR Capability.

1.7.1 Capacity Network Resource Interconnection Service

1.7.1.1 **The Product**. The System Operator must conduct the necessary studies in conjunction with the Interconnecting Transmission Owner, and with other Affected Parties as appropriate and in accordance with applicable codes of conduct and confidentiality requirements, and the Interconnecting Transmission Owner and other Affected Parties as appropriate must construct the Network Upgrades needed to interconnect the Small Generating Facility in a manner comparable to that in which CNRs are interconnected under the CC Interconnection Standard. CNR Interconnection Service allows the Interconnection Customer's Small Generating Facility to be designated as a CNR, and to participate in the New England Markets, in accordance with the Tariff, up to the CNR Capability or as otherwise provided in the Tariff, on the same basis as existing CNRs, and to be studied as a CNR on the assumption that such a designation will occur.

1.7.1.2 **The Studies**. All Interconnection Studies for CNR Interconnection Service shall assure that the Interconnection Customer's Small Generating Facility satisfies the minimum characteristics required to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System. The CNR Group Study for CNR Interconnection Service shall assure that the Interconnection Customer's Small Generating Facility can be interconnected in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other CNRs, in accordance with the CC Interconnection Standard and as detailed in the ISO New England Planning Procedures. The Interconnection Request may also be studied with the New England Transmission System under non-peak load conditions. However, upon request by the Interconnection Customer, the System Operator and as appropriate the Interconnecting Transmission Owner must explain in writing to the Interconnection Customer why the study of non-peak load conditions is required for reliability purposes.

1.7.1.3 **Milestones for CNR Interconnection Service**. In addition to the requirements set forth in this SGIP, an Interconnection Customer with an Interconnection Request for CNR Interconnection Service shall complete the following milestones prior to receiving CNR Interconnection Service for the CNR Capability, such milestones to be specified in Attachment 4 of the SGIA as either completed or to be completed: (i) submit the necessary requests for participation in the Forward Capacity Auction associated with the Generating Facility's requested Commercial Operation Date (except as modified by Agreement with the System Operator pursuant to Section 1.5.4 of this SGIP), in accordance with the provisions of Section III.13 of the Tariff; (ii) participate in a CNR Group Study for the Forward Capacity Auction associated with the requested Generating Facility's Commercial Operation Date; (iii) qualify and receive a Capacity Supply Obligation in accordance with Section III.13 of the Tariff; and (iv) complete a re-study of the applicable Interconnection Study to determine the cost responsibility for facilities and upgrades necessary to accommodate the Interconnection Request based on the results of the Forward Capacity Auction or Reconfiguration Auction or bilateral transaction, as applicable, through which the Interconnection Customer received a Capacity Supply Obligation. With respect to (iv) above, if an Interconnection Study has been completed, the completed Interconnection Study shall be subject to re-study, in accordance with the re-study provisions in this SGIP. If an Interconnection Study Agreement has been executed, the Interconnection Study associated with the Interconnection Study Agreement shall include the necessary analysis that would otherwise have been performed in a re-study. If an SGIA has been either executed or filed with the Commission in unexecuted form, then the last Interconnection Study completed for the Interconnection Customer under this SGIP shall be subject to re-study. The

Attachments to the SGIA shall be amended (pursuant to Article 12.2 of the SGIA) to reflect CNR Capability and the results of the re-study.

1.7.2 Network Resource Interconnection Service

1.7.2.1 **The Product.** The System Operator must conduct the necessary studies in conjunction with the Interconnecting Transmission Owner, and with other Affected Parties as appropriate and in accordance with applicable codes of conduct and confidentiality requirements, and the Interconnecting Transmission Owner and other Affected Parties as appropriate must construct the Network Upgrades needed to interconnect the Small Generating Facility in a manner comparable to that in which Network Resources are interconnected under the NC Interconnection Standard. NR Interconnection Service allows the Interconnection Customer's Small Generating Facility to participate in the New England Markets in accordance with the provisions of Market Rule 1, Section III of the Tariff, up to the gross and net NR Capability or as otherwise provided in Market Rule 1, Section III of the Tariff, on the same basis as other Network Resources. Notwithstanding the above, the portion of a Small Generating Facility that has been designated solely as a Network Resource interconnected under the NC Interconnection Standard cannot be a capacity resource under Section III.13 of the Tariff, except pursuant to a new Interconnection Request for CNR Interconnection Service.

1.7.2.2 **The Studies**. The Interconnection Studies for an Network Resource shall assure that the Interconnection Customer's Small Generating Facility satisfies the minimum characteristics required to interconnect in a manner that avoids any significant adverse effect on reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the unit, in accordance with the NR Interconnection Standard and as detailed in the ISO New England Planning Procedures. The System Operator, in coordination with the Interconnecting Transmission Owner, may also study the New England Transmission System under non-peak load conditions.

However, upon request by the Interconnection Customer, the System Operator and as appropriate the Interconnecting Transmission Owner must explain in writing to the Interconnecting Transmission Owner why the study of non-peak load conditions is required for reliability purposes.

1.7.2.3 Milestones for NR Interconnection Service. An Interconnection Customer with an Interconnection Request for NR Interconnection Service shall complete the requirements in this SGIP prior to receiving NR Interconnection Service.

1.8 Withdrawal

1.8.1 The Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to System Operator, which System Operator will transmit to the Interconnecting Transmission Owner and any Affected Parties. In addition, if the Interconnection Customer fails to adhere to all requirements of this SGIP, except as provided in Section 4.2 (Disputes), the System Operator shall deem the Interconnection Request to be withdrawn and shall provide written notice to the Interconnection Customer of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, if the Interconnection Customer wishes to dispute the withdrawal notice, the Interconnection Customer shall have fifteen (15) Business Days, unless otherwise provided elsewhere in this SGIP, in which to either respond with information or actions that cure the deficiency or to notify the System Operator of its intent to pursue dispute resolution, and the System Operator shall notify the Interconnecting Transmission Owner and any Affected Parties of the same.

1.8.2 Withdrawal shall result in the loss of the Interconnection Customer's Queue Position. If an Interconnection Customer disputes the withdrawal and loss of its Queue Position, then during dispute resolution, the System Operator may eliminate the Interconnection Customer's Interconnection Request from the queue until such time that the outcome of dispute resolution would restore its Queue Position. An Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to System Operator, Interconnecting Transmission Owner, and any Affected Parties all costs prudently incurred with respect to that Interconnection Request prior to the System Operator's receipt of

notice described above. The Interconnection Customer must pay all monies due before it is allowed to obtain any interconnection study data or results.

1.8.3 The System Operator shall update the OASIS Queue Position posting. The System Operator and Interconnecting Transmission Owner shall: (i) arrange to refund to the Interconnection Customer any portion of the Interconnection Customer's deposit or study payments that exceeds the costs incurred; or (ii) arrange to charge to the Interconnection Customer any amount of such costs incurred that exceed the Interconnection Customer's deposit or study payments. In the event of such withdrawal, the System Operator, subject to the confidentiality provisions of Section 4.5 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information, shall provide, at Interconnection Customer's request, all information developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

SECTION 2. FAST TRACK PROCESS

2.1 Applicability

The Fast Track Process is available to an Interconnection Customer proposing to interconnect its Small Generating Facility with the Administered Transmission System if the Small Generating Facility is no larger than 2 MW and if the Interconnection Customer's proposed Small Generating Facility meets the codes, standards, and certification requirements of Attachments 3 and 4 of these procedures, or the System Operator in conjunction with the Interconnecting Transmission Owner has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

2.2 Initial Review

Within fifteen (15) Business Days after the System Operator notifies the Interconnection Customer it has received a complete Interconnection Request, the System Operator in conjunction with the Interconnecting Transmission Owner shall perform an initial review using the screens set forth below,

shall notify the Interconnection Customer of the results, and include with the notification copies of the analysis and data underlying the determinations under the screens.

2.2.1 Screens

2.2.1.1 The proposed Small Generating Facility's Point of Interconnection must be on a portion of the Interconnecting Transmission Owner's Distribution System that is subject to the Tariff.

2.2.1.2 For interconnection of a proposed Small Generating Facility to a radial distribution circuit, the aggregated generation, including the proposed Small Generating Facility, on the circuit shall not exceed 15 % of the line section annual peak load as most recently measured at the substation. A line section is that portion of an Interconnecting Transmission Owner's electric system connected to a customer bounded by automatic sectionalizing devices or the end of the distribution line.

2.2.1.3 For interconnection of a proposed Small Generating Facility to the load side of spot network protectors, the proposed Small Generating Facility must utilize an inverter-based equipment package and, together with the aggregated other inverter-based generation, shall not exceed the smaller of 5 % of a spot network's maximum load or 50 kW.

2.2.1.4 The proposed Small Generating Facility, in aggregation with other generation on the distribution circuit, shall not contribute more than 10 % to the distribution circuit's maximum fault current at the point on the high voltage (primary) level nearest the proposed point of change of ownership.

2.2.1.5 The proposed Small Generating Facility, in aggregate with other generation on the distribution circuit, shall not cause any distribution protective devices and equipment (including, but not limited to, substation breakers, fuse cutouts, and line reclosers), or Interconnection Customer equipment on the system to exceed 87.5 % of the short circuit interrupting capability; nor shall the interconnection be proposed for a circuit that already exceeds 87.5 % of the short circuit interrupting capability.

2.2.1.6 Using the table below, determine the type of interconnection to a primary distribution line. This screen includes a review of the type of electrical service provided to the Interconnecting Customer, including line configuration and the transformer connection to limit the potential for creating over-voltages on the Interconnecting Transmission Owner's electric power system due to a loss of ground during the operating time of any anti-islanding function.

Primary Distribution Line Type	Type of Interconnection to Primary Distribution Line	Result/Criteria
Three-phase, three wire	3-phase or single phase, phase-to-phase	Pass screen
Three-phase, four wire	Effectively-grounded 3 phase or Single-phase, line-to-neutral	Pass screen

2.2.1.7 If the proposed Small Generating Facility is to be interconnected on single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed Small Generating Facility, shall not exceed 20 kW.

2.2.1.8 If the proposed Small Generating Facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20 % of the nameplate rating of the service transformer.

2.2.1.9 The Small Generating Facility, in aggregate with other generation interconnected to the transmission side of a substation transformer feeding the circuit where the Small Generating Facility proposes to interconnect shall not exceed 10 MW in an area where there are known, or posted, transient stability limitations to generating units located in the general electrical vicinity (e.g., three or four transmission busses from the point of interconnection).

2.2.1.10 No construction of facilities by the Interconnecting Transmission Owner on its own system shall be required to accommodate the Small Generating Facility.

2.2.2 If the proposed interconnection passes the screens, the Interconnection Request shall be approved for Network Resource interconnection Service and the System Operator in conjunction with the Interconnecting Transmission Owner will provide the Interconnection Customer an executable SGIA within five (5) Business Days after the determination.

2.2.3 If the proposed interconnection fails the screens, but the System Operator in conjunction with the Interconnecting Transmission Owner determines that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards, the System Operator in conjunction with the Interconnecting Transmission Owner shall provide the Interconnection Customer an executable SGIA within five (5) Business Days after the determination. If the Interconnection Request is for Capacity Network Resource Interconnection Service, the Interconnection Customer must also comply with the milestones for CNR Interconnection Service specified in Section 1.7.1.3 of the SGIP.

2.2.4 If the proposed interconnection fails the screens, but the System Operator in conjunction with the Interconnecting Transmission Owner, does not or cannot determine from the initial review that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards unless the Interconnection Customer is willing to consider minor modifications or further study, the System Operator in conjunction with the Interconnecting Transmission Owner shall provide the Interconnection Customer with the opportunity to attend a customer options meeting.

2.3 Customer Options Meeting

If the System Operator in conjunction with the Interconnecting Transmission Owner determines the Interconnection Request cannot be approved without minor modifications at minimal cost; or a supplemental study or other additional studies or actions; or at significant cost to address safety, reliability, or power quality problems, within the five (5) Business Day period after the determination, the

System Operator shall notify the Interconnection Customer and provide copies of all data and analyses underlying its conclusion. Within ten (10) Business Days of such determination, the System Operator shall offer to convene a customer options meeting with the Interconnection Customer and Interconnecting Transmission Owner to review possible Interconnection Customer facility modifications or the screen analysis and related results, to determine what further steps are needed to permit the Small Generating Facility to be connected safely and reliably. At the time of notification of the determination, or at the customer options meeting:

2.3.1 The Interconnecting Transmission Owner shall offer to perform facility modifications or minor modifications to the Interconnecting Transmission Owner's electric system (e.g., changing meters, fuses, relay settings) and provide a non-binding good faith estimate of the limited cost to make such modifications to the Interconnecting Transmission Owner's electric system; or

2.3.2 The System Operator shall offer to perform a supplemental review if the System Operator in conjunction with the Interconnecting Transmission Owner concludes that the supplemental review might determine that the Small Generating Facility could continue to qualify for interconnection pursuant to the Fast Track Process, and provide a non-binding good faith estimate of the costs of such review; or

2.3.3 The System Operator shall obtain the Interconnection Customer's agreement to continue evaluating the Interconnection Request under the section 3 Study Process.

2.4 Supplemental Review

If the Interconnection Customer agrees to a supplemental review, the Interconnection Customer shall agree in writing within fifteen (15) Business Days of the offer, and submit a deposit to the System Operator for the estimated costs. The Interconnection Customer shall be responsible for the System Operator's and the Interconnecting Transmission Owner's actual costs for conducting the supplemental review. The Interconnection Customer must pay any review costs that exceed the deposit within twenty (20) Business Days of receipt of the invoice or resolution of any dispute. If the deposit exceeds the

invoiced costs, the System Operator and Interconnecting Transmission Owner will return such excess within twenty (20) Business Days of the invoice without interest.

2.4.1 Within ten (10) Business Days following receipt of the deposit for a supplemental review, the System Operator in conjunction with the Interconnecting Transmission Owner will determine if the Small Generating Facility can be interconnected safely and reliably.

2.4.1.1 If so, the System Operator in conjunction with the Interconnecting Transmission Owner, shall forward an executable SGIA to the Interconnection Customer within five (5) Business Days.

2.4.1.2 If so, and Interconnection Customer facility modifications are required to allow the Small Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under these procedures, the System Operator in conjunction with the Interconnecting Transmission Owner, shall forward an executable SGIA to the Interconnection Customer within five (5) Business Days after confirmation that the Interconnection Customer has agreed to make the necessary changes at the Interconnection Customer's cost. The Interconnection Customer shall provide written notice to the System Operator and the Interconnecting Transmission Owner of whether the Interconnection Customer agrees to make the necessary Interconnection Customer facility modifications at the Interconnection Customer's cost within thirty (30) Business Days of receiving notice that such modifications are required.

2.4.1.3 If so, and minor modifications to the Interconnecting Transmission Owner's electric system are required to allow the Small Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under the Fast Track Process, the System Operator in conjunction with the Interconnecting Transmission Owner, shall forward an executable SGIA to the Interconnection Customer within ten (10) Business Days that requires the Interconnection Customer to pay the costs of such system modifications prior to interconnection.

2.4.1.4.If not, the Interconnection Request will continue to be evaluated under the section 3 Study Process.

SECTION 3. STUDY PROCESS

3.1 Applicability

The Study Process shall be used by an Interconnection Customer proposing to interconnect its Small Generating Facility with the Administered Transmission System if the Small Generating Facility (1) is larger than 2 MW but no larger than 20 MW, (2) is 2 MW or less and is not certified, or (3) is 2 MW or less and is certified but did not pass the Fast Track Process or the 10 kW Inverter Process.

3.2 Scoping Meeting

3.2.1 A scoping meeting will be held within ten (10) Business Days after the Interconnection Request is deemed complete, or as otherwise mutually agreed to by the Parties. The System Operator, the Interconnecting Transmission Owner, the Interconnection Customer and the Affected Party(ies) will bring to the meeting personnel, including system engineers and other resources as may be reasonably required to accomplish the purpose of the meeting. Before participating in a scoping meeting with an Interconnection Customer that is also an Affiliate, the Interconnecting Transmission Owner shall post on the OASIS an advance notice of its intent to do so.

3.2.2 The purpose of the scoping meeting is to discuss the Interconnection Request and review existing studies relevant to the Interconnection Request, including: (i) the estimated timeline for completing all applicable Interconnection Studies, (ii) exchange pertinent information including any transmission data that would reasonably be expected to impact interconnection options, (iii) analyze such information, and (iv) determine the potential feasible Points of Interconnection, and (v) to discuss any other information necessary to facilitate the administration of the Interconnection Procedures. If a PSCAD model is required, the Parties shall discuss this at the Scoping Meeting. The Parties shall discuss whether the System Operator should perform an Interconnection Feasibility Study or proceed directly to an Interconnection System Impact Study, or an Interconnection Facilities Study, or an SGIA.

Within five (5) Business Days following the scoping meeting, the Interconnection Customer shall notify the System Operator, in writing: (i) whether it wants the Interconnection Feasibility Study to be

completed, as a separate and distinct study or as part of the Interconnection System Impact Study, and (ii) the Point(s) of Interconnection and any reasonable alternative Point(s) of Interconnection for inclusion in the attachment to the Interconnection Feasibility Study Agreement (Attachment 6), or the Interconnection System Impact Study Agreement (Attachment 7) if the Interconnection Customer elects not to pursue the Interconnection Feasibility Study.

3.2.3 The scoping meeting may be omitted by mutual agreement. In order to remain in consideration for interconnection, an Interconnection Customer who has requested an Interconnection Feasibility Study must return the executed Interconnection Feasibility Study Agreement (or Interconnection System Impact Study Agreement if the Interconnection Customer elected not to pursue the Interconnection Feasibility Study), within fifteen (15) Business Days.

3.3 Interconnection Feasibility Study

3.3.1 **Interconnection Feasibility Study Agreement**. Within five (5) Business Days following the Interconnection Customer's request for an Interconnection Feasibility Study, the System Operator shall tender to Interconnection Customer the Interconnection Feasibility Study Agreement signed by the System Operator and Interconnecting Transmission Owner, including an outline of the scope of the Interconnection Feasibility Study and a non-binding good faith estimate of the cost to perform the Interconnection Feasibility Study. The Interconnection Feasibility Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Interconnection Feasibility Study, including the cost of developing the study agreement and its attachment(s). No later than fifteen (15) Business Days after its receipt of the Interconnection Feasibility Study Agreement, the Interconnection Customer shall execute and deliver the agreement, including completed attachments, to System Operator and the Interconnecting Transmission Owner, together with the refundable deposit of the lesser of 50 percent of the good faith estimated Interconnection Feasibility Study costs or earnest money of $1,000. The deposit shall be applied toward the cost of the Interconnection Feasibility Study, including the cost of developing the study agreement and its attachment(s). Any difference between the study deposit and the actual cost of the Interconnection Feasibility Study shall be paid by or refunded to the Interconnection Customer. The System Operator and/or Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of the Interconnection Feasibility Study that have been

incurred by the System Operator and/or the Interconnecting Transmission Owner on the Interconnection Feasibility Study, including the development of the study agreement and its attachment(s). The System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Feasibility Study on each month. The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. System Operator shall continue to hold any amounts on deposits until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

3.3.2 **Scope of Interconnection Feasibility Study**. The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the Administered Transmission System with available data and information. The Interconnection Feasibility Study does not require detailed model development. The Interconnection Feasibility Study will consider the Base Cases as well as all generating facilities (and with respect to (iii), any identified Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced: (i) are directly interconnected to the New England Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the New England Transmission System; and (iv) have no Queue Position but have executed a SGIA or requested that an unexecuted SGIA be filed with the Commission. An Interconnection Customer with a CNR Interconnection Request may also request that the Interconnection Feasibility Study include a preliminary, non-binding, analysis to identify potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff, based on a limited set of assumptions to be specified by the Interconnection Customer and reflected in Attachment A to the Interconnection Feasibility Study Agreement. The Interconnection Feasibility Study will consist of a power flow, including thermal analysis and voltage analysis, and short circuit analysis. The Interconnection Feasibility Study report will provide (i) a list of facilities and a non-binding good faith estimate of cost responsibility; (ii) a non-binding good faith estimated time to construct; (iii) a protection assessment to determine the required Interconnection Facilities; and may provide (iv) an evaluation of the siting of Interconnection Facilities and Network Upgrades; and (v) identification of the likely permitting and siting process including easements and environmental work. To the extent the Interconnection Customer requested a preliminary analysis as described in this Section 3.3, the Interconnection Feasibility Study report will also provide a

list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

3.3.3 **Interconnection Feasibility Study Procedures**. The System Operator in coordination with Interconnecting Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Interconnection Feasibility Study no later than thirty (30) Business Days after System Operator and Interconnecting Transmission Owner receive the fully executed Interconnection Feasibility Study Agreement, study deposit and required technical data in accordance with Section 3.3.1. At the request of the Interconnection Customer or at any time the System Operator or the Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Feasibility Study, the System Operator shall notify the Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If the System Operator is unable to complete the Interconnection Feasibility Study within that time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

3.3.4 **Meeting with Parties.** Within ten (10) Business Days of providing an Interconnection Feasibility Study report to the Interconnection Customer, the System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Interconnection Feasibility Study.

If the feasibility study shows no potential for adverse system impacts, the System Operator shall send the Interconnection Customer an Interconnection Facilities Study Agreement (Attachment 8), including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study. If no additional facilities are required, an executable SGIA shall be tendered to the Interconnection Customer within five (5) Business Days of the provision of the Interconnection Feasibility Study report. If no Interconnection System Impact Study of the Administered Transmission System is required, as a result of the Interconnection Feasibility Study, but potential electric power Distribution System adverse system impacts are identified in the scoping meeting or shown in the Interconnection Feasibility Study, a

distribution system impact study must be performed. The System Operator shall send the Interconnection Customer a distribution system impact study agreement within fifteen (15) Business Days of transmittal of the feasibility study report, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or following the scoping meeting if no Interconnection Feasibility Study is to be performed.

3.3.5 **Re-Study**. If re-study of the Interconnection Feasibility Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project, (iii) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (iv) a modification to a transmission project included in the Base Case, the System Operator shall notify the Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take not longer than thirty (30) Business Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection Feasibility Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection Feasibility Study Agreement. The Interconnection Customer shall have the option to waive the re-study and elect to have the re-study performed as part of its Interconnection System Impact Study. The Interconnection Customer shall provide written notice of the waiver and election of moving directly to the Interconnection System Impact Study within five (5) Business Days of receiving notice from the System Operator of the required re-study.

3.4 Interconnection System Impact Study

3.4.1 **Interconnection System Impact Study Agreement**. Within five (5) Business Days following the Interconnection Feasibility Study results meeting, the System Operator and Interconnecting Transmission Owner shall provide to Interconnection Customer the Interconnection System Impact Study Agreement, which includes a non-binding good faith estimate of the cost and timeframe to perform the Interconnection System Impact Study. The Interconnection System Impact Study Agreement shall provide that the Interconnection Customer shall compensate the System Operator and Interconnecting

Transmission Owner for the actual cost of the Interconnection System Impact Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the SGIA.

3.4.2 **Execution of Interconnection System Impact Study Agreement.** The Interconnection Customer shall execute the Interconnection System Impact Study Agreement and deliver the executed Interconnection System Impact Study Agreement, including completed attachments, to the System Operator no later than fifteen (15) Business Days after its receipt along with (1) demonstration of Site Control, (2) a refundable deposit of 50 percent of the good faith estimated cost for the transmission portion of the Interconnection System Impact Study and 100 percent of the good faith estimated cost for the distribution portion of the Interconnection System Impact Study and (3) a PSCAD model if one was determined to be needed at the Scoping Meeting; provided that if a PSCAD model was determined to be needed at the Scoping Meeting, then the Interconnection Customer shall have ninety (90) Calendar Days from the execution of the System Impact Study Agreement to provide the PSCAD model. Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. The deposit shall be applied toward the cost of the Interconnection System Impact Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the SGIA. Any difference between the study deposit and the actual cost of the Interconnection System Impact Study shall be paid by or refunded to the Interconnection Customer. The System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of Interconnection System Impact Study that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the System Impact Study, including the study agreement and its attachment(s) and the SGIA.

The System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the transmission portion of the Interconnection System Impact Study on each month. The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the

amounts on deposit until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

3.4.3 **Scope of Interconnection System Impact Study**. The Interconnection System Impact Study shall evaluate the impact of the proposed interconnection on the reliability and operation of the New England Transmission System. The Interconnection System Impact Study will consider the Base Case as well as all generating facilities (and with respect to (iii) below, any identified Network Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced: (i) are directly interconnected to the New England Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the New England Transmission System; and (iv) have no Queue Position but have executed a SGIA or requested that an unexecuted SGIA be filed with the Commission. An Interconnection Customer with a CNR Interconnection Request that elected to waive the Interconnection Feasibility Study may also request that the Interconnection System Impact Study include a preliminary, non-binding, analysis to identify potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff, based on a limited set of assumptions to be specified by the Interconnection Customer and reflected in Attachment A to the Interconnection System Impact Study Agreement. The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, a power flow analysis, including thermal analysis and voltage analysis, a system protection analysis and any other analyses that are deemed necessary by the System Operator in consultation with the Interconnecting Transmission Owner. The Interconnection System Impact Study report will state the assumptions upon which it is based, state the results of the analyses, and provide the requirements or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study report will provide (i) a list of facilities that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility, (ii) a non-binding good faith estimated time to construct, (iii) a protection assessment to determine the required protection upgrades; and may provide (iv) an evaluation of the siting of the Interconnection Facilities and Network Upgrades; and (v) identification of the likely permitting and siting process including easements and environmental work. To the extent the Interconnection Customer requested a preliminary analysis as described in this Section 3.4.3, the Interconnection System Impact Study report will also provide a list of potential upgrades that

may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

3.4.4 **Interconnection System Impact Study Procedures.** The System Operator shall coordinate the Interconnection System Impact Study with the Interconnecting Transmission Owner, and with any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, that is affected by the Interconnection Request. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Interconnection System Impact Study within forty-five (45) Business Days after the receipt of the Interconnection System Impact Study Agreement, study deposit, demonstration of Site Control, if Site Control is required, and required technical data in accordance with Section 3.4.2. At the request of the Interconnection Customer or at any time the System Operator or Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection System Impact Study, the System Operator shall notify the Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If the System Operator and Interconnecting Transmission Owner are unable to complete the Interconnection System Impact Study within the time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

3.4.5 **Meeting with Parties.** Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer, the System Operator shall convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, to discuss the results of the Interconnection System Impact Study. Within five (5) Business Days following the study results meeting, the Interconnection Customer shall provide to the System Operator written notice that it will either pursue the Interconnection Facilities Study or waive the Interconnection Facilities Study and elect an expedited interconnection.

If the Interconnection Customer waives the Facilities Study, it shall commit to the following milestones in the SGIA: (i) Siting approval for the Generating Facility and Interconnection Facilities; (ii) Engineering of Interconnection Facilities approved by Interconnecting Transmission Owner; (iii) Ordering of long lead time material for Interconnection Facilities and system upgrades; (iv) Initial Synchronization Date; and (v) Commercial Operation Date. Within thirty (30) Calendar Days of the Interconnection Customer receiving the Interconnection System Impact Study report, the Interconnection Customer shall provide written comments on the report or written notice that it has no comments on the report. The System Operator shall issue a final Interconnection System Impact Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving the Interconnection Customer's notice that it will not provide comments.

3.4.6 **Re-Study.** If re-study of the Interconnection System Impact Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project, (iii) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (iv) a modification to a transmission project included in the Base Case, the System Operator shall notify the Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take no longer than thirty (30) Business Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection System Impact Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection System Impact Study Agreement.

3.4.7 **Operational Readiness.** The System Operator shall, as close to the Interconnection Customer's actual Synchronization Date as reasonably possible, ensure that current stability analyses, power flow analyses, and any other analyses deemed necessary by the System Operator, are performed or reviewed, as deemed appropriate by the System Operator, and to develop or update procedures to address the operation of the New England Transmission System with the addition of the Interconnection Customer's Generating Facility. The operational analysis will also include tests of system performance with selected facilities out of service. Such studies shall be performed at the expense of the Interconnection Customer. The System Operator is not obligated to perform the operational analyses described in this Section 3.4.7 if, in the exercise of reasonable discretion, the System Operator in consultation with Interconnecting

Transmission Owner determines that interconnection of the Interconnection Customer's Generating Facility to the Administered Transmission System is remote and speculative.

3.5 Interconnection Facilities Study

3.5.1 **Interconnection Facilities Study Agreement**. The Interconnection Customer may waive the Interconnection Facilities Study and instead elect expedited interconnection and proceed with a SGIA in accordance with the requirements specified in Section 4.8. If the Interconnection Customer elects to proceed with an Interconnection Facilities Study, the System Operator shall provide to the Interconnection Customer an Interconnection Facilities Study Agreement in the form of Attachment 8 to this SGIP simultaneously with the delivery of the Interconnection System Impact Study report to the Interconnection Customer. The Interconnection Facilities Study Agreement shall provide that the Interconnection Customer shall compensate the System Operator and Interconnecting Transmission Owner for the actual cost of the Interconnection Facilities Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the SGIA. Within five (5) Business Days following the Interconnection Customer's Interconnection System Impact Study results meeting, the System Operator and Interconnecting Transmission Owner shall provide to the Interconnection Customer the Interconnection Facilities Study Agreement along with a non-binding good faith estimate of the cost to perform the Interconnection Facilities Study. The Interconnection Customer shall execute the Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement, including completed attachments, to the System Operator within thirty (30) Business Days after its receipt, together with the required refundable deposit of the non-binding good faith estimated costs for the Interconnection Facilities Study. The Interconnection Customer may request an extension of the deadline, not to exceed sixty (60) Business Days, by which to return the executed Interconnection Facilities Study Agreement. Any difference between the study deposit and the actual cost of the Interconnection Facilities Study shall be paid by or refunded to the Interconnection Customer. The System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the cost of the Interconnection Facilities Studies that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the Interconnection Facilities Study, the study agreement and its attachment(s) and the SGIA. The System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study on each month.

The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the amounts on deposits until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

3.5.2 **Scope of Interconnection Facilities Study**. The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Facility to the Administered Transmission System. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Interconnecting Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities. The scope and cost of the Interconnection Facilities Study shall include completion of any engineering work limited to what is reasonably required to (i) estimate such aforementioned cost, (ii) identify configurations of required facilities, and (iii) identify time requirements for construction and installation of required facilities. Design for any required Interconnection Facilities and/or Network Upgrades shall also be performed under the Interconnection Facilities Study. The Interconnection Customer, the System Operator, the Interconnecting Transmission Owner, and the Affected Party(ies), if any, may agree to allow the Interconnection Customer to separately arrange for the design of some of the Interconnection Facilities. In such cases, facilities design shall be reviewed and may be modified prior to acceptance by the Interconnecting Transmission Owner, under the provisions of the Interconnection Facilities Study Agreement. If the Parties agree to separately arrange for design and construction, and provided security and confidentiality requirements can be met, the System Operator and/or the Interconnecting Transmission Owner shall make sufficient information available to the Interconnection Customer in accordance with confidentiality and critical infrastructure requirements to permit the Interconnection Customer to obtain any independent design and cost estimates for any necessary facilities.

3.5.3 **Interconnection Facilities Study Procedures**. The System Operator shall coordinate the Interconnection Facilities Study with Interconnecting Transmission Owner, and any Affected Party as

deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the study and the System Operator shall issue a draft Interconnection Facilities Study report to the Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, within the following number of days after receipt of an executed Interconnection Facilities Study Agreement: forty-five (45) Business Days if upgrades are necessary, or thirty (30) Business Days if upgrades are not necessary. At the request of the Interconnection Customer or at any time the System Operator or Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Facilities Study, System Operator shall notify the Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, as to the schedule status of the Interconnection Facilities Study. If the System Operator is unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, the System Operator shall notify the Interconnection Customer, Interconnecting Transmission Owner and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, and provide an estimated completion date and an explanation of the reasons why additional time is required. The Interconnection Customer and appropriate Affected Parties may, within thirty (30) Business Days after receipt of the draft report, provide written comments to the System Operator and Interconnecting Transmission Owner, which the System Operator shall include in the final report. The System Operator shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving Interconnection Customer's statement that it will not provide comments. The System Operator may reasonably extend such fifteen-day period upon notice to the Interconnection Customer if the Interconnection Customer's comments require the System Operator or Interconnecting Transmission Owner to perform additional analyses or make other significant modifications prior to the issuance of the final Interconnection Facilities report. Upon request, the System Operator and Interconnecting Transmission Owner shall provide the Interconnection Customer and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, or any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer supporting documentation, with workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study. The

recipient(s) of such information shall be subject to the confidentiality provisions of this SGIP and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/ disclosure requirements, such information may be provided directly to the Interconnection Customer.

3.5.4 **Meeting with Parties.** Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, the System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Interconnection Facilities Study. Within thirty (30) Business Days of receipt of the study results, the Interconnection Customer shall provide written notice whether it agrees to pay for the Interconnection Facilities and upgrades identified in the Interconnection Facilities Study. An executable SGIA shall be tendered by the System Operator in conjunction with the Interconnecting Transmission Owner to the Interconnection Customer within five (5) Business Days of receipt of such agreement.

3.5.5 **Re-Study.** If re-study of the Interconnection Facilities Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project, (iii) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (iv) a modification to a transmission project included in the Base Case, the System Operator shall so notify the Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take no longer than thirty (30) Business Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection Facilities Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection Facilities Study Agreement.

SECTION 4. PROVISIONS THAT APPLY TO ALL INTERCONNECTION REQUESTS

4.1 Reasonable Efforts

The System Operator and Interconnecting Transmission Owner shall make Reasonable Efforts to meet all time frames provided in these procedures unless the System Operator, the Interconnecting Transmission Owner and the Interconnection Customer agree to a different schedule. If the System Operator or Interconnecting Transmission Owner cannot meet a deadline provided herein, it shall notify the other Parties, explain the reason for the failure to meet the deadline, and provide an estimated time by which it will complete the applicable interconnection procedure in the process.

4.2 Disputes

4.2.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.

4.2.2 In the event of a dispute, the Party initiating the dispute resolution process shall provide the other Party(ies) with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.

4.2.3 If the dispute has not been resolved within two (2) Business Days after receipt of the Notice, any Party may contact the Commission's Dispute Resolution Service (DRS) for assistance in resolving the dispute.

4.2.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at http://www.ferc.gov/legal/adr.asp.

4.2.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for its own costs and its pro rata share of any costs paid to the neutral party and any associated common negotiating costs.

4.2.6 If none of the Parties elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then each Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of these procedures.

4.3 Interconnection Metering

Any metering necessitated by the use of the Small Generating Facility shall be installed at the Interconnection Customer's expense in accordance with Commission, state, or local regulatory requirements and with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

4.4 Commissioning

Commissioning tests of the Interconnection Customer's installed equipment shall be performed pursuant to applicable codes and standards.

4.4.1 The System Operator and the Interconnecting Transmission Owner must be given at least five (5) Business Days written notice, or as otherwise mutually agreed to by the Parties, of the tests and may be present to witness the commissioning tests.

4.5 Confidentiality

4.5.1 Confidential information shall mean any confidential and/or proprietary information provided by one Party to the other Party(ies) that is clearly marked or otherwise designated "Confidential." For purposes of these procedures all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed confidential information regardless of whether it is clearly marked or otherwise designated as such. Confidential information shall include, without limitation, all

information treated as confidential under the ISO New England Information Policy, all information obtained from third parties under confidentiality agreements, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by any of the Parties to the others prior to the execution of an SGIA.

4.5.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party(ies) and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce these procedures. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under these procedures, or to fulfill legal or regulatory requirements.

4.5.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party(ies) as it employs to protect its own Confidential Information.

4.5.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

4.5.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if the Commission, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to these procedures, the Party shall provide the requested information to the Commission, within the time provided for in the request for information. In providing the information to the Commission, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by the Commission and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party(ies) prior to the release of the Confidential Information to the Commission. The Party shall notify the other Party(ies) when it is notified by the Commission that a request to release Confidential Information has been received by the Commission, at which time any of the Parties may respond before

such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

4.6 Comparability

The System Operator shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this document. The System Operator and Interconnecting Transmission Owner shall use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Small Generating Facility is owned or operated by the Interconnecting Transmission Owner, its subsidiaries or affiliates, or others.

4.7 Record Retention

The System Operator shall maintain for three years records, subject to audit, of all Interconnection Requests received under these procedures, the times required to complete Interconnection Request approvals and disapprovals, and justification for the actions taken on the Interconnection Requests.

4.8 SGIA

In accordance with Section 3, the System Operator and the Interconnecting Transmission Owner shall tender to the Interconnection Customer a draft SGIA, together with draft attachments completed to the extent practicable. The Interconnection Customer shall return the Interconnection Customer specific information required to complete the form SGIA, including the attachments, within fifteen (15) Business Days. Within five (5) Business Days, the System Operator and the Interconnecting Transmission Owner shall issue a final draft of the SGIA to the Interconnection Customer. The Interconnection Customer shall have fifteen (15) Business Days or another mutually agreeable timeframe to sign and return the SGIA, or request that an unexecuted SGIA be filed with the Commission. If the Interconnection Customer does not sign the SGIA, or ask that it be filed unexecuted within thirty (30) Business Days after its receipt of the final draft of the SGIA, the Interconnection Request shall be deemed withdrawn. After the SGIA is signed by the Parties, the interconnection of the Small Generating Facility shall proceed under the provisions of the SGIA.

The Interconnection Customer, the Interconnecting Transmission Owner and the System Operator shall be Parties to the SGIA.

4.9 Coordination with Affected Systems

The System Operator shall coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System operators and, if possible, include those results (if available) in its applicable interconnection study within the time frame specified in these procedures. The System Operator will include such Affected System operators in all meetings held with the Interconnection Customer as required by the SGIP. The Interconnection Customer will cooperate with the System Operator and the Interconnecting Transmission Owner in all matters related to the conduct of studies and the determination of modifications to Affected Systems. The Interconnection Customer shall be responsible for the costs associated with the studies or portions of studies associated with the Affected Systems. Payment and refunds associated with the costs of such studies will be coordinated between the Interconnection Customer and the Affected Party(ies). The System Operator shall seek the cooperation of all Affected Parties in all matters related to the conduct of studies and the determination of modifications to Affected Systems. Nothing in the foregoing is intended to authorize the Interconnection Customer to receive interconnection, related facilities or other services on an Affected System, and provision of such services must be handled through separate arrangements with Affected Parties.

4.10 Evaluation of a Small Generating Facility Interconnection Request

4.10.1 If the Interconnection Request is for an increase in capacity for an existing Small Generating Facility, the Interconnection Request shall be evaluated on the basis of the new total energy capability or capacity capability of the Small Generating Facility.

4.10.2 If the Interconnection Request is for a Small Generating Facility that includes multiple energy production devices at a site for which the Interconnection Customer seeks a single Point of

Interconnection, the Interconnection Request shall be evaluated on the basis of the aggregate capacity of the multiple devices.

4.10.3 The Interconnection Request shall be evaluated using the maximum rated energy capability and capacity capability of the Small Generating Facility.

Attachment 1

Glossary of Terms

10 kW Inverter Process – The procedure for evaluating an Interconnection Request for a certified inverter-based Small Generating Facility no larger than 10 kW that uses the section 2 screens. The application process uses an all-in-one document that includes a simplified Interconnection Request, simplified procedures, and a brief set of terms and conditions. See SGIP Attachment 5.

Administered Transmission System – The PTF, the Non-PTF, and distribution facilities that are subject to the Tariff.

Affected Party– The entity that owns, operates or controls an Affected System, or any other entity that otherwise may be a necessary party to the interconnection process.

Affected System – Any electric system that is within the Control Area, including, but not limited to, generator owned transmission facilities, or any other electric system that is not within the Control Area that may be affected by the proposed interconnection.

Affiliate – With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

At-Risk Expenditure – Money expended for the development of the Generating Facility that cannot be recouped if the Interconnection Customer were to withdraw the Interconnection Request for the Generating Facility. At-Risk Expenditure may include, but is not limited to, money expended on: (i) costs of federal, state, local, regional and town permits, (ii) Site Control, (iii) site-specific design and surveys, (iv) construction activities, and (v) non-refundable deposits for major equipment components. For purposes of this definition, At-Risk Expenditure shall not include costs associated with the Interconnection Studies.

Base Case – Base power flow, short circuit and stability databases, including all underlying assumptions, and contingency lists provided by System Operator, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements; such databases and lists shall include all generation projects and transmission projects, including merchant transmission projects, that are proposed for the New England Transmission System for which a transmission expansion plan has been submitted and approved by the applicable authority. Base Cases also include data provided by the Interconnection Customer, where applicable, to the Interconnecting Transmission Owner and System Operator to facilitate required Interconnection Studies.

Business Day – Monday through Friday, excluding Federal Holidays.

Capacity Capability Interconnection Standard ("CC Interconnection Standard") – The criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, and in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other Capacity Network Resources, as detailed in the ISO New England Planning Procedures.

Capacity Network Resource ("CNR") – That portion of a Generating Facility that is interconnected to the Administered Transmission System under the Capacity Capability Interconnection Standard.

Capacity Network Resource Capability ("CNR Capability") – (i) In the case of a Generating Facility that is a New Generating Capacity Resource pursuant to Section III.13.1 of the Tariff or an Existing Generating Capacity Resource that is increasing its capability pursuant to Section III.13.1.2.2.5 of the Tariff, the highest megawatt amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff, and, if applicable, as specified in a filing by the System Operator with the Commission in accordance with Section III.13.8.2 of the Tariff, or (ii) in the case of a Generating Facility that meets the criteria under Section 1.6.4.3 of this SGIP, the total megawatt amount determined pursuant to the hierarchy established in Section 1.6.4.3. The CNR Capability shall not exceed the maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter. Where the Generating Facility includes multiple production devices, the CNR Capability shall not exceed the aggregate maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter.

Capacity Network Resource Group Study ("CNR Group Study") – The study performed by the System Operator under Section III.13.1.1.2.3 of the Tariff to determine which resources qualify to participate in a Forward Capacity Auction.

Capacity Network Resource Interconnection Service ("CNR Interconnection Service") – The Interconnection Service selected by the Interconnection Customer to interconnect its Small Generating Facility with the Administered Transmission System in accordance with the Capacity Capability Interconnection Standard. An Interconnection Customer's CNR Interconnection Service shall be for the megawatt amount of CNR Capability. CNR Interconnection Service does not in and of itself convey transmission service.

Commercial Operation – The status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date – For a unit, the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Standard Small Generator Interconnection Agreement.

Distribution System – The Interconnecting Transmission Owner's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Interconnecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Fast Track Process – The procedure for evaluating an Interconnection Request for a certified Small Generating Facility no larger than 2 MW that includes the section 2 screens, customer options meeting, and optional supplemental review.

Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Initial Synchronization Date – The date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date – The date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Interconnecting Transmission Owner's Interconnection Facilities to obtain back feed power.

Interconnecting Transmission Owner – A Transmission Owner that owns, leases or otherwise possesses an interest in, ~~the portion~~or a Non-Incumbent Transmission Developer that is constructing, a portion of the Administered Transmission System at the Point of Interconnection and shall be a Party to the Standard Small Generator Interconnection Agreement. The term Interconnecting Transmission Owner shall not be read to include the System Operator.

Interconnection Customer – Any entity, including a transmission owner or its Affiliates or subsidiaries, that interconnects or proposes to interconnect its Small Generating Facility with the Administered Transmission System under the Standard Small Generator Interconnection Procedures.

Interconnection Facilities – The Interconnecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Administered Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study – A study conducted by the System Operator, Interconnecting Transmission Owner, or a third party consultant for the Interconnection Customer to determine a list of facilities (including Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Administered Transmission System. The scope of the study is defined in Section 3.5.2 of the Standard Small Generator Interconnection Procedures.

Interconnection Facilities Study Agreement – The form of agreement contained in Attachment 8 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study – A preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Administered Transmission System, the scope of which is described in Section 3.3 of the Standard Small Generator Interconnection Procedures. The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study, or as part of the Interconnection System Impact Study. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 3.3 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 3.3 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 3.3 and Section 3.4.

Interconnection Feasibility Study Agreement – The form of agreement contained in Attachment 6 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request – The Interconnection Request shall mean an Interconnection Customer's request, in accordance with the Tariff, to: (i) interconnect a new Generating Facility to the Administered Transmission System as either a CNR or a NR; (ii) increase the energy capability or capacity capability of an existing Generating Facility; (iii) make a modification to the operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected to the Administered Transmission System; (iv) commence participation in the wholesale markets by, an existing Generating Facility that is interconnected with the Administered Transmission System; or (v) change from NR Interconnection Service to CNR Interconnection Service for all or part of a Generating Facility's capability. Interconnection Request shall not include: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies

Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility.

Interconnection Service – The service provided by the System Operator and the Interconnecting Transmission Owner, associated with interconnecting the Interconnection Customer's Generating Facility to the Administered Transmission System and enabling the receipt of electric energy capability and/or capacity capability from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Small Generator Interconnection Agreement and, if applicable, the Tariff.

Interconnection Study – Any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Small Generator Interconnection Procedures. Interconnection Study shall not include a CNR Group Study.

Interconnection Study Agreement – Any of the following agreements: The Interconnection Feasibility Study Agreement, the Interconnection System Impact Study Agreement, and the Interconnection Facilities Study Agreement attached to the Standard Small Generator Interconnection Procedures.

Interconnection System Impact Study – An engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of the Administered Transmission System and any other Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on Adverse System Impacts, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Small Generator Interconnection Procedures. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 3.3 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 3.3 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the

Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 3.3 and Section 3.4.

Interconnection System Impact Study Agreement – The form of agreement contained in Attachment 7 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

Network Capability Interconnection Standard ("NC Interconnection Standard") – The minimum criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, as detailed in the ISO New England Planning Procedures.

Network Resource ("NR") – The portion of a Generating Facility that is interconnected to the Administered Transmission System under the Network Capability Interconnection Standard.

Network Resource Capability ("NR Capability") – The maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. Where the Generating Facility includes multiple energy production devices, the NR Capability shall be the aggregate maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. The NR Capability shall be equal to or greater than the CNR Capability. In the case of a Generating Facility that meets the criteria under Section 1.6.4.4 of this SGIP, the NR Capability shall equal the total megawatt amount determined pursuant to Section 1.6.4.4.

Network Resource Interconnection Service ("NR Interconnection Service") – The Interconnection Service selected by the Interconnection Customer to interconnect its Generating Facility to the Administered Transmission System in accordance with the Network Capability Interconnection Standard.

An Interconnection Customer's NR Interconnection Service shall be solely for the megawatt amount of the NR Capability. NR Interconnection Service in and of itself does not convey transmission service.

Network Upgrades – Additions, modifications, and upgrades to the New England Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the Administered Transmission System to accommodate the interconnection with the Small Generating Facility to the Administered Transmission System. Network Upgrades do not include Distribution Upgrades.

Notice of Dispute – A written notice of a dispute or claim that arises out of or in connection with the Standard Small Generator Interconnection Agreement or its performance.

Party– The System Operator, Interconnecting Transmission Owner, Interconnection Customer or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Administered Transmission System.

Queue Position – The order of a valid request in the New England Control Area, relative to all other pending valid requests in the New England Control Area, that is established based upon the date and time of receipt of the valid Interconnection Request by the System Operator. Requests are comprised of Interconnection Requests, requests for Elective Transmission Upgrades, requests for transmission service and notification of requests for interconnection to other electric systems, as notified by the other electric systems, that impact the Administered Transmission System. For purposes of this SGIP, references to a "higher-queued" Interconnection Request shall mean one that has been received by System Operator (and placed in queue order) earlier than another Interconnection Request, which is referred to as "lower-queued."

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the SGIP or SGIA, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Small Generating Facility – A Generating Facility having a maximum gross capability at or above zero degrees F of 20 MW or less.

Stand Alone Network Upgrades – Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the New England Transmission System during their construction. The System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, must agree as to what constitutes Stand Alone Network Upgrades and identify them in Attachment 2 to the Standard Small Generator Interconnection Agreement.

Study Process – The procedure for evaluating an Interconnection Request that includes the section 3 scoping meeting, Interconnection Feasibility Study, Interconnection System Impact Study, and Interconnection Facilities Study.

Trial Operation – The period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

Upgrades – The required additions and modifications to the Administered Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Attachment 2

SMALL GENERATOR INTERCONNECTION REQUEST

(Application Form)

An Interconnection Request is considered complete when it provides all applicable and correct information required below. Per SGIP Section 1.4, documentation of Site Control must be submitted with the Interconnection Request, except where the Interconnection Request is for a modification to the Interconnection Customer's existing Small Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the proposed modifications do not require additional real property.

_____Site Control is not provided because the proposed modification is to the Interconnection Customer's existing Small Generating Facility and, by checking this option, the Interconnection Customer certifies that it has Site Control and that the proposed modification does not require additional real property.

Preamble and Instructions

An Interconnection Customer who requests a Federal Energy Regulatory Commission jurisdictional interconnection must submit this Interconnection Request by hand delivery, mail, e-mail, or fax to the System Operator.

Processing Fee or Deposit:

If the Interconnection Request is submitted under the Fast Track Process, the non-refundable processing fee is $500. The Fast Track Process is limited to a Small Generating Facility that is no larger than 2 MW that meets certain codes, standards and certification requirements.

If the Interconnection Request is submitted under the Study Process, whether a new submission or an Interconnection Request that did not pass the Fast Track Process, the Interconnection Customer shall submit to the System Operator a non-refundable deposit of $1,000 towards the cost of the scoping meeting and the interconnection studies.

Interconnection Customer Information

Proposed Project Name:_____

Legal Name of the Interconnection Customer (or, if an individual, individual's name)

Name: _____

ISO Customer ID# (if available):_____

Contact Person: _____

Mailing Address: _____

City: _____ County:_____ State: _____ Zip: _____

Facility Location (if different from above): _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address:_____

Alternative Contact Information (if different from the Interconnection Customer)

Contact Name: _____

Title: _____

Address: _____

_____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Application is for: _____New Small Generating Facility

_____Capacity addition to or modification of an Existing Small Generating Facility

_____Commencement of participation in the wholesale markets by an Existing Small Generating Facility

_____A change from Network Resource Interconnection Service to Capacity Network Resource Interconnection Service

If capacity addition to or modification of an existing facility, please describe: _____

_____

If the capacity addition increases the maximum gross megawatt electrical output at an ambient temperature of 20 degrees F of the Generating Facility to more than 20 MW, the Interconnection Customer shall apply under Schedule 22.

Will the Small Generating Facility be used for any of the following?

Net Metering? Yes ___ No ___

To Supply Power to the Interconnection Customer? Yes ___No ___

To Supply Power to Others? Yes ____ No ____

Is the Interconnection Request for:

Service Type (check one):

_____Capacity Network Resource Interconnection Service (energy capability and capacity capability)
or

_____Network Resource Interconnection Service (energy capability only)

A retail customer interconnecting a new Small Generating Facility that will produce electric energy to be consumed only on the retail customer's site? Yes_____No_____

A Qualifying Facility where 100% of the output will be sold to its host utility?

Yes_____No_____

An Interconnection Customer interconnecting a new Small Generating Facility that plans to participate in the wholesale markets? Yes_____No_____

An existing Small Generating Facility commencing participation in the wholesale markets?
Yes_____No_____

For installations at locations with existing electric service to which the proposed Small Generating Facility will interconnect, provide:

_____ _____

(Local Electric Service Provider) (Existing Account Number)

Contact Name: _____

Title: _____

Address: _____

_____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Small Generating Facility Information

Interconnection Customer's Requested Initial Synchronization Date: _____

Interconnection Customer's Requested In-Service Date: _____

Interconnection Customer's Requested Commercial Operation Date:_____

Proposed Point of Interconnection:_____

Data apply only to the Small Generating Facility, not the Interconnection Facilities.

Energy Source: ___ Solar ___ Wind ___ Hydro ___ Hydro Type (e.g. Run-of-River):_____

Diesel ___ Natural Gas ___ Fuel Oil ___ Other (state type) _____

Prime Mover: ___Fuel Cell ___Recip Engine ___Gas Turb ___Steam Turb

___Microturbine ___PV ___Other

Type of Generator: ____Synchronous ____Induction ____ Inverter

Generator Nameplate Rating: _____kW (Typical) Generator Nameplate kVAR: _____

Interconnection Customer or Customer-Site Load: _____kW (if none, so state)

Typical Reactive Load (if known): _____

Maximum Physical Export Capability Requested: _____ kW

Generating Facility Capacity (MW):

	Maximum Net MW Electrical Output	**Maximum Gross MW Electrical Output**
At 90 degrees F or higher		
At 50 degrees F or higher		
At 20 degrees F or higher		
At zero degrees F or higher		

List components of the Small Generating Facility equipment package that are currently certified:

	Equipment Type	Certifying Entity
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

Is the prime mover compatible with the certified protective relay package? ___Yes ___No

Generator (or solar collector)

Manufacturer, Model Name & Number: _____

Version Number: _____

Nameplate Output Power Rating in kW: (Summer) _____ (Winter) _____

Nameplate Output Power Rating in kVA: (Summer) _____ (Winter) _____

Individual Generator Power Factor

Rated Power Factor: Leading: _____Lagging: _____

Total Number of Generators in wind farm to be interconnected pursuant to this

Interconnection Request: _____ Elevation: _____ ___Single phase ___Three phase

Inverter Manufacturer, Model Name & Number (if used): _____

List of adjustable set points for the protective equipment or software: _____

For all generation types: A completed fully functioning, non-proprietary or non-confidential Siemens PTI's ("PSSE") power flow model or other compatible formats, such as IEEE and General Electric Company Power Systems Load Flow ("PSLF") data sheet, must be supplied with this Interconnection Request. If additional non-proprietary or non-confidential data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

Small Generating Facility Characteristic Data (for inverter-based machines)

Max design fault contribution current: _____ Instantaneous ___ or RMS? _____

Harmonics Characteristics: _____

Start-up requirements: _____

Small Generating Facility Characteristic Data (for rotating machines)

RPM Frequency: _____

Neutral Grounding Resistor (If Applicable): _____

Synchronous Generators:

Generator AC resistance Ra_____

Direct Axis Synchronous Reactance, Xd: _____ P.U.

Direct Axis Transient Reactance, X'_d: _____P.U.

Direct Axis Subtransient Reactance, X''_d: _____P.U.

Negative Sequence Reactance, X_2: _____ P.U.

Zero Sequence Reactance, X_0: _____ P.U.

KVA Base: _____

Field Volts: _____

Field Amperes: _____

Induction Generators:

Motoring Power (kW): _____

I_2^2t or K (Heating Time Constant): _____

Rotor Resistance, Rr: _____

Stator Resistance, Rs: _____

Stator Reactance, Xs: _____

Rotor Reactance, Xr: _____

Magnetizing Reactance, Xm: _____

Short Circuit Reactance, Xd": _____

Exciting Current: _____

Temperature Rise: _____

Frame Size: _____

Design Letter: _____

Reactive Power Required In Vars (No Load): _____

Reactive Power Required In Vars (Full Load): _____

Total Rotating Inertia, H: _____ Per Unit on kVA Base

Note: Please contact the System Operator prior to submitting the Interconnection Request to determine if the specified information above is required.

Excitation and Governor System Data for Synchronous Generators Only

Provide appropriate IEEE model block diagram of excitation system, governor system and power system stabilizer (PSS) in accordance with the regional reliability council criteria. A PSS may be determined to be required by applicable studies. A copy of the manufacturer's block diagram may not be substituted.

Interconnection Facilities Information

Will a transformer be used between the generator and the point of common coupling? ___Yes ___No

Will the transformer be provided by the Interconnection Customer? ____Yes ____No

Transformer Data (If Applicable, for Interconnection Customer-Owned Transformer):

Is the transformer: ____single phase _____three phase? Size: _____kVA

Transformer Impedance: _____% on _____kVA Base

If Three Phase:

Transformer Primary: _____ Volts _____ Delta _____Wye _____ Wye Grounded

Transformer Secondary: _____ Volts _____ Delta _____Wye _____ Wye Grounded

Transformer Tertiary: _____ Volts _____ Delta _____Wye _____ Wye Grounded

Transformer Fuse Data (If Applicable, for Interconnection Customer-Owned Fuse):

(Attach copy of fuse manufacturer's Minimum Melt and Total Clearing Time-Current Curves)

Manufacturer: _____ Type: _____ Size: _____Speed: _____

Interconnecting Circuit Breaker (if applicable):

Manufacturer: _____ Type: _____

Load Rating (Amps): _____ Interrupting Rating (Amps): _____ Trip Speed (Cycles): _____

Interconnection Protective Relays (If Applicable):

If Microprocessor-Controlled:

List of Functions and Adjustable Setpoints for the protective equipment or software:

	Setpoint Function	Minimum	Maximum
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

4. _____ _____ _____

5. _____ _____ _____

6. _____ _____ _____

If Discrete Components:

(Enclose Copy of any Proposed Time-Overcurrent Coordination Curves)

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Current Transformer Data (If Applicable):

(Enclose Copy of Manufacturer's Excitation and Ratio Correction Curves)

Manufacturer: _____

Type: _____ Accuracy Class: ___ Proposed Ratio Connection: ____

Manufacturer: _____

Type: _____ Accuracy Class: ___ Proposed Ratio Connection: ____

Potential Transformer Data (If Applicable):

Manufacturer: _____

Type: _____ Accuracy Class: ___ Proposed Ratio Connection: ____

Manufacturer: _____

Type: _____ Accuracy Class: ___ Proposed Ratio Connection: ____

General Information

Enclose two copies of site electrical one-line diagram showing the configuration of all Small Generating Facility equipment, current and potential circuits, and protection and control schemes. This one-line diagram must be signed and stamped by a licensed Professional Engineer if the Small Generating Facility is larger than 50 kW. Are two copies of One-Line Diagram Enclosed? ____Yes ____No

Enclose copy of any site documentation that indicates the precise physical location of the proposed Small Generating Facility (e.g., USGS topographic map or other diagram or documentation).

Proposed location of protective interface equipment on property (include address if different from the Interconnection Customer's address) _____

Enclose copy of any site documentation that describes and details the operation of the protection and control schemes. Is Available Documentation Enclosed? ___Yes ____No

Enclose copies of schematic drawings for all protection and control circuits, relay current circuits, relay potential circuits, and alarm/monitoring circuits (if applicable).

Are Schematic Drawings Enclosed? ___Yes ____No

Applicant Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Interconnection Request is true and correct.

For Interconnection Customer: _____ Date: _____

In order for a Small Generator Interconnection Request to be considered a valid request, it must:

(a) Be accompanied by the applicable deposit, which shall be non-refundable;

(b) Include documentation of Site Control, if applicable;

(c) Include a detailed map (2 copies), such as a map of the quality produced by the U.S. Geological Survey, which clearly indicates the site of the new facility and pertinent surrounding structures;

(d) Include two copies, signed and stamped by a licensed Professional Engineer, of the site electrical one-line diagram; and

(e) Include all information and data required on the Interconnection Request form.

Attachment 3

Certification Codes and Standards

IEEE1547 Standard for Interconnecting Distributed Resources with Electric Power Systems (including use of IEEE 1547.1 testing protocols to establish conformity)

UL 1741 Inverters, Converters, and Controllers for Use in Independent Power Systems

IEEE Std 929-2000 IEEE Recommended Practice for Utility Interface of Photovoltaic (PV) Systems

NFPA 70 (2002), National Electrical Code

IEEE Std C37.90.1-1989 (R1994), IEEE Standard Surge Withstand Capability (SWC) Tests for Protective Relays and Relay Systems

IEEE Std C37.90.2 (1995), IEEE Standard Withstand Capability of Relay Systems to Radiated Electromagnetic Interference from Transceivers

IEEE Std C37.108-1989 (R2002), IEEE Guide for the Protection of Network Transformers

IEEE Std C57.12.44-2000, IEEE Standard Requirements for Secondary Network Protectors

IEEE Std C62.41.2-2002, IEEE Recommended Practice on Characterization of Surges in Low Voltage (1000V and Less) AC Power Circuits

IEEE Std C62.45-1992 (R2002), IEEE Recommended Practice on Surge Testing for Equipment Connected to Low-Voltage (1000V and Less) AC Power Circuits

ANSI C84.1-1995 Electric Power Systems and Equipment – Voltage Ratings (60 Hertz)

IEEE Std 100-2000, IEEE Standard Dictionary of Electrical and Electronic Terms

NEMA MG 1-1998, Motors and Small Resources, Revision 3

IEEE Std 519-1992, IEEE Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems

NEMA MG 1-2003 (Rev 2004), Motors and Generators, Revision 1

Attachment 4

Certification of Small Generator Equipment Packages

1.0 Small Generating Facility equipment proposed for use separately or packaged with other equipment in an interconnection system shall be considered certified for interconnected operation if (1) it has been tested in accordance with industry standards for continuous utility interactive operation in compliance with the appropriate codes and standards referenced below by any Nationally Recognized Testing Laboratory (NRTL) recognized by the United States Occupational Safety and Health Administration to test and certify interconnection equipment pursuant to the relevant codes and standards listed in SGIP Attachment 3, (2) it has been labeled and is publicly listed by such NRTL at the time of the interconnection application, and (3) such NRTL makes readily available for verification all test standards and procedures it utilized in performing such equipment certification, and, with consumer approval, the test data itself. The NRTL may make such information available on its website and by encouraging such information to be included in the manufacturer's literature accompanying the equipment.

2.0 The Interconnection Customer must verify that the intended use of the equipment falls within the use or uses for which the equipment was tested, labeled, and listed by the NRTL.

3.0 Certified equipment shall not require further type-test review, testing, or additional equipment to meet the requirements of this interconnection procedure; however, nothing herein shall preclude the need for an on-site commissioning test by the parties to the interconnection nor follow-up production testing by the NRTL.

4.0 If the certified equipment package includes only interface components (switchgear, inverters, or other interface devices), then an Interconnection Customer must show that the generator or other electric source being utilized with the equipment package is compatible with the equipment package and is consistent with the testing and listing specified for this type of interconnection equipment.

5.0 Provided the generator or electric source, when combined with the equipment package, is within the range of capabilities for which it was tested by the NRTL, and does not violate the interface

components' labeling and listing performed by the NRTL, no further design review, testing or additional equipment on the customer side of the point of common coupling shall be required to meet the requirements of this interconnection procedure.

6.0 An equipment package does not include equipment provided by the utility.

7.0 Any equipment package approved and listed in a state by that state's regulatory body for interconnected operation in that state prior to the effective date of these small generator interconnection procedures shall be considered certified under these procedures for use in that state.

Attachment 5

10 kW Inverter Process

Solely applicable for Network Resource Interconnection Service

1.0 The Interconnection Customer ("Customer") completes the Interconnection Request ("Application") and submits it to the System Operator.

2.0 The System Operator acknowledges to the Customer receipt of the Application within three Business Days of receipt.

3.0 The System Operator in conjunction with the Interconnecting Transmission Owner evaluates the Application for completeness and notifies the Customer within ten Business Days of receipt that the Application is or is not complete and, if not, advises what material is missing.

4.0 The System Operator in conjunction with the Interconnecting Transmission Owner verifies that the Small Generating Facility can be interconnected safely and reliably using the screens contained in the Fast Track Process in the Small Generator Interconnection Procedures (SGIP). The System Operator has 15 Business Days to complete this process. Unless the System Operator in conjunction with the Interconnecting Transmission Owner determines and demonstrates that the Small Generating Facility cannot be interconnected safely and reliably, the System Operator approves the Application and returns it to the Customer. Note to Customer: Please check with the System Operator before submitting the Application if disconnection equipment is required.

5.0 After installation, the Customer returns the Certificate of Completion to the System Operator. Prior to parallel operation, the System Operator and Interconnecting Transmission Owner may inspect the Small Generating Facility for compliance with standards which may include a witness test, and may schedule appropriate metering replacement, if necessary.

6.0 The System Operator in conjunction with the Interconnecting Transmission Owner notifies the Customer in writing that interconnection of the Small Generating Facility is authorized. If the witness test is not satisfactory, the Interconnecting Transmission Owner has the right to disconnect the Small Generating Facility. The Customer has no right to operate in parallel until a witness test has been performed, or previously waived on the Application. The Interconnecting Transmission Owner is obligated to complete this witness test within ten Business Days of the receipt of the Certificate of Completion. If the Interconnecting Transmission Owner does not inspect within ten Business Days or by mutual agreement of the Parties, the witness test is deemed waived.

7.0 Contact Information – The Customer must provide the contact information for the legal applicant (i.e., the Interconnection Customer). If another entity is responsible for interfacing with the System Operator and the Interconnecting Transmission Owner, that contact information must be provided on the Application.

8.0 Ownership Information – Enter the legal names of the owner(s) of the Small Generating Facility. Include the percentage ownership (if any) by any utility or public utility holding company, or by any entity owned by either.

9.0 UL1741 Listed – This standard ("Inverters, Converters, and Controllers for Use in Independent Power Systems") addresses the electrical interconnection design of various forms of generating equipment. Many manufacturers submit their equipment to a Nationally Recognized Testing Laboratory (NRTL) that verifies compliance with UL1741. This "listing" is then marked on the equipment and supporting documentation.

Application for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10kW

This Application is considered complete when it provides all applicable and correct information required below. Per SGIP section 1.4, documentation of Site Control must be submitted with the Interconnection Request, except where the Interconnection Request is for a modification to the Interconnection Customer's existing Small Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. Additional information to evaluate the Application may be required.

Processing Fee

A non-refundable processing fee of $100 must accompany this Application.

Interconnection Customer

Name: _____

Contact Person: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Contact (if different from Interconnection Customer)

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Owner of the facility (include % ownership by any electric utility): _____

Small Generating Facility Information

Location (if different from above): _____

Electric Service Company: _____

Account Number: _____

Is the Interconnection Request for:

A retail customer interconnecting a new Small Generating Facility that will produce electric energy to be consumed only on the retail customer's site? Yes_____No_____

A Qualifying Facility where 100% of the output will be sold to its host utility?

Yes_____No_____

An Interconnection Customer interconnecting a new Small Generating Facility that plans to participate in the wholesale markets? Yes_____No_____

An existing Small Generating Facility commencing participation in the wholesale markets? Yes_____No_____

Inverter Manufacturer:_____Model_____

Nameplate Rating: _____ (kW) _____ (kVA) _____ (AC Volts)

Single Phase _____ Three Phase_____

System Design Capacity: _____ (kW) _____ (kVA)

Prime Mover: Photovoltaic □ Reciprocating Engine □ Fuel Cell□

Turbine□ Other _____

Energy Source: Solar □ Wind □ Hydro □ Diesel □ Natural Gas □

Fuel Oil □ Other (describe) _____

Is the equipment UL1741 Listed? Yes_____ No ___

If Yes, attach manufacturer's cut-sheet showing UL1741 listing

Estimated Installation Date: _____ Estimated In-Service Date: _____

The 10 kW Inverter Process is available only for inverter-based Small Generating Facilities no larger than 10 kW that meet the codes, standards, and certification requirements of Attachments 3 and 4 of the Small Generator Interconnection Procedures (SGIP), or the Interconnecting Transmission Owner has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

List components of the Small Generating Facility equipment package that are currently certified:

Equipment Type	Certifying Entity
1. _____	_____
2. _____	_____

3. _____ _____

4. _____ _____

5. _____ _____

Interconnection Customer Signature

I hereby certify that, to the best of my knowledge, the information provided in this Application is true. I agree to abide by the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return the Certificate of Completion when the Small Generating Facility has been installed.

Signed: _____

Title: _____ Date: _____

Contingent Approval to Interconnect the Small Generating Facility

(For Internal use only)

Interconnection of the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return of the Certificate of Completion.

Interconnecting Transmission Owner Signature: _____

Title: _____ Date: _____

Application ID number: _____

Interconnecting Transmission Owner waives inspection/witness test? Yes___No___

System Operator Signature:_____

Title: _____ Date: _____

Application ID number: _____

Small Generating Facility Certificate of Completion

Is the Small Generating Facility owner-installed? Yes_____ No _____

Interconnection Customer: _____

Contact Person:_____

Address: _____

Location of the Small Generating Facility (if different from above):

_____

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Electrician:

Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

License number: _____

Date Approval to Install Facility granted by the Interconnecting Transmission Owner: _____

Application ID number: _____

Inspection:

The Small Generating Facility has been installed and inspected in compliance with the local

building/electrical code of _____

Signed (Local electrical wiring inspector, or attach signed electrical inspection):

_____

Print Name: _____

Date: _____

As a condition of interconnection, you are required to send/fax a copy of this form along with a copy of the signed electrical permit to (insert System Operator and Interconnecting Transmission Owner information below):

Name: _____

System Operator: _____

Address:_____

_____

City, State ZIP: _____

Fax: _____

Name: _____

Interconnecting Transmission Owner:

_____

Address:_____

_____

City, State ZIP: _____

Fax: _____

Approval to Energize the Small Generating Facility

(For Internal use only)

Energizing the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

Interconnecting Transmission Owner Signature: _____

Title: _____ Date: _____

System Operator Signature: _____

Title: _____ Date: _____

Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

1.0 **Construction of the Facility**

The Interconnection Customer (the "Customer") may proceed to construct (including operational testing not to exceed two hours) the Small Generating Facility when the System Operator approves the Interconnection Request (the "Application") and returns it to the Customer.

2.0 **Interconnection and Operation**

The Customer may operate Small Generating Facility and interconnect with the Interconnecting Transmission Owner's (the "Company") electric system once all of the following have occurred:

2.1 Upon completing construction, the Customer will cause the Small Generating Facility to be inspected or otherwise certified by the appropriate local electrical wiring inspector with jurisdiction, and

2.2 The Customer returns the Certificate of Completion to the System Operator and the Company, and

2.3 The Company has either:

2.3.1 Completed its inspection of the Small Generating Facility to ensure that all equipment has been appropriately installed and that all electrical connections have been made in accordance with applicable codes. All inspections must be conducted by the Company, at its own expense, within ten Business Days after receipt of the Certificate of Completion and shall take place at a time agreeable to the Parties. The Company shall provide a written statement that the Small Generating Facility has passed inspection or shall notify the Customer of what steps it must take to pass inspection as soon as practicable after the inspection takes place; or

2.3.2 If the Company does not schedule an inspection of the Small Generating Facility within ten business days after receiving the Certificate of Completion, the witness test is deemed waived (unless the Parties agree otherwise); or

2.3.3 The Company waives the right to inspect the Small Generating Facility.

2.4 The Company has the right to disconnect the Small Generating Facility in the event of improper installation or failure to return the Certificate of Completion.

2.5 Revenue quality metering equipment must be installed and tested in accordance with applicable ANSI standards.

3.0 **Safe Operations and Maintenance**

The Customer shall be fully responsible to operate, maintain, and repair the Small Generating Facility as required to ensure that it complies at all times with the interconnection standards to which it has been certified.

4.0 **Access**

The Company shall have access to the disconnect switch (if the disconnect switch is required) and metering equipment of the Small Generating Facility at all times. The Company shall provide reasonable notice to the Customer when possible prior to using its right of access.

5.0 **Disconnection**

The Company may temporarily disconnect the Small Generating Facility upon the following conditions:

5.1 For scheduled outages upon reasonable notice.

5.2 For unscheduled outages or emergency conditions.

5.3 If the Small Generating Facility does not operate in the manner consistent with these Terms and Conditions.

5.4 The Company shall inform the Customer in advance of any scheduled disconnection, or as is reasonable after an unscheduled disconnection.

6.0 **Indemnification**

The Parties shall at all times indemnify, defend, and save the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.0 **Insurance**

The Parties agree to follow all applicable insurance requirements imposed by the state in which the Point of Interconnection is located. All insurance policies must be maintained with insurers authorized to do business in that state.

8.0 **Limitation of Liability**

Each party’s liability to the other party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney’s fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either party be liable to the other party for any indirect, incidental, special, consequential, or punitive damages of any kind whatsoever, except as allowed under paragraph 6.0.

9.0 **Termination**

The agreement to operate in parallel may be terminated under the following conditions:

9.1 By the Customer

9.2 By providing written notice to the Company and the System Operator.

9.3 By the Company or the System Operator

9.4 If the Small Generating Facility fails to operate for any consecutive 12 month period or the Customer fails to remedy a violation of these Terms and Conditions.

10.0 **Permanent Disconnection**

In the event this Agreement is terminated, the Company shall have the right to disconnect its facilities or direct the Customer to disconnect its Small Generating Facility.

11.0 **Survival Rights**

This Agreement shall continue in effect after termination to the extent necessary to allow or require any Party to fulfill rights or obligations that arose under the Agreement.

12. **Assignment/Transfer of Ownership of the Facility**

This Agreement shall survive the transfer of ownership of the Small Generating Facility to a new owner when the new owner agrees in writing to comply with the terms of this Agreement and so notifies the System Operator and the Company.

Attachment 6

Interconnection Feasibility Study Agreement

THIS AGREEMENT is made and entered into this_____day of_____ 20___ by and between_____, a_____organized and existing under the laws of the State of _____, ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and_____, a_____ existing under the laws of the State of_____, ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator and Interconnecting Transmission Owner each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by Interconnection Customer on_____; and

WHEREAS, Interconnection Customer desires to interconnect the Small Generating Facility with the Administered Transmission System; and

WHEREAS, Interconnection Customer has requested the System Operator and Interconnecting Transmission Owner to perform an Interconnection Feasibility Study to assess the feasibility of interconnecting the proposed Small Generating Facility with the facilities that are part of the Interconnecting Transmission Owner's Administered Transmission System, and of any Affected Systems.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures ("SGIP"), or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 The Interconnection Customer elects and the System Operator and Interconnecting Transmission Owner shall cause to be performed an Interconnection Feasibility Study consistent the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.

3.0 The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Interconnection Feasibility Study shall be based on the technical information provided by the Interconnection Customer in the Interconnection Request, as may be modified as the result of the scoping meeting. The System Operator and Interconnecting Transmission Owner reserve the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with the standard Small Generator Interconnection Procedures. If the Interconnection Customer modifies its Interconnection Request, the time to complete the Interconnection Feasibility Study may be extended by agreement of the Parties.

5.0 In performing the study, the System Operator and Interconnecting Transmission Owner shall rely, to the extent reasonably practicable, on existing studies of recent vintage. The Interconnection Customer shall not be charged for such existing studies; however, the Interconnection Customer shall be responsible for charges associated with any new study or modifications to existing studies that are reasonably necessary to perform the Interconnection Feasibility Study.

6.0 The Interconnection Feasibility Study report shall provide the following analyses for the purpose of identifying any potential adverse system impacts that would result from the interconnection of the Small Generating Facility as proposed:

6.1 Initial identification of any circuit breaker or other facility short circuit capability limits exceeded as a result of the interconnection;

6.2 Initial identification of any thermal overload or voltage limit violations resulting from the interconnection;

6.3 Initial review of grounding requirements and electric system protection; and

6.4 Description and non-binding estimated cost of facilities required to interconnect the proposed Small Generating Facility and to address the identified short circuit and power flow issues.

6.5 To the extent the Interconnection Customer requested a preliminary analysis as described in Section 3.3.2 of the SGIP, the report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer’s Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

7.0 The Interconnection Feasibility Study shall model the impact of the Small Generating Facility regardless of purpose in order to avoid the further expense and interruption of operation for reexamination of feasibility and impacts if the Interconnection Customer later changes the purpose for which the Small Generating Facility is being installed.

8.0 The study shall include the feasibility of any interconnection at a proposed project site where there could be multiple potential Points of Interconnection, as requested by the Interconnection Customer and at the Interconnection Customer's cost.

9.0 A deposit, paid to the System Operator, of the lesser of 50 percent of good faith estimated Interconnection Feasibility Study costs or earnest money of $1,000 shall be required from the Interconnection Customer.

10.0 Once the Interconnection Feasibility Study is completed, an Interconnection Feasibility Study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the Interconnection Feasibility Study must be completed and the Interconnection Feasibility Study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct an Interconnection Feasibility Study.

11.0 The total estimated cost of the performance of the Interconnection Feasibility Study consists of $ [insert], which is comprised of the System Operator's cost of $[insert] and the Interconnecting Transmission Owner's cost of $[insert]. The Interconnection Customer may be invoiced on a monthly basis for work to be conducted. 12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days of receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the System Operator shall refund such excess within 30 calendar days of the invoice without interest.

13.0 Miscellaneous.

13.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

13.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection Feasibility Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection Feasibility Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection Feasibility Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection Feasibility Study, the content of the Interconnection Feasibility Study, or the conclusions of the Interconnection Feasibility Study. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

13.3 Force Majeure, Liability and Indemnification.

13.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all Reasonable Efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

13.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

13.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owner and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or

Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owner shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

13.4 Third-Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns. Notwithstanding the foregoing, and without limitation of Sections 13.2 and 13.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection Feasibility Study shall not be deemed third party beneficiaries of Sections 13.2 and 13.3.

13.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 13.5, shall continue in effect for a term of one year or until the Interconnection Feasibility Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 1.8 of the SGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

13.6 Governing Law, Regulatory Authority, and Rules. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

13.7 Severability. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority: (1) such portion or provision shall be deemed separate and independent; (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling; and (3) the remainder of this Agreement shall remain in full force and effect.

13.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

13.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

13.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

13.11 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

13.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect. Any waiver at any time by any Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the System Operator and the Interconnecting Transmission Owner. Any waiver of this Agreement shall, if requested, be provided in writing.

13.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

13.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

13.15 Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

13.15.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the System Operator or Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

13.15.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

13.16 Reservation of Rights. Subject to the TOA, the System Operator and the Interconnecting Transmission Owner shall have the right to make a unilateral filing with the Commission to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this Agreement under any applicable provision of the Federal Power Act and the Commission's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before the Commission in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of System Operator] **[Insert name of Interconnection Customer]**

_____ _____

Signed_____ Signed_____

Name (Printed): Name (Printed):

_____ _____

Title_____ Title_____

[Insert name of Interconnecting Transmission Owner]

_____

Signed_____

Name (Printed):

_____

Title_____

Attachment A to

Interconnection Feasibility Study Agreement

Assumptions Used in Conducting the Interconnection Feasibility Study

The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the scoping meeting held on _____:

1) Designation of Point of Interconnection and configuration to be studied.

2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer, System Operator and Interconnecting Transmission Owner.

Attachment 7

Interconnection System Impact Study Agreement

THIS AGREEMENT is made and entered into this_____day of_____

20___ by and between_____,

a_____organized and existing under the laws of the State of

_____, ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and

_____, a_____

existing under the laws of the State of_____,

("Interconnecting Transmission Owner"). Interconnection Customer, System Operator and Interconnecting Transmission Owner each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by the Interconnection Customer on_____; and

WHEREAS, the Interconnection Customer desires to interconnect the Small Generating Facility with the Administered Transmission System;

WHEREAS, the System Operator and Interconnecting Transmission Owner have completed an Interconnection Feasibility Study and provided the results of said study to the Interconnection Customer (This recital to be omitted if the Parties have agreed to forego the Interconnection Feasibility Study.); and

WHEREAS, the Interconnection Customer has requested the System Operator and Interconnecting

Transmission Owner to perform an Interconnection System Impact Study(s) to assess the impact of interconnecting the Small Generating Facility with the facilities that are part of the Interconnecting Transmission Owner's Administered Transmission System, and of any Affected Systems.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.

2.0 The Interconnection Customer elects and the System Operator and Interconnecting Transmission Owner shall cause to be performed an Interconnection System Impact Study(s) consistent with the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.

3.0 The scope of an Interconnection System Impact Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 An Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study and the technical information provided by Interconnection Customer in the Interconnection Request. The System Operator and Interconnecting Transmission Owner reserve the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection System Impact Study. If the Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the Interconnection System Impact Study may be extended.

5.0 An Interconnection System Impact Study shall consist of a short circuit analysis, a stability analysis, a power flow analysis, voltage drop and flicker studies, protection and set point coordination studies, and grounding reviews, as necessary. An Interconnection System Impact Study shall state the assumptions upon which it is based, state the results of the analyses, and provide the requirement or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. An Interconnection System Impact Study shall provide a list of facilities that are required as a result

of the Interconnection Request and non-binding good faith estimates of cost responsibility and time to construct.

6.0 A distribution Interconnection System Impact Study shall incorporate a distribution load flow study, an analysis of equipment interrupting ratings, protection coordination study, voltage drop and flicker studies, protection and set point coordination studies, grounding reviews, and the impact on electric system operation, as necessary.

7.0 Affected Systems may participate in the preparation of an Interconnection System Impact Study, with a division of costs among such entities as they may agree. All Affected Systems shall be afforded an opportunity to review and comment upon an Interconnection System Impact Study that covers potential adverse system impacts on their electric systems, and the System Operator and Interconnecting Transmission Owner have 20 additional Business Days to complete an Interconnection System Impact Study requiring review by Affected Systems.

8.0 If the System Operator uses a queuing procedure for sorting or prioritizing projects and their associated cost responsibilities for any required Network Upgrades, the Interconnection System Impact Study shall consider all generating facilities (and with respect to paragraph 8.3 below, any identified Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced.

8.1 Are directly interconnected with the Administered Transmission System; or

8.2 Are interconnected with Affected Systems and may have an impact on the proposed interconnection; and

8.3 Have a pending higher queued Interconnection Request to interconnect with the Administered Transmission System.

9.0 A distribution Interconnection System Impact Study, if required, shall be completed and the results transmitted to the Interconnection Customer within 30 Business Days after this Agreement is signed by the Parties. A transmission Interconnection System Impact Study, if required, shall be completed and the results transmitted to the Interconnection Customer within 45 Business Days after this Agreement is signed by the Parties.

10.0 A deposit of the equivalent of the good faith estimated cost of a distribution Interconnection System Impact Study shall be paid to the System Operator by the Interconnection Customer; and the one half the good faith estimated cost of a transmission Interconnection System Impact Study shall be paid to the System Operator by the Interconnection Customer.

11.0 The total estimated cost of the performance of the Interconnection System Impact Study consists of $[insert], which is comprised of the System Operator's cost of $[insert] and the Interconnecting Transmission Owner's cost of $[insert]. The Interconnection Customer may be invoiced on a monthly basis for work to be conducted.

12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the System Operator or Interconnecting Transmission Owner, as applicable, shall refund such excess within 30 calendar days of the invoice without interest.

13.0 Miscellaneous.

13.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

13.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection System Impact Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection System Impact Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection System Impact Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection System Impact Study, the content of the Interconnection System Impact Study, or the conclusions of the Interconnection System Impact Study. Interconnection Customer acknowledges that it

has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

13.3 Force Majeure, Liability and Indemnification.

13.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all Reasonable Efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

13.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

13.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owner and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owner shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

13.4 Third-Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns. Notwithstanding the foregoing, and without limitation of Sections 13.2 and 13.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection System Impact Study shall not be deemed third party beneficiaries of Sections 13.2 and 13.3.

13.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 13.5, shall continue in effect for a term of one year or until the Interconnection System Impact Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 1.8 of the SGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

13.6 Governing Law, Regulatory Authority, and Rules. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____(where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to

all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

13.7 Severability. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority: (1) such portion or provision shall be deemed separate and independent; (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling; and (3) the remainder of this Agreement shall remain in full force and effect.

13.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

13.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

13.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

13.11 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

13.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect. Any waiver at any time by any Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the System Operator and the Interconnecting Transmission Owner. Any waiver of this Agreement shall, if requested, be provided in writing.

13.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

13.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

13.15 Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

13.15.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the System Operator or Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

13.15.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

13.16 Reservation of Rights. Subject to the TO Agreement, the System Operator and the Interconnecting Transmission Owner shall have the right to make a unilateral filing with the Commission to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this Agreement under any applicable provision of the Federal Power Act and the Commission's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before the Commission in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of System Operator] **[Insert name of Interconnection Customer]**

_____ _____

Signed_____ Signed_____

Name (Printed): Name (Printed):

_____ _____

Title_____ Title_____

[Insert name of Interconnecting Transmission Owner]

_____

Signed_____

Name (Printed):

_____

Title_____

Attachment A to System

Impact Study Agreement

Assumptions Used in Conducting the System Impact Study

The Interconnection System Impact Study shall be based upon the results of the Interconnection Feasibility Study, subject to any modifications in accordance with the standard Small Generator Interconnection Procedures, and the following assumptions:

1) Designation of Point of Interconnection and configuration to be studied.

2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer, System Operator and Interconnecting Transmission Owner.

Attachment 8

Interconnection Facilities Study Agreement

THIS AGREEMENT is made and entered into this_____day of_____

20___ by and between_____,

a_____organized and existing under the laws of the State of

_____, ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and

_____, a_____

existing under the laws of the State of_____,

("Interconnecting Transmission Owner"). Interconnection Customer, System Operator and Interconnecting Transmission Owner each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by the Interconnection Customer on_____; and

WHEREAS, the Interconnection Customer desires to interconnect the Small Generating Facility with the Administered Transmission System;

WHEREAS, the System Operator and Interconnecting Transmission Owner have completed an Interconnection System Impact Study and provided the results of said study to the Interconnection Customer; and

WHEREAS, the Interconnection Customer has requested the System Operator and Interconnecting Transmission Owner to perform an Interconnection Facilities Study to specify and estimate the cost of the

equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Small Generating Facility with the facilities that are part of the Interconnecting Transmission Owner's Administered Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures, or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 The Interconnection Customer elects and the System Operator and Interconnecting Transmission Owner shall cause an Interconnection Facilities Study consistent with the standard Small Generator Interconnection Procedures to be performed in accordance with the Open Access Transmission Tariff.

3.0 The scope of the Interconnection Facilities Study shall be subject to data provided in Attachment A to this Agreement.

4.0 The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the Interconnection System Impact Study(s). The Interconnection Facilities Study shall also identify (1) the electrical switching configuration of the equipment, including, without limitation, transformer, switchgear, meters, and other station equipment, (2) the nature and estimated cost of the Interconnecting Transmission Owner's Interconnection Facilities and Upgrades necessary to accomplish the interconnection, and (3) an estimate of the time required to complete the construction and installation of such facilities.

5.0 The System Operator and Interconnecting Transmission Owner may propose to group facilities required for more than one Interconnection Customer in order to minimize facilities costs through economies of scale, but any Interconnection Customer may require the installation of facilities required for its own Small Generating Facility if it is willing to pay the costs of those facilities.

6.0 A deposit, paid to the System Operator, of the good faith estimated Interconnection Facilities Study costs shall be required from the Interconnection Customer.

7.0 In cases where Upgrades are required, the Interconnection Facilities Study must be completed within 45 Business Days of the receipt of this Agreement. In cases where no Upgrades are necessary, and the required facilities are limited to Interconnection Facilities, the Interconnection Facilities Study must be completed within 30 Business Days.

8.0 Once the Interconnection Facilities Study is completed, an Interconnection Facilities Study report

shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the Interconnection Facilities Study must be completed and the Interconnection Facilities Study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct an Interconnection Facilities Study.

9.0 The total estimated cost of the performance of the Interconnection Facility Study consists of $ [insert], which is comprised of the System Operator's cost of $[insert] and the Interconnecting Transmission Owner's cost of $[insert]. The Interconnection Customer may be invoiced on a monthly basis for work to be conducted.

10.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the System Operator or Interconnecting Transmission Owner, as applicable, shall refund such excess within 30 calendar days of the invoice without interest.

11.0 Miscellaneous.

11.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

11.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection Facilities Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection Facilities Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection Facilities Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection Facilities Study, the content of the Interconnection Facilities Study, or the conclusions of the Interconnection Facilities Study. Interconnection Customer acknowledges that it has not relied on any representations or

warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

11.2 Force Majeure, Liability and Indemnification.

11.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all Reasonable Efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

11.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

11.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owner and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owner shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

11.4 Third-Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns. Notwithstanding the foregoing, and without limitation of Sections 11.2 and 11.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection Facilities Study shall not be deemed third party beneficiaries of Sections 11.2 and 11.3.

11.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 11.5, shall continue in effect for a term of one year or until the Interconnection Facilities Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 1.8 of the SGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

11.6 Governing Law, Regulatory Authority, and Rules. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____(where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all

Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

11.7 Severability. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority: (1) such portion or provision shall be deemed separate and independent; (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling; and (3) the remainder of this Agreement shall remain in full force and effect.

11.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

11.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

11.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

11.11 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

11.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect. Any waiver at any time by any Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the System Operator and the Interconnecting Transmission Owner. Any waiver of this Agreement shall, if requested, be provided in writing.

11.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

11.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

11.15 Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall 1require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

11.15.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the System Operator or Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

11.15.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

11.16 Reservation of Rights. Subject to the TOA, the System Operator and the Interconnecting Transmission Owner shall have the right to make a unilateral filing with the Commission to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this Agreement under any applicable provision of the Federal Power Act and the Commission's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before the Commission in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of System Operator] **[Insert name of Interconnection Customer]**

_____ _____

Signed_____ Signed_____

Name (Printed): Name (Printed):

_____ _____

Title_____ Title_____

[Insert name of Interconnecting Transmission Owner]

_____

Signed_____

Name (Printed):

_____

Title_____

Attachment A to

Interconnection Facilities Study Agreement

Data to Be Provided by the Interconnection Customer

with the Interconnection Facilities Study Agreement

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

On the one-line diagram, indicate the generation capacity attached at each metering location. (Maximum load on Current Transformer/Power Transformer ("CT/PT")

On the one-line diagram, indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

One set of metering is required for each generation connection to the new ring bus or existing Transmission Provider station. Number of generation connections: _____

Will an alternate source of auxiliary power be available during CT/PT maintenance?

Yes ____ No _____

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes _____ No _____

(Please indicate on the one-line diagram).

What type of control system or Power Line Carrier ("PLC") will be located at the Small Generating Facility?

_____

_____

What protocol does the control system or PLC use?

_____

_____

Please provide a 7.5-minute quadrangle map of the site. Indicate the plant, station, transmission line, and property lines.

Physical dimensions of the proposed interconnection station:

_____

Bus length from generation to interconnection station:

_____

Line length from interconnection station to Administered Transmission System.

_____

Tower number observed in the field. (Painted on tower leg)*:

_____

Number of third party easements required for transmission lines*:

_____

* To be completed in coordination with Transmission Provider.

Is the Small Generating Facility located in Transmission Provider's service area?

Yes _____ No _____ If No, please provide name of local provider:

_____

Please provide the following proposed schedule dates:

Begin Construction Date:_____

Generator step-up transformers receive back feed power Date:_____

Generation Testing Date:_____

Commercial Operation Date:_____

STANDARD SMALL GENERATOR
INTERCONNECTION AGREEMENT (SGIA)

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THIS STANDARD SMALL GENERATOR INTERCONNECTION AGREEMENT ("Agreement") is made and entered into this _____ day of _____, 20__, by and between _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnection Customer" with a Small Generating Facility), ISO New England Inc., a non-stock corporation organized and existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnecting Transmission Owner"). Under this Agreement the Interconnection Customer, System Operator, and Interconnecting Transmission Owner each may be referred to as a "Party" or collectively as the "Parties."

In consideration of the mutual covenants set forth herein, the Parties agree as follows

Article 1. Scope and Limitations of Agreement

1.1 Applicability:

This Agreement shall be used for all Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP) except for those submitted under the 10 kW Inverter Process contained in SGIP Attachment 5.

1.2 Purpose

This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the Interconnecting Transmission Owner's facilities that are part of the Administered Transmission System.

1.3 No Agreement to Purchase or Deliver Power

This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection

Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the applicable Party.

1.4 Limitations

Nothing in this Agreement is intended to affect any other agreement between the Parties.

1.5 Responsibilities of the Parties

1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.

1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.

1.5.3 The Interconnecting Transmission Owner shall construct, operate, and maintain its transmission facilities and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.

1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Interconnecting Transmission Owner, the New England Transmission System and any Affected Systems.

1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Interconnecting Transmission Owner and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the New England Transmission System [or Interconnecting Transmission Owner's transmission facilities], personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.

1.5.6 The System Operator, with input from the Interconnecting Transmission Owner, shall coordinate with all Affected Systems to support the interconnection.

1.6 Parallel Operation Obligations

Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable control area, including, but not limited to the ISO New England Operating Documents, and the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

The Interconnection Customer shall be responsible for the Interconnecting Transmission Owner's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachment 2 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

1.8 Reactive Power

1.8.1 The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of

Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the System Operator or Interconnecting Transmission Owner has established different requirements that apply to all similarly situated generators on a comparable basis and in accordance with Operating Requirements. The requirements of this paragraph shall not apply to wind generators.

1.8.2 Interconnection Customers shall be compensated for reactive power service in accordance with Schedule 2 of the Tariff.

1.9 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement. Capitalized terms in Schedule 23 that are not defined in the Glossary of Terms shall have the meanings specified in Sections I.2.2. of the Tariff.

1.10 Scope of Service

1. 10.1 Interconnection Product Options. Interconnection Customer has selected the following (checked) type of Interconnection Service:

_____ NR for NR Interconnection Service (NR Capability Only)

_____ CNR for CNR Interconnection Service (NR Capability and CNR Capability)

1.10.1.1 Capacity Network Resource Interconnection Service (CNR Interconnection Service

(a) The Product. The System Operator and Interconnecting Transmission Owner must conduct the necessary studies and the Interconnecting Transmission Owner and Affected Parties must construct the Network Upgrades needed to interconnect the Small Generating Facility in a manner comparable to that in which all other CNRs are interconnected under the CC Interconnection Standard. CNR Interconnection Service allows the Interconnection Customer's Small Generating Facility to be designated as a CNR to participate in the New England Markets, in accordance with Market Rule 1,

Section III of the Tariff, up to the net CNR Capability, or as otherwise provided in Market Rule 1, Section III of the Tariff, on the same basis as all other existing Capacity Network Resources, and to be studied as a Capacity Network Resource on the assumption that such a designation will occur.

1.10.1.2 Network Resource Interconnection Service (NR Interconnection Service).

(a) The Product. The System Operator and Interconnecting Transmission Owner must conduct the necessary studies and Interconnecting Transmission Owner and Affected Parties must construct the Network Upgrades needed to interconnect the Small Generating Facility in a manner comparable to that in which all other Network Resources are interconnected under the NC Interconnection Standard.

NR Interconnection Service allows the Interconnection Customer's Small Generating Facility to participate in the New England Markets, in accordance with Market Rule, Section III of the Tariff, up to the gross and net NR Capability or as otherwise provided in Market Rule 1, Section III of the Tariff. Notwithstanding the above, the portion of a Small Generating Facility that has been designated as a Network Resource interconnected under the NC Interconnection Standard cannot be a capacity resource under Section III.13 of the Tariff, except pursuant to a new Interconnection Request for CNR Interconnection Service.

1.10.1.3 Provision of Service. System Operator and Interconnecting Transmission Owner shall provide Interconnection Service for the Small Generating Facility at the Point of Interconnection.

1.10.1.4 Performance Standards. Each Party shall perform all of its obligations under this SGIA in accordance with Applicable Laws and Regulations, the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such requirements and standards, such Party shall not be deemed to be in Breach of this SGIA for its compliance therewith. If such Party is the Interconnecting Transmission Owner, then that Party shall amend the SGIA and System

Operator, in conjunction with the Interconnecting Transmission Owner, shall submit the amendment to the Commission for approval.

1.10.1.5 No Transmission Service Delivery. The execution of this SGIA does not constitute a request for, nor the provision of, any service except for Interconnection Service, including, but not limited to, transmission delivery service, local delivery service, distribution service, capacity service, energy service, or Ancillary Services under any applicable tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.

1.10.1.6 Transmission Delivery Service Implications. CNR Interconnection Service and NR Interconnection Service allow the Interconnection Customer's Small Generating Facility to be designated by any Network Customer under the Tariff on the New England Transmission System as a Capacity Network Resource or Network Resource, up to the net CNR Capability or NR Capability, respectively, on the same basis as all other existing Capacity Network Resources and Network Resources interconnected to the New England Transmission System, and to be studied as a Capacity Network Resource or a Network Resource on the assumption that such a designation will occur. Although CNR Interconnection Service and NR Interconnection Service do not convey a reservation of transmission service, any Network Customer can utilize its network service under the Tariff to obtain delivery of capability from the Interconnection Customer's Small Generating Facility in the same manner as it accesses Capacity Network Resources and Network Resources. A Small Generating Facility receiving CNR Interconnection Service or NR Interconnection Service may also be used to provide Ancillary Services, in accordance with the Tariff and Market Rule 1, after technical studies and/or periodic analyses are performed with respect to the Small Generating Facility's ability to provide any applicable Ancillary Services, provided that such studies and analyses have been or would be required in connection with the provision of such Ancillary Services by any existing Capacity Network Resource or Network Resource. However, if an Interconnection Customer's Small Generating Facility has not been designated as a Capacity Network Resource or as a Network Resource by any load, it cannot be required to provide Ancillary Services except to the extent such requirements extend to all Generating Facilities that are similarly situated.

CNR Network Interconnection Service and NR Interconnection Service do not necessarily provide the Interconnection Customer with the capability to physically deliver the output of its Small Generating Facility to any particular load on the New England Transmission System without incurring congestion costs. In the event of transmission constraints on the New England Transmission System, the Interconnection Customer's Small Generating Facility shall be subject to the applicable congestion management procedures for the New England Transmission System in the same manner as other Capacity Network Resources or Network Resources.

There is no requirement either at the time of study or interconnection, or at any point in the future, that the Interconnection Customer's Small Generating Facility be designated as a Capacity Network Resource or as a Network Resource by a Network Customer under the Tariff or that the Interconnection Customer identify a specific buyer (or sink). To the extent a Network Customer does designate the Small Generating Facility as either a Capacity Network Resource or a Network Resource, it must do so pursuant to the Tariff.

Once an Interconnection Customer satisfies the requirements for obtaining CNR Interconnection Service or NR Interconnection Service, as long as the Small Generating Facility has not been deemed to be retired, any future transmission service request for delivery from the Small Generating Facility on the New England Transmission System of any amount of capacity capability and/or energy capability will not require that any additional studies be performed or that any further upgrades associated with such Small Generating Facility be undertaken, regardless of whether or not such Small Generating Facility is ever designated by a Network Customer as a Capacity Network Resource or Network Resource and regardless of changes in ownership of the Small Generating Facility. To the extent the Interconnection Customer enters into an arrangement for long-term transmission service for deliveries from the Small Generating Facility outside the New England Transmission System, or if the unit has been deemed to be retired, such request may require additional studies and upgrades in order for Interconnecting Transmission Owner to grant such request.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

2.1.1. The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the System Operator and the Interconnecting Transmission Owner of such activities no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Interconnecting Transmission Owner may, at its own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Interconnecting Transmission Owner a written test report when such testing and inspection is completed.

2.1.2 The Interconnecting Transmission Owner shall provide the Interconnection Customer and the System Operator written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Interconnecting Transmission Owner of the safety, durability, suitability, or reliability of the Small Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Small Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

2.2.1 The Interconnecting Transmission Owner [and System Operator] shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Interconnecting Transmission Owner shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Interconnecting Transmission Owner shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.

2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the New England Transmission System [or Interconnecting Transmission Owner's transmission facilities] without prior written authorization of the Interconnecting Transmission Owner. The Transmission Provider will provide such authorization once the Transmission Provider receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

2.3.1 Upon reasonable notice, the Interconnecting Transmission Owner may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Small Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Small Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Interconnecting Transmission Owner at least five Business Days prior to conducting any on-site verification testing of the Small Generating Facility.

2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Interconnecting Transmission Owner shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.

2.3.3 Each Party shall be responsible for its own costs associated with following this article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties subject to acceptance by the Commission (if applicable), or if filed unexecuted, upon the date specified by the Commission. System Operator and Interconnecting Transmission Owner shall promptly file this Agreement with the Commission upon execution, if required.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and by mutual agreement of the Parties shall remain in effect for a period of _____ years, (Term to be specified in individual

Agreements, but in no case should the term be less than ten years from the Effective Date or such other longer period as the Interconnection Customer may request) and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with the Commission of a notice of termination of this Agreement (if required), which notice has been accepted for filing by the Commission.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the System Operator and Interconnecting Transmission Owner 20 Business Days written notice.

3.3.2 Each Party may terminate this Agreement after Default pursuant to article 7.6.

3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the Interconnecting Transmission Owner's Interconnection Facilities. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this SGIA or such non-terminating Party otherwise is responsible for these costs under this SGIA.

3.3.4 The termination of this Agreement shall not relieve any Party of its liabilities and obligations, owed or continuing at the time of the termination.

3.3.5 The provisions of this article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.

3.4.1 Emergency Conditions

"Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is likely to endanger life or property; or (2) that, in the case of the Interconnecting Transmission Owner, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the New England Transmission System, the Interconnecting Transmission Owner's Interconnection Facilities or any Affected System to which the New England Transmission System is directly connected; or (3) that, in the case of the Interconnection Customer, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. The System Operator and the Interconnecting Transmission Owner may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility in accordance with applicable provisions of the Operating Requirements. The System Operator and Interconnecting Transmission Owner shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility. The Interconnection Customer shall notify the System Operator and Interconnecting Transmission Owner promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the New England Transmission System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of the Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

3.4.2.1 Outage Authority and Coordination. The System Operator shall have the authority to coordinate facility outages in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Each Party may in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, in coordination with the other Party(ies), remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact the other Party's(ies') facilities as necessary to perform maintenance or testing or to install or replace equipment,

subject to the oversight of System Operator in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

3.4.2.2 Outage Schedules. Outage scheduling, and any related compensation, shall be in accordance with the applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

3.4.2.3 Interruption of Service. In accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, the System Operator or Interconnecting Transmission Owner may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect System Operator's or Interconnecting Transmission Owner's ability to perform such activities as are necessary to safely and reliably operate and maintain the New England Transmission System.

3.4.3 Forced Outages

During any forced outage, the Interconnecting Transmission Owner [and the System Operator] may suspend interconnection service to effect immediate repairs on the New England Transmission System. The Interconnecting Transmission Owner shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Interconnecting Transmission Owner shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The Interconnecting Transmission Owner shall notify the Interconnection Customer and the System Operator as soon as practicable if, based on Good Utility Practice, operation of the Small Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generating Facility could cause damage to the New England Transmission System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the

Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Interconnecting Transmission Owner may disconnect the Small Generating Facility. The Interconnecting Transmission Owner shall provide the Interconnection Customer and the System Operator with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the Small Generating Facility

The Interconnection Customer must receive written authorization from: (1) the Interconnecting Transmission Owner before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the Interconnecting Transmission Owner's Interconnection Facilities; and (2) the System Operator before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the New England Transmission System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the System Operator's or the Interconnecting Transmission Owner's, as appropriate, prior written authorization, the latter shall have the right to temporarily disconnect the Small Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, and the New England Transmission System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Interconnecting Transmission Owner shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may

benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Interconnecting Transmission Owner.

4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Interconnecting Transmission Owner's Interconnection Facilities.

4.2 Distribution Upgrades

The Interconnecting Transmission Owner shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Interconnecting Transmission Owner and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer. The Interconnection Customer shall be responsible for its share of all reasonable expenses, associated with operating, maintaining, repairing, and replacing such Distribution Upgrades, except to the extent that a retail tariff of, or an agreement with, the Interconnecting Transmission Owner or its distribution company affiliate, if appropriate, provides otherwise.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this article 5 shall apply unless the interconnection of the Small Generating Facility requires Network Upgrades, including Stand Alone Network Upgrades.

5.2 Network Upgrades

The Interconnecting Transmission Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Interconnecting

Transmission Owner and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Interconnecting Transmission Owner elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne by the Interconnection Customer.

5.2.1.1 Cost Allocation. Cost allocation of Generator Interconnection Related Upgrades shall be in accordance with Schedule 11 of Section II of the Tariff.

5.2.1.2 Compensation. Any compensation due to the Interconnection Customer for increases in transfer capability to the PTF resulting from its Generator Interconnection Related Upgrade shall be determined in accordance with Sections II and III of the Tariff.

5.3 Special Provisions for Affected Systems

The Interconnection Customer shall enter into separate related facilities agreements to address any upgrades to the Affected System(s) that are necessary for safe and reliable interconnection of the Interconnection Customer's Small Generating Facility.

5.4 Rights Under Other Agreements

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades.

Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

6.1.1 The Interconnecting Transmission Owner shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties.

6.1.2 Within three months of completing the construction and installation of the Interconnecting Transmission Owner's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Transmission Provider shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Interconnecting Transmission Owner for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Interconnecting Transmission Owner shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Interconnecting Transmission Owner within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Interconnecting Transmission Owner shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, it shall immediately notify the other Party(ies) of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless (1) it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Financial Security Arrangements

At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Interconnecting Transmission Owner's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Interconnecting Transmission Owner a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the Interconnecting Transmission Owner in accordance with Section 7 of Schedule 11 of the Tariff. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Interconnecting Transmission Owner's Interconnection Facilities and Upgrades. In addition:

6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Interconnecting Transmission Owner, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.

6.3.2 The letter of credit or surety bond must be issued by a financial institution or insurer reasonably acceptable to the Interconnecting Transmission Owner and must specify a reasonable expiration date.

Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default

Notwithstanding any other provision of this Agreement, the liability, indemnification and insurance provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnection Transmission Owner and the liability, indemnification and insurance provisions of the Tariff apply to the relationship between the System Operator and the Interconnection Customer and between the Interconnecting Transmission Owner and the Interconnection Customer.

7.1 Assignment

This Agreement may be assigned by a Party upon 15 Business Days prior written notice and opportunity to object by the other Parties; provided that:

7.1.1 The Parties may assign this Agreement without the consent of the other Parties to any affiliate of the assigning Party with an equal or greater credit rating and with the legal

authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the other Parties of any such assignment.

7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Interconnecting Transmission Owner or the System Operator, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly notify the Interconnecting Transmission Owner and the System Operator of any such assignment.

7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 Limitation of Liability

Each Party's liability to the other Party(ies) for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall a Party be liable to another Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

7.3 Indemnity

7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.

7.3.2 Each Party shall at all times indemnify, defend, and hold the other Parties harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or

resulting from the other Party's(ies') action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

7.3.4 If an indemnifying Party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.

7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

7.4 Consequential Damages

Other than as expressly provided for in this Agreement, in no event shall a Party be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.5 Force Majeure

7.5.1 As used in this article, a Force Majeure Event shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing."

7.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Party(ies), either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party(ies) informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

7.6 Default

7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an act or omission of the other Party(ies). Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party(ies) shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not those Parties terminate this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all

other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 8. Insurance Requirements

8.1 General Liability

The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Interconnecting Transmission Owner, except that the Interconnection Customer shall show proof of insurance to the Interconnecting Transmission Owner no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.

8.2 Insurer Requirements and Endorsements

All required insurance shall be carried by reputable insurers qualified to underwrite insurance in the state where the interconnection is located having a Best Rating of "A-". In addition, all insurance shall, (a) include Interconnecting Transmission Owner and System Operator as additional insureds; (b) contain a severability of interest clause or cross-liability clause; (c) provide that Interconnecting Transmission Owner and System Operator shall not incur liability to the insurance carrier for payment of premium for such insurance; and (d) provide for thirty (30) calendar days' written notice to Interconnecting Transmission Owner and System Operator prior to cancellation, termination, or material change of such insurance; provided that to the extent the Interconnection Customer is satisfying the requirements of subpart (d) of this paragraph by means of a presently existing insurance policy, the Interconnection Customer shall only be required to make good faith efforts to satisfy that requirement and will assume the responsibility for notifying the Interconnecting Transmission Owner and System Operator as required above.

If the requirement of clause (a) in the paragraph above prevents Interconnection Customer from obtaining the insurance required without added cost or due to written refusal by the insurance carrier, then upon Interconnection Customer's written notice to Interconnecting Transmission Owner and System Operator, the requirements of clause (a) shall be waived.

8.3 Evidence of Insurance

Evidence of the insurance required shall state that coverage provided is primary and is not in excess to or contributing with any insurance or self-insurance maintained by Interconnection Customer.

The Interconnection Customer is responsible for providing the Interconnecting Transmission Owner and the System Operator with evidence of insurance in compliance with this Tariff on an annual basis.

Prior to the Interconnecting Transmission Owner commencing work on Interconnection Facilities, Network Upgrades and Distribution Upgrades, the Interconnection Customer shall have its insurer furnish to the Interconnecting Transmission Owner and the System Operator certificates of insurance evidencing the insurance coverage required above. The Interconnection Customer shall notify and send to the Interconnecting Transmission Owner and the System Operator a certificate of insurance for any policy written on a "claims-made" basis. The Interconnecting Transmission Owner and the System Operator may at their discretion require the Interconnection Customer to maintain tail coverage for three years on all policies written on a "claims-made" basis.

8.4 Self Insurance

If Interconnection Customer is a company with a self-insurance program established in accordance with commercially acceptable risk management practices, Interconnection Customer may comply with the following in lieu of the above requirements as reasonably approved by the Interconnecting Transmission Owner and the System Operator:

- Interconnection Customer shall provide to Interconnecting Transmission Owner and System Operator, at least thirty (30) calendar days prior to the Date of Initial Operation, evidence of such program to self-insure to a level of coverage equivalent to that required.

- If Interconnection Customer ceases to self-insure to the standards required hereunder, or if Interconnection Customer is unable to provide continuing evidence of Interconnection Customer's financial ability to self-insure, Interconnection Customer agrees to promptly obtain the coverage required under Article 8.1.

8.5 Interconnecting Transmission Owner Insurance

The Interconnecting Transmission Owner agrees to maintain general liability insurance or self-insurance consistent with the Interconnecting Transmission Owner's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Interconnecting Transmission Owner's liabilities undertaken pursuant to this Agreement.

Article 9. Confidentiality

9.1 Confidential Information shall include without limitation, all information governed by the ISO New England Information Policy, all information obtained from third parties under confidentiality agreements, and any confidential and/or proprietary information provided by a Party to the another Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.

9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party(ies) and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.

9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party(ies) as it employs to protect its own Confidential Information.

9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if the Commission, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to the Commission, within the time provided for in the request for information. In providing the information to the Commission, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by the Commission and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party(ies) to this Agreement prior to the release of the Confidential Information to the Commission. The Party shall notify the other Party(ies) to this Agreement when it is notified by the Commission that a request to release Confidential Information has been received by the Commission, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

Article 10. Disputes

10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.

10.2 In the event of a dispute, a Party shall provide the other Party(ies) with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.

10.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, any Party may contact the Commission's Dispute Resolution Service (DRS) for assistance in resolving the dispute.

10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at http://www.ferc.gov/legal/adr.asp.

10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for its pro-rata share of any costs paid to neutral third-parties.

10.6 If no Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then each Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

Article 11. Taxes

11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with Commission policy and Internal Revenue Service requirements.

11.2 Each Party shall cooperate with the other to maintain the other Party's(ies') tax status. Nothing in this Agreement is intended to adversely affect the Interconnecting Transmission Owner's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by the Parties, or under article 12.12 of this Agreement.

12.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

12.4 Waiver

The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

12.4.1 Any waiver at any time by a Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Interconnecting Transmission Owner. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

Except for the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, this Agreement, including all Attachments, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and

contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. Except for the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, there are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Parties.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of the New England Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Commission expects the System Operator, Interconnecting Transmission Owners,

market participants, and Interconnection Customers interconnected to the New England Transmission System to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

12.10 Environmental Releases

Each Party shall notify the other Party(ies), first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party(ies). The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party(ies) copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party(ies) for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party(ies) for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

12.12 Reservation of Rights

Consistent with Section 4.8 of Schedule 23, the Interconnecting Transmission Owner and the System Operator shall have the right to make a unilateral filing with the Commission to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this Agreement under any applicable provision of the Federal Power Act and the Commission's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party(ies) and to participate fully in any proceeding before the Commission in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national currier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

[To be supplied]

If to the Interconnecting Transmission Owner:

[To be supplied]

If to the System Operator:

ISO New England Inc.

Attention: Generation Interconnection, Transmission Planning Department

One Sullivan Road

Holyoke, MA 01040-2841

Phone: _____ Fax: 413-540-4203

With a copy to:

Billing Department

ISO New England Inc.

One Sullivan Road

Holyoke, MA 01040-2841

13.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below:

Interconnection Customer: [To be supplied]

Interconnecting Transmission Owner[To be supplied]

System Operator: ISO New England Inc.

Attention: Generation Interconnection, Transmission Planning Department

One Sullivan Road

Holyoke, MA 01040-2841

Phone: _____ Fax: 413-540-4203

With a copy to:

Billing Department

ISO New England Inc.

One Sullivan Road

Holyoke, MA 01040-2841

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by a Party to the other Party(ies) and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Phone: _____ Fax: _____

E-mail: _____

If to the Interconnecting Transmission Owner:

Phone: _____ Fax: _____

E-mail: _____

If to the System Operator:

Phone: _____ Fax: 413-540-4203

E-mail: geninterconn@iso-ne.com

With a copy to:

Billing Department

Facsimile: (413) 535-4024

E-mail: billingdept@iso-ne.com

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

[To be supplied]

Interconnecting Transmission Owner's Operating Representative:

[To be supplied]

System Operator's Operating Representative:

ISO New England Inc.

Attention: Generation Interconnection, Transmission Planning Department

One Sullivan Road

Holyoke, MA 01040-2841

Phone: _____ Fax: (413) 540-4203

E-mail: geninterconn@iso-ne.com

DUNS Numbers:

Interconnection Customer: [To be supplied]

Interconnecting Transmission Owner: [To be supplied]

13.5 Changes to the Notice Information

A Party may change this information by giving five Business Days written notice prior to the effective date of the change.

Article 14. Signatures

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

[*Insert name of*](Interconnecting Transmission Owner)

Name: _____

Title: _____

Date: _____

[*Insert name of*](Interconnection Customer)

Name: _____

Title: _____

Date: _____

ISO New England Inc (System Operator)

Name: _____

Title: _____

Date: _____

ATTACHMENTS TO SGIA

Attachment 1	Glossary of Terms
Attachment 2	Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment
Attachment 3	One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment and Upgrades
Attachment 4	Milestones
Attachment 5	Additional Operating Requirements for the New England Transmission System and Affected Systems Needed to Support the Interconnection Customer's Needs
Attachment 6	Interconnecting Transmission Owner's Description of its Upgrades, and Best Estimates of Upgrade Costs
Attachment 7	Commercial Operation Date

Attachment 1

Glossary of Terms

Administered Transmission System – The PTF, the Non-PTF, and distribution facilities that are subject to the Tariff.

Affected Party– The entity that owns, operates or controls an Affected System, or any other entity that otherwise may be a necessary party to the interconnection process.

Affected System – Any electric system that is within the Control Area, including, but not limited to, generator owned transmission facilities, or any other electric system that is not within the Control Area that may be affected by the proposed interconnection.

Affiliate – With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Standards – The requirements and guidelines of NERC, NPCC and the New England Control Area, including publicly available local reliability requirements of Interconnecting Transmission Owners or other Affected Systems.

At-Risk Expenditure – Money expended for the development of the Generating Facility that cannot be recouped if the Interconnection Customer were to withdraw the Interconnection Request for the

Generating Facility. At-Risk Expenditure may include, but is not limited to, money expended on: (1) costs of federal, state, local, regional and town permits, (ii) Site Control, (iii) site-specific design and survey, (iv) construction activities, and (v) non-refundable deposits for major equipment components. For purposes of this definition, At-

Risk Expenditure shall not include costs associated with the Interconnection Studies.

Base Case – Base power flow, short circuit and stability databases, including all underlying assumptions, and contingency lists provided by System Operator, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements; such databases and lists shall include all generation projects and transmission projects, including merchant transmission projects that are proposed for the New England Transmission System for which a transmission expansion plan has been submitted and approved by the applicable authority. Base Cases also include data provided by the Interconnection Customer, where applicable, to the Interconnecting Transmission Owner and System Operator to facilitate required Interconnection Studies.

Business Day – Monday through Friday, excluding Federal Holidays.

Capacity Capability Interconnection Standard ("CC Interconnection Standard") – The criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, and in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other Capacity Network Resources, as detailed in the ISO New England Planning Procedures.

Capacity Network Resource ("CNR") – That portion of a Generating Facility that is interconnected to the Administered Transmission System under the Capacity Capability Interconnection Standard.

Capacity Network Resource Capability ("CNR Capability") -- (i) In the case of a Generating Facility that is a New Generating Capacity Resource pursuant to Section III.13.1 of the Tariff or an Existing Generating Capacity Resource that is increasing its capability pursuant to Section III.13.1.2.2.5 of the Tariff, the highest megawatt amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff, and, if applicable, as specified in a filing by the System Operator with the Commission in accordance with Section III.13.8.2 of the Tariff, or (ii) in the case of a Generating Facility that meets the criteria under Section 1.6.4.3 of the Small Generator Interconnection Procedures ("SGIP"), the total megawatt amount determined pursuant to the hierarchy established in Section 1.6.4.3. The CNR Capability shall not exceed the maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90degrees F for Summer and at or above 20 degrees F for Winter. Where the Generating Facility includes multiple production devices, the CNR Capability shall not exceed the aggregate maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter.

Capacity Network Resource Group Study ("CNR Group Study") – The study performed by the System Operator under Section III.13.1.1.2.3 of the Tariff to determine which resources qualify to participate in a Forward Capacity Auction.

Capacity Network Resource Interconnection Service ("CNR Interconnection Service") -- The Interconnection Service selected by the Interconnection Customer to interconnect its Small Generating Facility with the Administered Transmission System in accordance with the Capacity Capability Interconnection Standard. An Interconnection Customer's CNR Interconnection Service shall be for the megawatt amount of CNR Capability. CNR Interconnection Service does not in and of itself convey transmission service.

Commercial Operation – The status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date – The date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Attachment 7 to the Standard Small Generator Interconnection Agreement.

Default – The failure of a breaching Party to cure its breach under the Small Generator Interconnection Agreement.

Distribution System – The Interconnecting Transmission Owner's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Interconnecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative,

executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, the Interconnection Provider, or any Affiliate thereof.

Initial Synchronization Date – The date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date – The date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Interconnecting Transmission Owner's Interconnection Facilities to obtain back feed power.

Interconnecting Transmission Owner – A Transmission Owner that owns, leases or otherwise possesses an interest in, ~~the portion~~or a Non-Incumbent Transmission Developer that is not a Participating Transmission Owner that is constructing, a portion of the Administered Transmission System at the Point of Interconnection and shall be a Party to the Standard Small Generator Interconnection Agreement. The term Interconnecting Transmission Owner shall not be read to include the System Operator.

Interconnection Customer – Any entity, including a transmission owner or its Affiliates or subsidiaries, that interconnects or proposes to interconnect its Small Generating Facility with the Administered Transmission System under the Standard Small Generator Interconnection Procedures.

Interconnection Facilities – The Interconnecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Administered Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study – A study conducted by the System Operator, Interconnecting Transmission Owner, or a third party consultant for the Interconnection Customer to determine a list of facilities (including Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Administered Transmission System. The scope of the study is defined in Section 3.5 of the Standard Small Generator Interconnection Procedures.

Interconnection Facilities Study Agreement – The form of agreement contained in Attachment 8 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study – A preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Administered Transmission System, the scope of which is described in Section 3.3 of the Standard Small Generator Interconnection Procedures. The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study, or as part of the Interconnection System Impact Study. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 3.3 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 3.3 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 3.3 and Section 3.4.

Interconnection Feasibility Study Agreement – The form of agreement contained in Attachment 6 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request – The Interconnection Request (a) shall mean an Interconnection Customer's request, in accordance with the Tariff, to: (i) interconnect a new Generating Facility to the Administered Transmission System as either a CNR or a NR; (ii) increase the energy capability or capacity capability of

an existing Generating Facility; (iii) make a modification to the operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected to the Administered Transmission System; (iv) commence participation in the wholesale markets by an existing Generating Facility that is interconnected with the Administered Transmission System; or (v) change from NR Interconnection Service to CNR Interconnection Service for all or part of a Generating Facility's capability. Interconnection Request shall not include: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility.

Interconnection Service – The service provided by the System Operator and the Interconnecting Transmission Owner, associated with interconnecting the Interconnection Customer's Generating Facility to the Administered Transmission System and enabling the receipt of electric energy capability and/or capacity capability from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Small Generator Interconnection Agreement and, if applicable, the Tariff.

Interconnection Study – Any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Small Generator Interconnection Procedures. Interconnection Study shall not include a CNR Group Study.

Interconnection Study Agreement – Any of the following agreements: the Interconnection Feasibility Study Agreement, the Interconnection System Impact Study Agreement, and the Interconnection Facilities Study Agreement attached to the Standard Small Generator Interconnection Procedures.

Interconnection System Impact Study – An engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of the Administered Transmission System and any other Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on Adverse System Impacts, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Small Generator Interconnection Procedures. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 3.3 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 3.3 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 3.3 and 3.4.

Interconnection System Impact Study Agreement – The form of agreement contained in Attachment 7 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

Network Capability Interconnection Standard ("NC Interconnection Standard")– The minimum criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, as detailed in the ISO New England Planning Procedures.

Network Resource ("NR") – The portion of a Generating Facility that is interconnected to the Administered Transmission System under the Network Capability Interconnection Standard.

Network Resource Capability ("NR Capability") – The maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. Where the Generating Facility includes

multiple energy production devices, the NR Capability shall be the aggregate maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. The NR Capability shall be equal to or greater than the CNR Capability. In the case of a Generating Facility that meets the criteria under Section 1.6.4.4 of this SGIP, the NR Capability shall equal the total megawatt amount determined pursuant to Section 1.6.4.4.

Network Resource Interconnection Service ("NR Interconnection Service") – The Interconnection Service selected by the Interconnection Customer to interconnect its Generating Facility to the Administered Transmission System in accordance with the Network Capability Interconnection Standard. An Interconnection Customer's NR Interconnection Service shall be solely for the megawatt amount of the NR Capability. NR Interconnection Service in and of itself does not convey transmission service.

Network Upgrades – Additions, modifications, and upgrades to the New England Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the Administered Transmission System to accommodate the interconnection of the Small Generating Facility with the Administered Transmission System. Network Upgrades do not include Distribution Upgrades.

Notice of Dispute – A written notice of a dispute or claim that arises out of or in connection with the Standard Small Generator Interconnection Agreement or its performance.

Operating Requirements – Any operating and technical requirements that may be applicable due to System Operator or the Interconnecting Transmission Owner's requirements, including those set forth in the Small Generator Interconnection Agreement, ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

Party– The System Operator, Interconnecting Transmission Owner, Interconnection Customer or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Administered Transmission System.

Queue Position -- The order of a valid request in the New England Control Area, relative to all other pending requests in the New England Control Area, that is established based upon the date and time of receipt of such request by the System Operator. Requests are comprised of Interconnection Requests, requests for Elective Transmission Upgrades, requests for transmission service and notification of requests for interconnection to other electric systems, as notified by the other electric systems, that impact the Administered Transmission System. For purposes of the SGIP, references to a "higher-queued" Interconnection Request shall mean one that has been received by System Operator (and placed in queue order) earlier than another Interconnection Request, which is referred to as "lower-queued."

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the Small Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Small Generating Facility – A Generating Facility having a maximum gross capability at or above zero degrees F of 20 MW or less.

Stand Alone Network Upgrades – Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the New England Transmission System

during their construction. The System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, must agree as to what constitutes Stand Alone Network Upgrades and identify them in Attachment 2 to the Standard Small Generator Interconnection Agreement.

Tariff – The System Operator's or Affected System's Tariff through which open access transmission service and Interconnection Service are offered, as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff.

Trial Operation – The period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

Upgrades – The required additions and modifications to the Administered Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Attachment 2

Description and Costs of the Small Generating Facility,

Interconnection Facilities, and Metering Equipment

Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer or the Interconnecting Transmission Owner. The Interconnecting Transmission Owner will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

I. DESCRIPTION OF MAJOR COMPONENTS

A. Small Generating Facility

(1) Description of Small Generating Facility.

[*insert*]

(2) The Small Generating Facility shall receive:

___ Network Resource Interconnection Service for the NR Capability at a level not to exceed [insert gross and net at or above 50 degrees F] MW for Summer, and [insert gross and net at or above 0 degrees F] MW for Winter.

___ Capacity Network Resource Interconnection Service for: (a)(i) the NR Capability at a level not to exceed [insert gross and net at or above 50 degrees F] MW for Summer and [insert gross and net at or above 0 degrees F] MW for Winter; and (ii) the CNR Capability at [insert net] MW for Summer and [insert net] MW for Winter, which shall not exceed [insert the maximum net MW electrical output of the Generating Facility at an ambient temperature at or above 90 degrees F for summer and at or above 20 degrees F for winter]. The CNR Capability shall be the amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff and, if applicable, as specified in filings by the System Operator with the Commission pursuant to Section III.13 of the Tariff.

(3) Detailed Description of Small Generating Facility and Generator Step-Up Transformer, if applicable:

Generator Data	
Number of Generators	
Manufacturer	
Model	
Designation of Generator(s)	
Excitation System Manufacturer	
Excitation System Model	
Voltage Regulator Manufacturer	
Voltage Regulator Model	

Generator Ratings	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 90 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 50 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 20 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above zero Degrees F	
Station Service Load For Each Unit	
Overexcited Reactive Power at Rated MVA and Rated Power Factor	
Underexcited Reactive Power at Rated MVA and Rated Power Factor	

Generator Short Circuit and Stability Data	
Generator MVA rating	
Generator AC Resistance	
Subtransient Reactance (saturated)	
Subtransient Reactance (unsaturated)	
Transient Reactance (saturated)	
Negative sequence reactance	
Transformer Data	
Number of units	
Self Cooled Rating	
Maximum Rating	
Winding Connection (LV/LV/HV)	
Fixed Taps	
Z1 primary to secondary at self cooled rating	
Z1 primary to tertiary at self cooled rating	
Z1 secondary to tertiary at self cooled rating	
Positive Sequence X/R ratio primary to secondary	
Z0 primary to secondary at self cooled rating	
Z0 primary to tertiary at self cooled rating	

Z0 secondary to tertiary at self cooled rating	
Zero Sequence X/R ratio primary to tertiary	

B. Interconnection Facilities

[*insert*]

C. Metering Equipment

[*insert*]

D. Other Components

[*insert*]

II. INTERCONNECTION EQUIPMENT OWNERSHIP, OPERATION AND MAINTENANCE

A. Point of Change of Ownership; Point of Interconnection

[*insert*]

B. Description of Responsibilities

[*insert*]

III. PRICING ESTIMATES

A. Interconnection Facilities

[*insert*]

B. Metering Equipment

[*insert*]

C. Operation and Maintenance

[*insert*]

Attachment 3

One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades

[*insert*]

Attachment 4

Milestones

1. **Milestones and Other Requirements:** The description and entries listed in the following table establish the required Milestones in accordance with the provisions of the SGIP and this SGIA. The referenced section of the SGIP or article of the SGIA should be reviewed to understand the requirements of each milestone.

Item No.	Milestone Description	Responsible Party	Date	SGIP/SGIA Reference
1	Submit updated data "as purchased"	Interconnection Customer	No later than 180 Calendar Days prior to Initial Synchronization Date	
2	Submit supplemental and/or updated data "as built/as-tested"	Interconnection Customer	Prior to Commercial Operation Date	
3	Provide quarterly written progress reports	Interconnection Customer and Interconnecting Transmission Owner	15 Calendar Days after the end of each quarter beginning the quarter that includes the date for Milestone #3 below and ending when the entire Small Generating Facility and all required Interconnection Facilities and Network Upgrades	

			are in place	
4	Deliver to Transmission Owner "as built" drawings, information and documents regarding Interconnection Customer's Interconnection Facility	Interconnection Customer	If requested, within 120 Calendar Days after Commercial Operation date	

2. Milestones Applicable If Facilities Study Has Been Waived by Interconnection Customer:

Item No.	Milestone Description	Responsible Party	Date	SGIP/SGIA Reference
1	Siting approval for the Generating Facility and Interconnection Facilities	Interconnection Customer	As agreed to by the Parties	SGIP § 3.4.5(i)
2	Engineering of Interconnection Facilities approved by Interconnecting Transmission Owner	Interconnection Customer	As agreed to by the Parties	SGIP § 3.4.5(ii)
3	Commit to the ordering of long lead time material for Interconnection Facilities and system upgrades	Interconnection Customer	As agreed to by the Parties	SGIP § 3.4.5(iii)
4	In-Service Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	

5	Initial Synchronization Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	SGIP § 3.4.5(iv)
6	Commercial Operation Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	SGIP § 3.4.5(v)

3. Milestones Applicable Solely for CNR Interconnection Service. In addition to the Milestones above, the following Milestones apply to Interconnection Customers requesting CNR Interconnection Service:

Item #	Milestone	Responsible Party	Date	SGIP/SGIA Reference
1	Submit necessary requests for participation in the Forward Capacity Auction associated with the Generating Facility's requested Commercial Operation Date, in accordance with Section III.13 of the Tariff	Interconnection Customer		1.7.1.3(i)
2	Participate in a CNR Group Study	Interconnection Customer; System Operator		1.7.1.3(ii)
3	Qualify and receive a Capacity Supply Obligation in accordance with Section III.13 of the Tariff	Interconnection Customer		1.7.1.3(iii)
4	Complete a re-study of the applicable Interconnection Study to determine the cost responsibility for facilities and upgrades necessary to accommodate the Interconnection Request based on the results of the Forward Capacity Auction, Reconfiguration Auction or bilateral transaction through which the Interconnection Customer received a Capacity Supply Obligation	System Operator		1.7.1.3(iv)

Attachment 5

Additional Operating Requirements for the

New England Transmission System and Affected Systems Needed to Support

the Interconnection Customer's Needs

The Interconnecting Transmission Owner shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the New England Transmission System.

I. OPERATING REQUIREMENTS

[*Insert*]

Attachment 6

Interconnecting Transmission Owner's

Description of its Upgrades

and Best Estimate of Upgrade Costs

The Interconnecting Transmission Owner shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Interconnecting Transmission Owner shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

I. DESCRIPTION OF UPGRADES

A. Distribution Upgrades

[*Insert*]

B. Network Upgrades

[*Insert*]

(1) Stand Alone Network Upgrades

(2) Other Network Upgrades

C. Affected System Upgrades

[Insert]

D. Contingency Upgrades

(1) Long Lead Facility-Related Upgrades. The Interconnection Customer's Small Generating Facility is associated with a Long Lead Facility, in accordance with Section 3.2.3 of the LGIP. Pursuant to Section 4.1 of the LGIP, the Interconnection Customer shall be responsible for the following upgrades in the event that the Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation in accordance with Section III.13.1 of the Tariff:

[*insert list of upgrades*]

If the Interconnection Customer fails to cause these upgrades to be in-service prior to the commencement of the Long Lead Facility's Capacity Commitment Period, the Interconnection Customer shall be deemed to be in Breach of this SGIA in accordance with Article 7, and the System Operator will initiate all necessary steps to terminate this SGIA, in accordance with Article 3.

(2) Other Contingency Upgrades. [*e.g.*, list of upgrades associated with higher queued Interconnection Requests with SGIAs prior to this SGIA and any other contingency upgrades that the Parties may deem necessary for the interconnection of the Small Generating Facility.]

E. Post-Forward Capacity Auction Re-study Upgrade Obligations.

[*Insert any changes in upgrade obligations that result from re-study conducted post receiving a Capacity Supply Obligation in accordance with the Tariff*.]

Attachment 7

Commercial Operation Date

This Attachment 7 is a part of the SGIA between System Operator, Interconnecting Transmission Owner and Interconnection Customer.

[*Date*]

[*Interconnecting Transmission Owner; Address*]

Generator Interconnections

Transmission Planning Department

ISO New England Inc.

One Sullivan Road

Holyoke, MA 01040-2841

Re: _____ Small Generating Facility

Dear _____:

On [Date] [Interconnection Customer] has completed Trial Operation of Unit No. ___. This letter confirms that [Interconnection Customer] commenced commercial operation of Unit No. ___ at the Small Generating Facility, effective as of [Date plus one day].

Thank you.

[*Signature*]

[*Interconnection Customer Representative*]

ATTACHMENT K

REGIONAL SYSTEM PLANNING PROCESS

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13. Rights Under The Federal Power Act

1. Overview

This Attachment describes the regional system planning process conducted by the ISO, as well as the coordination with transmission-owning entities in, or other entities interconnected to, the New England Transmission System and neighboring systems to ensure the reliability of the New England Transmission System and compliance with national and regional planning standards, criteria and procedures, while accounting for market performance, ~~and~~ economic, environmental, and other considerations, as may be agreed upon from time to time. The New England Transmission System is comprised of PTF, Non-PTF, OTF and MTF within the New England Control Area that is under the ISO's operational authority or control pursuant to the ISO Tariff and/or various transmission operating agreements. This Attachment describes the regional system planning process for the PTF conducted by the ISO, and local system planning process conducted by the PTOs, pursuant to ~~its~~ their responsibilities defined in the Tariff, the various transmission operating agreements and this Attachment. Additional details regarding the regional system planning process are also provided in the ISO New England Planning Procedures and ISO New England Operating Procedures, which are available on the ISO's website.

The ISO shall conduct the regional system planning process for the PTF in coordination with the transmission-owning entities in, or other entities interconnected to, the New England Transmission System and neighboring systems, consistent with the rights and obligations defined in the Tariff, applicable transmission operating agreements and this Attachment. As described in this Attachment's Section 6 and Appendix 1, entitled "Attachment K -Local System Planning Process", the PTOs are responsible for the Local System Planning ("LSP") process for the Non-PTF in the New England Transmission System. As also described in Section 6, and pursuant to the Tariff and/or transmission operating agreements, the OTOs and MTOs are required to participate in the ISO's regional system planning process for reliability purposes and to perform and/or support studies of the impact of regional system planning projects on their respective OTF and MTF.

The regional system planning process described in this Attachment provides for the ISO to undertake assessments of the needs of the PTF system on a systemwide or specific area basis. These assessments shall be referred to as Needs Assessments, as described in Section 4.1 of this Attachment. The ISO shall incorporate market responses that have met the criteria specified in Section 4.2(a) of this Attachment into the Needs Assessments or the Regional System Plan ("RSP"), described below. Where market responses incorporated into the Needs Assessments do not eliminate or address the needs identified by the ISO in Needs Assessments or the RSP, the ISO shall develop or evaluate, pursuant to Section 4.2(b) of this

Attachment, as applicable, regulated transmission solutions proposed in response to the needs identified by the ISO. Pursuant to Sections 3 and 7 of this Attachment, the ISO shall develop the RSP for approval by the ISO Board of Directors following stakeholder input through the Planning Advisory Committee established pursuant to Section 2 of this Attachment. The RSP is a compilation of the regional system planning process activities conducted by the ISO during a given year. The RSP shall address needs of the PTF system determined by the ISO through Needs Assessments initiated and updated on an ongoing basis by the ISO to: (i) account for changes in the PTF system conditions; (ii) ensure reliability of the PTF system; (iii) comply with national and regional planning standards, criteria and procedures; and (iv) account for market performance, and economic, environmental and other considerations as may be agreed upon from time to time.

As more fully described in Section 3 of this Attachment, the RSP shall identify:

(i) PTF system reliability and market efficiency needs,

(ii) the requirements and characteristics of the types of resources that may satisfy PTF system reliability and market efficiency needs to provide stakeholders an opportunity to develop and propose efficient market responses to meet the needs identified in Needs Assessments; and

(iii) regulated transmission solutions to meet the needs identified in Needs Assessments where market responses do not address such needs or additional transmission infrastructure may be required to comply with national and regional planning standards, criteria and procedures or provide market efficiency benefits in accordance with Attachment N of this OATT.; and

(iv) those projects for which there has been a Public Policy Transmittal pursuant to the procedures described in Section 4A of this Attachment K.

In addition, the RSP shall also provide information on a broad variety of power system requirements that serves as input for reviewing the design of the markets and the overall economic performance of the system. The RSP shall also describe the coordination of the ISO's regional system plans with regional, local and inter-area planning activities.

Pursuant to Section 3.6 of this Attachment, the ISO shall also develop, maintain and post on its website a cumulative list reflecting the regulated transmission solutions proposed in response to Needs Assessments

(the "RSP Project List"). The RSP Project List shall be a cumulative representation of the regional transmission planning expansion efforts ongoing in New England.

2. Planning Advisory Committee

2.1 Establishment

A Planning Advisory Committee shall be established by the ISO to perform the functions set forth in Section 2.2 of this Attachment. It shall have a Chair and Secretary, who shall be appointed by the chief executive officer of the ISO or his or her designee. Before appointing an individual to the position of the Chair or Secretary, the ISO shall notify the Planning Advisory Committee of the proposed assignment and, consistent with its personnel practices, provide any other information about the individual reasonably requested by the Planning Advisory Committee. The chief executive officer of the ISO or his or her designee shall consider the input of the members of the Planning Advisory Committee in selecting, removing or replacing such officers. The Planning Advisory Committee shall be advisory only and shall have no formal voting protocol.

The ISO may form subcommittees that, at the discretion of the ISO, may report to the Planning Advisory Committee.

2.2 Role of Planning Advisory Committee

The Planning Advisory Committee may provide input and feedback to the ISO concerning the regional system planning process, including the development of and review of Needs Assessments, the conduct of Solutions Studies, the development of the RSP, and updates to the RSP Project List. Specifically, the Planning Advisory Committee serves to review and provide input and comment on: (i) the development of the RSP, (ii) assumptions for studies, (iii) the results of Needs Assessments, ~~and~~ Solutions Studies, and (iv) potential market responses to the needs identified by the ISO in a Needs Assessment or the RSP. The Planning Advisory Committee, with the assistance of and in coordination with the ISO, serves also to identify and prioritize requests for Economic Studies to be performed by the ISO, and provides input and feedback to the ISO concerning the conduct of Economic Studies and Public Policy Transmission Studies, including the criteria and assumptions for such studies. Based on input and feedback related to the regional system planning process provided by the Planning Advisory Committee to the ISO, the ISO shall ~~refer~~ consult with ~~to~~ the appropriate NEPOOL technical committees, including but not limited to, the Markets, Reliability and Transmission Committees, on issues and concerns identified by the Planning Advisory Committee ~~for~~ as requiring further investigation and consideration of potential changes to ~~rules and procedures~~ISO New England Operating Documents.

2.3 Membership

Any entity, including State regulators or agencies and~~, if in existence, a Regional State Committee or similarly situated entity~~ NESCOE, as specified in Attachment N of the OATT, may designate a member to the Planning Advisory Committee by providing written notice to the Secretary of that Committee identifying the name of the entity represented by the member and the member's name, address, telephone number, facsimile number and electronic mail address. The entity may remove or replace such member at any time by written notice to the Secretary of the Planning Advisory Committee.

2.4 Procedures

(a) Notice of Meetings

Prior to the beginning of each year, the ISO shall list on the ISO Calendar, which is available on the ISO's website, the proposed meeting dates for the Planning Advisory Committee for each month of the year. Prior to a Planning Advisory Committee meeting, the ISO shall provide notice to the Planning Advisory Committee by electronic email with the date, time, format for the meeting (i.e., in person or teleconference), and the purpose for the meeting.

(b) Frequency of Meetings

Meetings of the Planning Advisory Committee shall be held as frequently as necessary to serve the purposes stated in Section 2.2 of this Attachment and as further specified elsewhere in this Attachment, generally expected to be no less than four (4) times per year.

(c) Availability of Meeting Materials

The ISO shall post materials for Planning Advisory Committee meetings on the Planning Advisory Committee section on the ISO's website prior to meetings. The materials for the Planning Advisory Committee meetings shall be made available to the members of the Planning Advisory Committee subject to protections warranted by confidentiality requirements of the ISO New England Information Policy set forth in Attachment D of the ISO Tariff and Critical Energy Infrastructure Information ("CEII") policy as further described in Section 2.4(d) of this Attachment.

(d) Access to Planning-Related Materials that Contain CEII

CEII is defined as specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure (physical or virtual) that:

(i) Relates details about the production, generation, transportation, transmission, or distribution of energy;

(ii) Could be useful to a person in planning an attack on critical infrastructure;

(iii) Is exempt from mandatory disclosure under the Freedom of Information Act, 5 U.S.C. 552; and

(iv) Does not simply give the location of critical infrastructure.

CEII pertains to existing and proposed system and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of those matters. CEII does not include information that is otherwise publicly available. Simplified maps and general information on engineering, vulnerability, or design that relate to production, generation, transportation, transmission or distribution of energy shall not constitute CEII.

Planning-related materials determined to be CEII will be posted on the ISO's password-protected website. To obtain access to planning-related materials determined to be CEII, the entity seeking to obtain such access must contact the ISO's Customer Service department. Authorized Market Participants or their representatives, such as consultants, are bound by the ISO New England Information Policy and will be able to access CEII materials through the ISO's password-protected website. State and federal governmental agency employees and their consultants will be able to access such materials through the ISO's password-protected website upon submittal of a signed non-disclosure agreement, which is available on the ISO's website. Personnel of the ERO, NPCC, other regional transmission organizations or independent system operators, and transmission owners from neighboring regions will be able to access CEII materials pursuant to governing agreements, rules and protocols. All external requests by other persons for planning-related materials determined to be CEII shall be recorded and tracked by ISO's Customer Services staff. Such requestors will be able to obtain access to CEII documents filed with the Commission pursuant to the Commission's regulations governing access to CEII. To

the extent a requestor seeks access to planning-related material that is not filed with the Commission, such requestor shall comply with the requirements provided in the CEII procedures of the ISO, available on the ISO's website, prior to receiving access to CEII information. Upon compliance with the ISO's CEII procedures, the ISO shall grant the requestor access to the planning-related CEII document through direct distribution or access to the ISO password-protected website.

2.5 Local System Planning Process

The LSP process described in Appendix 1 to this Attachment applies to the transmission system planning for the Non-PTF in the New England Transmission System. The PTOs will utilize interested members of the Planning Advisory Committee for advisory stakeholder input in the LSP process that will meet, as needed, at the conclusion of, or independent of, scheduled Planning Advisory Committee meetings. The LSP meeting agenda and meeting materials will be developed by representatives of the pertinent PTOs and PTO representatives will chair the LSP meeting. The ISO will post the LSP agenda and materials for LSP.

3. RSP: Principles, Scope, and Contents

3.1 Description of RSP

The ISO shall develop the RSP based on periodic comprehensive assessments (conducted not less than every third year) of the PTF systemwide needs to maintain the reliability of the New England Transmission System while accounting for market efficiency, economic, environmental, and other considerations, as agreed upon from time to time. The ISO shall update the RSP to reflect the results of ongoing Needs Assessments conducted pursuant to Section 4.1 of this Attachment. The RSP shall also account for projected improvements to the PTF that are needed to maintain system reliability in accordance with national and regional standards and the operation of efficient markets under a set of planning assumptions.

The RSP shall, among other things:

(i) describe, in a consolidated manner, the assessment of the PTF system needs, the results of such assessments, and the projected improvements;

(ii) provide the projected annual and peak demands for electric energy for a five-to ten-year horizon, the needs for resources over this period and how such resources are expected to be provided;

(iii) specify the physical characteristics of the physical solutions that can meet the needs defined in the Needs Assessments and include information on market responses that can address them; and

(iv) provide sufficient information to allow Market Participants to assess the quantity, general locations, operating characteristics and required availability criteria of the type of incremental supply or demand-side resources, or merchant transmission projects, that would satisfy the identified needs or that may serve to modify, offset or defer proposed regulated transmission upgrades.

The RSP shall also include a description of proposed regulated transmission solutions that, based on the Solutions Studies described in Section 4.2 of this Attachment, may meet the needs identified in the Needs Assessments. To this end, as further described in Section 3.6 below, the ISO shall develop and maintain a RSP Project List, a cumulative listing of proposed regulated transmission solutions classified, to the extent known, as Reliability Transmission Upgrades, ~~and~~ Market Efficiency Transmission Upgrades~~, that may meet those needs~~ and Public Policy Transmission Upgrades. The RSP shall also provide reasons for any new regulated transmission solutions or Transmission Upgrades included in the RSP Project List, any change in status of a regulated transmission solution or Transmission Upgrade in the RSP Project List, or for any removal of regulated transmission solutions or Transmission Upgrades from the RSP Project List that are known as of that time.

Each RSP shall be built upon the previous year's RSP.

3.2 Baseline of RSP

The RSP shall account for: (i) all projects that have met milestones, including market responses and regulated transmission solutions (e.g., planned demand-side projects, generation and transmission projects, Merchant Transmission Facilities, and Elective Transmission Upgrades) as determined by the ISO, in collaboration with the Planning Advisory Committee, pursuant to Sections 4.1 and 4.2 of this Attachment; and (ii) the requirements for system operation and restoration services, not including the development of a system operations or restoration plan, which is outside the scope of the regional system planning process.

3.3 RSP Planning Horizon and Parameters

The RSP shall be based on a five-to ten-year planning horizon, and reflect five-to ten-year capacity and load forecasts.

The RSP shall conform to: Good Utility Practice; applicable Commission compliance requirements related to the regional system planning process; applicable reliability principles, guidelines, criteria, rules, procedures and standards of the ERO, NPCC, and any of their successors; planning criteria adopted and/or developed by the ISO; Transmission Owner criteria, rules, standards, guides and policies developed by the Transmission Owner for its facilities consistent with the ISO planning criteria, the applicable criteria of the ERO and NPCC; local transmission planning criteria; and the ISO New England Planning Procedures and ISO New England Operating Procedures, as they may be amended from time to time (collectively, the "Planning and Reliability Criteria").

The revisions to this Attachment K submitted to comply with FERC's Order No. 1000 shall not apply to any identified needs or transmission solutions included in an RSP approved by the ISO Board of Directors prior to the effective date of the Order No. 1000 compliance filing of the ISO and the PTOs or to any needs assessment concluded by the ISO or proposed solutions listed in an RSP update prior to such effective date.

3.4 Other RSP Principles

The RSP shall be designed and implemented to: (i) avoid unnecessary duplication of facilities; (ii) identify facilities that are necessary to meet Planning and Reliability Criteria; (iii) avoid the imposition of unreasonable costs upon any Transmission Owner, Transmission Customer or other user of a transmission facility; (iv) take into account the legal and contractual rights and obligations of the Transmission Owners and the transmission-related legal and contractual rights and obligations of any other entity; (v) provide for coordination with existing transmission systems and with appropriate inter-area and local expansion plans; and (vi) properly coordinate with market responses, including, but not limited to generation, merchant transmission and demand-side responses.

3.5 Market Responses in RSP

Market responses shall include investments in resources (e.g., demand-side projects, generation and distributed generation) and Merchant Transmission Facilities, and shall be evaluated by the ISO, in consultation with the Planning Advisory Committee, pursuant to Sections 4.2(a) and 7 of this Attachment.

In developing the RSP, the ISO shall account for market responses: (i) proposed by Market Participants as addressing needs (and any critical time constraints for addressing such needs) identified in a RSP or Needs Assessment, developed pursuant to Section 4.1 of this Attachment; and (ii) that have proved to be viable by meeting the criteria specified in Section 4.2(a) of this Attachment, as applicable.

Specifically, market responses that are identified to the ISO and are determined by the ISO, in consultation with the Planning Advisory Committee, to be sufficient to alleviate the need for a particular regulated transmission solution or Transmission Upgrade, based on the criteria specified in the pertinent Needs Assessment or RSP, and are judged by the ISO to be achievable within the required time period, shall be reflected in the next RSP and/or in a new or updated Needs Assessment. That particular regulated transmission solution or Transmission Upgrade may continue to be included in the appropriate category on the RSP Project List (as described in Section 3.6 below), subject to the ISO having the flexibility to indicate that the project should proceed at a later date or it may be removed if it is determined to be no longer needed. If the market response does not fully address the defined needs, or if additional transmission infrastructure is required to facilitate the efficient operation of the market, the RSP shall also include that particular regulated transmission solution or Transmission Upgrade, subject to the ISO having the flexibility to indicate that the Transmission Upgrade or regulated transmission solution should proceed at a later date and be modified, if necessary.

3.6 The RSP Project List

(a) Elements of the RSP Project List

The RSP Project List shall identify regulated transmission solutions proposed in response to the needs identified in a RSP or Needs Assessments conducted pursuant to Section 4.1 of this Attachment~~.~~, and shall identify Public Policy Transmission Upgrades identified pursuant to Section 4A of this Attachment. The RSP Project List shall identify the proposed regulated transmission solutions separately as ~~either~~ a Reliability Transmission Upgrade, ~~or~~ a Market Efficiency Transmission Upgrade, or a Public Policy Transmission Upgrade.

~~Within each category of the RSP Project List~~With regard to Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, the following subcategories will be utilized to indicate the status of each proposed regulated transmission solution in the evaluation process. These subcategories include: (i) Concept; (ii) Proposed; (iii) Planned; (iv) Under Construction; and (v) In-Service. A Public Policy Transmission

Upgrade will be identified in the RSP Project List as (i) Proposed; (ii) Planned: (iii) Under Construction; or (iv) In-Service.

The regulated transmission solution subcategories are defined as follows:

(i) For purposes of Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, "Concept" shall include a transmission project that is being considered by its proponent as a potential solution to meet a need identified by the ISO in a Needs Assessment or the RSP, but for which there is little or no analysis available to support the transmission project.

(ii) For purposes of Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades,

"Proposed" shall include a regulated transmission solution that (~~i~~a) has been proposed in response to a specific need identified by the ISO in a Needs Assessment or the RSP and (~~ii~~b) has been evaluated or further defined and developed in a Solutions Study, as specified in Section 4.2(b) of this Attachment, such that there is significant analysis that supports a determination by the ISO, as communicated to the Planning Advisory Committee, that the proposed regulated transmission solution would likely meet the need identified by the ISO in a Needs Assessment or the RSP, but has not received approval by the ISO under Section I.3.9 of the Tariff.

For purposes of Public Policy Transmission Upgrades, "Proposed" means that the inclusion of the project in the RSP Project List has received a Public Policy Transmittal pursuant to the procedures described in Section 4A of this Attachment K, but that the project has not yet been approved by the ISO under Section I.3.9 of the Tariff.

(iii) "Planned" shall include a Transmission Upgrade that has met the requirements for a Proposed project and has been approved by the ISO under Section I.3.9 of the Tariff.

(iv) "Under Construction" shall include a Transmission Upgrade that has received the approvals required under the Tariff and engineering and construction is underway.

(v) "In Service" shall include a Transmission Upgrade that has been placed in commercial operation.

Each ~~proposed regulated transmission solution or~~Reliability Transmission Upgrade and Market Efficiency Transmission Upgrade shall ~~also~~ be cross-referenced to the specific systemwide or area needs identified in a Needs Assessment or RSP. Each proposed Public Policy Transmission Upgrade shall be cross-referenced in the RSP Project List to a specific Public Policy Transmission Study.

For completeness, the RSP Project List shall also include transmission facilities (as determined under the ISO interconnection process specified in this OATT) to be built to accommodate new generation, merchant transmission, and elective transmission interconnections that have satisfied the requirements of this OATT.

(b) Periodic Updating of RSP Project List

The RSP Project List will be updated by the ISO periodically by adding, removing or revising regulated transmission solutions or Transmission Upgrades in consultation with the Planning Advisory Committee and, as appropriate, the Reliability Committee.

Updating of the RSP Project List shall be considered an update of the RSP to be reflected in the next RSP, as appropriate, pursuant to Section 3.1 of this Attachment.

(c) RSP Project List Updating Procedures and Criteria

As part of the periodic updating of the RSP Project List, the ISO: (i) shall modify (in accordance with the provisions of this Attachment) regulated transmission solutions or Transmission Upgrades to reflect changes to the PTF system configurations, including ongoing investments by Market Participants or other stakeholders; (ii) may add to and classify accordingly, regulated transmission solutions; and (iii) may remove from the RSP Project List regulated transmission solutions or Transmission Upgrades previously identified in the RSP Project List if the ISO determines that the need for the proposed regulated transmission solution or the approved Transmission Upgrade no longer exists or is no longer feasible. With regard to (iii) above, this may include a removal of a regulated transmission solution or Transmission Upgrade because a market response meeting the need reaches the maturity specified in Section 4.2(a) of this Attachment and

has been determined, pursuant to Section 4.2(a) of this Attachment, to meet the need described in the pertinent Needs Assessment or RSP. In doing so, the ISO shall consult with and consider the input from the Planning Advisory Committee and, as appropriate, the Reliability Committee. In addition, the ISO shall remove from the RSP Project List any Public Policy Transmission Upgrade if requested to do so in a written NESCOE communication reflecting decisions to terminate support of such upgrade by all of the states that previously agreed to support it as communicated in the Public Policy Transmittal described in Section 4A.8 below.

If a regulated transmission solution or Transmission Upgrade is removed from the RSP Project List by the ISO, the entity responsible for the construction of the regulated transmission solution or Transmission Upgrade shall be reimbursed for any costs prudently incurred or prudently committed to be incurred (plus a reasonable return on investment at existing Commission-approved ROE levels) in connection with the planning, designing, engineering, siting, permitting, procuring and other preparation for construction, and/or construction of the regulated transmission solution or Transmission Upgrade proposed for removal from the RSP Project List. The provisions of Schedule 12 of this OATT shall apply to any cost reimbursement under this Section. Prior to finalizing the RSP, the ISO shall provide the Planning Advisory Committee with written information explaining the reasons for any removal under this Section.

(d) Posting of LSP Project Status

Each PTO will be individually responsible for publicly posting and updating the status of its respective LSP and the transmission projects arising therefrom on its company website. The ISO's posting of the RSP Project Lists will include links to each PTO's specific LSP posting to be provided to the ISO by the PTOs.

4. Procedures for the Conduct of Needs Assessments, Treatment of Market Responses and Evaluation of Regulated Transmission Solutions

4.1 Non-Applicability of Sections 4.1 through 4.2; Needs Assessments

The reliability planning process established in this Attachment K shall apply to all transmission solutions adopted to resolve a reliability need. The market efficiency planning process established in this Attachment K shall apply to all transmission solutions adopted to resolve a market efficiency need. The

public policy planning process established in this Attachment K shall apply to all transmission solutions adopted to resolve a public policy need. For needs identified initially as reliability, market efficiency or public policy needs, the collateral benefits of potential solutions to those needs shall not change the planning process applicable to those identified needs; notwithstanding the foregoing, the ISO shall report its views as to whether a project or preferred solution may also satisfy identified reliability needs of the system as described in Sections 4A.5(e) or 4A.7, respectively, of this Attachment K. Sections 4.1 through 4.2 of this Attachment are not applicable to the planning of Public Policy Transmission Upgrades, which is governed instead by Section 4A of this Attachment.

On a regular and ongoing basis, the ISO, in coordination with the PTOs and the Planning Advisory Committee, shall conduct assessments (i.e., Needs Assessments) of the adequacy of the PTF system, as a whole or in part, to maintain the reliability of such facilities while promoting the operation of efficient wholesale electric markets in New England. A Needs Assessment shall analyze whether the PTF in the New England Transmission System: (i) meet applicable reliability standards; (ii) have adequate transfer capability to support local, regional, and inter-regional reliability; (iii) support the efficient operation of the wholesale electric markets; (iv) are sufficient to integrate new resources and loads on an aggregate or regional basis; or (v) otherwise examine various aspects of its performance and capability. A Needs Assessment shall also identify: (i) the location and nature of any potential problems with respect to the PTF and (ii) situations that significantly affect the reliable and efficient operation of the PTF along with any critical time constraints for addressing the needs of the PTF to facilitate the development of market responses and to initiate the pursuit of regulated transmission solutions.

(a) Triggers for Needs Assessments

The ISO, in coordination with the PTOs and the Planning Advisory Committee, shall perform Needs Assessments, inter alia, if:

(i) a need for additional transfer capability is identified by the ISO in its ongoing evaluation of the PTF's adequacy and performance;

(ii) a need for additional transfer capability is identified as a result of an ERO and/or NPCC reliability assessment or more stringent publicly available local reliability criteria, if any;

(iii) constraints or available transfer capability limitations that are identified possibly as a result of generation additions or retirements, evaluation of load forecasts or proposals for the addition of transmission facilities in the New England Control Area;

(iv) as requested by a stakeholder pursuant to the provisions of Section 4.1(b) of this Attachment; or

(v) as otherwise deemed appropriate by the ISO as warranting such an assessment.

(b) Requests by Stakeholders for Needs Assessments for Economic Considerations

The ISO's stakeholders may request the ISO to initiate a Needs Assessment to ~~evaluate~~ examine situations where potential regulated transmission solutions or market responses or investments ~~that~~ could result in (i) a net reduction in total production cost to supply system load based on the factors specified in Attachment N of this OATT, (ii) reduced congestion, or (iii) the integration of new resources and/or loads on an aggregate or regional basis (an "Economic Study").

Requests for Economic Studies shall be submitted, considered and prioritized as follows:

(i) By no later than April 1 of each year, any stakeholder may submit to the ISO for public posting on the ISO's website a request for an Economic Study.

(ii) The ISO shall thereafter add any of its own proposals for Economic Studies. The ISO shall also develop a rough work scope and cost estimate for all requested Economic Studies, and develop preliminary prioritization based on the ISO's perceived regional and/or, as coordinated with the applicable neighboring system, inter-area benefits to assist stakeholders in the prioritization of Economic Studies.

(iii) By no later than May 1 of each year, the ISO shall provide the foregoing information to the Planning Advisory Committee, and a Planning Advisory Committee meeting shall be held at which Economic Study proponents will provide an explanation of their request.

(iv) By no later than June 1 of each year, the ISO shall hold a meeting of the Planning Advisory Committee for the members of the Planning Advisory Committee to discuss, identify and prioritize, as further facilitated by the ISO's preparation of a straw priority

list to be further discussed at such meeting, up to ~~three~~ two (~~3~~2) Economic Studies (the costs of which will be recovered by the ISO pursuant to Section IV.A of the Tariff) to be performed by the ISO in a given year~~,~~ taking into consideration their impact on the ISO budget and other priorities. The ISO may consider performing up to three (3) Economic Studies if a Public Policy Transmission Study will not be concurrently performed.

(v) The ISO and the Planning Advisory Committee may agree to hold additional meetings to further discuss and resolve any issue concerning the substance of the Economic Studies themselves and/or their prioritization.

(vi) If the Planning Advisory Committee, after discussions between the Planning Advisory Committee and ISO management, is not able to prioritize the Economic Studies to be performed by the ISO in a given year, any member of the Planning Advisory Committee must submit a request for Regional Planning Dispute Resolution Process pursuant to Section 12 of this Attachment, such request to be submitted no later than August 30, to resolve the issues concerning the substance of the Economic Studies themselves and/or their prioritization.

(vii) The ISO will issue a notice to the Planning Advisory Committee detailing the prioritization of the Economic Studies as identified by the Planning Advisory Committee or, if a request for Regional Planning Dispute Resolution Process is submitted pursuant to Section 4.1.(b)(vi), as determined through that Process.

The foregoing timelines are subject to adjustment as determined by the ISO in coordination with the Planning Advisory Committee. The ISO will provide periodic updates on the status of Economic Studies to the Planning Advisory Committee.

Economic Study requests not within the two or three studies identified to be performed in a given year shall be treated in the same manner as a request for Elective Transmission Upgrade described in the OATT.

(c) Conduct of a Needs Assessment for Rejected Non-Price Retirement Requests and De-List Bids

(i) Where a Needs Assessment is underway for an area affected by a rejected Permanent De-List Bid or Non-Price Retirement Request, the Needs Assessment will represent the resource with the rejected Permanent De-List Bid as being interconnected, but unavailable for reliability purposes, and the Non-Price Retirement Request as being retired in the base representation being used to assess the system to identify reliability needs that must be addressed.

(ii) Where there is not a Needs Assessment underway for an area affected by a rejected Permanent De-List Bid or Non-Price Retirement Request, the ISO will initiate a Needs Assessment for that area.

(iii) In the case of a rejected Static De-List Bid or Dynamic De-List Bid, the ISO may as warranted, with advisory input from the Reliability Committee, examine the unavailability of the resource(s) with the rejected bid as a sensitivity in a Needs Assessment, or examine the unavailability of the resource(s) in the base representation in a Needs Assessment. The ISO may as warranted, with advisory input from the Reliability Committee, initiate a Needs Assessment for the purpose of modeling rejected Static De-List Bids or Dynamic De-List Bids where the ISO believes that the initiation of such a study is warranted.

(iv) Prior to the start of each new capacity qualification period, the ISO shall present to the Reliability Committee the status of any prior rejected de-list bids or Non-Price Retirement Requests being studied in the regional system planning process.

(d) Notice of Initiation of Needs Assessments

Prior to its commencement, the ISO shall provide notice of the initiation of a Needs Assessment to the Planning Advisory Committee consistent with Section 2 of this Attachment.

(e) Preparation of Needs Assessment

Needs Assessments may examine resource adequacy, transmission adequacy, projected congestion levels and other relevant factors as may be agreed upon from time to time. Needs Assessments shall also consider the views, if any, of the Planning Advisory Committee, State regulators or agencies, ~~a Regional State Committee, if in existence~~NESCOE, the Market Advisor to the ISO Board of Directors, and the ISO Board of Directors. A corresponding assessment shall

be performed by the PTOs to identify any needs relating to the Non-PTF transmission facilities (of whatever voltage) that could affect the provision of Regional Transmission Service over the PTF.

(f) Needs Assessment Study Groups

For the development of the Needs Assessments, the ISO may form a targeted study group of representatives of affected stakeholders based on the scope of the particular Needs Assessment. Participation in such study groups is voluntary and is intended to provide an opportunity to affected stakeholders for early involvement in the regional system planning process. The ISO may form sub-working groups with limited participation due to ISO New England Information Policy/Code of Conduct and CEII constraints.

(g) Input from the Planning Advisory Committee

Meetings of the Planning Advisory Committee shall be convened to identify additional considerations relating to a Needs Assessment that were not identified in support of initiating the assessment, and to provide input on the Needs Assessment's scope, assumptions and procedures, consistent with the responsibilities of the Planning Advisory Committee as set forth in Section 2.2 of this Attachment.

(h) Publication of Needs Assessment and Response Thereto

The ISO shall report the results of Needs Assessments to the Planning Advisory Committee, subject to CEII constraints. Needs Assessments containing CEII will be posted on the ISO's password-protected website consistent with Section 2.4(d) of this Attachment. Needs Assessments will identify high-level functional requirements and characteristics for regulated transmission solutions and market responses that can meet the needs described in the assessment. The ISO will also present the Needs Assessments in appropriate market forums to facilitate market responses. Generally, following a Needs Assessment, the ISO will evaluate the adequacy of proposed regulated solutions by performing Solutions Studies, as described in Section 4.2 of this Attachment.

4.2 Treatment of Market Responses and Evaluation of Regulated Transmission Solutions

(a) Treatment of Market Solutions in Needs Assessments

The ISO shall reflect proposed market responses in the regional system planning process. Market responses may include, but are not limited to, resources (e.g., demand-side projects and distributed generation) ~~and ,~~ Merchant Transmission Facilities and Elective Transmission Upgrades.

Specifically, the ISO shall incorporate or update information regarding resources in Needs Assessments that have been proposed and (i) have cleared in a Forward Capacity Auction pursuant to Market Rule 1 of the ISO Tariff, (ii) have been selected in, and are contractually bound by, a state-sponsored Request For Proposals, or (iii) have a financially binding obligation pursuant to a contract. With respect to (ii) or (iii) above, the proponent of the market response shall inform the ISO, in writing, of its selection or its assumption of financially binding obligations, respectively. The ISO shall incorporate or update information regarding a proposed Merchant Transmission Facility or Elective Transmission Upgrade in a Needs Assessment at a time after the studies corresponding to the Merchant Transmission Facility or Elective Transmission Upgrade are completed (including receipt of approval under Section I.3.9 of the Tariff) and a commercial operation date has been ascertained, with the exception of Elective Transmission Upgrades that are proposed in conjunction with the interconnection of a resource, which shall be considered at the same time as the proposed resource is considered in the Needs Assessment.

(b) Evaluation and Development of Regulated Transmission Solutions in Solutions Studies for Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades

~~The~~ In the case of Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades, the ISO, in coordination with the proponents of regulated transmission solutions and other interested or affected stakeholders, shall conduct or participate in studies ("Solutions Studies") to evaluate whether proposed regulated transmission solutions meet the PTF system needs identified in Needs Assessments. The ISO, in coordination with affected stakeholders shall also identify regulated transmission projects for addressing the needs identified in Needs Assessments.

The ISO may form ISO-led targeted study groups to conduct Solutions Studies. Such study groups will include representatives of the proponents of regulated transmission solutions and other interested or affected stakeholders. Through this process, the ISO may identify the most

cost-effective and reliable solutions for the region that meets a need identified in a Needs Assessment. These solutions may differ from a transmission solution proposed by a transmission owner.

Proponents of regulated transmission proposals in response to Needs Assessments shall also identify any LSP plans that require coordination with their regulated transmission proposals addressing the PTF system needs.

(c) Notice of Initiation of a Solutions Study

The ISO shall provide notice of the initiation and scope of a Solutions Study to the Planning Advisory Committee.

(d) Classification of Regulated Transmission Solutions as Market Efficiency Transmission Upgrades or Reliability Transmission Upgrades

As described in Section 3.1 and 3.6(a) of this Attachment, proposed regulated transmission solutions determined by the ISO, in consultation with the Planning Advisory Committee, to address needs identified in Needs Assessments shall be classified as either a Reliability Transmission Upgrade and/or a Market Efficiency Transmission Upgrade pursuant to the standards set forth in Attachment N of this OATT.

(e) Identification of the Preferred Solution and Inclusion of Results of Solutions Studies for Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades in the RSP

The results of Solutions Studies related to Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades will be reported to the Planning Advisory Committee ~~and will, as appropriate, be reflected in the RSP and/or its Project List, as it is updated from time to time in accordance with this Attachment~~. After receiving feedback from the Planning Advisory Committee, the ISO will identify the preferred solution. The ISO will inform the appropriate Transmission Owners in writing regarding the identification of the preferred solution.

Once identified, the preferred solution, as appropriate, will be reflected (with an overview of why the solution is preferred) in the RSP and/or its Project List, as it is updated from time to time in accordance with this Attachment.

4A. Public Policy Transmission Studies; Public Policy Transmission Upgrades

4A.1 NESCOE Requests for Public Policy Transmission Studies

No less often than every three years, by January 15 of that year, the ISO will post a notice indicating that members of the Planning Advisory Committee may provide NESCOE with input regarding state and federal public policy requirements identified as driving transmission needs relating to the New England Transmission System, and regarding particular transmission needs driven by public policy requirements. A meeting of the Planning Advisory Committee may be held for this purpose. By no later than April 1 of that year, NESCOE may submit to the ISO in writing a request for a new Public Policy Transmission Study, or an update of a previously conducted study. The request will identify the public policy requirements identified as driving transmission needs relating to the New England Transmission System, and may identify particular NESCOE-identified public policy-related transmission needs as well. Along with any such request, NESCOE will provide the ISO with a written explanation of which transmission needs driven by public policy requirements the ISO will evaluate for potential solutions in the regional planning process, including why other suggested transmission needs will not be evaluated. The ISO will post the NESCOE request and explanation on the ISO's website.

4A.1.1 Study of Federal Public Policies Not Identified by NESCOE

If a stakeholder believes that a federal public policy requirement that may drive transmission needs relating to the New England Transmission System has not been appropriately addressed by NESCOE, it may file with the ISO a written request that explains the stakeholder's reasoning and that seeks consideration by the ISO of NESCOE's position regarding that requirement. Where the ISO agrees with a stated stakeholder position, or on its own finding, the ISO may perform an evaluation under Sections 4A.2 through 4A.4 of this Attachment of a federal public policy not otherwise identified by NESCOE.

4A.2 Preparation for Conduct of Public Policy Transmission Studies; Stakeholder Input

Upon receipt of the NESCOE request, or as the result of a study related to a federal public policy requirement initiated by the ISO pursuant to Section 4A.1.1, the ISO will prepare and post on its website a proposed scope for the Public Policy Transmission Study, and associated parameters and assumptions, and provide the foregoing to the Planning Advisory Committee by no later than June 1 of the request year. A meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit stakeholder input for consideration by NESCOE and the ISO on the

scope, parameters and assumptions for those public policies that have been identified by NESCOE. In the case of an ISO-initiated study regarding a federal public policy under Section 4A.1.1, the ISO shall determine, with input from the Planning Advisory Committee, the scope, parameters and assumptions for the study.

4A.3 Conduct of Public Policy Transmission Studies; Stakeholder Input

In the case of public policy requirements that have been identified by NESCOE, following NESCOE's consideration of input and upon receipt in writing from NESCOE of the final scope, parameters and assumptions for the Public Policy Transmission Study, the ISO will conduct the initial phase of the study, and provide NESCOE and the Planning Advisory Committee with the results of its analyses. In the case of a federal public policy study, initiated by the ISO pursuant to Section 4A.1.1, the ISO will conduct the initial phase of the study utilizing the scope, parameters and assumptions that the ISO has identified with input from the Planning Advisory Committee, and will provide NESCOE and the Planning Advisory Committee with the result of its analysis. With input from PAC and potentially impacted PTOs, ISO will develop a rough estimate of the costs and benefits of conceptual projects that could meet transmission needs driven by public policy requirements. As part of the initial phase of the Public Policy Transmission Study, the results will be posted on the ISO's website, and a meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input for NESCOE and the ISO on the results of the initial phase of the study, and the scope, parameters and assumptions for any follow-on phase of the study. Except for studies for federal public policy requirements initiated by the ISO pursuant to Section 4A.1.1, following NESCOE's receipt and consideration of input, and upon receipt of a request in writing from NESCOE to proceed, the ISO will − as a follow-on phase of the Public Policy Transmission Study − perform more detailed analysis and engineering work on the conceptual projects. In its notice to proceed, NESCOE may include in, or exclude from, the follow-on study, particular conceptual projects or alternatives, and may provide associated parameters and assumptions for the follow-on study. In the case of studies for federal public policy requirements initiated by the ISO pursuant to Section 4A.1.1, the ISO will proceed to the follow-on study phase without a request from NESCOE and will utilize parameters and assumptions that the ISO determines to be appropriate with input from the Planning Advisory Committee. This follow-on study will provide more detail regarding options for system upgrades that would need to be performed in order to accommodate the public policy alternatives for which the follow-on ISO study has been requested.

4A.4 Response to Follow-On Phase of Public Policy Transmission Studies

The results of the follow-on phase of the Public Policy Transmission Study will be provided to NESCOE and the Planning Advisory Committee and posted on the ISO's website, and a meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input for NESCOE and the ISO on those results. The ISO's costs of performing both phases of the Public Policy Transmission Study described in Section 4A.3 will be collected by the ISO pursuant to Schedule 1 of Section IV.A of the Tariff. Any prudently incurred PTO costs for assistance requested by the ISO to support both phases of the Public Policy Transmission Study will be recovered by the applicable PTO(s) in accordance with Attachment F and Schedule 21 of the Tariff.

Upon NESCOE's receipt and consideration of Planning Advisory Committee input, NESCOE may provide the ISO, within ninety days of receipt, with a written list of transmission options if any, that one or more of the states are interested in exploring further through Stage One Proposals, including transmission options identified through ISO-initiated studies for a federal public policy requirement pursuant to Section 4A.1.1, together with a matrix of the key desirable features for each of the options that will be explored further. The matrix is non-binding on any subsequent decision by any state in connection with any project proposal. The list will indicate which states have elected to support further analysis of these options. The ISO will provide the results of the Public Policy Transmission Study and the NESCOE list/matrix to Qualified Transmission Project Sponsors for their use in preparing Stage One Proposals to develop, build and operate one or more projects based on the options identified by NESCOE for further exploration. The ISO may refer to the matrix in assessing Stage One Proposals.

Where there is an ISO-initiated study for federal public policy pursuant to Section 4A.1.1 that is not selected by one or more states through NESCOE for further development through Stage One proposals, the ISO will determine the appropriate next steps to take with regard to such study with input from NESCOE and the Planning Advisory Committee. The ISO will not undertake steps in the regional planning process with regard to such a study that have not been approved by the Commission where necessary.

Neither the submission of a project by a Qualified Transmission Project Sponsor nor the selection in a Public Policy Transmittal of a project submitted by a Qualified Transmission Project Sponsor for inclusion in the RSP Project List shall alter a PTO's use and control of an existing right of

way, the retention, modification, or transfer of which remain subject to the relevant law or regulation, including property or contractual rights, that granted the right-of-way. Nothing in the processes described in this Attachment K shall require a PTO to relinquish any of its rights-of-way in order to permit a Qualified Transmission Project Sponsor to develop, construct or own a project.

4A.5 Stage One Proposals

(a) Information Required for Stage One Proposals

For each general project concept identified by the ISO pursuant to Section 4A.3 above, Qualified Transmission Project Sponsors may, prepare (by the deadline specified by the ISO) a Stage One Proposal providing the following information:

(i) a detailed description of the proposed solution, including an identification of the proposed route for the solution and technical details of the project;

(ii) a detailed explanation of how the proposed solution addresses the identified need;

(iii) feasibility studies, as requested by ISO, to demonstrate how the proposed solution would address the identified need;

(iv) the proposed schedule for development and completion of the proposed solution;

(v) right, title, and interest in rights of way, substations, and other property or facilities, if any, that would contribute to the proposed solution or the means and timeframe by which such would be obtained;

(vi) a list of affected existing transmission system facilities that the Qualified Transmission Project Sponsor believes will require modification as part of the proposal;

(vii) the estimated lifecycle cost of the proposed solution, including an itemization of the components of the cost estimate; and

(viii) any other information or supporting documentation required to address the matrix provided by NESCOE in accordance with Section 4A.4.

(b) LSP Coordination

Sponsors of Stage One Proposals shall also identify any LSP plans that require coordination with their proposals.

(c) Preliminary Review by ISO

Upon receipt of Stage One Proposals, the ISO shall perform a preliminary feasibility review of each proposal to determine whether the proposed solution:

(i) provides sufficient data and that the data is of sufficient quality to satisfy Section 4A.5(a);

(ii) appears to satisfy the NESCOE-identified needs driven by public policy requirements;

(iii) is technically practicable and indicates possession of, or an approach to acquiring, the necessary rights of way, property and facilities that will make the proposal reasonably feasible in the required timeframe; and;

(iv) is eligible to be constructed only by an existing PTO in accordance with Schedule 3.09(a) of the TOA because the proposed solution is an upgrade to existing PTO facilities or because the costs of the proposed solution are not eligible for regional cost allocation under the OATT and will be allocated only to the local customers of a PTO.

(d) Proposal Deficiencies; Further Information

If the ISO identifies any deficiencies (compared with the requirements of Section 4A.5(a)) in the information provided in connection with a proposed Stage One Proposal, the ISO will notify the Stage One Proposal sponsor and provide an opportunity for the sponsor to cure the deficiencies within the timeframe specified by the ISO. Upon request, sponsors of Stage One Proposals shall provide the ISO with additional information reasonably necessary for the ISO's evaluation of the proposed solutions.

(e) List of Qualifying Stage One Proposals; NESCOE Response

The ISO will provide NESCOE and the Planning Advisory Committee with, and post on the ISO's website, a list of Stage One Proposals that meet the criteria of Section 4A.5(c), including any ISO comments on the proposals in relation to the elements of the NESCOE matrix. A meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input for NESCOE and the ISO on that list. The ISO shall also indicate whether any of the projects may also satisfy identified reliability needs of the system. Information on Stage One Proposals containing CEII will be posted on the ISO's protected website consistent with Section 2.4(d) of this Attachment.

(f) Stage Two Cost Estimate Requests

NESCOE may request from any Qualified Transmission Project Sponsor a written estimate of the anticipated costs of proceeding with Stage Two Solution study work, and the Qualified Transmission Project Sponsor shall respond within the timeframe specified by NESCOE. If a Qualified Transmission Project Sponsor thereafter expects the actual costs of the studies to exceed the estimated costs by 25 percent, the sponsor shall provide ISO and NESCOE a revised estimate of the costs to complete the work. The ISO may receive a communication from NESCOE, within ten days of its receipt of a Qualified Transmission Project Sponsor's revised estimate, indicating whether NESCOE accepts the revised estimate. If such a communication is received from NESCOE within that timeframe indicating that NESCOE does not accept the revised estimate, then the ISO shall promptly advise the project sponsor to stop work. A Qualified Transmission Project Sponsor shall be entitled to recover its actual costs prudently incurred up to that point. If (a) a communication from NESCOE is not received within ten days or (b) NESCOE accepts the revised estimate, then the Qualified Transmission Project Sponsor may continue study work consistent with the revised estimate unless and until it once again expects to exceed the estimate by 25 percent, in which case the Qualified Project Transmission Sponsor shall again follow the notification steps set out in this Section.

(g) NESCOE Identification of Projects for Stage Two Solutions

Within 120 calendar days of the Planning Advisory Committee meeting described in Section 4A.5(e), the ISO may receive from NESCOE a written list of projects included in Stage One Proposals, if any, that one or more of the states are interested in exploring further. In order for the ISO to proceed with the development of Stage Two Solutions, the list will indicate which states have elected to receive further analysis on the identified projects, and will therefore fund the development of the related Stage Two Solutions. For any policy need for which NESCOE has not, within that timeframe, identified a project, the public policy planning process for that cycle shall end.

4A.6 Reimbursement of Stage One Proposal and Stage Two Solution Costs

Qualified Transmission Project Sponsors that are requested by NESCOE in writing or by one or more states' governors or regulatory authorities directly to submit a Stage One Proposal shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff and the TOA, their prudently incurred costs from the Regional Network Load of the states identified by NESCOE in the written communication as having made the request or from the

Regional Network Load of the states that made the request directly. Stage One Proposal costs shall otherwise not be subject to recovery under the ISO Tariff.

Qualified Transmission Project Sponsors whose projects are listed by NESCOE pursuant to Section 4A.5(g) shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff and, as applicable, the TOA and NTDOA, all prudently incurred costs associated with developing a Stage Two Solution. PTOs shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff, all prudently incurred study costs and costs associated with developing any upgrades or modifications to such PTOs' existing facilities necessary to facilitate the development of a listed project proposed by any other Qualified Transmission Project Sponsor.

4A.7 Stage Two Solutions

The ISO will work with Qualified Transmission Project Sponsors of projects listed by NESCOE pursuant to Section 4A.5(g) and with affected PTOs to evaluate and further develop the listed projects to create Stage Two Solutions. The ISO will provide analysis to the Planning Advisory Committee regarding the performance of each Stage Two Solution. Within 90 calendar days, the ISO may receive from the participating states through NESCOE a written list of the preliminary preferred Stage Two Solution for each objective reflected in the list provided by NESCOE pursuant to Section 4A.5(g). The ISO will report the preliminary preferred Stage Two Solution(s), along with its views as to whether the preferred solution(s) also satisfies identified reliability needs of the system, to NESCOE and the Planning Advisory Committee and seek stakeholder input on the preliminary preferred solutions.

4A.8 Time Period During Which the ISO May Receive a Public Policy Transmittal

The ISO may receive a Public Policy Transmittal within twelve months from the date that the ISO communicates its analysis of the preliminary preferred Stage Two Solutions to NESCOE as discussed in Section 4A.7. If a Public Policy Transmittal is not received with the time period specified in this Section 4A.8, the public policy planning cycle shall conclude.

4A.9 Inclusion of Public Policy Transmission Upgrades in the Regional System Plan and RSP Project List; Subsequent State Opt-In; Removal from RSP Project List

(a) Inclusion of Public Policy Transmission Upgrades in the Regional System Plan and RSP Project List

Upon receipt of a Public Policy Transmittal, the ISO shall notify the corresponding Qualified Transmission Project Sponsors, and include in the Regional System Plan and RSP Project List, as Public Policy Transmission Upgrade(s), the project(s) indicated as having been approved for inclusion in the Regional System Plan by the respective states. Costs will be allocated under the method specified in the Public Policy Transmittal, using the mechanisms used in the Tariff and/or other documents filed with and accepted by the Commission by the applicable PTOs in accordance with the TOA or by a Qualified Transmission Project Sponsor that is not a PTO; *provided*, *however*, that if the opting-in states do not specify a different cost allocation mechanism, the costs of such Public Policy Transmission Upgrade(s) shall be allocated to the network load for all opting-in states based on each state's respective load-ratio share of the Qualified Transmission Project Sponsors' proposal/solution costs for that project. If not already a party to the TOA, each Qualified Transmission Project Sponsor for a Public Policy Transmission Upgrade shall execute the TOA upon placing the upgrade into service.

(b) Milestone Schedules

Within 30 Business Days of its receiving notification pursuant to Section 4A.9(a) of this Attachment, the Qualified Transmission Project Sponsor shall submit to the ISO (and shall update periodically) a schedule that indicates the dates by which applications for siting and other approvals necessary to develop and construct the project by the required in-service date shall be submitted. Within 30 Business Days of its receiving all necessary siting and other approvals, the Qualified Transmission Project Sponsor shall submit to the ISO (and shall update periodically) a schedule of dates by which typical project construction phases will be completed. If the ISO finds, after consultation with the Qualified Transmission Project Sponsor, that the sponsor is

failing to pursue approvals or construction in a reasonably diligent fashion, or that the sponsor is unable to proceed with the project due to forces beyond its reasonable control, the ISO shall prepare a report, including a proposed course of action. If prepared with respect to a Qualified Transmission Project Sponsor that is a PTO, the report shall be made consistent with the provisions of Section 1.1(e) of Schedule 3.09(a) of the Transmission Operating Agreement. If prepared with respect to a Qualified Transmission Project Sponsor that is not a PTO, the report shall include a report from that sponsor. The ISO shall file its report with the Commission.

(c) Subsequent State Opt-In

To the extent that a state opts in as a supporter of a Public Policy Transmission Upgrade at the Public Policy Transmittal stage, but did not opt in for the corresponding project at the Stage One Proposal or the Stage Two Solutions stage, the Regional Network Load and Local Network Load for such state will be charged its respective load-ratio share of the Qualified Transmission Project Sponsors' proposal/solution costs for that project pursuant to OATT Schedules 13 and/or 21, as applicable, with corresponding credits to the Regional Network Load and Local Network Load of the previously opting-in states.

(d) Removal from RSP Project List

If a Public Policy Transmission Upgrade is removed from the RSP Project List by the ISO pursuant to Section 3.6(c), the entity responsible for the construction of the Public Policy Transmission Upgrade shall be reimbursed for any costs prudently incurred or prudently committed to be incurred (plus a reasonable return on investment at existing Commission-approved ROE levels) in connection with the planning, designing, engineering, siting, permitting, procuring and other preparation for construction, and/or construction of that Public Policy Transmission Upgrade.

4A.10 Local Public Policy Transmission Upgrades

The costs of Local Public Policy Transmission Upgrade(s) that are required in connection with the construction of a Public Policy Transmission Upgrade approved for inclusion in the Regional System Plan in accordance with Section 4A.9 shall be allocated in accordance with Schedule 21 of the ISO OATT.

4B. Qualified Transmission Project Sponsors

4B.1 Periodic Evaluation of Applications

The ISO will periodically evaluate applications submitted by an entity that seeks to qualify as a sponsor of a Public Policy Transmission Upgrade.

4B.2 Information To Be Submitted

The application to be submitted to the ISO by an entity, other than a PTO or a Commission-approved ITC that has an existing operating agreement with the ISO (any of which shall be deemed to be a Qualified Transmission Project Sponsor), desiring to be a Qualified Transmission Project Sponsor will include the following information:

(i) the current and expected capabilities of the applicant to finance, license, and construct a Public Policy Transmission Upgrade and operate and maintain it for the life of the project;

(ii) the financial resources of the applicant;

(iii) the technical and engineering qualifications and experience of the applicant;

(iv) if applicable, the previous record of the applicant regarding construction and maintenance of transmission facilities;

(v) demonstrated capability of the applicant to adhere to construction, maintenance and operating Good Utility Practices, including the capability to respond to outages;

(vi) the ability of the applicant to comply with all applicable reliability standards;

(vii) the legal status of the applicant;

(viii) the extent to which the applicant satisfies state legal or regulatory requirements for siting, constructing, owning and operating transmission projects;

(ix) the experience of the applicant and its team in acquiring rights of way, and the authority to acquire rights of way by eminent domain, if necessary, that would facilitate approval and construction;

(x) demonstrated ability of the applicant to meet development and completion schedules; and

(xi) demonstrated ability of the applicant to assume liability for major losses resulting from failure of facilities.

4B.3 Review of Qualifications

The ISO shall review each application for completeness. The ISO will notify each applicant within 30 calendar days of receipt of such application whether the application is

complete, or identify any deficiencies in provision of the information required by Section 4B.2 of this Attachment. An applicant notified of deficiencies must provide any remedial information within 30 calendar days of the receipt of such notice. Thereafter, the ISO will determine whether the applicant is physically, technically, legally, and financially capable of constructing a Public Policy Transmission Upgrade in a timely and competent manner, and operating and maintaining the facilities consistent with Good Utility Practice and applicable reliability criteria for the life of the project. A non-PTO entity determined by the ISO to meet all of these criteria will, upon its execution of the Non-incumbent Transmission Developer Operating Agreement (in the form specified in Attachment O of the OATT) and the Market Participant Service Agreement, be deemed a Qualified Transmission Project Sponsor.

4B.4 List of Qualified Transmission Project Sponsors

The ISO will post and maintain on its website a list of Qualified Transmission Project Sponsors.

5. Supply of Information and Data Required for Regional System Planning

The Transmission Owners, Generator Owners, Transmission Customers, Market Participants and other entities requesting transmission or interconnection service or proposing the integration of facilities to PTF in the New England Transmission System or alternatives to such facilities, and stakeholders requesting a Needs Assessment pursuant to Section 4.1 of this Attachment, shall supply, as required by the Tariff, the Participants Agreement, MPSAs, applicable transmission operating agreements, and/or other existing agreements, protocols and procedures, or upon request by the ISO, and subject to required CEII and confidentiality protections as specified in Section 2.4 of this Attachment, any information (including cost estimates) and data that is reasonably required to prepare an RSP or to perform a Needs Assessment or Solutions Study.

6. Regional, Local and Inter-Area Coordination

6.1 Regional Coordination

The ISO shall conduct the regional system planning process for the PTF in coordination with the transmission-owning entities in, or other entities interconnected to, the New England Transmission System consistent with the rights and obligations defined in the ISO OATT, applicable transmission operating agreements or protocols, and/or this Attachment. Pursuant to Section II.49 of this OATT and Sections 3.02, 3.05 and 3.09 of the TOA, the ISO has Operating Authority or control over all PTF and

Non-PTF within the New England Control Area, which are utilized for the provision of transmission service under this OATT. The ISO also has Operating Authority or control over the United States portions of the HVDC ties to Quebec and over Merchant Transmission Facilities and Other Transmission Facilities, pursuant to this OATT or applicable transmission operating agreements or protocols. The ISO, however, is not responsible for the planning of the Non-PTF, OTF and MTF. As provided in Section 6.2 and Appendix 1 of this Attachment, the PTOs are responsible for the planning of the Non-PTF and coordinating such planning efforts with the ISO. Pursuant to the OATT and/or applicable transmission operating agreements or protocols, the transmission owners of OTF and MTF are required to participate in the ISO's regional system planning process and perform and/or support studies of the impacts of regional system projects on their respective facilities.

6.2 Local Coordination

The regional system planning process shall be conducted and the annual RSP shall be developed in coordination with the local system plans of the PTOs. In accordance with the TOA and OATT provisions identified in Section 6.1 of this Attachment, the PTOs have responsibility for planning Non-PTF. The PTOs conduct planning of Non-PTF using the LSP process outlined in Section 2.5 and Appendix 1 of this Attachment, in coordination with the ISO, other entities interconnected with the New England Transmission System, Transmission Customers and stakeholders, and in accordance with the provisions in the TOA, the OATT and the Planning and Reliability Criteria. The openness and transparency of the LSP process is intended to be consistent with the regional system planning process.

6.3 Inter-Area Coordination

The regional system planning process shall be conducted and the annual RSP shall be developed in coordination with the similar plans of the surrounding ISOs/RTOs and Control Areas pursuant to the Northeastern ISO/RTO Planning Coordination Protocol and other agreements with neighboring systems and NPCC. Inter-area planning studies shall be conducted over as broad a region as feasible, including adjacent Canadian systems who are members of NPCC, or its successor organization, and, as appropriate, MAAC and Reliability First, or their successor organizations. The ISO shall convene periodic meetings of the Planning Advisory Committee, within the scope of its respective functions of Section 2 of this Attachment, to provide input and feedback to the ISO concerning an Inter-area needs assessment and identification of potential market and regulated responses to the ISO's identification of inter-area needs.

7. Procedures for Development and Approval of the RSP

7.1 Initiation of RSP

Every year, the ISO shall initiate an effort to develop its annual RSP and solicit input on regional system needs for the RSP from the Planning Advisory Committee. The Planning Advisory Committee shall meet to perform its respective functions in connection with the preparation of the RSP, as specified in Section 2 of this Attachment.

7.2 Draft RSP; Public Meeting

On or about August of each year, the ISO shall provide a draft of the RSP to the Planning Advisory Committee and input from that Committee shall be received and considered in preparing and revising subsequent drafts. The ISO shall post the draft RSP and provide notice to the Planning Advisory Committee of a meeting to review the draft RSP as specified in Section 2.2 of this Attachment.

On or about September of each year, the ISO shall issue a second draft of the RSP to be presented by the ISO staff to the ISO Board of Directors for approval. The draft RSP shall incorporate the results of any Needs Assessment, and corresponding Solutions Studies, performed since the last RSP was approved. A subcommittee of that Board shall hold a public meeting, at their discretion, to receive input directly and to discuss any proposed revisions to the RSP. The final recommended RSP shall be presented to the ISO Board of Directors no later than September 30 of each year and shall be acted on by the ISO Board of Directors within 60 days of receipt. The foregoing timeframes are subject to adjustment as determined by the ISO in coordination with the Planning Advisory Committee.

7.3 Action by the ISO Board of Directors on RSP; Request for Alternative Proposals

(a) Action by ISO Board of Directors on RSP

The ISO Board of Directors may approve the recommended draft RSP as submitted, modify the RSP or remand all or any portion of it back with guidance for development of a revised recommendation. The Board of Directors may consider the RSP in executive session, and shall consider in its deliberations the views of the subcommittee of the Board of Directors reflecting the public meeting held pursuant to Section 7.2 of this Attachment. In considering whether to approve the draft RSP, the Board of Directors may, if it finds a proposed Reliability Benefit Upgrade not to be viable, or if no Reliability Benefit Upgrade has been proposed, direct the ISO staff to meet with the affected load serving entities and State entities in order to develop an interim solution. Should that effort fail, and as a last resort, the Board of Directors may direct the ISO to issue a Request For Alternative Proposal ("RFAP"), subject to the procedures described below, and may withhold approval of the draft RSP, or portions thereof, pending the results of that RFAP and any Commission action on any resulting jurisdictional contract or funding

mechanism. The ISO shall provide a written explanation as to any subsequent changes or modification made in the final version of the RSP.

(b) Requests For Alternative Proposals

(i) The RFAP shall seek generation, demand-side and merchant transmission alternatives that can be implemented rapidly and provide substantial reliability benefits over the period solicited in the RFAP, and normally will focus on an interim ("gap") solution until an identified Reliability Transmission Upgrade has been placed in-service. The ISO will file a proposed RFAP with the Commission for approval at least 60 days prior to its issuance. The filing shall explain why the issuance of an RFAP is necessary.

(ii) The ISO staff shall provide the Board of Directors and subject to confidentiality requirements, the Planning Advisory Committee with an analysis of the alternatives offered in response to the RFAP, and provide a recommendation together with a funding mechanism reflecting input from the Planning Advisory Committee.

(iii) The ISO may enter into contracts awarded pursuant to an RFAP process, and/or propose a funding mechanism. Bidders that are awarded contracts through the RFAP process shall file those contracts with the Commission for approval of the rates to be charged thereunder to the extent that such contracts are for services that are jurisdictional to the Commission. The ISO shall file related or separate funding mechanisms with the Commission as well. All other contracts entered into pursuant to an RFAP shall be filed with the Commission for informational purposes.

(iv) The Board of Directors will reflect the results of the RFAP process in the approved RSP.

8. Obligations of PTOs to Build; PTOs' Obligations, Conditions and Rights

In accordance with the TOA, PTOs designated by the ISO as the appropriate entities to construct and own or finance Transmission Upgrades included in the RSP shall construct and own or finance such facilities or enter into appropriate contracts to fulfill such obligations. In the event that a PTO: (i) does not construct or indicates in writing that it does not intend to construct a Transmission Upgrade included in the RSP; or (ii)

demonstrates that it has failed (after making a good faith effort) to obtain necessary approvals or property rights under applicable law, the ISO shall promptly file with the Commission a report on the results of the planning process, which report shall include a report from the PTO responsible for the planning, design or construction of such No. 3 Open Access Transmission Tariff Section II – Attachment K – Regional System Planning Process Transmission Upgrade, in order to permit the Commission to determine what action, if any, it should take.

In connection with regional system planning, the ISO will not propose to impose on any PTO obligations or conditions that are inconsistent with the explicit provisions of the TOA or deprive any PTO of any of the rights set forth in the TOA.

Subject to necessary approvals and compliance with Section 2.06 of the TOA, nothing in this OATT shall affect the right of any PTO to expand or modify its transmission facilities in the New England Transmission System on its own initiative or in response to an order of an appropriate regulatory authority. Such expansions or modifications shall conform with: (a) Good Utility Practice; (b) applicable reliability principles, guidelines, criteria, rules, procedures and standards of national, regional, and local reliability councils that may be in existence; and (c) the ISO and relevant PTO criteria, rules, standards, guides and policies. The ISO reserves its right to challenge the permitting of such expansions or modifications.

9. Merchant Transmission Facilities

9.1 General

Subject to compliance with the requirements of the Tariff and any other applicable requirements with respect to the interconnection of bulk power facilities with the New England Transmission System, any entity shall have the right to propose and construct the addition of transmission facilities ("Merchant Transmission Facilities"), none of the costs of which shall be covered under the cost allocation provisions of this OATT. Any such Merchant Transmission Facilities shall be subject to the requirements of Section 9.2 of this Attachment. In performing studies in connection with the RSP, the prospect that proposed Merchant Transmission Facilities will be completed shall be accounted for as will the prospect that proposed generating units will be completed.

9.2 Operation and Integration

All Merchant Transmission Facilities shall be subject to: (i) an agreement to transfer to the ISO operational control authority over any facilities which constitute part of the Merchant Transmission

Facilities that are to be integrated with, or that will affect, the New England Transmission System; and (ii) taking such other action as may be required to make the facility available for use as part of the New England Transmission System.

9.3 Control and Coordination

Until such time as a Merchant Transmission Owner has transferred operational control over its Merchant Transmission Facilities to the ISO pursuant to Section 9.2(i), all such Merchant Transmission Facilities shall be subject to the operational control, scheduling and maintenance coordination of the System Operator in accordance with the Tariff.

10. Cost Responsibility for Transmission Upgrades

The cost responsibility for each upgrade, modification or addition to the transmission system in New England that is included with the status of "Planned" in the RSP Project List as defined in Section 3.6 of this Attachment shall be determined in accordance with Schedule 12 of this OATT.

11. Allocation of ARRs

The allocation of ARRs in connection with Transmission Upgrades is addressed in Section III.C.8 of the Tariff.

12. Dispute Resolution Procedures

12.1 Objective

Section 12 of this Attachment sets forth a dispute resolution process (the "Regional Planning Dispute Resolution Process") through which regional transmission planning-related disputes may be resolved as expeditiously as possible.

12.2 Confidential Information and CEII Protections

All information disclosed in the course of the Regional Planning Dispute Resolution Process shall be subject to the protection of confidential information and CEII consistent with the ISO New England Information Policy and CEII policy.

12.3 Eligible Parties

Any member of the Planning Advisory Committee that has been adversely affected by a Reviewable Determination, defined in Section 12.4(a) of this Attachment, with respect to the regional system planning

process described in this Attachment is eligible to raise its dispute, as appropriate, under this Dispute Resolution Process ("Disputing Party").

12.4 Scope

In order to ensure that the regional transmission planning process set forth under this Attachment moves expeditiously forward, the scope of issues that may be subject to the Regional Planning Dispute Resolution Process under this Section 12 shall be limited to certain key procedural and substantive decisions made by the ISO within its authority as specified in documents on file with the Commission. That is, decisions not subject to resolution within the jurisdiction of the Commission are not within the scope of the Regional Planning Dispute Resolution Process. Examples of matters not within the scope of the Regional Planning Dispute Resolution Process include planning to serve retail native load or state siting issues. Additionally, the Tariff already explicitly provides specific dispute resolution procedures for various matters. To this end, any matter regarding the review and approval of applications pursuant to Section I.3.9 of the Tariff, which is subject to the dispute resolution process under Section I.6 of the Tariff, shall not be within the scope of this Regional Planning Dispute Resolution Process. Similarly, any matter regarding Transmission Cost Allocation shall be governed by the dispute resolution process under Schedule 12 of the OATT, and shall be outside the scope of this Regional Planning Dispute Resolution Process.

(a) Reviewable Determinations

The determinations that may be subject to the Regional Planning Dispute Resolution Process under this Section 12 that include certain procedural and substantive challenges that may arise at limited designated key decision points in the regional transmission planning process for PTF. Procedural challenges will be limited to whether or not the steps taken up to a designated key decision point conform to the requirements set forth in this Attachment. Substantive challenges will be limited to whether or not a determination or conclusion rendered at a designated key decision point was supported by adequate basis in fact.

The designated key decision points for Reviewable Determinations shall be limited to the following:

(i) Results of a Needs Assessment conducted and communicated by the ISO to the Planning Advisory Committee as specified in Section 4.1 of this Attachment;

(ii) Updates to the RSP Project List, including adding, removing or revising regulated transmission solutions included thereunder, as presented at the Planning Advisory Committee and as specified in Section 3.6 of this Attachment;

(iii) Results of Solutions Studies conducted and communicated by the ISO to the Planning Advisory Committee as specified in Section 4.2 of this Attachment;

(iv) Consideration of market responses in Needs Assessments as specified in Section 4.2 of this Attachment;

(v) Substance of Economic Studies to be conducted by the ISO in a given year as specified in Section 4.1(b) of this Attachment; and

(vi) Prioritization of Economic Studies to be performed in a given year where the Planning Advisory Committee is not able to prioritize them as specified in Section 4.1(b) of this Attachment.

(b) Material Adverse Impact

In order to prevail in a challenge to a procedural-based Reviewable Determination, the Disputing Party must show that the alleged procedural error had a material adverse impact on the determination or conclusion. In order to prevail in a challenge to a substantive-based Reviewable Determination, the Disputing Party must show that either (i) the determination is based on incorrect data or assumptions or (ii) incorrect analysis was performed by the ISO, and (iii) as a result the ISO made an incorrect decision or determination.

12.5 Notice and Comment

A Disputing Party aggrieved by a Reviewable Determination shall have fifteen (15) calendar days upon learning of the Reviewable Determination following the ISO's presentation of such Reviewable Determination at the Planning Advisory Committee to request dispute resolution by giving notice to the ISO ("Request for Dispute Resolution"). A Request for Dispute Resolution shall be in writing and shall be addressed to the ISO's Chair of the Planning Advisory Committee and, as appropriate, the affected Transmission Owner. Within three (3) Business Days of the receipt by the ISO of a Request for Dispute Resolution, the ISO shall prepare and distribute to all members of the Planning Advisory Committee a notice of the Request for Dispute Resolution including, subject to the protection of Confidential

Information and CEII, the specifics of the Request for Dispute Resolution and providing the name of an ISO representative to whom any comments may be sent. Any member of the Planning Advisory Committee may submit to the ISO's designated representative, on or before the tenth (10th) Business Day following the date the ISO distributes the notice of the Request for Dispute Resolution, written comments to the ISO with respect to the Request for Dispute Resolution. The party filing the Request for Dispute Resolution may respond to any such comments by submitting a written response to the ISO's designated representative and to the commenting party on or before the fifteenth (15th) Business Day following the date the ISO distributes the notice of the Request for Dispute Resolution. The ISO may, but is not required to, consider any written comments.

12.6 Dispute Resolution Procedures

(a) Resolution Through the Planning Advisory Committee

The Planning Advisory Committee shall discuss and resolve any dispute arising under this Attachment involving a Reviewable Determination, as defined in Section 12.4 of this Attachment, between and among the ISO, the Disputing Party, and, as appropriate, the affected Transmission Owner (collectively, "Parties") (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution).

(b) Resolution Through Informal Negotiations

To the extent that the Planning Advisory Committee is not able to resolve a dispute arising under this Attachment involving a Reviewable Determination, as defined in Section 12.4 of this Attachment, between and among the ISO, the Disputing Party, and, as appropriate, the affected Transmission Owner, such dispute shall be the subject of good-faith negotiations among the Parties. Each Party shall designate a fully authorized senior representative for resolution on an informal basis as promptly as practicable.

(c) Resolution Through Alternative Dispute Resolution

In the event the designated representatives are unable to resolve the dispute through informal negotiation within thirty (30) days, or such other period as the Parties may agree upon, by mutual agreement of the Parties, such dispute may be submitted to mediation or any other form of alternative dispute resolution upon the agreement of all Parties to participate in such mediation or other alternative dispute resolution process. Such form of alternative dispute resolution shall not include binding arbitration.

If a Party identifies exigent circumstances reasonably requiring expedited resolution of the dispute, such Party may file a Complaint with the Commission or seek other appropriate redress before a court of competent jurisdiction.

12.7 Notice of Dispute Resolution Process Results

Within three (3) Business Days following the resolution of a dispute pursuant to either Section 12.6(b) or Section 12.6(c) of this Attachment, the ISO shall distribute to the Planning Advisory Committee a document reflecting the resolution.

13. Rights Under The Federal Power Act

Nothing in this Attachment shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

ATTACHMENT K APPENDIX 1

ATTACHMENT K -LOCAL

LOCAL SYSTEM PLANNING PROCESS

APPENDIX 1

ATTACHMENT K -LOCAL

LOCAL SYSTEM PLANNING PROCESS

1. Local System Planning Process

1.1 General

In circumstances where transmission system planning for Non-Pool Transmission Facilities ("Non-PTF")[1], including Local Public Policy Transmission ~~is~~Upgrades, is taking place in New England that is not incorporated into the RSP planning process, the following Local System Plan ("LSP") process will be utilized for transmission planning purposes. The purpose of the LSP is to enable formal stakeholder input to planning for Non-PTF that is not incorporated into the RSP. The LSP shall ensure the opportunity for Planning Advisory Committee participation in the LSP process. The LSP will not be subject to approval by the ISO or the ISO Board under the RSP.

1.2 Planning Advisory Committee Review

The Planning Advisory Committee shall periodically provide input and feedback to the PTOs concerning the development of the LSP and the conduct of associated system enhancement and expansion studies. It is contemplated that LSP issues for identified local areas will be periodically addressed at the end of regularly scheduled Planning Advisory Committee meetings. Regular meetings of the Planning Advisory Committee shall be extended as necessary to serve the purposes of this section. Each PTO contemplating the addition of new Non-PTF will present its respective LSP to the Planning Advisory Committee not less than once per year. Not less than every three years, each PTO will post a notice indicating that members of the Planning Advisory Committee, NESCOE, or any state may provide the PTO with input regarding state and federal public policy requirements identified as driving transmission needs relating to the Non-PTF and regarding particular local transmission needs driven by public policy requirements. The PTO will provide a written explanation, to be posted on the ISO website, of which transmission needs driven by public policy requirements the PTO will evaluate for potential solutions in the LSP planning process.

[1] For absence of doubt, the PTOs clarify that Non-PTF is meant to include Category B and Local Area Facilities as defined by the TOA.

1.3 Role of the PTOs

Each PTO will be responsible for administering the LSP process pertaining to its own Non-PTF, including Local Public Policy Transmission Upgrades, by presenting LSP information to the Planning Advisory Committee, developing an appropriate needs analysis and addressing LSP needs within its local area. In developing its LSP, each PTO will ensure comparable treatment of similarly situated customers or potential customers and will take into consideration data, comments and specific requests supplied by the Planning Advisory Committee, Transmission Customers and other stakeholders. To the extent that generation and/or demand resources are identified that could impact planning for Non-PTF, each PTO will take such resources into account when developing the LSP for its facilities, consistent with Good Utility Practice. Each PTO will also be responsible for addressing issues or concerns arising out of Planning Advisory Committee review of its proposed LSP and posting its LSP and the LSP Project List.

1.4 Description of LSP

The LSP shall describe the projected improvements to Non-PTF that are needed to maintain system reliability or as Local Public Policy Transmission Upgrades, and shall reflect the results of ~~a reliability~~such reviews within the limited geographical areas that pertain to the LSP, as determined by each PTO ("LSP Needs Assessments"), and corresponding system planning and expansion studies. The LSP Needs Assessments will be coordinated with the RSP and include the information that the ISO-NE incorporates into the RSP plans, as applicable. The proponents of regulated transmission proposals in response to LSP Needs Assessments shall also identify any RSP plans that require coordination with their regulated transmission proposals addressing the Non-PTF system needs.

The LSP shall identify the planning process, criteria, data, and assumptions used to develop the LSP. To the extent the current LSP utilizes data, assumptions or criteria used by the ISO in the RSP, any such data, assumptions or criteria will also be identified in the LSP.

Each PTO shall consult with NESCOE and applicable states and consider their views prior to including a Local Public Policy Transmission Upgrade in its LSP.

Each PTO's LSP will be made available on a website for review by the Planning Advisory Committee, Transmission Customers and other stakeholders, subject to the ISO New England Information Policy and CEII restrictions or requirements. The ISO's posting of the RSP and the RSP Project List will include links to each PTO's specific LSP posting.

The LSP of a particular PTO shall be posted not less than 3 business days prior to its presentation by the PTO to the Planning Advisory Committee. The Planning Advisory Committee, Transmission Customers, and other stakeholders will have 30 days from the date of the PTO's presentation to the Planning Advisory Committee to provide any written comments for consideration by the PTO. The LSP shall specify the physical characteristics of the solutions that can meet the needs identified in the LSP. The LSP shall provide sufficient information to allow Market Participants to assess the quantity, general locations and operating characteristics of the type of incremental supply or demand-side resources, or merchant transmission projects, that would satisfy the identified needs or that may serve to modify, offset or defer proposed regulated transmission upgrades.

Each year's LSP shall be based upon the LSP completed in the prior year by either recertifying the results of the prior LSP or providing specific updates.

1.5 Economic Studies

To the extent that the ISO selects any Economic Studies pursuant to Section 4.1(b) of Attachment K or otherwise performs Economic Studies that will impact Non-PTF, including Local Public Policy Transmission Upgrades, the PTOs will coordinate with the ISO in the performance of such Economic Studies.

2. Posting of LSP Project List

Each PTO shall develop, maintain and make available on a website, a cumulative listing of proposed regulated transmission solutions that may meet LSP needs (the "LSP Project List"). The LSP Project List will be updated at least annually. The LSP Project List shall also provide reasons for any new Non-PTF, including Local Public Policy Transmission Upgrades, any change in status of proposed Non-PTF, including Local Public Policy Transmission Upgrades, or any removal of proposed Non-PTF, including Local Public Policy Transmission Upgrades, from the LSP Project List. Each PTO will be individually responsible for publicly posting and updating the status of its respective LSP and the transmission projects arising therefrom on a website in a format comparable to the manner in which RSP plans and projects are posted on the RSP Project List. The ISO's posting of the RSP and RSP Project List will include links to each PTO's specific LSP Project List.

3. Posting of Assumptions and Criteria

Each PTO will make available on a website the planning criteria and assumptions used in its current LSP. A link to each PTO's planning criteria and assumptions will be posted on the ISO website.

4. Cost Responsibility for Transmission Upgrades

The cost responsibility for each upgrade, modification or addition to the transmission system in New England that is included in the LSP Project List of this Appendix 1 shall be determined in accordance with Schedule 21 of this OATT.

5. LSP Dispute Resolution Procedures

5.1 Objective

Section 5 of this Appendix 1 sets forth an LSP dispute resolution process (the "LSP Dispute Resolution Process") through which LSP-related transmission planning-related disputes may be resolved as expeditiously as possible.

5.2 Confidential Information and CEII Protections

All information disclosed in the course of the LSP Dispute Resolution Process shall be subject to the protection of confidential information and CEII consistent with the ISO New England Information Policy and CEII policy.

5.3 Eligible Parties

Any member of the Planning Advisory Committee that has been adversely affected by a PTO's Reviewable Determination with respect to the LSP transmission planning process described in this Appendix 1 is eligible to raise its dispute, as appropriate, under this LSP Dispute Resolution Process ("Disputing Party").

5.4 Scope

In order to ensure that the LSP transmission planning process set forth under this Appendix 1 moves expeditiously forward, the scope of issues that may be subject to the LSP Dispute Resolution Process under this Section 5 shall be limited to certain key procedural and substantive decisions made by the applicable PTO within its authority as specified in documents on file with the Commission. That is, decisions not subject to resolution within the jurisdiction of the Commission are not within the scope of this LSP Dispute Resolution Process. Examples of matters not within the scope of the LSP Dispute Resolution Process include planning to serve retail native load or state siting issues. Additionally, the Tariff already explicitly provides specific dispute resolution procedures for various matters. To this end, any matter regarding the review and approval of applications pursuant to Section I.3.9 of the Tariff, which

is subject to the dispute resolution process under Section I.6 of the Tariff, shall not be within the scope of this LSP Dispute Resolution Process. Similarly, any matter regarding Transmission Cost Allocation shall be governed by the dispute resolution process under Schedule 12 of the OATT, and shall be outside the scope of this LSP Dispute Resolution Process.

(a) Reviewable Determinations:

The LSP determinations made by the applicable PTO that may be subject to the LSP Dispute Resolution Process under this Section 5 ("Reviewable LSP Determination") shall include certain procedural and substantive challenges at designated key decision points during the LSP transmission planning process for Non-PTF, including Local Public Policy Transmission Upgrades ("Key LSP Decision Points"). Procedural challenges will be limited to whether or not the steps taken up to a Key LSP Decision Point conform to the requirements set forth in this Appendix 1. Substantive challenges will be limited to whether or not a determination or conclusion rendered at a Key LSP Decision Point was supported by adequate basis in fact. The Key LSP Decision Points shall be limited to the following:

(i) Results of an LSP Needs Assessment conducted and communicated by a PTO to the Planning Advisory Committee as specified in this Appendix 1;

(ii) Updates to the LSP Project List, including adding, removing or revising regulated Non-PTF transmission solutions included thereunder, as presented at the Planning Advisory Committee and as specified in this Appendix 1;

(iii) Results of Non-PTF transmission solution studies, including any Local Public Policy Transmission Upgrade studies, conducted and communicated by the PTO to the Planning Advisory Committee as specified in this Appendix 1; and

(iv) Consideration of market responses in LSP Needs Assessments as specified in this Appendix 1.

(b) Material Adverse Impact

In order to prevail in a challenge to a procedural-based Reviewable LSP Determination, the Disputing Party must show that the alleged procedural error had a material adverse impact on the determination or conclusion made by the applicable PTO. In order to prevail in a challenge to a

substantive-based Reviewable LSP Determination, the Disputing Party must show that either (i) the determination is based on incorrect data or assumptions or (ii) incorrect analysis was performed by the PTO, and (iii) as a result thereof, the PTO made an incorrect decision or determination.

5.5 Notice and Comment

A Disputing Party aggrieved by a PTO's Reviewable LSP Determination shall have fifteen (15) calendar days upon learning of the Reviewable LSP Determination following the PTO's presentation of such LSP Reviewable Determination at the Planning Advisory Committee to request dispute resolution by giving notice to the Applicable PTO ("Request for LSP Dispute Resolution").

A Request for LSP Dispute Resolution shall be in writing and shall be provided to the applicable PTO and, as appropriate, other affected Transmission Owners. Within three (3) Business Days of the receipt by a PTO of a Request for Dispute Resolution, the PTO, in coordination with the ISO, shall prepare and distribute to all members of the Planning Advisory Committee a notice of the Request for Dispute Resolution including, subject to the protection of Confidential Information and CEII, the specifics of the Request for Dispute Resolution and providing the name of a PTO representative to whom any comments may be sent. Any member of the Planning Advisory Committee may submit to the PTO's designated representative, on or before the tenth (10th) Business Day following the date the PTO distributes the notice of the Request for Dispute Resolution, written comments to the PTO with respect to the Request for Dispute Resolution. The Disputing Party filing the Request for Dispute Resolution may respond to any such comments by submitting a written response to the PTO's designated representative and to the commenting party on or before the fifteenth (15th) Business Day following the date the PTO distributes the notice of the Request for Dispute Resolution. The PTO may, but is not required to, consider any written comments.

5.6 Dispute Resolution Procedure

(a) Resolution Through the Planning Advisory Committee

The Planning Advisory Committee shall discuss and resolve any LSP related dispute arising under this Appendix 1 involving a Reviewable LSP Determination, as defined in Section 5.4 of this Appendix 1, between and among the applicable PTO, the Disputing Party, and, as appropriate, other affected Transmission Owners and the ISO (collectively, "Parties") (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution).

(b) Resolution Through Informal Negotiation

To the extent that the Planning Advisory Committee is not able to resolve a dispute arising under this Appendix 1 involving a Reviewable LSP Determination, as defined in Section 5.4 of this Appendix 1, between and among the Parties, such dispute shall be the subject of good-faith negotiations among the Parties. Each Party shall designate a fully authorized senior representative for resolution on an informal basis as promptly as practicable.

(c) Resolution Through Alternative Dispute Resolution

In the event the designated representatives are unable to resolve the dispute through informal negotiations within thirty (30) days, or such other period as the Parties may agree upon, by mutual agreement of the Parties, such LSP related dispute may be submitted to mediation or any other form of alternative dispute resolution upon the agreement of all Parties to participate in such mediation or other alternative dispute resolution process. Such form of alternative dispute resolution shall not include binding arbitration.

If a Party identifies exigent circumstances reasonably requiring expedited resolution of the LSP related dispute, such Party may file a Complaint with the Commission or seek other appropriate redress before a court of competent jurisdiction

5.7 Notice of Results of Dispute Resolution

Within three (3) Business Days following the resolution of a dispute pursuant to either Section 5.6(b) or 5.6(c) of this Appendix 1, the PTO shall distribute to members of the Planning Advisory Committee a document reflecting the resolution.

5.8 Rights under the Federal Power Act:

Nothing in this Appendix 1 shall restrict the rights of any party to file a complaint with the Commission under relevant provisions of the Federal Power Act.

ATTACHMENT N

PROCEDURES FOR REGIONAL SYSTEM PLAN UPGRADES

I. INTRODUCTION

Pursuant to Part II.G of the ISO New England Open Access Transmission Tariff (Sections II.46 – II.47), ~~and~~ Attachment K~~)~~ and this Attachment, the ISO shall classify upgrades as Reliability Transmission Upgrades, ~~and~~ Market Efficiency Transmission Upgrades or Public Policy Transmission Upgrades during the Regional System Plan ("RSP") process. Pursuant to established standards, that process is designed to collect and reflect broad input from all stakeholders through the Planning Advisory Committee ("PAC"). The PAC is composed of a wide variety of regional stakeholders, including Governance Participants (such as generator owners, marketers, load serving entities, merchant transmission owners and participating transmission owners), governmental representatives, public interest groups, state agencies (including those participating in the New England Conference of Public Utilities Commissioners), retail customers, representatives of local communities, and consultants. The PAC meets regularly throughout the year.

This procedure describes the standards used by the ISO to identify Reliability Transmission Upgrades ~~and~~ , Market Efficiency Transmission Upgrades and Public Policy Transmission Upgrades and the process for making such identifications pursuant to Part II.G and Attachment K of the OATT.

The ISO may amend these standards and procedures from time to time, as appropriate, with input from the Reliability Committee and PAC.

II. STANDARDS FOR IDENTIFYING RELIABILITY TRANSMISSION UPGRADES, ~~AND~~ MARKET EFFICIENCY TRANSMISSION UPGRADES AND PUBLIC POLICY TRANSMISSION UPGRADES

A. Identification of Reliability Transmission Upgrades

Reliability Transmission Upgrades are those upgrades necessary to ensure the continued reliability of the New England Transmission System based on applicable reliability standards. In applying the applicable reliability standards, some of the considerations that will be taken into account are as follows:

- available supply and transmission (i.e., known resource changes, which includes anticipated transmission enhancements (considering Elective Transmission Upgrades and Merchant Transmission Facilities), demand side resources, and new, retired or unavailable generators);
- load growth;
- acceptable stability response;
- acceptable short circuit capability;
- acceptable voltage levels;
- adequate thermal capability; and
- acceptable system operability and responses (e.g. automatic operations, voltage changes).

To identify the transmission system facilities required to maintain reliability and system performance consistent with the applicable reliability standards, the ISO shall:

- determine whether the above factors are met using reasonable assumptions for certain amounts of forecasted load growth, and generation and transmission facility availability (due to maintenance, forced outages, or other unavailability); and
- rely on Good Utility Practice, applicable reliability standards, and the ISO System Rules.

A Reliability Transmission Upgrade is not an upgrade required by the interconnection of a generator except to the extent determined under the terms of Schedule 11 of the OATT. A Reliability Transmission Upgrade may also provide market efficiency benefits.

B. Identification of Market Efficiency Transmission Upgrades

Market Efficiency Transmission Upgrades are upgrades designed primarily to provide a net reduction in total production cost to supply the system load. Proposed Market Efficiency Transmission Upgrades shall be identified by the ISO where the net present value of the net reduction in total cost to supply the system load, as determined by the ISO, exceeds the net present value of the carrying cost of the identified transmission upgrade.

An upgrade identified as a Reliability Transmission Upgrade may qualify for interim treatment as a Market Efficiency Transmission Upgrade if market efficiency is used to influence the schedule for the implementation of the upgrade. Such opportunities shall be identified by the ISO when the net present value of the reduction to total production cost to supply the system load, as determined by the ISO,

exceeds the net present value of the Reliability Transmission Upgrade after it is advanced less the net present value of the upgrade for when it is projected to be needed for reliability.

1. Base Economic Evaluation Model

In making a determination of the net present value of bulk power system resource costs, the ISO shall take into account applicable economic factors that shall include the following projected factors:

- energy costs;
- Capacity Costs;
- cost of supplying total operating reserve;
- system losses;
- available supply and transmission (i.e., known resource changes, which includes anticipated transmission enhancements (considering Elective Transmission Upgrades and Merchant Transmission Facilities), demand side resources and new, retired or unavailable generators);
- load growth;
- fuel costs;
- fuel availability;
- generator availability;
- release of bottled generating resources;
- present worth factors for each project specific to the owner of the project;
- present worth period not to exceed ten years; and
- cost of the project.

Analysis may include utilization of historical information such as may be included in market reports as well as special studies and should report cumulative net present value annually over the study period.

2. Other Data Provided to Stakeholders

Although not used to evaluate the net economic benefit of the system upgrade, analysis may be provided to illustrate the net cost to load with and without the transmission upgrade – considering additional factors such as locational installed capacity, congestion costs, and impacts on bilateral prices for electricity.

Summary

Based on information provided through such analysis and pursuant to the factors listed in (1) above, the ISO, in consultation with the PAC, will identify Market Efficiency Transmission Upgrades to be included in the RSP. If however, during the course of their analysis, the ISO determines that without the project the applicable reliability standards will not be met, then the project will be designated as a Reliability Transmission Upgrade and included in the RSP as such.

C. Identification of Public Policy Transmission Upgrades

Public Policy Transmission Upgrades are upgrades designed primarily to meet NESCOE-identified transmission needs driven by public policy requirements. Proposed Public Policy Transmission Upgrades shall be assessed and identified by the ISO in accordance with Section 4A of Attachment K to the OATT.

III. PROCEDURES FOR IDENTIFYING RELIABILITY TRANSMISSION UPGRADES, ~~AND~~ MARKET EFFICIENCY TRANSMISSION UPGRADES AND PUBLIC POLICY TRANSMISSION UPGRADES

A. ISO Identification of Needs for Reliability Transmission Upgrades, ~~and~~ Market Efficiency Transmission Upgrade and Public Policy Transmission Upgrades

1. An assessment of the adequacy of the region's electric system.

On a regular and on-going basis, the ISO shall conduct studies to identify the location and nature of any potential problems on the New England Transmission System. These assessments shall be conducted to identify those factors relevant to the standards for identifying needs which might be solved or mitigated by Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, as specified in Section II of this Attachment.

The ISO will publish its identification of such relevant factors on the New England Transmission System on its website and to the PAC, thereby providing market signals for generation, merchant transmission and load responses to develop and implement market-based solutions for the relief of actual and projected system reliability concerns, transmission constraints and market inefficiencies. The ISO will also present the results of its assessments in appropriate market forums to facilitate market responses to those needs. Market responses having met appropriate milestones pursuant to Attachment K to the OATT will be included in studies to assess the effects of such market responses on the identified problems with reliability and market inefficiencies.

Based on input and feedback provided by the PAC, the ISO shall refer to the Markets Committee and Reliability Committee issues and concerns identified by the PAC for further investigations and consideration of potential changes to rules and procedures.

2. Conduct of Public Policy Transmission Studies

The ISO will conduct the public policy transmission planning process pursuant to the timelines and procedures set out in Section 4A of Attachment K to this OATT.

B. Adequacy of the market responses, and as necessary, adequacy of Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades

The ISO shall assess the adequacy of proposed market responses in addressing identified system needs. The ISO shall also ensure that there are no significant adverse effects associated with such market responses, pursuant to Section I.3.9 of the Tariff and Planning Procedure 5-3, "Guidelines for Conducting and Evaluating Proposed Plan Application Analysis".

If the market does not respond with adequate solutions to address the system needs identified by the ISO, the ISO shall present a coordinated transmission plan in the RSP that identifies appropriate projects for addressing both reliability, and market efficiency needs.

This coordinated plan is updated by the ISO as market responses to identified problems are developed. Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades are implemented only after market solutions have been given first consideration.

~~3~~C. Periodic Updates to the RSP

A Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade may be added to the RSP at any time in a given year, and ~~in doing so the~~a Public Policy Transmission Upgrade project may be added to the RSP in accordance with Sections 3.6 and 4A of Attachment K to the OATT. In doing so, the ISO shall consult with and consider input from the PAC and the Reliability Committee, within the scope of their respective functions.

The time required to implement transmission projects, however, is often longer than that needed for market-based solutions. Thus, the RSP process recognizes that a new market response could result in a deferral or a significant change in the proposed timing and/or configuration of a

Reliability Transmission Upgrade or Market Efficiency Transmission Upgrades. Also, a needed Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade may become delayed due to other factors.

As a result, the ISO may remove or defer a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade project from the RSP at any time in a given year, if the market responds by developing credible market-based solutions, or other circumstances arise that impact the need for the Transmission Upgrade. If market-based solutions have not met appropriate milestones prior to significant sunk transmission expense being made to provide the Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade, then the ISO will assess the risks and costs associated with adding or advancing a transmission project from the RSP. The ISO may remove a Public Policy Transmission Upgrade project from the RSP in accordance with Sections 3.6 and 4A of Attachment K to the OATT. The ISO shall consult with and consider input from the PAC and the Reliability Committee with regard to such changes in the RSP. In the event that a transmission project is removed, deferred, added or advanced, the ISO shall promptly notify the affected Participating Transmission Owners and Non-Incumbent Transmission Developers.

IV. COST-EFFECTIVENESS AND COST ALLOCATION DETERMINATION OF RELIABILITY TRANSMISSION UPGRADES AND MARKET EFFICIENCY TRANSMISSION UPGRADES

The cost-effectiveness and cost allocation of identified Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades will be determined pursuant to the Tariff, Attachment K; Schedule 12; and Planning Procedure 4. The level of detail needed to fulfill the requirements of the RSP process and Planning Procedure 4 will ensure that, in addition to a determination of Pool-supported PTF costs and Localized Costs, the planning and stakeholder review processes will include a comprehensive examination of all Transmission Upgrade construction alternatives and their associated costs and will thus evaluate the cost-effectiveness of each Transmission Upgrade and its potential alternatives.

ATTACHMENT O

NON-INCUMBENT TRANSMISSION DEVELOPER OPERATING AGREEMENT

NON-INCUMBENT TRANSMISSION DEVELOPER OPERATING AGREEMENT

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NON-INCUMBENT TRANSMISSION DEVELOPER OPERATING AGREEMENT

This Operating Agreement (this "Agreement"), dated as of [date], is made and entered into by _____, a [STATE] [TYPE OF ENTITY] ("NTD"), and ISO New England Inc.("ISO"), a Delaware corporation (NTD and the ISO are collectively referred to herein as the "Parties").

WHEREAS, the ISO is a regional transmission organization ("RTO") authorized by the Federal Energy Regulatory Commission ("FERC") to exercise the functions required of RTOs pursuant to FERC's Order No. 2000 ("Order 2000") and FERC's RTO regulations;

WHEREAS, NTD has been approved as a "Qualified Transmission Project Sponsor" pursuant to the ISO Open Access Transmission Tariff (the "ISO OATT"), which is Section II of the ISO New England Inc. Transmission, Markets and Services Tariff (the "ISO Tariff");

WHEREAS, in accordance with the requirements of Order 2000, the ISO will be the transmission provider under the ISO OATT of non-discriminatory, open access transmission services over the transmission facilities of NTD, once placed in service, that become part of the New England Transmission System ("Transmission Service");

WHEREAS, the ISO OATT will be designed to provide for the payment by transmission customers for Transmission Service at rates designed to recover the revenue requirements of NTD in supporting the provision of such transmission service by the ISO under the ISO OATT;

WHEREAS, the ISO will be responsible for system planning within the ISO region subject to certain rights and obligations of NTD, all as set forth in this Agreement;

WHEREAS, the functions to be performed by the ISO and Order 2000 require that the ISO have the requisite operational authority over NTD's transmission facilities;

WHEREAS, in accordance with the terms set forth herein, NTD desires for the ISO to exercise, and the ISO desires to exercise, Operating Authority (as defined in Section 3.02 of this Agreement) over the NTD Transmission Facilities (as defined in this Agreement) consistent with the requirements of Order 2000, once those facilities are placed in service;

WHEREAS, NTD will among other things, continue to own, physically operate, and maintain its transmission facilities; and

WHEREAS, references to the PTOs in this Agreement are not intended to impose additional requirements or obligations on the PTOs in addition to those in the TOA;

NOW, THEREFORE, in consideration of the promises, and the mutual representations, warranties, covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, NTD and the ISO agree as follows:

ARTICLE I
DEFINITIONS; INTERPRETATIONS

1.01 **Definitions; Interpretations.** Each of the capitalized terms and phrases used in this Agreement (including the foregoing recitals) and not otherwise defined herein shall have the meaning specified in Schedule 1.01. In this Agreement, unless otherwise provided herein:

(a) words denoting the singular include the plural and vice versa;

(b) words denoting a gender include all genders;

(c) references to a particular part, clause, section, paragraph, article, exhibit, schedule, appendix or other attachment shall be a reference to a part, clause, section, paragraph, or article of, or an exhibit, schedule, appendix or other attachment to, this Agreement;

(d) the exhibits, schedules and appendices attached hereto are incorporated herein by reference and shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein;

(e) a reference to any statute, regulation, proclamation, ordinance or law includes all statutes, regulations, proclamations, amendments, ordinances or laws varying, consolidating or replacing the same from time to time, and a reference to a statute includes all regulations, policies, protocols, codes, proclamations and ordinances issued or otherwise applicable under that statute unless, in any such case, otherwise expressly provided in any such statute or in this Agreement;

(f) a reference to a particular section, paragraph or other part of a particular statute shall be deemed to be a reference to any other section, paragraph or other part substituted therefor from time to time;

(g) a definition of or reference to any document, instrument or agreement includes any amendment or supplement to, or restatement, replacement, modification or novation of, any such document, instrument or agreement unless otherwise specified in such definition or in the context in which such reference is used;

(h) a reference to any Person (as hereinafter defined) includes such Person's successors and permitted assigns in that designated capacity;

(i) any reference to "days" shall mean calendar days unless "Business Days" (as hereinafter defined) are expressly specified;

(j) if the date as of which any right, option or election is exercisable, or the date upon which any amount is due and payable, is stated to be on a date or day that is not a Business Day, such right, option or election may be exercised, and such amount shall be deemed due and payable, on the next succeeding Business Day with the same effect as if the same was exercised or made on such date or day (without, in the case of any such payment, the payment or accrual of any interest or other late payment or charge, provided such payment is made on such next succeeding Business Day);

(k) words such as "hereunder", "hereto", "hereof" and "herein" and other words of similar import shall, unless the context requires otherwise, refer to this Agreement as a whole and not to any particular article, section, subsection, paragraph or clause hereof;

(l) a reference to "include" or "including" means including without limiting the generality of any description preceding such term, and for purposes hereof the rule of ejusdem generis shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned; and

(m) neither this Agreement nor any other agreement, document or instrument referred to herein or executed and delivered in connection herewith shall be construed against any Person as the principal draftsperson hereof or thereof.

ARTICLE II
TRANSMISSION FACILITIES

2.01 **Transmission Facilities.** As to NTD, the transmission facilities over which the ISO shall exercise Operating Authority (as of the date the facilities are placed in service) in accordance with the terms set forth herein shall be:

(a) those facilities of NTD listed in Schedule 2.01(a) (hereinafter "NTD Category A Facilities"), as such list of facilities may be added to or deleted from in accordance with Sections 2.01(d) and 2.02 below;

(b) those facilities of NTD listed in Schedule 2.01(b) (hereinafter "NTD Category B Facilities"), as such list of facilities may be added to or deleted from, in accordance with Sections 2.01(d) and 2.02 below; and

(c) those transmission facilities of NTD within the New England Transmission System with a voltage level of less than 69 kV and all transformers that have no NTD Category A Facilities or NTD Category B Facilities connected to the lower voltage side of the transformer that are not listed on Schedule 2.01(a) and Schedule 2.01(b) (hereinafter "NTD Local Area Facilities"), provided that any excluded facilities of NTD listed on Schedule 4.01(d) shall not be NTD Local Area Facilities.

(d) The transmission facilities included on any of the lists of the NTD Category A Facilities or the NTD Category B Facilities contained in Schedule 2.01(a) and Schedule 2.01(b), respectively, may be redesignated on another of those two lists, deleted from such list, or redesignated as a NTD Local Area Facility without the necessity of an amendment to this Agreement, but only in the following manner:

(i) at the direction of a Governmental Authority with jurisdiction over the Transmission Facilities in question, provided that the ISO and NTD shall be provided prior written notice of such changes;

(ii) as agreed between the ISO and NTD; or

(iii) where the operational characteristics of a transmission facility have been materially modified (including a change from a radial transmission facility to a looped

transmission facility that contributes to the parallel carrying capability of the New England Transmission System) in accordance with Section 2.01(e); provided that any such changes shall also be subject to ISO review consistent with Section 2.06.

(e) All transmission facilities to be redesignated as NTD Category A Facilities, NTD Category B Facilities, or Local Area Facilities or deleted from the lists in Schedule 2.01(a) and Schedule 2.01(b) in accordance with Section 2.01(d)(iii), and all transmission facilities to be added to the lists in Schedule 2.01(a) and Schedule 2.01(b) in accordance with Section 2.02 shall be classified in accordance with the following standards:

(i) NTD Category A Facilities shall consist of: all transmission lines with a voltage level of 115 kV and above, except for those 115 kV transmission facilities specifically designated as NTD Category B Facilities in accordance with Section 2.01(e)(ii); all transmission interties between Control Areas; all transformers that have NTD Category A Facilities connected to the lower voltage side of the transformer; all transformers that require an NTD Category A Facility to be taken out of service when the transformer is taken out of service; and all breakers and disconnects connected to, and all shunts, relays, reclosing and associated equipment, dynamic reactive resources, FACTS controllers, special protection systems, PARS, and other equipment specifically installed to support the operation of such transmission lines, interties, and transformers.

(ii) NTD Category B Facilities shall consist of: all 115 kV radial transmission lines and all 69 kV transmission lines that are not interties between Control Areas; all transformers that have any NTD Category B Facilities and no NTD Category A Facilities connected to the lower voltage side of the transformer except to the extent such transformers are designated as NTD Category A Facilities in accordance with Section 2.01(e)(i); and all breakers and disconnects connected to, and all shunts, relays, reclosing and associated equipment, dynamic reactive resources, FACTS controllers, special protection systems, PARS, and other equipment specifically installed to support the operation of such NTD Category B Facilities.

(iii) NTD Local Area Facilities shall consist of all transmission facilities with a voltage level of less than 69 kV and all transformers that have no NTD Category A

Facilities or NTD Category B Facilities connected to the lower voltage side of the transformer.

(iv) To the extent there is any dispute between the ISO and NTD as owner of a transmission facility concerning classification of such transmission facility under these standards, such disagreement shall be subject to the dispute resolution provisions of this Agreement, provided that the ISO's classification of a transmission facility under the standards shall govern pending resolution of the dispute.

Collectively, all NTD Category A Facilities, NTD Category B Facilities, and NTD Local Area Facilities shall hereinafter be referred to as the "Transmission Facilities," provided that "Transmission Facilities" shall not include Excluded Assets as defined in Section 2.04 of this Agreement or Merchant Facilities. The ISO shall maintain on its OASIS a posting of the current versions of Schedule 2.01(a) and Schedule 2.01(b), in each instance, reflecting each such change promptly after such change is made.

(f) The classifications set forth in this Section 2.01 are for operational purposes. Rate treatment of Transmission Facilities shall be governed by the ISO OATT, provided that filings for rate treatment under the ISO OATT shall be subject to Section 3.04 of this Agreement.

2.02 **New and Acquired Transmission Facilities and Transmission Upgrades.**

(a) Any New Transmission Facility or Transmission Upgrade shall be considered a "Transmission Facility" under this Agreement once it is included as "Proposed" in the RSP Project List and, unless otherwise agreed by the ISO and NTD, shall thereafter be added to Schedule 2.01(a) and/or (b), as applicable.

(b) Any Merchant Facility interconnected to or within the New England Transmission System shall not be the subject of this Agreement. Any Merchant Facility interconnected to or within the New England Transmission System constructed and placed in commercial operation after the Operations Date shall be subject to the authority of the ISO under a separate agreement in accordance with Section 2.03 and any applicable provisions of the ISO OATT.

2.03 **Merchant Facilities.** The terms and conditions under which NTD, an Affiliate of NTD or any other entity grants authority over any Merchant Facilities to the ISO shall not be governed by this

Agreement, it being understood that NTD shall enter into operating agreements relating to its Merchant Facilities directly with the ISO in accordance with applicable provisions of the ISO OATT. Nothing in this Agreement is intended to limit or expand the right of NTD, the Affiliate of NTD, or any other entity to propose, construct, or own Merchant Facilities interconnected to the New England Transmission System. No Merchant Facility may become an Acquired Transmission Facility.

2.04 **Excluded Assets.** The "Excluded Assets" of NTD shall consist of those assets and/or facilities of NTD set forth in Section 2.04(a) and (b). These Excluded Assets are expressly excluded from the definition of Transmission Facilities under this Agreement, and the ISO shall not have Operating Authority over NTD's Excluded Assets. Nothing in this Section 2.04 is intended to address the rate treatment of the Transmission Facilities or any other asset of NTD. Rate treatment of Transmission Facilities shall be governed by the ISO OATT, provided that filings for rate treatment under the ISO OATT shall be subject to Section 3.04 of this Agreement:

(a) Excluded Assets are any assets, facilities, and/or portions of facilities owned by NTD that are connected with or associated with Transmission Facilities to the extent specifically excluded pursuant to the following items (i) through (vii) of this Section 2.04(a):

(i) proceeds from the use or disposition of Transmission Facilities;

(ii) any payment, refund or credit (1) relating to Taxes in respect of the Transmission Facilities, (2) arising under any contracts or tariffs of NTD and relating to services provided prior to the beginning of the Term, or (3) arising under any contract or tariff that provides for rates that are subject to regulation by an agency other than FERC.

(iii) any rights, ownership, title or interest NTD may have with respect to telecommunications assets and equipment, provided that the ISO shall continue to have the right to use such telecommunication assets and equipment attached to or associated with Transmission Facilities solely to the extent needed for the exercise of the ISO's Operating Authority and further provided that such use right shall not be assignable by the ISO;

(iv) any existing contracts or contract rights of NTD related in any manner to Transmission Facilities unless NTD agrees to assign or transfer such contracts to the ISO;

(v) any assets, property rights, licenses, permits or facilities that are used for or in (1) the distribution, generation, trading or marketing of electricity (except for facilities specifically defined as Transmission Facilities that are used for such activities), (2) gas transportation, gas, water, petroleum, chemical, real estate development, or cable business, or (3) any other activity unrelated to the transmission of electricity located on, or making use of, the Transmission Facilities;

(vi) any causes of action or claims related to Transmission Facilities, provided, that, upon the written agreement of NTD and the ISO to the assumption by the ISO of the management of such claims under mutually agreed terms and conditions, the ISO may manage NTD's causes of action or claims against a third party relating to such Transmission Facilities, and provided further that the ISO shall have the right to pursue causes of action or claims against third parties to the extent necessary for the ISO to fulfill its responsibilities for invoicing, collection and disbursement of customer payments in accordance with Section 3.10; and

(vii) any asset or facility for which Operating Authority may not be lawfully transferred or assigned.

(b) Excluded assets are any assets or facilities of NTD that are not specifically defined as Transmission Facilities, including without limitation the facilities or portions of facilities described in items (i) through (xii) of this Section 2.04(b):

(i) all cash, cash equivalents, bank deposits, accounts receivable, and any income, sales, payroll, property or other Tax receivables;

(ii) proceeds from the use or disposition of any facilities or assets owned by NTD;

(iii) certificates of deposit, shares of stock, securities, bonds, debentures, and evidences of indebtedness;

(iv) any rights or interest in trade names, trademarks, service marks, patents, copyrights, domain names or logos;

(v) any payment, refund or credit (1) relating to Taxes, (2) arising under any contracts or tariffs of NTD and relating to services provided prior to the beginning of the Term, or (3) arising under any contract or tariff that provides for rates that are subject to regulation by an agency other than FERC;

(vi) any facilities, including transmission facilities, located outside the New England Transmission System;

(vii) any rights, ownership, title or interest NTD may have with respect to telecommunications assets and equipment;

(viii) any existing contracts or contract rights of NTD unless NTD agrees to assign or transfer such contracts to the ISO;

(ix) any assets, property rights, licenses, permits or facilities that are used for or in (1) the distribution, generation, trading or marketing of electricity or (2) gas transportation, gas, water, petroleum, chemical, real estate development, or cable business, or (3) any other activity unrelated to the transmission of electricity whether or not located on, or making use of, the Transmission Facilities;

(x) any causes of action or claims;

(xi) any asset or facility for which Operating Authority may not be lawfully transferred or assigned; and

(xii) any interests of any kind in NTD's real property, provided that nothing in this Section 2.04 shall restrict NTD from conveying interests in real property in any future written agreement into which the ISO and NTD may, in their sole discretion, enter.

2.05 **Connection with Non-Parties.**

(a) NTD shall connect its Transmission Facilities (once placed in service) with the facilities of any entity that is not a Party, including the facilities of a current or proposed Transmission Customer, and shall install (or cause to be installed) and construct (or cause to be constructed) any transmission facilities required to connect the facilities of a non-Party to the Transmission Facilities to the

extent such connection or construction is required by applicable law, including the Federal Power Act and any applicable regulations issued by FERC and provided that the construction of any such transmission facilities shall be subject to the conditions associated with NTD's obligation to build set forth in Schedule 3.09(a). Any such connection shall be subject further to: (1) the receipt of any necessary regulatory approvals, (2) compliance with the procedures set forth in the ISO OATT for review of the reliability and operational impacts of a proposed interconnection (including the procedures for interconnection of a Generating Unit under the Interconnection Standard); and (3) execution of an Interconnection Agreement with such entity containing provisions for the safe and reliable operation of each interconnection with respect to such entity's facilities in accordance with Good Utility Practice, applicable NERC/NPCC Requirements, and applicable Law (including the Federal Power Act); provided that

(i) Except as provided in 2.05(a)(ii) below, NTD shall engage in good faith negotiations as to the terms and conditions of such Interconnection Agreement with any such non-Party, but, except as may be required pursuant to regulations issued by FERC, NTD shall not be required to enter into any Interconnection Agreement containing terms and conditions unacceptable to NTD and shall reserve the right to resolve any disputes, and/or make any filings with FERC, with respect thereto.

(ii) With respect to the interconnection of a Large Generating Facility or a Small Generating Facility to any Transmission Facility, the Interconnection Agreement shall be a three-party agreement among NTD, the ISO, and the interconnecting non-Party based on the Schedule 22 Large Generator Interconnection Agreement or Schedule 23 Small Generator Interconnection Agreement, respectively, in the ISO OATT. With respect to the interconnection of other Generating Units to any Transmission Facility of NTD, the ISO shall be a party to Interconnection Agreements if and to the extent that FERC regulations require the ISO to be a party. Either the ISO or the PTOs (working with NTD as a party to the Disbursement Agreement), may propose amendments to the Schedule 22 Large Generator Interconnection Agreement or Schedule 23 Small Generator Interconnection Agreement under Section 205 of the Federal Power Act and shall include in such proposal the views of the ISO and NTD and PTOs, as applicable, provided that the standard applicable under Section 205 of the Federal Power Act shall apply only to the NTD and/or PTOs' position on any financial obligations of the PTOs and/or NTD (as applicable) or the interconnecting non-Party, and any provisions related

to physical impacts of the interconnection on the Transmission Facilities or other assets. If NTD, the ISO and the interconnecting non-Party agree to the terms and conditions of a specific Large Generator Interconnection Agreement or Small Generator Interconnection Agreement, as applicable, or any amendments to such an Interconnection Agreement, then NTD and the ISO shall jointly file the executed Interconnection Agreement, or amendment thereto, with FERC under Section 205 of the Federal Power Act. To the extent NTD, the ISO and such interconnecting non-Party cannot agree to proposed variations from the Schedule 22 or 23 Interconnection Agreement applicable to a Large Generating Facility or Small Generating Facility, respectively, or cannot otherwise agree to the terms and conditions of the Interconnection Agreement, or any amendments to such an Interconnection Agreement, then NTD and the ISO shall jointly file an unexecuted Interconnection Agreement, or amendment thereto, with FERC under Section 205 of the Federal Power Act and shall identify the areas of disagreement in such filing, provided that, in the event of disagreement on terms and conditions of the Interconnection Agreement related to the costs of upgrades to the Transmission Facilities, the anticipated schedule for the construction of such upgrades, any financial obligations of NTD, and any provisions related to physical impacts of the interconnection on the Transmission Facilities or other assets, then the standard applicable under Section 205 of the Federal Power Act shall apply only to NTD's position on such terms and conditions.

The costs of interconnection facilities shall be allocated in the manner specified in the ISO OATT.

(b) NTD shall also connect its Transmission Facilities (once placed in service) with the facilities of any entity that is not a Party upon satisfaction of the "Elective Transmission Upgrade" provisions of the ISO OATT, provided that NTD shall only connect the facilities of such entity (the "Elective Transmission Upgrade Applicant") upon satisfaction of the following conditions:

(i) The Elective Transmission Upgrade Applicant shall enter into an Interconnection Agreement with the affected PTO(s) and NTD and, to the extent necessary and appropriate, enter into support agreements with the affected PTO(s) and NTD, provided that the Elective Transmission Upgrade Applicant may request, upon providing the security, credit assurances, and/or deposits required by the affected PTO,

the filing with the Commission by NTD and/or affected PTOs of unexecuted Interconnection Agreements and support agreements.

(ii) The Elective Transmission Upgrade Applicant shall obtain all necessary legal rights and approvals for the construction and maintenance of the upgrade and shall cooperate with NTD in obtaining all necessary legal rights and approvals for the construction and maintenance of additions or modifications, if any, required in conjunction with the upgrade.

(iii) The Elective Transmission Upgrade Applicant shall be responsible for 100% of all of the costs of said upgrade and of any additions to or modifications of the Transmission Facilities that are required to accommodate the Elective Transmission Upgrade. A request for rate treatment of an Elective Transmission Upgrade, if any, shall be determined by FERC in the appropriate proceeding.

2.06 **Review of Transmission Plans.** NTD shall submit to the ISO in such form, manner and detail as the ISO may reasonably prescribe: (i) any new or materially changed plans for retirements of or changes in the capacity of such Transmission Facilities rated 69 kV or above or plans for construction of New Transmission Facilities or Transmission Upgrades rated 69 kV or above; and (ii) any new or materially changed plan for any other action to be taken by NTD which may have a significant effect on the stability, reliability or operating characteristics of the Transmission Facilities, the facilities of any Transmission Owner, or the system of a Participant. The ISO shall provide notification of any such NTD submissions to the appropriate Technical Committee(s). Unless prior to the expiration of ninety (90) days, the ISO notifies NTD in writing that it has determined that implementation of the plan will have a significant adverse effect upon the reliability or operating characteristics of the Transmission Facilities, the facilities of any Transmission Owner, or the system of a Participant, NTD shall be free to proceed. If the ISO notifies NTD that implementation of such plan has been determined to have a significant adverse effect upon the reliability or operating characteristics of the Transmission Facilities, the facilities of any Transmission Owner, or the system of a Participant, NTD shall not proceed to implement such plan unless NTD takes such action or constructs such facilities as the ISO determines to be reasonably necessary to avoid such adverse effect.

2.07 **Condemnation.** If, at any time, any Governmental Authority commences any process to acquire any Transmission Facilities or any other interest in Transmission Facilities then held by NTD

through condemnation or otherwise through the power of eminent domain, (i) NTD shall provide the ISO with written notice of such process, (ii) NTD shall, at its cost, direct any litigation or proceeding regarding such condemnation or eminent domain matter, (iii) NTD shall have the right to settle any such proceeding without the consent of the ISO, and (iv) any award in condemnation or eminent domain shall be paid to NTD without any claim to such award by the ISO.

ARTICLE III
OPERATING AUTHORITY

3.01 **Grant of Operating Authority.** Subject to the terms set forth in this Agreement, including Article III and Article X hereof, NTD hereby authorizes the ISO, through its officers, employees, consultants, independent contractors and other personnel, to exercise Operating Authority over the Transmission Facilities once they are placed in service, including provision of Transmission Service over the Transmission Facilities under the TOA and ISO OATT, and the ISO hereby agrees to assume and exercise Operating Authority over the Transmission Facilities in accordance with the TOA once they are placed in service. Coincident with the NTD's Transmission Facilities being placed in service or the acquisition of operational Transmission Facilities, the NTD shall execute the TOA pursuant to Section 10.05 hereof, list such Transmission Facilities under the TOA and, by doing so, authorize the ISO to exercise Operating Authority over such Transmission Facilities via the TOA.

3.02 **[reserved]**

3.03 **Transmission Services and OATT Administration.**

(a) The ISO shall administer the ISO OATT in the manner specified in this Section 3.03. The ISO's OATT administration responsibilities shall include those enumerated below:

(i) The ISO shall receive, post on OASIS as required by Commission regulations, and respond to requests by Large Generating Facilities and Small Generating Facilities to be interconnected under the ISO OATT, and all Transmission Service. Except as provided in Section 3.03(a)(ii), the ISO shall perform the system impact studies and facilities studies (and execute and administer agreements for such studies) in connection with such requests to the Administered Transmission System. Notwithstanding the foregoing, (A) the ISO shall consult with NTD prior to completion

of system impact studies and facilities studies in connection with requests that affect the Transmission Facilities and distribution facilities and shall include in any such studies NTD's reasonable estimates of the costs of upgrades to the Transmission Facilities needed to implement the conclusions of such studies and NTD's reasonable anticipated schedule for the construction of such upgrades; (B) nothing in this Agreement shall preclude the ISO from entering into a separate agreement(s) with NTD for such studies, pursuant to the ISO's supervision and the ISO's authority to require modifications to such studies, to perform system impact studies and facilities studies; (C) except as provided in Section 3.03(a)(ii) with respect to interconnection of Generating Units that would not have an impact on facilities used for the provision of regional transmission service, nothing in this Agreement shall preclude the performance of studies related to the interconnection of Generating Units by a third party consultant to the extent permitted by applicable procedures in the ISO OATT (including procedures governing the treatment of confidential information) and provided that such studies performed by any third party consultant must include NTD's reasonable estimates of the costs of upgrades to such Transmission Facilities needed to implement the conclusions of such studies and NTD's reasonable anticipated schedule for the construction of such upgrades; and (D) NTD shall, upon request by the ISO, conduct any necessary studies related to the Transmission Facilities, including system impact studies and facilities studies, and shall assist in the performance of any such studies, including the provision of information and data in accordance with Section 11.07 of this Agreement.

(ii) The ISO shall review applications for Transmission Service or requests for the interconnection of Large Generating Facilities and Small Generating Facilities to be interconnected to a Transmission Facility to determine whether the service or interconnection would have an impact on facilities used for the provision of regional transmission service. If so, and the interconnection is to a Transmission Facility, the ISO will perform a system impact study and facilities study, as necessary to address the impacts on facilities used for the provision of regional transmission service.

(iii) The ISO shall operate and maintain the OASIS (or a successor system) as required by FERC. NTD shall provide updates to the NTD-specific pages on the OASIS site, subject to the ISO's review of such updates. The ISO shall have the authority to

direct any changes to such NTD-specific pages that it deems appropriate to conform to FERC requirements and the terms and conditions of the ISO OATT.

(b) Notwithstanding Section 3.03(a), retail load customers requesting to interconnect with the Transmission Facilities of NTD shall submit service requests to NTD. Such service requests submitted to the ISO shall be forwarded to NTD. NTD shall execute and administer the agreements, and shall be responsible for billing, collections, dispute resolution and the performance of system impact studies and facilities studies, in coordination with the ISO as necessary, in connection with such requests.

(c) Transmission Service Agreements. The ISO and NTD shall enter into all agreements for Transmission Service over the Transmission Facilities; provided that:

(i) A pro forma regional transmission service agreement (or service agreements) shall be attached to the ISO OATT and such pro forma service agreement(s) shall set forth the respective rights and responsibilities of the Transmission Customer, the ISO, the PTOs and NTD. The ISO shall have the authority, pursuant to Section 205 of the Federal Power Act, to amend the pro forma service agreement(s) or the Market Participant Service Agreement ("MPSA") or executed service agreements related to the terms and conditions of regional Transmission Service.

(ii) The ISO shall be responsible for filing with the FERC, or electronically reporting to the FERC as applicable, all new agreements for Transmission Service over the Transmission Facilities. In the event of any dispute between the ISO or NTD and a Transmission Customer concerning the terms and conditions of such service agreements, the ISO shall file an unexecuted copy of the pro forma service agreement set forth in the ISO OATT and shall include in such filing any statement provided by NTD, affected PTO(s) and the Transmission Customers concerning their respective positions on any proposed changes or additions to the pro forma service agreement.

3.04 **Application Authority.**

(a) NTD shall have the authority to submit filings under Section 205 of the Federal Power Act to establish and to revise (pursuant to an NTD rate schedule filed under Schedule 13 of the ISO OATT):

(i) charges for costs permitted to be recovered under Sections 4.3 and 4A of Attachment K to the ISO OATT;

(ii) once its project is listed as "Proposed" in the RSP Project List, charges for the costs of Commission-approved construction work in process; and

(iii) once its project is listed as "Proposed" in the RSP Project List, any rates, charges, terms or conditions for transmission services that are based solely on the revenue requirements of the Transmission Facilities (including Transmission Facilities leased to NTD or to which NTD has contractual entitlements).

NTD shall not have the authority to revise such rates, terms and conditions in a manner that would abridge the rights granted to the ISO in Section 3.04(b). NTD shall provide written notification to the ISO and stakeholders of any filing described in sub-paragraph (i) through (iv), above, which notification shall include a detailed description of the filing, at least 30 days in advance of a filing. NTD shall consult with interested stakeholders upon request. NTD shall retain the right to modify aspects of any filing authorized by this Section 3.04(a) after it provides written notification to the ISO and stakeholders, and shall provide notification to the ISO and stakeholders of any material modification to such filings.

With respect to any filing described in sub-paragraph (iii) above, NTD shall include in any filing a statement that, in the good faith judgment of NTD, the proposal will not be inconsistent with the design of the New England Markets, as accepted or approved by FERC. In the event the ISO believes that a proposed filing described in sub-paragraph (iii) above, would have such an inconsistency, it shall so advise NTD and NTD and the ISO shall consult in good faith to resolve any ISO concerns, but, if such disagreement cannot be resolved, NTD may submit a filing under Section 205, provided that NTD's filing (including the transmittal letter for such filing) to FERC shall include any written statement provided by the ISO setting forth the basis for the ISO's concerns.

NTD shall consult with the ISO to determine whether the ISO will need to make any software modifications in order to implement any filing authorized by this Section 3.04(a) and when any needed software modifications could reasonably be expected to be implemented. NTD's filing to FERC (and the transmittal letter for such a filing) shall include any written statement provided by the ISO setting forth the basis for any software-related implementation concerns raised by the ISO. The ISO shall make Commercially Reasonable Efforts to implement any needed software modifications by the effective date

accepted by the FERC for a filing authorized by this Section 3.04(a), provided that, if the ISO has exercised such Commercially Reasonable Efforts, a failure to implement needed software modifications by the FERC-accepted effective date shall not constitute an event of default by the ISO under this Agreement or subject the ISO to financial damages, and further provided that the ISO shall run retroactive settlements consistent with the FERC-accepted effective date for a filing authorized by this Section 3.04(a) once such software modifications have been implemented.

(b) The ISO has the authority to submit filings under Section 205 of the Federal Power Act as set forth in the TOA.

(c) NTD shall have no authority to submit a filing under Section 205 of the Federal Power Act to modify any provision of the ISO OATT that implements any of the items listed in Section 3.04(b) of the TOA.

3.05 **The ISO's Responsibilities.**

(a) In addition to its other obligations under this Agreement, in performing its obligations and responsibilities hereunder, and in accordance with Good Utility Practice, the ISO shall:

(i) maintain system reliability; and

(ii) in all material respects, act in accordance with applicable Laws and conform to, and implement, all applicable reliability criteria, policies, standards, rules, regulations, orders, license requirements and all other applicable NERC/NPCC Requirements, and other applicable reliability organizations' reliability rules, and all applicable requirements of federal or state laws or regulatory authorities.

(b) The ISO shall obtain and retain all necessary authorizations of FERC and other regulatory authorities to function as the New England RTO and shall possess the characteristics and perform the functions required for that purpose.

3.06 **NTD's Responsibilities.**

(a) NTD shall, in accordance with Good Utility Practice:

(i) collaborate with the ISO with respect to:

(A) the development of Rating Procedures,

(B) the establishment of ratings for New Transmission Facilities;

(C) the establishment of ratings for Acquired Transmission Facilities that do not have an existing rating; and

(D) the establishment of any changes to existing ratings for Transmission Facilities in effect as of the Operations Date.

To the extent there is any disagreement between the ISO and NTD concerning Rating Procedures or the rating of a Transmission Facility, such disagreement shall be the subject of good faith negotiations between NTD and the ISO, provided that (x) NTD's position concerning such Rating Procedures or Transmission Facility ratings shall govern until NTD and the ISO agree on a resolution to such disagreement; and (y) nothing in this Section 3.06(a)(iv) shall limit the rights of the ISO or of NTD to submit a filing under Section 206 of the Federal Power Act with respect to Transmission Facility ratings or Rating Procedures. During any collaboration or discussions concerning Transmission Facility ratings, NTD shall continue to provide the ISO with up-to-date ratings information in accordance with the applicable Rating Procedures.

(ii) cooperate with actions taken by PTOs' Local Control Centers with respect to the Transmission Facilities; and

(iii) in all material respects, comply with all applicable laws, regulations, orders and license requirements, and with all applicable requirements, and with all applicable NERC/NPCC Requirements, other applicable reliability organizations' local reliability rules, and all applicable requirements of federal or state laws or regulatory authorities.

3.07 **Reserved Rights of NTD.**

(a) Notwithstanding any other provision of this Agreement to the contrary, NTD shall retain all of the rights set forth in this Section 3.07; provided, however, that such rights shall be exercised in a manner consistent with applicable NERC/NPCC Requirements and applicable regulatory

standards. This Section 3.07 is not intended to reduce or limit any other rights of NTD as a signatory to this Agreement or under the ISO OATT.

(i) Nothing in this Agreement shall restrict any rights: (A) of NTD if it is a party to a merger, acquisition or other restructuring transaction to make filings under Section 205 of the Federal Power Act with respect to NTD's reallocation or redistribution of revenues or the assignment of such NTD's rights or obligations, to the extent the Federal Power Act requires such filings; or (B) of NTD to terminate its participation in this Agreement pursuant to Article X of this Agreement.

(ii) Except as expressly provided in the grant of Operating Authority to the ISO, NTD retains all rights that it otherwise has incident to its ownership of, and legal and equitable title to, its assets, including its Transmission Facilities and all land and land rights, including the right to build, acquire, sell, lease, merge, dispose of, retire, use as security, or otherwise transfer or convey all or any part of its assets, subject to NTD's compliance with Section 2.06 of this Agreement. Subject to Article X, NTD may, directly or indirectly, by merger, sale, conveyance, consolidation, recapitalization, operation of law, or otherwise, transfer all or any portion of the Transmission Facilities subject to this Agreement but only if such transferee or successors shall agree in writing to be bound by terms of this Agreement.

(iii) NTD shall have the right to adopt and implement, consistent with Good Utility Practice, procedures and to take such actions it deems necessary to protect its facilities from physical damage or to prevent injury or damage to persons or property.

(iv) NTD retains the right to take whatever actions, consistent with Good Utility Practice, it deems necessary to fulfill its obligations under applicable Law.

(v) Nothing in this Agreement shall be construed as limiting in any way the rights of NTD to make any filing with any applicable state or local regulatory authority.

(vi) NTD shall have the right to retain one or more subcontractors to perform any or all of its obligations under this Agreement. The retention of a subcontractor

pursuant to the terms of this Section 3.07 shall not relieve NTD of its primary liability for the performance of any of its obligations under this Agreement.

(b) Any and all other rights and responsibilities of NTD related to the ownership or operation of its Transmission Facilities not expressly assigned to the ISO under this Agreement will remain with NTD.

(c) Nothing in this Agreement shall be deemed to impair or infringe on any rights or obligations of NTD under the Federal Power Act and FERC's rules and regulations thereunder, provided that any such rights are not inconsistent with the express terms of this Agreement. Nothing contained in this Agreement shall be construed to limit in any way the right of NTD to take any position, including opposing positions, in any administrative or judicial proceeding or filing by NTD or the ISO, notwithstanding that such proceeding or filing may be undertaken or made, explicitly or implicitly, pursuant to this Agreement.

3.08 **[reserved]**

3.09 **[reserved]**

3.10 **Invoicing, Collection and Disbursement of Payments.**

(a) Invoicing. Except as provided in Section 3.10(a)(ii), the ISO will administer its current net settlement system, including invoicing of charges to Transmission Customers for Transmission Services on the Transmission Facilities as follows:

(i) The charges invoiced by the ISO on behalf of NTD shall include the following (each, an "Invoiced Amount"):

(A) all charges listed in NTD's Commission-accepted rate schedule under Schedule 13 of the ISO OATT; and

(B) any and all rates, charges, fees and/or penalties under interconnection agreements which have been filed with and accepted by FERC, other than amounts billed directly by NTD pursuant to Section 3.10(a)(ii) below.

(ii) Payments relating to all services provided by NTD outside of Schedule 13 that provide for payment to NTD, and any other payments shall be invoiced by NTD and shall not be invoiced by the ISO; provided that, notwithstanding the foregoing, NTD and the ISO may enter into separate agreements such that the ISO provides invoicing services for such payments.

(iii) The ISO shall remit or credit to NTD, consistent with the ISO Tariff and the net settlement system, any and all payments received or collected from Transmission Customers for Invoiced Amounts in accordance with this Agreement. NTD shall designate (and notify the ISO of the identity of) a single authorized individual to provide such directions to the ISO. This individual shall also respond to any ISO questions or requests for clarification concerning such directions; provided that the ISO shall be able to rely upon the direction of the designated individual unless and until it receives notification from NTD or from a Governmental Authority of reversal of such direction by any Governmental Authority with jurisdiction over this Agreement.

(b) The ISO's Collection Obligations and Application of Financial Assurances Policies. If a Transmission Customer defaults on any payment of any Invoiced Amount (the "Owed Amounts"), the ISO shall take all necessary actions to execute or call upon any Financial Assurances held by the ISO attributable to such Transmission Customer.

(c) No Pledge of Invoiced Amounts. The ISO shall not create, incur, assume or suffer to exist any lien, pledge, security interest or other change or encumbrance, or any other type of preferential arrangement (including a banker's right of set off) against any Invoiced Amounts, any accounts receivables representing Invoiced Amounts, the settlement account maintained by the ISO into which payments on Invoiced Amounts are made and from which remittances are made to NTD or any Financial Assurances.

3.11 **Subcontractors.** NTD acknowledges and agrees that, subject to the terms set forth herein, the ISO has the right to retain one or more subcontractors to perform any or all of its obligations under this Agreement. The retention of a subcontractor pursuant to the terms of this Section 3.11 shall not relieve the ISO of its primary liability for the performance of any of its obligations under this Agreement.

3.12 **No Impairment of the ISO's Other Legal Rights and Obligations.** Nothing in this Agreement shall be deemed to impair or infringe on any rights or obligations of the ISO under the Federal Power Act and FERC's rules and regulations thereunder, including the ISO's rights and obligations to submit filings to recover its administrative, capital, and other costs.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE PARTIES

4.01 **Representations and Warranties of NTD.** NTD represents and warrants to the ISO as follows:

(a) Organization. It is duly organized, validly existing and in good standing under the laws of the state of its organization.

(b) Authorization. It has all requisite power and authority to execute, deliver and perform this Agreement; the execution, delivery and performance by NTD of this Agreement have been duly authorized by all necessary and appropriate action on the part of NTD; and this Agreement has been duly and validly executed and delivered by NTD and constitutes the legal, valid and binding obligations of NTD, enforceable against NTD in accordance with its terms.

(c) No Breach. The execution, delivery and performance by NTD of this Agreement will not result in a breach of any terms, provisions or conditions of any agreement to which NTD is a party which breach has a reasonable likelihood of materially and adversely affecting NTD's performance under this Agreement.

4.02 **Representations and Warranties of the ISO.** The ISO represents and warrants to NTD as follows:

(a) Organization. It is duly organized, validly existing and in good standing under the laws of the state of its organization.

(b) Authorization. It has all requisite power and authority to execute, deliver and perform this Agreement; the execution, delivery and performance by the ISO of this Agreement have been duly authorized by all necessary and appropriate action on the part of the ISO; and this Agreement

has been duly and validly executed and delivered by the ISO and constitutes the legal, valid and binding obligation of the ISO, enforceable against the ISO in accordance with its terms.

(c) No Breach. The execution, delivery and performance by the ISO of this Agreement will not result in a breach of any of the terms, provisions or conditions of any agreement to which the ISO is a party which breach has a reasonable likelihood of materially and adversely affecting the ISO's performance under this Agreement.

ARTICLE V
COVENANTS OF NTD

5.01 **Covenants of NTD.** NTD covenants and agrees that during (i) the Term, or (ii) the period expressly specified herein, as applicable, NTD shall comply with all covenants and provisions of this Article V, except to the extent the ISO waives such covenants or performance is excused pursuant to Section 11.11(b).

5.02 **[reserved]**

5.03 **Expenses.** Except to the extent specifically provided herein, all costs and expenses incurred by NTD in connection with the negotiation of this Agreement shall be borne by NTD; provided that nothing herein shall prevent NTD from recovering such expenses in accordance with applicable law.

5.04 **Consents and Approvals.**

(a) NTD shall exercise Commercially Reasonable Efforts to promptly prepare and file all necessary documentation to effect all necessary applications, notices, petitions, filings and other documents, and shall exercise Commercially Reasonable Efforts to obtain (and will cooperate with each other in obtaining) any consent, acquiescence, authorization, order or approval of, or any exemption or nonopposition by, any Governmental Authority required to be obtained or made by NTD in connection with this Agreement or the taking of any action contemplated by this Agreement.

(b) NTD shall exercise Commercially Reasonable Efforts to obtain consents of all other third parties necessary to the performance of this Agreement by NTD. NTD shall promptly notify the ISO of any failure to obtain any such consents and, if requested by the ISO, shall provide copies of all such consents obtained by NTD.

(c) Nothing in this Section 5.04 shall require NTD to pay any sums to a third party, including any Governmental Authority, excluding filing fees paid to any Governmental Authority in connection with a filing necessary or appropriate to further action.

5.05 **Notice and Cure.** NTD shall notify the ISO in writing of, and contemporaneously provide the ISO with true and complete copies of any and all information or documents relating to, any event, transaction or circumstance, as soon as practicable after it becomes Known to NTD, that causes or shall cause any covenant or agreement of NTD under this Agreement to be breached or that renders or shall render untrue any representation or warranty of NTD contained in this Agreement as if the same were made on or as of the date of such event, transaction or circumstance. NTD shall use all Commercially Reasonable Efforts to cure such event, transaction or circumstance as soon as practicable after it becomes Known to NTD. No notice given pursuant to this Section 5.05 shall have any effect on the representations, warranties, covenants or agreements contained in this Agreement for purposes of determining satisfaction of any condition contained herein or shall in any way limit the ISO's right to seek indemnity under Article IX.

ARTICLE VI
COVENANTS OF THE ISO

6.01 **Covenants of the ISO.** The ISO covenants and agrees that during (i) the Term, or (ii) the period expressly specified herein, as applicable, the ISO shall comply with all covenants and provisions of this Article VI, except to the extent the Parties consent in writing to a waiver of such covenants or performance is excused pursuant to Section 11.11(b).

6.02 **[reserved]**

6.03 **Expenses.** Except to the extent specifically provided herein, all costs and expenses incurred by the ISO in connection with the negotiation of this Agreement shall be borne by the ISO; provided that nothing herein shall prevent the ISO from recovering such expenses in accordance with applicable law.

6.04 **[reserved]**

6.05 **Notice and Cure.** The ISO shall notify NTD in writing of, and contemporaneously shall provide NTD with true and complete copies of any and all information or documents relating to, any

event, transaction or circumstance, as soon as practicable after it becomes Known to the ISO, that causes or shall cause any covenant or agreement of the ISO under this Agreement to be breached or that renders or shall render untrue any representation or warranty of the ISO contained in this Agreement as if the same were made on or as of the date of such event, transaction or circumstance. The ISO shall use all Commercially Reasonable Efforts to cure such event, transaction or circumstance as soon as practicable after it becomes Known to the ISO. No notice given pursuant to this Section 6.05 shall have any effect on the representations, warranties, covenants or agreements contained in this Agreement for purposes of determining satisfaction of any condition contained herein or shall in any way limit any right of NTD to seek indemnity under Article IX.

ARTICLE VII
TAX MATTERS

7.01 **Responsibility for NTD Taxes.** NTD shall prepare and file all Tax Returns and other filings related to its Transmission Business and Transmission Facilities and pay any Tax liabilities related to its Transmission Business and Transmission Facilities. The ISO shall not be responsible for, or required to file, any Tax Returns or other reports for NTD and shall have no liability for any Taxes related to NTD's Transmission Business or Transmission Facilities. The ISO and NTD hereby agree that, for tax purposes, the Transmission Facilities shall be deemed to be owned by NTD.

7.02 **Responsibility for ISO Taxes.** The ISO shall prepare and file all Tax Returns and other filings related to its operations and pay any Tax liabilities related to its operations. NTD shall not be responsible for, or required to, file any Tax Returns or other reports for the ISO and shall have no liability for any Taxes related to the ISO's operations.

ARTICLE VIII
RELIANCE; SURVIVAL OF AGREEMENTS

8.01 **Reliance; Survival of Agreements.** Notwithstanding any right of any Party (whether or not exercised) to investigate the accuracy of any of the matters subject to indemnification by any other Party contained in this Agreement, each of the Parties has the right to rely fully upon the representations, warranties, covenants and agreements of the other Party contained in this Agreement. The provisions of Sections 11.01, 11.07, 11.11 and 11.15 and Articles VII and IX shall survive the termination of this

Agreement. With regard to Section 3.10 of this Agreement, the ISO will perform final billing consistent with Section 3.10 of this Agreement for all services provided until the Termination Date.

ARTICLE IX
INSURANCE; LIMITATION OF LIABILITIES

9.01-9.04 **[reserved]**

9.05 **Insurance.**

(a) NTD will maintain property insurance on its Transmission Facilities and liability insurance in accordance with good utility practice.

(b) All insurance required under this Section 9.05 by outside insurers shall be maintained with insurers qualified to insure the obligations or liabilities under this Agreement and having a Best's rating of at least B+ VIII (or an equivalent Best's rating from time to time of B+ VIII), or in the event that from time to time Best's ratings are no longer issued with respect to insurers, a comparable rating by a nationally recognized rating service or such other insurers as may be agreed upon by the Parties.

(c) Upon execution of this Agreement, and when requested thereafter, NTD shall furnish the ISO with certificates of all such insurance policies setting forth the amounts of coverage, policy numbers, and date of expiration for such insurance in conformity with the requirements of this Agreement.

9.06 **Liability.**

(a) Neither Party shall be liable to the other Party for any incidental, indirect, special, exemplary, punitive or consequential damages, including lost revenues or profits, even if such damages are foreseeable or the damaged Party has advised such Party of the possibility of such damages and regardless of whether any such damages are deemed to result from the failure or inadequacy of any exclusive or other remedy.

(b) Nothing in this Agreement shall be deemed to affect the right of the ISO to recover its costs due to liability under this Article IX through the ISO Participants Agreement or the ISO Administrative Tariff.

ARTICLE X
TERM; DEFAULT AND TERMINATION

10.01 **Term; Termination Date.**

(a) **Term.** Subject to the terms set forth in this Section 10.01, the term of this Agreement (the "Term") shall commence on the Effective Date and shall continue in force until terminated pursuant to Article X hereof. The date of such termination shall be referred to herein as the "Termination Date."

(b) **Termination by NTD.** NTD may terminate this Agreement:

(i) upon no less than 180 day's prior notice to the ISO; or

(ii) upon an ISO event of default in accordance with Section 10.03(a), provided that NTD shall exercise this right in accordance with Section 10.03(b)(i).

(c) **Termination By the ISO.** By notice to NTD, the ISO may terminate its obligations under this Agreement:

(i) upon the withdrawal of one or more PTOs from the Transmission Operating Agreement and the ISO has given notice to the PTOs that it is terminating the Transmission Operating Agreement pursuant to Section 10.01(c)(i) thereof;

(ii) if FERC issues an order putting into effect material changes in the liability and indemnification protections afforded to the ISO under this Agreement or the ISO Tariff;

(iii) if FERC issues an order putting into effect an amendment or modification of this Agreement that materially adversely affects the ISO's ability to carry out its responsibilities under this Agreement, unless the ISO has agreed to such changes in accordance with Section 11.04;

(iv) upon a NTD event of default in accordance with Section 10.04(a), provided that the ISO shall exercise this right in accordance with Section 10.04(b)(i); or

(v) if, within the period of ten years from the Effective Date, no NTD project has been listed by the ISO on the RSP Project List as "Proposed."

(d) Continuing Obligations. The withdrawing or terminating Party shall have the following continuing obligations following withdrawal from this Agreement: All financial obligations incurred and payments applicable to the time period prior to the Termination Date shall be honored by the terminating or withdrawing Party and the other Party in accordance with the terms of this Agreement, and each Party shall remain liable for all obligations arising hereunder prior to the Termination Date.

10.03 **[reserved]**

10.03 **Events of Default of the ISO.**

(a) Events of Default of the ISO. Subject to the terms and conditions of this Section 10.03, the occurrence of any of the following events shall constitute an event of default of the ISO under this Agreement:

(i) Failure by the ISO to perform any material obligation set forth in this Agreement and continuation of such failure for longer than thirty (30) days after the receipt by the ISO of written notice of such failure from NTD; provided, however, that if the ISO is diligently pursuing a remedy during such thirty (30) day period, said cure period shall be extended for an additional thirty (30) days or as otherwise agreed by NTD;

(ii) If there is a dispute between the ISO and NTD as to whether the ISO has failed to perform a material obligation, the cure period(s) provided in Section 10.03(a)(i) above shall run from the point at which a finding of failure to perform has been made by a Governmental Authority;

(iii) Any attempt (not including consideration of strategic options or entering into exploratory discussions) by the ISO to transfer an interest in, or assign its obligations under, this Agreement, except as otherwise permitted hereunder;

(iv) Failure of the ISO (if it has received the necessary corresponding funds from ISO customers) to pay when due any and all amounts payable to NTD by the ISO as part of the settlement process pursuant to Section 3.10 within three (3) Business Days;

(v) With respect to the ISO, (A) the filing of any petition in bankruptcy or insolvency, or for reorganization or arrangement under any bankruptcy or insolvency laws, or voluntarily taking advantage of any such laws by answer or otherwise or the commencement of involuntary proceedings under any such laws, (B) assignment by the ISO for the benefit of creditors; or (C) allowance by the ISO of the appointment of a receiver or trustee of all or a material part of its property if such receiver or trustee is not discharged within thirty (30) days after such appointment.

(b) Remedies for Default. If an event of default by the ISO occurs, NTD shall have the right to avail itself of any or all of the following remedies, all of which shall be cumulative and not exclusive:

(i) To terminate this Agreement in accordance with Section 10.01(b)(ii); provided that if the ISO contests such allegation of an ISO event of default, this Agreement shall remain in effect pending resolution of the dispute, but any applicable notice period shall run during the pendency of the dispute;

(ii) To demand that the ISO shall terminate any right of the ISO, immediately make arrangements for the orderly transfer of the ISO's invoicing and collection functions with respect to NTD and assist NTD or NTD's designee in resuming performance of the functions the later of 20 days from the date of making such demand or the start of the next billing cycle.

10.04 **Events of Default of NTD.**

(a) Events of Default of NTD. Subject to the terms and conditions of this Section 10.04, the occurrence of any of the events listed below shall constitute an event of default of NTD under this Agreement (in each instance, a "NTD Default"):

(i) Failure by NTD to perform any material obligation set forth in this Agreement and continuation of such failure for longer than thirty (30) days after the

receipt by NTD of written notice of such failure from the ISO, provided, however, that if NTD is diligently pursuing a remedy during such thirty (30) day period, said cure period shall be extended for an additional thirty (30) days or as otherwise agreed by the ISO and NTD;

(ii) If there is a dispute between NTD and the ISO as to whether NTD has failed to perform a material obligation, the cure period(s) provided in Section 10.04(a)(i) above shall run from the point at which a finding of failure to perform has been made by a Governmental Authority; or

(iii) With respect to NTD, (A) the filing of any petition in bankruptcy or insolvency, or for reorganization or arrangement under any bankruptcy or insolvency laws, or voluntarily taking advantage of any such laws by answer or otherwise or the commencement of involuntary proceedings under any such laws, (B) assignment by NTD for the benefit of creditors; or (C) allowance by NTD of the appointment of a receiver or trustee of all or a material part of its property if such receiver or trustee is not discharged within thirty (30) days after such appointment.

(b) Remedies for Default. If an event of default by NTD occurs, the ISO shall have the following remedy: to terminate this Agreement in accordance with Section 10.01(c)(iv); provided that if NTD contests such allegation of an NTD event of default, this Agreement shall remain in effect pending resolution of the dispute, but any applicable notice period shall run during the pendency of the dispute.

10.05 **Transmission Operating Agreement and Disbursement Agreement; Registration.** On the date on which (1) any of the Transmission Facilities or a New Transmission Facility is placed into service or (2) NTD's acquisition of Acquired Transmission Facilities is consummated, whichever occurs earlier:

(a) NTD shall execute and deliver to the ISO a counterpart of the Transmission Operating Agreement as an Additional PTO (as defined therein). Upon such execution and delivery, this Agreement shall terminate automatically.

(b) NTD shall promptly execute a signature page for the Disbursement Agreement and deliver it to the parties thereto and shall become a party to the Disbursement Agreement.

(c) NTD shall register with NPCC as a Transmission Owner [and Transmission Service Provider][under discussion].

ARTICLE XI
MISCELLANEOUS

11.01 **Notices.** Unless otherwise expressly specified or permitted by the terms hereof, all communications and notices provided for herein shall be in writing and any such communication or notice shall become effective (a) upon personal delivery thereof, including by overnight mail or courier service, (b) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (c) in the case of notice by facsimile, upon receipt thereof; provided that such transmission is promptly confirmed by either of the methods set forth in clauses (a) or (b) above, in each case addressed to the relevant party and copy party hereto at its address set forth in Schedule 11.01 or at such other address as such party or copy party may from time to time designate by written notice to the other party hereto; further provided that a notice given in connection with this Section 11.01 but received on a day other than a Business Day, or after business hours in the situs of receipt, will be deemed to be received on the next Business Day.

11.02 **Supersession of Prior Agreements.** With respect to the subject matter hereof, this Agreement (together with all schedules and exhibits attached hereto) constitutes the entire agreement and understanding among the Parties with respect to all subjects covered by this Agreement and supersedes all prior discussions, agreements and understandings among the Parties with respect to such matters.

11.03 **Waiver.** Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by a Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, shall be cumulative and not alternative.

11.04 **Amendment; Limitations on Modifications of Agreement.**

(a) This Agreement shall only be subject to modification or amendment by agreement of the Parties and the acceptance of any such amendment by FERC.

(b) In light of the foregoing, the Parties agree that they shall not rely to their detriment on any purported amendment, waiver or other modification of any rights under this Agreement unless the requirements of this Section 11.04 are satisfied and further agree not to assert equitable estoppel or any other equitable theory to prevent enforcement of this provision in any court of law or equity, arbitration or other proceeding.

11.05 **No Third Party Beneficiaries.** Except as provided in Article IX, it is not the intention of this Agreement or of the Parties to confer a third party beneficiary status or rights of action upon any Person or entity whatsoever other than the Parties and nothing contained herein, either express or implied, shall be construed to confer upon any Person or entity other than the Parties any rights of action or remedies either under this Agreement or in any manner whatsoever.

11.06 **No Assignment; Binding Effect.** Neither this Agreement nor any right, interest or obligation hereunder may be assigned by a Party, (including by operation of law) law (an "Assignment")-, without the prior written consent of the other Party in its sole discretion and any attempt at Assignment in contravention of this Section 11.06 shall be void, provided, however, that NTD may assign its rights and interests hereunder as security in connection with any financing for the construction or operation of NTD's Transmission Facilities (a "Collateral Assignment") without prior written consents or approvals. NTD may assign or transfer any or all of its rights, interests and obligations hereunder upon the transfer of its assets through sale, reorganization, or other transfer, provided that:

(a) NTD's successors and assigns shall agree to be bound by the terms of this Agreement except that NTD's successors and assigns shall not be required to be bound by any obligations hereunder to the extent that NTD has agreed to retain such obligations; and

(b) notwithstanding (a), NTD shall assign or transfer to any new owner of Transmission Facilities subject to this Agreement all of the rights, responsibilities and obligations associated with the physical operation of such Transmission Facilities as well as all of the rights, responsibilities and obligations associated with the ISO's Operating Authority with respect to such

Transmission Facilities, further provided that the new owner shall have the right to retain one or more subcontractors to perform any or all of its responsibilities or obligations under this Agreement.

Subject to the foregoing, this Agreement is binding upon, inures to the benefit of and is enforceable by the Parties and their respective permitted successors and assigns. No Assignment shall be effective until NTD receives all required regulatory approvals for such Assignment.

11.07 **Further Assurances; Information Policy; Access to Records.**

(a) Each Party agrees, upon the other Party's request, to make Commercially Reasonable Efforts to execute and deliver such additional documents and instruments, provide information, and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions, and conditions of this Agreement and of the transactions contemplated hereby.

(b) The ISO shall, upon NTD's request, make available to NTD any and all information within the ISO's custody or control that is necessary for NTD to perform its responsibilities and obligations or enforce its rights under this Agreement, provided that such information shall be made available to NTD only to the extent permitted under the ISO Information Policy and subject to any applicable restrictions in the ISO Information Policy, including provisions of the ISO Information Policy governing the confidential treatment of non-public information, and provided further that any NTD employee or employee of NTD's Local Control Center shall comply with such ISO Information Policy and any applicable standards of conduct to prevent the disclosure of such information to any unauthorized Person. Any dispute concerning what information is necessary for NTD to perform its responsibilities and obligations or enforce its right under this Agreement shall be subject to dispute resolution under Section 11.12 of this Agreement.

(c) NTD shall, upon the ISO's request, make available to the ISO any and all information within NTD's custody or control that is necessary for the ISO to perform its responsibilities and obligations or enforce its rights under this Agreement, provided that such information shall be shall be made available to the ISO only to the extent permitted under the ISO Information Policy and subject to any applicable restrictions in the ISO Information Policy, including provisions of the ISO Information Policy governing the confidential treatment of non-public information, and provided further that any ISO employee shall comply with such ISO Information Policy and any applicable standards of conduct to

prevent the disclosure of such information to any unauthorized Person. Any dispute concerning what information is necessary for the ISO to perform its responsibilities and obligations or enforce its right under this Agreement shall be subject to dispute resolution under Section 11.12 of this Agreement.

(d) If, in order to properly prepare its Tax Returns, other documents or reports required to be filed with Governmental Authorities or its financial statements or to fulfill its obligations hereunder, it is necessary that the ISO or NTD be furnished with additional information, documents or records not referred to specifically in this Agreement, and such information, documents or records are in the possession or control of the other Party, the other Party shall use its best efforts to furnish or make available such information, documents or records (or copies thereof) at the ISO's or NTD's request, cost and expense. Any information obtained by the ISO or NTD in accordance with this paragraph shall be subject to any applicable provisions of the ISO Information Policy

(e) Notwithstanding anything to the contrary contained in this Section 11.07:

(i) no Party shall be obligated by this Section 11.07 to undertake studies or analyses that such Party would not otherwise be required to undertake or to incur costs outside the normal course of business to obtain information that is not in such Party's custody or control at the time a request for information is made pursuant to this Section 11.07;

(ii) if NTD and the ISO are in an adversarial relationship in litigation or arbitration (other than with respect to litigation or arbitration to enforce this Section 11.07), the furnishing of information, documents or records by the ISO or NTD in accordance with this Section 11.07 shall be subject to applicable rules relating to discovery;

(iii) no Party shall be compelled to provide any privileged and/or confidential documents or information that are attorney work product or subject to the attorney/client privilege; and

(iv) no Party shall be required to take any action that impairs or diminishes its rights under this Agreement or otherwise lessens the value of this Agreement to such Party.

11.08 **Business Day.** Notwithstanding anything herein to the contrary, if the date on which any payment is to be made pursuant to this Agreement is not a Business Day, the payment otherwise payable on such date shall be payable on the next succeeding Business Day with the same force and effect as if made on such scheduled date and, provided such payment is made on such succeeding Business Day, no interest shall accrue on the amount of such payment from and after such scheduled date to the time of such payment on such next succeeding Business Day.

11.09 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware including all matters of construction, validity and performance without regard to the conflicts-of-laws provisions thereof.

11.10 **Consent to Service of Process.** Each of the Parties hereby consents to service of process by registered mail, Federal Express or similar courier at the address to which notices to it are to be given, it being agreed that service in such manner shall constitute valid service upon such Party or its successors or assigns in connection with any such action or proceeding; provided, however, that nothing in this Section 11.10 shall affect the right of any Party or its successors and permitted assigns to serve legal process in any other manner permitted by applicable Law or affect the right of any such Party or its successors and assigns to bring any action or proceeding against the other Party or its property in the courts of other jurisdictions.

11.11 **Force Majeure.** A Party shall not be considered to be in default or breach under this Agreement, and shall be excused from performance or liability for damages to any other party, if and to the extent it shall be delayed in or prevented from performing or carrying out any of the provisions of this Agreement, except the obligation to pay any amount when due, in consequence of any act of God, labor disturbance, failure of contractors or suppliers of materials (not including as a result of non-payment), act of the public enemy or terrorists, war, invasion, insurrection, riot, fire, storm, flood, ice, explosion, breakage or accident to machinery or equipment or by any other cause or causes (not including a lack of funds or other financial causes) beyond such Party's reasonable control, including any order, regulation, or restriction imposed by governmental, military or lawfully established civilian authorities. A Party claiming a force majeure event shall use reasonable diligence to remove the condition that prevents performance, except that the settlement of any labor disturbance shall be in the sole judgment of the affected Party.

11.12 **Dispute Resolution.** The Parties agree that any dispute arising under this Agreement shall be the subject of good-faith negotiations among the Parties and affected market participants, if any. Each Party and each affected market participant shall designate one or more representatives with the authority to negotiate the matter in dispute to participate in such negotiations. The Parties and affected market participants shall engage in such good-faith negotiations for a period of not less than 60 calendar days, unless: (a) a Party or market participant identifies exigent circumstances reasonably requiring expedited resolution of the dispute by FERC or a court or agency with jurisdiction over the dispute; or (b) the provisions of this Agreement otherwise provide a Party the right to submit a dispute directly to FERC for resolution. Any other dispute that is not resolved through good-faith negotiations may, by a Party or any market participant, be submitted for resolution by FERC or a court or agency with jurisdiction over the dispute upon the conclusion of such negotiations. A Party or market participant may request that any dispute submitted to FERC for resolution be subject to FERC settlement procedures. Notwithstanding the foregoing, any dispute arising under this Agreement may be submitted to arbitration or any other form of alternative dispute resolution upon the agreement of the Parties and all affected market participants to participate in such an alternative dispute resolution process.

11.13 **Invalid Provisions.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any Party under this Agreement shall not be materially and adversely affected thereby, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom, and (d) the court holding such provision to be illegal, invalid or unenforceable may in lieu of such provision add as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as it deems appropriate.

11.14 **Headings and Table of Contents.** The headings of the sections of this Agreement and the Table of Contents are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

11.15 **Liabilities; No Joint Venture.**

(a) The obligations and liabilities of the ISO and NTD arising out of or in connection with this Agreement shall be several, and not joint, and each Party shall be responsible for its own debts,

including Taxes. No Party shall have the right or power to bind any other Party to any agreement without the prior written consent of such other Party. The Parties do not intend by this Agreement to create nor does this Agreement constitute a joint venture, association, partnership, corporation or an entity taxable as a corporation or otherwise. No express or implied term, provision or condition of this Agreement shall be deemed to constitute the parties as partners or joint venturers.

(b) To the extent any Party has claims against the other Party, such Party may only look to the assets of the other Party for the enforcement of such claims and may not seek to enforce any claims against the directors, members, officers, employees, affiliates, or agents of such other Party who, each Party acknowledges and agrees, have no liability, personal or otherwise, by reason of their status as directors, members, officers, employees, affiliates, or agents of that Party, with the exception of fraud or willful misconduct.

11.16 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. The parties hereto agree that any document or signature delivered by facsimile transmission shall be deemed an original executed document for all purposes hereof.

11.17 **Effective Date.**

This Agreement shall become effective on the date of execution (the "Effective Date").

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party as of the date written below.

For ISO New England Inc.

Name:_____

Title:_____

Date:_____

For [NTD]

Name:_____

Title:_____

Date:_____

Schedule 1.01

Schedule of Definitions

Acquired Transmission Facilities. Any transmission facility acquired within the New England Control Area by NTD after the Operations Date that meets the classification standards set forth in Section 2.02(a).

Additional Term. "Additional Term" shall have the meaning ascribed thereto in Section 10.01(a) of this Agreement.

Affiliate. Any person or entity which controls, is controlled by, or is under common control by another person or entity. For purposes of this definition, "control" shall mean the possession, directly or indirectly and whether acting alone or in conjunction with others, of the authority to direct the management or policies of a person or entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

Agreement. This Operating Agreement between the ISO and NTD, as it may be amended from time to time.

Ancillary Service. Those services that are necessary to support the transmission of electric capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with Good Utility Practice.

Approved Outages. "Approved Outages" shall have the meaning ascribed thereto in Market Rule 1 of the ISO Tariff.

Best's. The A.M. Best Company.

Business Day. Any day other than a Saturday or Sunday or an ISO holiday, as posted by the ISO on its website.

Commercially Reasonable Efforts. A level of effort which, in the exercise of prudent judgment in the light of facts or circumstances known or which should reasonably be known at the time a decision is made, can be expected by a reasonable person to accomplish the desired result in a manner consistent

with Good Utility Practice and which takes the performing party's interests into consideration. "Commercially Reasonable Efforts" will not be deemed to require a Person to undertake unreasonable measures or measures that have a significant adverse economic affect on such Person, including the payment of sums in excess of amounts that would be expended in the ordinary course of business for the accomplishment of the stated purpose.

Commission. The Federal Energy Regulatory Commission.

Control Area. An electric power system or combination of electric power systems, bounded by metering, to which a common automatic generation control scheme is applied in order to:

(a) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);

(b) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

(c) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice and applicable NERC/NPCC Requirements; and

(d) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

Coordination Agreement. An agreement between the ISO and the operator(s) of one or more neighboring Control Areas addressing issues including interchange scheduling, operational arrangements, emergency procedures, energy for emergency and reliability needs, the exchange of information among Control Areas, and other aspects of the coordinated operation of the Control Areas.

Disbursement Agreement. The Rate Design and Funds Disbursement Agreement among the PTOs, as amended and restated from time to time.

Effective Date. "Effective Date" shall have the meaning ascribed thereto in Section 11.18(a) of this Agreement.

Elective Transmission Upgrade. A Transmission Upgrade constructed by any Person which is not required to be constructed pursuant to any applicable requirement of this Agreement, but which may be subject to applicable requirements set forth in the ISO OATT and this Agreement.

Elective Transmission Upgrade Applicant. "Elective Transmission Upgrade Applicant" shall have the meaning ascribed thereto in Section 2.05 of this Agreement.

Environment. Soil, land surface or subsurface strata, surface waters (including navigable waters, ocean waters, streams, ponds, drainage basins, and wetlands), groundwaters, drinking water supply, stream sediments, ambient air (including indoor air), plant and animal life, and any other environmental medium or natural resource.

Environmental Damages. "Environmental Damages" shall mean any cost, damages, expense, liability, obligation or other responsibility arising from or under Environmental Law consisting of or relating to:

(a) any environmental matters or conditions (including on-site or off-site contamination, occupational safety and health, and regulation of chemical substances or products);

(b) fines, penalties, judgments, awards, settlements, legal or administrative proceedings, damages, losses, claims, demands and response, investigative, remedial or inspection costs and expenses arising under Environmental Law;

(c) financial responsibility under Environmental Law for cleanup costs or corrective action, including any investigation, cleanup, removal, containment or other remediation or response actions ("Cleanup") required by applicable Environmental Law (whether or not such Cleanup has been required or requested by any Governmental Authority or any other Person) and for any natural resource damages; or

(d) any other compliance, corrective, investigative, or remedial measures required under Environmental Law.

Environmental Laws. Any Law now or hereafter in effect and as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of the Environment, health or safety or to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

Excluded Assets. "Excluded Assets" shall have the meaning ascribed thereto in Section 2.04 of this Agreement.

Existing Operating Procedures. "Existing Operating Procedures" shall have the meaning ascribed thereto in Section 3.02(d) of this Agreement.

External Transactions. Interchange transactions between the New England Transmission System and neighboring Control Areas.

FACTS. Flexible AC Transmission Systems.

FERC. The Federal Energy Regulatory Commission.

Final Order. An order issued by a Governmental Authority in a proceeding after all opportunities for rehearing are exhausted (whether or not any appeal thereof is pending) that has not been revised, stayed, enjoined, set aside, annulled or suspended, with respect to which any required waiting period has expired, and as to which all conditions to effectiveness prescribed therein or otherwise by law, regulation or order have been satisfied.

Financial Assurances. "Financial Assurances" shall have the meaning ascribed thereto in Section 3.10(b) of this Agreement.

FPA. The Federal Power Act.

FTR. A Financial Transmission Right, as defined in the ISO OATT.

Generally Accepted Accounting Principles. The widely accepted set of rules, conventions, standards, and procedures for reporting financial information, as established by the Financial Accounting Standards Board.

Generating Unit. A device for the production of electricity.

Good Utility Practice. Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good

business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority. The government of any nation, state or other political subdivision thereof, including any entity exercising executive, military, legislative, judicial, regulatory, or administrative functions of or pertaining to a government, not including NTD or the ISO.

Hazardous Materials. Any waste or other substance that is listed, defined, designated, or classified as, or otherwise determined to be, hazardous, radioactive, or toxic or a pollutant or a contaminant under or pursuant to any Environmental Law, including any admixture or solution thereof, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos-containing materials.

Indemnifiable Loss. "Indemnifiable Loss" shall have the meaning ascribed thereto in Section 9.01(a)(i) of this Agreement.

Indemnifying Party. "Indemnifying Party" shall have the meaning ascribed thereto in Section 9.02 of this Agreement.

Indemnitee. "Indemnitee" shall have the meaning ascribed thereto in Section 9.02 of this Agreement.

Interconnection Agreement. An agreement or agreements for the interconnection of any entity to the Transmission Facilities of NTD.

Interconnection Standard. The applicable interconnection standards set forth in the ISO OATT.

Invoiced Amount. "Invoiced Amount" shall have the meaning ascribed thereto in Section 3.10(a)(i) of the Agreement.

ISO. ISO New England Inc., the RTO for New England authorized by the Federal Energy Regulatory Commission to exercise the functions required pursuant to FERC's Order No. 2000 and FERC's corresponding regulations.

ISO Control Center. The primary control center established by the ISO for the exercise of its Operating Authority and the performance of functions as an RTO.

ISO Information Policy. The information policy set forth in the ISO OATT.

ISO-NE. ISO New England Inc.

ISO OATT. The ISO Open Access Transmission Tariff, as in effect from time to time.

ISO Participants Agreement. The agreement among the ISO and stakeholder participants addressing, inter alia, the stakeholder process for the ISO.

ISO Planning Process. The process set forth in the ISO OATT, for the coordinated planning and expansion of the New England Transmission System with provision for the participation of all state regulatory authorities with jurisdiction over retail rates in the ISO region acceptable to those authorities, which process shall be subject to certain terms and conditions set forth in Schedule 3.09(a).

ISO System Plan. The "Regional System Plan" as defined in the ISO OATT.

ISO Tariff. The ISO Transmission, Markets and Services Tariff, as amended from time to time, on file with FERC.

Large Generating Facility. "Large Generating Facility" shall have the meaning ascribed thereto in the ISO OATT.

Law. Any federal, state, local or foreign statute, law, ordinance, regulation, rule, code, order, other requirement or rule of law.

Load Shedding. The systematic reduction of system demand by temporarily decreasing load.

Market Monitoring Unit. Any market monitoring unit established by the ISO, including any internal market monitoring unit of the ISO and any independent market monitoring unit of the ISO.

Market Participant Service Agreement. The agreement among the ISO and market participants addressing, inter alia, the requirements for participating in the New England Markets.

Market Rules. The rules describing how the New England Markets are administered.

Merchant Facility. A transmission facility constructed by an entity that assumes all market risks associated with the recovery of costs for the facility and whose costs are not recovered through traditional

cost-of-service based rates, but instead are recovered either through negotiated agreements with customers or through market revenues.

NTD Category A Facilities. Those transmission facilities listed in Schedule 2.01(a) of the Agreement, as that list may be modified from time to time in accordance with the terms of this Agreement.

NTD Category B Facilities. Those transmission facilities listed in Schedule 2.01(b) of the Agreement, as that list may be modified from time to time in accordance with the terms of this Agreement.

NTD Local Area Facilities. "Local Area Facilities" shall have the meaning ascribed thereto in Section 2.01 of this Agreement.

NTD Local Restoration Plan. The restoration plan developed by NTD with respect to the Transmission Facilities.

NERC. The North American Electric Reliability Corporation.

NERC/NPCC Requirements. NPCC criteria, guides, and procedures, NERC reliability standards, and NERC operating policies and planning standards (until such time as they are replaced by NERC reliability standards) and any successor documents.

New England Control Area. The Control Area consisting of the interconnected electric power system or combination of electric power systems in the geographic region consisting of Vermont, New Hampshire, Maine, Massachusetts, Connecticut and Rhode Island.

New England Markets. Markets or programs (including congestion pricing and design and implementation of FTRs) for the purchase of energy, capacity, ancillary services, demand response services or other related products or services that are offered in the New England Control Area and that are administered by the ISO pursuant to rules, rates, or agreements on file from time to time with the Commission.

New England Transmission System. The system comprised of the transmission facilities over which the ISO has operational jurisdiction, including the Transmission Facilities of NTD and the PTOs and the transmission system of any ITC formed pursuant to Attachment M to the ISO OATT.

New Transmission Facility. Any new transmission facility constructed within the New England Transmission System that is owned by NTD and that goes into commercial operation after the Effective Date. For the avoidance of doubt, in the case of a high-voltage, direct-current system, a New Transmission Facility shall include the transmission cable and the AC/DC converter stations as a single project.

Non-PTF. "Non-PTF" shall have the meaning ascribed thereto in the ISO OATT.

NPCC. The Northeast Power Coordinating Council.

OASIS. The Open Access Same-Time Information System of the ISO.

Operating Authority. "Operating Authority" shall have the meaning ascribed thereto in the TOA.

Operating Limits. The transfer limits for a transmission interface or generation facility.

Operating Procedures. The operating manuals, procedures, and protocols relating to the exercise of Operating Authority over the Transmission Facilities, as such manuals, procedures, and protocols may be modified from time to time in accordance with this Agreement.

Order 2000. FERC's Order No. 2000, *i.e.*, *Regional Transmission Organizations*, Order No. 2000, 65 Fed. Reg. 809 (January 6, 2000), FERC Stats. & Regs. ¶31,089 (1999), *order on reh'g*, Order No. 2000-A, 65 Fed. Reg. 12,088 (March 8, 2000), FERC Stats. & Regs. ¶31,092 (2000), *petitions for review dismissed sub nom.*, Public Utility District No. 1 of Snohomish County, Washington v. FERC, 272 F.3d 607 . (D.C. Cir. 2001).

Owed Amounts. "Owed Amounts" shall have the meaning ascribed thereto in Section 3.10(c) of this Agreement.

PARS. Phase angle regulators.

Participant. A participant in the New England Markets, Transmission Customer, or other entity that has entered into the ISO Participants Agreement.

Participants Committee. "Participants Committee" shall mean the stakeholder participants committee established pursuant to the ISO Participants Agreement.

Party or Parties. A "Party" shall mean the ISO or NTD, as the context requires. "Parties" shall mean NTD and the ISO.

Person. An individual, partnership, joint venture, corporation, business trust, limited liability company, trust, unincorporated organization, government or any department or agency thereof, or any other entity.

Planned Outages. "Planned Outages" shall have the meaning ascribed thereto in Market Rule 1 of the ISO Tariff.

Planning Procedures. The manuals, procedures and protocols for planning and expansion of the New England Transmission System, as such manuals, procedures, and protocols may be modified from time to time in accordance with this Agreement.

Prime Rate. The interest rate that commercial banks charge their most creditworthy borrowers, as published in the most recent Wall Street Journal in its "Monday Rates" column.

PTF. "PTF" shall have the meaning ascribed thereto in the ISO OATT.

PTO or Participating Transmission Owner. "PTO" shall have the meaning ascribed thereto in the opening paragraph of the TOA. "Participating Transmission Owner" shall have the same meaning as "PTO."

Rating Procedures. "Rating Procedures" shall have the meaning ascribed thereto in Section 3.02(d) of this Agreement.

Regulation and Frequency Response Service. An Ancillary Service as defined in the ISO OATT.

Reliability Authority. "Reliability Authority" shall have the meaning established by NERC, as such definition may change from time to time, provided such definition of Reliability Authority shall not be inconsistent with the specific rights and responsibilities of the ISO and the PTOs under this Agreement.

Restoration Plans. The System Restoration Plan, all PTO Local Restoration Plans and the NTD Local Restoration Plan.

RSP Project List. "RSP Project List" shall have the meaning ascribed thereto in the ISO OATT.

RTO. An independent entity that complies with Order No. 2000 and FERC's corresponding regulations (or an entity that complies with all such requirements except for the scope and regional configuration requirements), as determined by the FERC.

Schedule 22 Large Generator Interconnection Agreement. The interconnection agreement included in Schedule 22 of the ISO OATT.

Schedule 23 Small Generator Interconnection Agreement. The interconnection agreement included in Schedule 23 of the ISO OATT.

Scheduled Outages. "Scheduled Outages" shall have the meaning ascribed thereto in Market Rule 1 of the ISO Tariff.

Small Generating Facility. "Small Generating Facility" shall have the meaning ascribed thereto in the ISO OATT.

System Failure. Widespread telecommunication, hardware or software failure or systemic the ISO hardware or software failures that makes it impossible to receive or process bid information, dispatch resources, or exercise Operating Authority over the Transmission Facilities.

Tax or Taxes. All taxes, charges, fees, levies, penalties or other assessments imposed by any United States federal, state or local or foreign taxing authority, including, but not limited to, income, excise, property, sales, transfer, franchise, payroll, withholding, social security or other taxes, including any interest, penalties or additions attributable thereto.

Tax Return. Any return, report, information return, or other document (including any related or supporting information) required to be supplied to any authority with respect to Taxes.

Technical Committees. "Technical Committee" shall mean the stakeholder technical committees established pursuant to the ISO Participants Agreement.

Term. "Term" shall have the meaning ascribed thereto in Section 10.01 of this Agreement.

Third Party. "Third Party" shall have the meaning ascribed thereto in Section 9.01(a) of this Agreement.

Termination Date. "Termination Date" shall have the meaning ascribed thereto in Section 10.01(a) of this Agreement.

TOA. The Transmission Operating Agreement entered into by the ISO and the PTOs, effective February 1, 2005, as it may be amended from time to time.

Transmission Business. The business activities of each PTO related to the ownership, operation and maintenance of its Transmission Facilities.

Transmission Customer. Any entity taking Transmission Service under the ISO OATT.

Transmission Facilities. "Transmission Facilities" shall have the meaning ascribed thereto in Sections 2.01 and 2.02 of this Agreement.

Transmission Owner. "Transmission Owner" shall have the meaning ascribed thereto in the ISO OATT.

Transmission Provider. The ISO, in its capacity as the provider of transmission services over the Transmission Facilities of the PTOs in accordance with FERC's Order No. 2000 and FERC's RTO regulations.

Transmission Service. The non-discriminatory, open access, wholesale transmission services provided to customers by the ISO in accordance with the ISO OATT.

Transmission Upgrade. Any upgrade to an existing Transmission Facility owned by NTD that goes into commercial operation after the Effective Date.

VAR. Volt-Amps Reactive.

Schedule 2.01(a)

Schedule 2.01(b)

Schedule 11.01

NOTICES

ISO New England Inc.

President and Chief Executive Officer

ISO New England Inc.

One Sullivan Road

Holyoke, MA 01040

Telephone: (413) 535-4000

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General Counsel

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[NTD]

[Name

Address

Phone:

Fax:]

Primary Version - Clean

I.2 Rules of Construction; Definitions

I.2.1. Rules of Construction:

In this Tariff, unless otherwise provided herein:

(a) words denoting the singular include the plural and vice versa;

(b) words denoting a gender include all genders;

(c) references to a particular part, clause, section, paragraph, article, exhibit, schedule, appendix or other attachment shall be a reference to a part, clause, section, paragraph, or article of, or an exhibit, schedule, appendix or other attachment to, this Tariff;

(d) the exhibits, schedules and appendices attached hereto are incorporated herein by reference and shall be construed with an as an integral part of this Tariff to the same extent as if they were set forth verbatim herein;

(e) a reference to any statute, regulation, proclamation, ordinance or law includes all statutes, regulations, proclamations, amendments, ordinances or laws varying, consolidating or replacing the same from time to time, and a reference to a statute includes all regulations, policies, protocols, codes, proclamations and ordinances issued or otherwise applicable under that statute unless, in any such case, otherwise expressly provided in any such statute or in this Tariff;

(f) a reference to a particular section, paragraph or other part of a particular statute shall be deemed to be a reference to any other section, paragraph or other part substituted therefor from time to time;

(g) a definition of or reference to any document, instrument or agreement includes any amendment or supplement to, or restatement, replacement, modification or novation of, any such document, instrument or agreement unless otherwise specified in such definition or in the context in which such reference is used;

(h) a reference to any person (as hereinafter defined) includes such person's successors and permitted assigns in that designated capacity;

(i) any reference to "days" shall mean calendar days unless "Business Days" (as hereinafter defined) are expressly specified;

(j) if the date as of which any right, option or election is exercisable, or the date upon which any amount is due and payable, is stated to be on a date or day that is not a Business Day, such right, option or election may be exercised, and such amount shall be deemed due and payable, on the next succeeding Business Day with the same effect as if the same was exercised or made on such date or day (without, in the case of any such payment, the payment or accrual of any interest or

other late payment or charge, provided such payment is made on such next succeeding Business Day);

(k) words such as "hereunder," "hereto," "hereof" and "herein" and other words of similar import shall, unless the context requires otherwise, refer to this Tariff as a whole and not to any particular article, section, subsection, paragraph or clause hereof; and a reference to "include" or "including" means including without limiting the generality of any description preceding such term, and for purposes hereof the rule of *ejusdem generis* shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned.

I.2.2. Definitions:

In this Tariff, the terms listed in this section shall be defined as described below:

Additional Resource Blackstart O&M Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Additional Resource Specified-Term Blackstart Capital Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Additional Resource Standard Blackstart Capital Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Adjusted Regulation Obligation is equal to a Market Participant's total Real-Time Load Obligation ratio share of the total amount of Regulation provided that hour, adjusted for any internal bilateral transactions for Regulation.

Administrative Costs are those costs incurred in connection with the review of Applications for transmission service and the carrying out of System Impact Studies and Facilities Studies.

Administrative Export De-List Bid is a bid that may be submitted in a Forward Capacity Auction by certain Existing Generating Capacity Resources subject to a multi-year contract to sell capacity outside of the New England Control Area during the associated Capacity Commitment Period, as described in Section III.13.1.2.3.1.4 of Market Rule 1.

Administrative Sanctions are defined in Section III.B.4.1.2 of Appendix B of Market Rule 1.

ADR Neutrals are one or more firms or individuals identified by the ISO with the advice and consent of the Participants Committee that are prepared to act as neutrals in ADR proceedings under Appendix D to Market Rule 1.

Advance is defined in Section IV.A.3.2 of the Tariff.

Affected Party, for purposes of the ISO New England Billing Policy, is defined in Section 6.3.5 of the ISO New England Billing Policy.

Affiliate is any person or entity that controls, is controlled by, or is under common control by another person or entity. For purposes of this definition, "control" means the possession, directly or indirectly, of the authority to direct the management or policies of an entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

AGC is automatic generation control.

Allocated Assessment is a Covered Entity's right to seek and obtain payment and recovery of its share in any shortfall payments under Section 3.3 or Section 3.4 of the ISO New England Billing Policy.

Alternative Capacity Price Rule is a rule potentially affecting Capacity Clearing Prices in a Forward Capacity Auction, as described in Section III.13.2.7.8 of Market Rule 1.

Alternative Dispute Resolution (ADR) is the procedure set forth in Appendix D to Market Rule 1.

Alternative Technologies Regulation Pilot Program is the pilot described in Appendix J to Market Rule 1.

Amount Interrupted is, for purposes of the Load Response Program, the calculated difference between the Customer Baseline and the actual customer load. For generating assets, metered at the generator output, the Amount Interrupted is the generator output.

Ancillary Services are those services that are necessary to support the transmission of electric capacity and energy from resources to loads while maintaining reliable operation of the New England Transmission System in accordance with Good Utility Practice.

Announced Schedule 1 EA Amount, Announced Schedule 2 EA Amount, Announced Schedule 3 EA Amount are defined in Section IV.B.2.2 of the Tariff.

Annual Transmission Revenue Requirements are the annual revenue requirements of a PTO's PTF or of all PTOs' PTF for purposes of the OATT shall be the amount determined in accordance with Attachment F to the OATT.

Annualized FCA Payment is used to determine a resource's availability penalties and is calculated in accordance with Section III.13.7.2.7.1.2(b) of Market Rule 1.

Applicants, for the purposes of the ISO New England Financial Assurance Policy, are entities applying for Market Participant status or for transmission service from the ISO.

Application is a written request by an Eligible Customer for transmission service pursuant to the provisions of the OATT.

APR-1 means the first of three Alternative Capacity Price Rule mechanisms described in Section III.13.2.7.8.

APR-2 means the second of three Alternative Capacity Price Rule mechanisms described in Section III.13.2.7.8.

APR-3 means the third of three Alternative Capacity Price Rule mechanisms described in Section III.13.2.7.8.

Asset is a generating unit, interruptible load, demand response resource or load asset.

Asset Registration Process is the ISO business process for registering a physical load, generator, or tie-line for settlement purposes. The Asset Registration Process is posted on the ISO's website.

Asset Related Demand is a physical load that has been discretely modeled within the ISO's dispatch and settlement systems, settles at a Node and, except for pumped storage load, is made up of one or more individual end-use metered customers receiving service from the same point or points of electrical supply, with an aggregate average hourly load of 1 MW or greater during the 12 months preceding its registration.

Asset Related Demand Bid Block-Hours are Block-Hours assigned to the Lead Market Participant for each Asset Related Demand bid. The daily bid Blocks in the price-based Real-Time bid will be multiplied by the number of hours in the day to determine the daily quantity of Asset Related Demand Bid Block-Hours. In the case that a Resource has a Real-Time unit status of "unavailable" for an entire day, that day will not contribute to the quantity of Asset Related Demand Bid Block-Hours. However, if the Resource has at least one hour of the day with a unit status of "available," the entire day will contribute to the quantity of Asset Related Demand Bid Block-Hours.

Asset-Specific Going Forward Costs are the net risk-adjusted going forward costs of an asset that is part of an Existing Generating Capacity Resource, calculated for the asset in the same manner as the net-risk adjusted going forward costs of Existing Generating Capacity Resources as described in Section III.13.1.2.3.2.1.2.

Assigned Meter Reader reports to the ISO the hourly and monthly MWh associated with the Asset. These MWh are used for settlement. The Assigned Meter Reader may designate an agent to help fulfill its Assigned Meter Reader responsibilities; however, the Assigned Meter Reader remains functionally responsible to the ISO.

Auction Revenue Right (ARR) is a right to receive FTR Auction Revenues in accordance with Appendix C of Market Rule 1.

Auction Revenue Right Allocation (ARR Allocation) is defined in Section 1 of Appendix C of Market Rule 1.

Auction Revenue Right Holder (ARR Holder) is an entity which is the record holder of an Auction Revenue Right (excluding an Incremental ARR) in the register maintained by the ISO.

Authorized Commission is defined in Section 3.3 of the ISO New England Information Policy.

Authorized Person is defined in Section 3.3 of the ISO New England Information Policy.

Automatic Response Rate is the response rate, in MW/Minute, at which a Market Participant is willing to have a generating unit change its output while providing Regulation between the Regulation High Limit and Regulation Low Limit.

Average Hourly Load Reduction is either: (i) the sum of the Demand Resource's electrical energy reduction during Demand Resource On-Peak Hours in the month divided by the number of Demand Resource On-Peak Hours in the month; (ii) the sum of the Demand Resource's electrical energy reduction during Demand Resource Seasonal Peak Hours in the month divided by the number of Demand Resource Seasonal Peak Hours in the month; (iii) the sum of a Critical Peak Demand Resource's electrical energy reduction during Demand Resource Critical Peak Hours in the month for that resource divided by the number of Demand Resource Critical Peak Hours less 30 minutes for each set of consecutive Real-Time Demand Resource Dispatch Hours within the same Operating Day in the month for that resource; or (iv) in each Real-Time Demand Response Event Hour, the sum of the baseline electrical energy consumption less the sum of the actual electrical energy consumption of all of the Real-Time Demand Response Assets associated with the Real-Time Demand Response Resource as registered with the ISO as of the first day of the month; or (v) in each Real-Time Emergency Generation Event Hour, the sum of the baseline electrical energy consumption less the sum of the actual electrical energy consumption of all of the Real-Time Emergency Generation Assets associated with the Real-time Emergency Generation Resource as registered with the ISO as of the first day of the month. The Demand Resource's electrical energy reduction and Average Hourly Load Reduction shall be determined consistent with the Demand Resource's Measurement and Verification Plan, which shall be reviewed by the ISO to ensure consistency with the measurement and verification requirements, as described in Section III.13.1.4.3 of Market Rule 1 and the ISO New England Manuals.

Average Hourly Output is either: (i) the sum of the Demand Resource's electrical energy output during Demand Resource On-Peak Hours in the month divided by the number of Demand Resource On-Peak Hours in the month; (ii) the sum of the Demand Resource's electrical energy output during Demand Resource Seasonal Peak Hours in the month divided by the number of Demand Resource Seasonal Peak Hours in the month; (iii) the sum of a Critical Peak Demand Resource's electrical energy output during Demand Resource Critical Peak Hours in the month for that resource divided by the number of Demand Resource Critical Peak Hours for that resource less 30 minutes for each set of consecutive Real-Time

Demand Resource Dispatch Hours within the same Operating Day in the month for that resource; or (iv) in each Real-Time Demand Response Event Hour or Real-Time Emergency Generation Event Hour, the sum of the electrical energy output of all of the Real-Time Demand Response Assets or Real-Time Emergency Generation Assets associated with the Real-Time Demand Response Resource or Real-Time Emergency Generation Resource as registered with the ISO as of the first day of the month. Electrical energy output and Average Hourly Output shall be determined consistent with the Demand Resource's Measurement and Verification Plan, which shall be reviewed by the ISO to ensure consistency with the measurement and verification requirements, as described in Section III.13.1.4.3 of Market Rule 1 and the ISO New England Manuals.

Average Monthly PER is calculated in accordance with Section III.13.7.2.7.1.1.2(a) of Market Rule 1.

Bankruptcy Code is the United States Bankruptcy Code.

Bankruptcy Event occurs when a Covered Entity files a voluntary or involuntary petition in bankruptcy or commences a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against such Covered Entity as debtor.

Bilateral Contract (BC) is any of the following types of contracts: Internal Bilateral for Load, Internal Bilateral for Market for Energy, and External Transactions.

Bilateral Contract Block-Hours are Block-Hours assigned to the seller and purchaser of an Internal Bilateral for Load, Internal Bilateral for Market for Energy and External Transactions; provided, however, that only those contracts which apply to the Real-Time Energy Market will accrue Block-Hours.

Blackstart Capability Test is the test, required by ISO New England Operating Documents, of a resource's capability to provide Blackstart Service.

Blackstart Capital Payment is the annual compensation, as calculated pursuant to Section 5.1, or as referred to in Section 5.2, of Schedule 16 to the OATT, for a Designated Blackstart Resource's Blackstart Equipment capital costs associated with the provision of Blackstart Service (excluding the capital costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Blackstart CIP Capital Payment is the annual compensation level, as calculated pursuant to Section 5.1 utilizing data from Table 6 of Appendix A to this Schedule 16, or as referred to in Section 5.2, of Schedule 16 to the OATT, for a Blackstart Station's costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service.

Blackstart CIP O&M Payment is the annual compensation level, as calculated pursuant to Section 5.1 of Schedule 16 to the OATT, utilizing data from Table 6 of Appendix A to this Schedule 16, for a Blackstart Station's operating and maintenance costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of the provision of Blackstart Service.

Blackstart Equipment is any equipment that is solely necessary to enable the Designated Blackstart Resource to provide Blackstart Service and is not required to provide other products or services under the Tariff.

Blackstart O&M Payment is the annual compensation, as calculated pursuant to Section 5.1 of Schedule 16 to the OATT, for a Designated Blackstart Resource's operating and maintenance costs associated with the provision of Blackstart Service (except for operating and maintenance costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Blackstart Owner is the Market Participant who is authorized on behalf of the Generator Owner(s) to offer or operate the resource as a Designated Blackstart Resource and is authorized to commit the resource to provide Blackstart Service.

Blackstart Service is the Ancillary Service described in Section II.47 of the Tariff and Schedule 16 of the OATT, which also encompasses "System Restoration and Planning Service" under the predecessor version of Schedule 16.

Blackstart Service Commitment is the commitment by a Blackstart Owner for its resource to provide Blackstart Service and the acceptance of that commitment by the ISO, in the manner detailed in ISO New England Operating Procedure No. 11 – Designated Blackstart Resource Administration (OP 11), and which includes a commitment to provide Blackstart Service under a "Signature Page for Schedule 16 of the NEPOOL OATT" that was executed and in effect prior to January 1, 2013 for Category A Designated Blackstart Resources or a commitment to provide Blackstart Service established under Operating

Procedure 11 – Designated Blackstart Resource Administration (OP11) for Category B Designated Blackstart Resources.

Blackstart Service Minimum Criteria are the minimum criteria that a Blackstart Owner and its resource must meet in order to establish and maintain a resource as a Designated Blackstart Resource.

Blackstart Standard Rate Payment is the formulaic rate of monthly compensation, as calculated pursuant to Section 5 of Schedule 16 to the OATT, paid to a Blackstart Owner for the provision of Blackstart Service from a Designated Blackstart Resource.

Blackstart Station is comprised of (i) a single Designated Blackstart Resource or (ii) two or more Designated Blackstart Resources that share Blackstart Equipment.

Blackstart Station-specific Rate Payment is the Commission-approved compensation, as calculated pursuant to Section 5.2 of Schedule 16 to the OATT, paid to a Blackstart Owner on a monthly basis for the provision of Blackstart Service by Designated Blackstart Resources located at a specific Blackstart Station.

Blackstart Station-specific Rate Capital Payment is a component of the Blackstart Station-specific Rate Payment that reflects a Blackstart Station's capital Blackstart Equipment costs associated with the provision of Blackstart Service (excluding the capital costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Blackstart Station-specific Rate CIP Capital Payment is a component of the Blackstart Station-specific Rate Payment that reflects a Blackstart Station's capital costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service.

Block is defined as follows: (1) With respect to Bilateral Contracts, a Bilateral Contract administered by the ISO for an hour; (2) with respect to Supply Offers administered by the ISO, a quantity with a related price for Energy (Supply Offers for Energy may contain multiple sets of quantity and price pairs for the day); (3) with respect to Demand Bids administered by the ISO, a quantity with a related price for Energy (Demand Bids for Energy may contain multiple sets of quantity and price pairs for the each hour); (4) with respect to Increment Offers administered by the ISO, a quantity with a related price for Energy (Increment Offers for Energy may contain multiple sets of quantity and price pairs for each hour); (5)

with respect to Decrement Bids administered by the ISO, a quantity with a related price for Energy (Decrement Bids for Energy may contain multiple sets of quantity and price pairs for each hour); and (6) with respect to Asset Related Demand bids administered by the ISO, a quantity with a related price for Energy (Asset Related Demand bids may contain multiple sets of quantity and price pairs for each hour).

Block-Hours are the number of Blocks administered for a particular hour.

Budget and Finance Subcommittee is a subcommittee of the Participants Committee, the responsibilities of which are specified in Section 8.4 of the Participants Agreement.

Business Day is any day other than a Saturday or Sunday or ISO holidays as posted by the ISO on its website.

Cancellation Fee is defined in Section III.1.10.2(d).

Cancelled Start Credit is a credit calculated pursuant to Section III.F.2.5 of Appendix F to Market Rule 1 as the NCPC Credit due to each Market Participant for pool-scheduled generating Resources that were scheduled by the ISO to start after the close of the Day-Ahead Energy Market and that were cancelled by the ISO prior to their assigned commitment time.

Capability Year means a year's period beginning on June 1 and ending May 31.

Capacity Acquiring Resource is a resource that is seeking to acquire a Capacity Supply Obligation through a Capacity Supply Obligation Bilateral, as described in Section III.13.5.1 of Market Rule 1.

Capacity Capability Interconnection Standard has the meaning specified in Schedule 22 and Schedule 23 of the OATT.

Capacity Carried Forward Due to Rationing is described in Section III.13.2.7.8.2.1(c)(b)(ii) of Market Rule 1.

Capacity Clearing Price is the clearing price for a Capacity Zone for a Capacity Commitment Period resulting from the Forward Capacity Auction conducted for that Capacity Commitment Period, as determined in accordance with Section III.13.2.7 of Market Rule 1.

Capacity Clearing Price Floor is described in Section III.13.2.7.

Capacity Commitment Period is the one-year period from June 1 through May 31 for which obligations are assumed and payments are made in the Forward Capacity Market.

Capacity Cost (CC) is one of four forms of compensation that may be paid to resources providing VAR Service under Schedule 2 of the OATT.

Capacity Export Through Import Constrained Zone Transaction is defined in Section III.1.10.7(f)(i) of Market Rule 1.

Capacity Load Obligation is the quantity of capacity for which a Market Participant is financially responsible, equal to that Market Participant's Capacity Requirement (if any) adjusted to account for any relevant Capacity Load Obligation Bilaterals, as described in Section III.13.7.3.1 of Market Rule 1.

Capacity Load Obligation Acquiring Participant is a load serving entity or any other Market Participant seeking to acquire a Capacity Load Obligation through a Capacity Load Obligation Bilateral, as described in Section III.13.5.2 of Market Rule 1.

Capacity Load Obligation Bilateral is a bilateral contract through which a Market Participant may transfer all or a portion of its Capacity Load Obligation to another entity, as described in Section III.13.5 of Market Rule 1.

Capacity Load Obligation Transferring Participant is an entity that has a Capacity Load Obligation and is seeking to shed such obligation through a Capacity Load Obligation Bilateral, as described in Section III.13.5.2 of Market Rule 1.

Capacity Network Resource (CNR) is defined in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Capacity Network Resource Interconnection Service is defined in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Capacity Rationing Rule addresses whether offers and bids in a Forward Capacity Auction may be rationed, as described in Section III.13.2.6 of Market Rule 1.

Capacity Requirement is described in Section III.13.7.3.1 of Market Rule 1.

Capacity Supply Obligation is an obligation to provide capacity from a resource, or a portion thereof, to satisfy a portion of the Installed Capacity Requirement that is acquired through a Forward Capacity Auction in accordance with Section III.13.2, a reconfiguration auction in accordance with Section III.13.4, or a Capacity Supply Obligation Bilateral in accordance with Section III.13.5.1 of Market Rule 1.

Capacity Supply Obligation Bilateral is a bilateral contract through which a Market Participant may transfer all or a part of its Capacity Supply Obligation to another entity, as described in Section III.13.5.1 of Market Rule 1.

Capacity-to-Service Ratio is defined in Section III.3.2.2(h) of Market Rule 1.

Capacity Transfer Right (CTR) is a financial right that entitles the holder to the difference in the Net Regional Clearing Prices between Capacity Zones for which the transfer right is defined, in the MW amount of the holder's entitlement.

Capacity Transferring Resource is a resource that has a Capacity Supply Obligation and is seeking to shed such obligation, or a portion thereof, through a Capacity Supply Obligation Bilateral, as described in Section III.13.5.1 of Market Rule 1.

Capacity Value is the value (in kW-month) of a Demand Resource for a month determined pursuant to Section III.13.7.1.5 of Market Rule 1.

Capacity Zone is a geographic sub-region of the New England Control Area as determined in accordance with Section III.12.4 of Market Rule 1.

Capital Funding Charge (CFC) is defined in Section IV.B.2 of the Tariff.

CARL Data is Control Area reliability data submitted to the ISO to permit an assessment of the ability of an external Control Area to provide energy to the New England Control Area in support of capacity offered to the New England Control Area by that external Control Area.

Carried Forward Excess Capacity is calculated as described in Section III.13.2.7.8.2.1(c) of Market Rule 1.

Carried Forward Excess Out-of-Market Capacity is calculated as described in Section III.13.2.7.8.2.1(c)(i) of Market Rule 1.

Category A Designated Blackstart Resource is a Designated Blackstart Resource that has committed to provide Blackstart Service under a "Signature Page for Schedule 16 of the NEPOOL OATT" that was executed and in effect prior to January 1, 2013 and has not been converted to a Category B Designated Blackstart Resource.

Category B Designated Blackstart Resource is a Designated Blackstart Resource that is not a Category A Designated Blackstart Resource.

Charge is a sum of money due from a Covered Entity to the ISO, either in its individual capacity or as billing and collection agent for NEPOOL pursuant to the Participants Agreement.

CLAIM10 is the generation output level, expressed in MW, which can be reached by a Resource (from an off-line state) within 10 minutes after receiving a Dispatch Instruction or the amount of reduced consumption, expressed in MW, which can be reached by a Dispatchable Asset Related Demand within 10 minutes after receiving a Dispatch Instruction. A CLAIM10 value is required as part of a Resource's or Dispatchable Asset Related Demand's Offer Data. CLAIM10 values are established pursuant to the provisions of Section III.9.5.3.

CLAIM30 is the generation output level, expressed in MW, which can be reached by a Resource (from an off-line state) within 30 minutes after receiving a Dispatch Instruction or the amount of reduced consumption, expressed in MW, which can be reached by a Dispatchable Asset Related Demand within 30 minutes after receiving a Dispatch Instruction. A CLAIM30 value is required as part of a Resource's or Dispatchable Asset Related Demand's Offer Data. CLAIM30 values are established pursuant to the provisions of Section III.9.5.3.

CNR Capability is defined in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Coincident Peak Contribution is a Market Participant's share of the New England Control Area coincident peak demand for the prior calendar year as determined prior to the start of each power year, which reflects the sum of the prior year's annual coincident peak contributions of the customers served by the Market Participant at each Load Asset in all Load Zones. Daily Coincident Peak Contribution values shall be submitted by the Assigned Meter Reader or Host Participant by the meter reading deadline to the ISO.

Cold Weather Conditions means any calendar day when that day's Effective Temperatures are forecast to be equal to or less than zero degrees Fahrenheit for any single on-peak hour and that day's total Effective Heating Degree Days are forecast to be greater than or equal to 65.

Cold Weather Event means days when Cold Weather Conditions are forecast to exist and the Seven-Day Forecast indicates a capacity margin less than or equal to 0 MW for an Operating Day. Cold Weather Events are declared by 1100 two days prior to the Operating Day. A Cold Weather Warning will be used for all future days within the Seven-Day Forecast when a capacity margin of less than or equal to 0 MW exists, until such time that the ISO declares a Cold Weather Event.

Cold Weather Warning means days when Cold Weather Conditions are forecast to exist and the Seven-Day Forecast indicates a capacity margin less than 1,000 MW. In addition, a Cold Weather Warning will be used for all future days within the Seven-Day Forecast when a capacity margin of less than or equal to 0 MW exists for days not yet declared as a Cold Weather Event.

Cold Weather Watch means days when Cold Weather Conditions are forecast to exist and the Seven-Day Forecast indicates a capacity margin greater than or equal to 1,000 MW.

Commercial Capacity, for the purposes of the ISO New England Financial Assurance Policy, is defined in Section VII.A of that policy.

Commission is the Federal Energy Regulatory Commission.

Common Costs are those costs associated with a Station that are avoided only by (1) the clearing of the Static De-List Bids or the Permanent De-List Bids of all the Existing Generating Capacity Resources comprising the Station; or (2) the acceptance of a Non-Price Retirement Request of the Station.

Completed Application is an Application that satisfies all of the information and other requirements of the OATT, including any required deposit.

Compliance Effective Date is the date upon which the changes in the predecessor NEPOOL Open Access Transmission Tariff which have been reflected herein to comply with the Commission's Order of April 20, 1998 became effective.

Composite FCM Transaction is a transaction for separate resources seeking to participate as a single composite resource in a Forward Capacity Auction in which multiple Designated FCM Participants provide capacity, as described in Section III.13.1.5 of Market Rule 1.

Conditional Qualified New Generating Capacity Resource is defined in Section III.13.1.1.2.3(f) of Market Rule 1.

Confidential Information is defined in Section 2.1 of the ISO New England Information Policy, which is Attachment D to the Tariff.

Confidentiality Agreement is Attachment 1 to the ISO New England Billing Policy.

Congestion is a condition of the New England Transmission System in which transmission limitations prevent unconstrained regional economic dispatch of the power system. Congestion is the condition that results in the Congestion Component of the Locational Marginal Price at one Location being different from the Congestion Component of the Locational Marginal Price at another Location during any given hour of the dispatch day in the Day-Ahead Energy Market or Real-Time Energy Market.

Congestion Component is the component of the nodal price that reflects the marginal cost of congestion at a given Node or External Node relative to the reference point. When used in connection with Zonal Price and Hub Price, the term Congestion Component refers to the Congestion Components of the nodal prices that comprise the Zonal Price and Hub Price weighted and averaged in the same way that nodal prices are weighted to determine Zonal Price and averaged to determine the Hub Price.

Congestion Cost is the cost of congestion as measured by the difference between the Congestion Components of the Locational Marginal Prices at different Locations and/or Reliability Regions on the New England Transmission System.

Congestion Paying LSE is, for the purpose of the allocation of FTR Auction Revenues to ARR Holders as provided for in Appendix C of Market Rule 1, a Market Participant or Non-Market Participant Transmission Customer that is responsible for paying for Congestion Costs as a Transmission Customer paying for Regional Network Service under the Transmission, Markets and Services Tariff, unless such Transmission Customer has transferred its obligation to supply load in accordance with ISO New England System Rules, in which case the Congestion Paying LSE shall be the Market Participant supplying the transferred load obligation. The term Congestion Paying LSE shall be deemed to include, but not be limited to, the seller of internal bilateral transactions that transfer Real-Time Load Obligations under the ISO New England System Rules.

Congestion Revenue Fund is the amount available for payment of target allocations to FTR Holders from the collection of Congestion Cost.

Congestion Shortfall means congestion payments exceed congestion charges during the weekly billing process in any billing period.

Control Agreement is the document posted on the ISO website that is required if a Market Participant's cash collateral is to be invested in BlackRock funds.

Control Area is an electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

(1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
(2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

(3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice and the criteria of the applicable regional reliability council or the North American Electric Reliability Corporation; and

(4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

Correction Limit means the date that is one hundred and one (101) calendar days from the last Operating Day of the month to which the data applied. As described in Section III.3.6.1 of Market Rule 1, this will be the period during which meter data corrections must be submitted unless they qualify for submission as a Requested Billing Adjustment under Section III.3.7 of Market Rule 1.

Cost of Energy Consumed (CEC) is one of four forms of compensation that may be paid to resources providing VAR Service under Schedule 2 of the OATT.

Cost of Energy Produced (CEP) is one of four forms of compensation that may be paid to resources providing VAR Service under Schedule 2 of the OATT.

Cost of New Entry (CONE) is determined in accordance with Section III.13.2.4 of Market Rule 1.

Counterparty means the status in which the ISO acts as the contracting party, in its name and own right and not as an agent, to an agreement or transaction with a Customer (including assignments involving Customers) involving sale to the ISO, and/or purchase from the ISO, of Regional Transmission Service and market and other products and services, and other transactions and assignments involving Customers, all as described in the Tariff.

Covered Entity is defined in the ISO New England Billing Policy.

Credit Coverage is third-party credit protection obtained by the ISO, in the form of credit insurance coverage, a performance or surety bond, or a combination thereof.

Credit Qualifying means a Rated Market Participant that has an Investment Grade Rating and an Unrated Market Participant that satisfies the Credit Threshold.

Credit Threshold consists of the conditions for Unrated Market Participants outlined in Section II.B.2 of the ISO New England Financial Assurance Policy.

Critical Energy Infrastructure Information (CEII) is defined in Section 3.0(j) of the ISO New England Information Policy, which is Attachment D to the Tariff.

Critical Peak Demand Resource is a type of Demand Resource, and means installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that reduce electrical usage during Demand Resource Critical Peak Hours or shift electrical usage from Demand Resource Critical Peak Hours to other hours and reduce the amount of capacity needed to deliver a comparable or acceptable level of service at those end-use customer facilities. Such measures include Energy Efficiency, Load Management, and Distributed Generation.

Current Ratio is, on any date, all of a Market Participant's or Non-Market Participant Transmission Customer's current assets divided by all of its current liabilities, in each case as shown on the most recent financial statements provided by such Market Participant or Non-Market Participant Transmission Customer to the ISO.

Curtailment is a reduction in the dispatch of a transaction that was scheduled, using transmission service, in response to a transfer capability shortage as a result of system reliability conditions.

Customer is a Market Participant, a Transmission Customer or another customer of the ISO.

Customer Baseline is the average aggregate hourly load, rounded to the nearest kWh, for each of the 24 hours in a day for each Load Response Program Asset participating in the Real-Time Price Response Program, and the average aggregated five-minute load, rounded to the nearest kWh, for each of the 24 hours in a day for Real-Time Demand Response Assets and Real-Time Emergency Generation Resource assets.

Data Reconciliation Process means the process by which meter reconciliation and data corrections that are discovered by Governance Participants after the Invoice has been issued for a particular month or that are discovered prior to the issuance of the Invoice for the relevant month but not included in that Invoice or in the other Invoices for that month and are reconciled by the ISO on an hourly basis based on data submitted to the ISO by the Host Participant Assigned Meter Reader or Assigned Meter Reader.

Day-Ahead is the calendar day immediately preceding the Operating Day.

Day-Ahead Adjusted Load Obligation is defined in Section III.3.2.1(a)(iii) of Market Rule 1.

Day-Ahead Congestion Revenue is defined in Section III.3.2.1(f) of Market Rule 1.

Day-Ahead Demand Reduction Obligation is a cleared Demand Reduction Offer multiplied by one plus the percent average avoided peak distribution losses.

Day-Ahead Energy Market means the schedule of commitments for the purchase or sale of energy, payment of Congestion Costs, and payment for losses developed by the ISO as a result of the offers and specifications submitted in accordance with Section III.1.10 of Market Rule 1.

Day-Ahead Energy Market Congestion Charge/Credit is defined in Section III.3.2.1(d) of Market Rule 1.

Day-Ahead Energy Market Energy Charge/Credit is defined in Section III.3.2.1(d) of Market Rule 1.

Day-Ahead Energy Market Loss Charge/Credit is defined in Section III.3.2.1(d) of Market Rule 1.

Day-Ahead Generation Obligation is defined in Section III.3.2.1(a)(ii) of Market Rule 1.

Day-Ahead Load Obligation is defined in Section III.3.2.1(a)(i) of Market Rule 1.

Day-Ahead Load Response Program provides a Day-Ahead aspect to the Load Response Program. The Day-Ahead Load Response Program allows Market Participants with registered Load Response Program Assets to make energy reduction offers into the Day-Ahead Load Response Program concurrent with the Day-Ahead Energy Market.

Day-Ahead Locational Adjusted Net Interchange is defined in Section III.3.2.1(a)(iv) of Market Rule 1.

Day-Ahead Loss Charges or Credits is defined in Section III.3.2.1(h) of Market Rule 1.

Day-Ahead Loss Revenue is defined in Section III.3.2.1(g) of Market Rule 1.

Day-Ahead Prices means the Locational Marginal Prices resulting from the Day-Ahead Energy Market.

Debt-to-Total Capitalization Ratio is, on any date, a Market Participant's or Non-Market Participant Transmission Customer's total debt (including all current borrowings) divided by its total shareholders' equity plus total debt, in each case as shown on the most recent financial statements provided by such Market Participant or Non-Market Participant Transmission Customer to the ISO.

Decrement Bid means a bid to purchase energy at a specified Location in the Day-Ahead Energy Market which is not associated with a physical load. An accepted Decrement Bid results in scheduled load at the specified Location in the Day-Ahead Energy Market.

Default Amount is all or any part of any amount due to be paid by any Covered Entity that the ISO, in its reasonable opinion, believes will not or has not been paid when due (other than in the case of a payment dispute for any amount due for transmission service under the OATT).

Default Period is defined in Section 3.3.h(i) of the ISO New England Billing Policy.

Delivering Party is the entity supplying capacity and/or energy to be transmitted at Point(s) of Receipt under the OATT.

Demand Bid means a request to purchase an amount of energy, at a specified Location, or an amount of energy at a specified price, that is associated with a physical load. A cleared Demand Bid in the Day-Ahead Energy Market results in scheduled load at the specified Location. Demand Bids submitted for use in the Real-Time Energy Market are specific to Dispatchable Asset Related Demands only.

Demand Bid Block-Hours are the Block-Hours assigned to the submitting Customer for each Demand Bid.

Demand Designated Entity is the entity designated by a Market Participant to receive Dispatch Instructions for Real-Time Demand Response Resources and Real-Time Emergency Generation Resources in accordance with the provisions set forth in ISO New England Operating Procedure No. 14.

Demand Reduction Offer is an offer by a Market Participant with a Real-Time Demand Response Asset to reduce demand.

Demand Reduction Threshold Price is a minimum offer price calculated pursuant to Section III.E.6.

Demand Reduction Value is the quantity of reduced demand calculated pursuant to Section III.13.7.1.5.3 of Market Rule 1.

Demand Resource is a resource defined as On-Peak Demand Resources, Seasonal Peak Demand Resources, Critical Peak Demand Resources, Real-Time Demand Response Resources, or Real-Time Emergency Generation Resources. Demand Resources are installed measures (i.e., products, equipment, systems, services, practices and/or strategies) that result in additional and verifiable reductions in end-use demand on the electricity network in the New England Control Area during Demand Resource On-Peak Hours, Demand Resource Seasonal Peak Hours, Demand Resource Critical Peak Hours, Real-Time Demand Response Event Hours, or Real-Time Emergency Generation Event Hours, respectively. A Demand Resource may include a portfolio of measures aggregated together to meet or exceed the minimum Resource size requirements of the Forward Capacity Auction.

Demand Resource Commercial Operation Audit is an audit initiated pursuant to Section III.13.6.1.5.4.4.

Demand Resource Critical Peak Hours means Demand Resource Forecast Peak Hours and Real-Time Demand Resource Dispatch Hours.

Demand Resource Financial Assurance Requirement is an amount of financial assurance required from DRP-Only Customer registering a Demand Resource in the Day-Ahead Energy Market. This amount is calculated pursuant to Section VIII.A of the ISO New England Financial Assurance Policy.

Demand Resource Forecast Peak Hours are those hours, or portions thereof, in which, absent the dispatch of Critical Peak Demand Resources and Real-Time Demand Response Resources, Dispatch Zone, Load Zone, or system-wide implementation of the action of ISO New England Operating Procedure No. 4 where the ISO would have begun to allow the depletion of Thirty-Minute Operating Reserve is forecasted in the ISO's most recent next-day forecast.

Demand Resource On-Peak Hours are hours ending 1400 through 1700, Monday through Friday on non-holidays during the months of June, July, and August and hours ending 1800 through 1900, Monday through Friday on non-holidays during the months of December and January.

Demand Resource Operable Capacity Analysis means an analysis performed by the ISO estimating the expected dispatch hours of active Demand Resources given different assumed levels of Demand Resources clearing in the primary Forward Capacity Auction.

Demand Resource Performance Incentives means the additional monthly capacity payment that a Demand Resource may earn for producing a positive Monthly Capacity Variance in a period where other Demand Resources yield a negative monthly capacity variance.

Demand Resource Performance Penalties means the reduction in the monthly capacity payment to a Demand Resource for producing a negative Monthly Capacity Variance.

Demand Resource Seasonal Peak Hours are those hours in which the actual, real-time hourly load, as measured using real-time telemetry (adjusted for transmission and distribution losses, and excluding load associated with Exports and the pumping load associated with pumped storage generators) for Monday through Friday on non-Demand Response holidays, during the months of June, July, August, December, and January, as determined by the ISO, is equal to or greater than 90% of the most recent 50/50 system peak load forecast, as determined by the ISO, for the applicable summer or winter season.

Demand Response Baseline is the expected baseline demand of an individual end-use metered customer or group of end-use metered customers or the expected output levels of the generation of an individual end-use metered customer whose asset is comprised of Distributed Generation as determined pursuant to Section III.8.

Demand Response Holiday is a holiday for which a Market Participant may not submit a Demand Reduction Offer for a Real-Time Demand Response Asset.

Designated Agent is any entity that performs actions or functions required under the OATT on behalf of the ISO, a Transmission Owner, a Schedule 20A Service Provider, an Eligible Customer, or a Transmission Customer.

Designated Blackstart Resource is a resource that meets the eligibility requirements specified in Schedule 16 of the OATT, and may be a Category A Designated Blackstart Resource or a Category B Designated Blackstart Resource.

Designated Entity is the entity designated by a Market Participant to receive Dispatch Instructions for generation and/or Dispatchable Asset Related Demand in accordance with the provisions set forth in ISO New England Operating Procedure No. 14.

Designated FCM Participant is any Lead Market Participant, including any Provisional Member or DRP-Only Customer that is a Lead Market Participant, transacting in any Forward Capacity Auction, reconfiguration auctions or Capacity Supply Obligation Bilateral for capacity that is otherwise required to provide additional financial assurance under the ISO New England Financial Assurance Policy.

Designated FTR Participant is a Market Participant, including FTR-Only Customers, transacting in the FTR Auction that is otherwise required to provide additional financial assurance under the ISO New England Financial Assurance Policy.

Desired Dispatch Point (DDP) is the Dispatch Rate expressed in megawatts.

Direct Assignment Facilities are facilities or portions of facilities that are constructed for the sole use/benefit of a particular Transmission Customer requesting service under the OATT or a Generator Owner requesting an interconnection. Direct Assignment Facilities shall be specified in a separate agreement among the ISO, Interconnection Customer and Transmission Customer, as applicable, and the Transmission Owner whose transmission system is to be modified to include and/or interconnect with the Direct Assignment Facilities, shall be subject to applicable Commission requirements, and shall be paid for by the Customer in accordance with the applicable agreement and the Tariff.

Directly Metered Assets are specifically measured by OP-18 compliant metering as currently described in Section IV (Metering and Recording for Settlements) of OP-18. Directly Metered Assets include all Tie-Line Assets, all Generator Assets, as well as some Load Assets. Load Assets for which the Host Participant is not the Assigned Meter Reader are considered Directly Metered Assets. In addition, the Host Participant Assigned Meter Reader determines which additional Load Assets are considered Directly Metered Assets and which ones are considered Profiled Load Assets based upon the Host Participant

Assigned Meter Reader reporting systems and process by which the Host Participant Assigned Meter Reader allocates non-PTF losses.

Disbursement Agreement is the Rate Design and Funds Disbursement Agreement among the PTOs, as amended and restated from time to time.

Dispatch Instruction means directions given by the ISO to Market Participants, which may include instructions to start up, shut down, raise or lower generation, curtail or restore loads from Demand Resources, change External Transactions, or change the status of a Dispatchable Asset Related Demand in accordance with the Resource's or contract's Supply Offer or Demand Bid parameters. Such instructions may also require a change to the operation of a Pool Transmission Facility. Such instructions are given through either electronic or verbal means.

Dispatch Rate means the control signal, expressed in dollars per MWh and/or megawatts, calculated and transmitted to direct the output level of each generating Resource and each Dispatchable Asset Related Demand dispatched by the ISO in accordance with the Offer Data.

Dispatch Zone means a subset of Nodes located within a Load Zone established by the ISO for each Capacity Commitment Period pursuant to Section III.13.1.4.6.1.

Dispatchable Asset Related Demand is any portion of an Asset Related Demand of a Market Participant that is capable of having its energy consumption modified in Real-Time in response to Dispatch Instructions has Electronic Dispatch Capability, and must be able to increase or decrease energy consumption between its Minimum Consumption Limit and Maximum Consumption Limit in accordance with Dispatch Instructions and must meet the technical requirements specified in the ISO New England Manuals. Pumped storage facilities may qualify as Dispatchable Asset Related Demand resources, however, such resources shall not qualify as a capacity resource for both the generating output and dispatchable pumping demand of the facility.

Dispute Representatives are defined in 6.5.c of the ISO New England Billing Policy.

Disputed Amount is a Covered Entity's disputed amount due on any fully paid monthly Invoice and/or any amount believed to be due or owed on a Remittance Advice, as defined in Section 6 of the ISO New England Billing Policy.

Disputing Party, for the purposes of the ISO New England Billing Policy, is any Covered Entity seeking to recover a Disputed Amount.

Distributed Generation means generation resources directly connected to end-use customer load and located behind the end-use customer's Retail Delivery Point for the end-use customer, which reduce the amount of energy that would otherwise have been produced by other capacity resources on the electricity network in the New England Control Area during Demand Resource On-Peak Hours, Demand Resource Seasonal Peak Hours, Demand Resource Critical Peak Hours, Real-Time Demand Response Event Hours, or Real-Time Emergency Generation Event Hours, provided that the aggregate nameplate capacity of the generation resource does not exceed 5 MW, or does not exceed the most recent annual non-coincident peak demand of the end-use metered customer at the location where the generation resource is directly connected, whichever is greater. Distributed Generation resources are not eligible for energy payments from ISO-administered energy markets. Generation resources cannot participate in the Forward Capacity Market as Demand Resources, unless they meet the definition of Distributed Generation.

Do Not Exceed Dispatch Point is a Dispatch Instruction indicating a maximum output level that a wind resource must not exceed.

DR Auditing Period is the summer DR Auditing Period or winter DR Auditing Period as defined in Section III.13.6.1.5.4.3.1.

DRP-Only Customer is a Market Participant that enrolls itself and/or one or more Demand Resources in the Load Response Program and that does not participate in other markets or programs of the New England Markets, provided, however, that a DRP-Only Customer may also be an FTR-Only Customer and/or an ODR-Only Customer. References in this Tariff to a Non-Market Participant demand response provider or similar phrases shall be deemed references to a DRP-Only Customer.

Dynamic De-List Bid is a bid that may be submitted by Existing Generating Capacity Resources, Existing Import Capacity Resources, and Existing Demand Resources in the Forward Capacity Auction at prices of 0.8 times CONE or lower, as described in Section III.13.2.3.2(d) of Market Rule 1.

EA Amount is defined in Section IV.B.2.2 of the Tariff.

Early Amortization Charge (EAC) is defined in Section IV.B.2 of the Tariff.

Early Amortization Working Capital Charge (EAWCC) is defined in Section IV.B.2 of the Tariff.

Early Payment Shortfall Funding Amount (EPSF Amount) is defined in Section IV.B.2.4 of the Tariff.

Early Payment Shortfall Funding Charge (EPSFC) is defined in Section IV.B.2 of the Tariff.

EAWW Amount is defined in Section IV.B.2.3 of the Tariff.

EBITDA-to-Interest Expense Ratio is, on any date, a Market Participant's or Non-Market Participant Transmission Customer's earnings before interest, taxes, depreciation and amortization in the most recent fiscal quarter divided by that Market Participant's or Non-Market Participant Transmission Customer's expense for interest in that fiscal quarter, in each case as shown on the most recent financial statements provided by such Market Participant or Non-Market Participant Transmission Customer to the ISO.

Economic Maximum Limit or Economic Max is the maximum available output, in MW, of a resource that a Market Participant offers to supply in the Day-Ahead Energy Market or Real-Time Energy Market, as reflected in the resource's Supply Offer. This represents the highest MW output a Market Participant has offered for a resource for economic dispatch. A Market Participant must maintain an up-to-date Economic Maximum Limit for all hours in which a resource has been offered into the Day-Ahead Energy Market or Real-Time Energy Market.

Economic Minimum Limit or Economic Min is the maximum of the following values: (i) the Emergency Minimum Limit; (ii) a level supported by environmental and/or operating permit restrictions; or (iii) a level that addresses any significant economic penalties associated with operating at lower levels that can not be adequately represented by three part bidding (Start-Up Fee, No-Load Fee and incremental energy price). In no event shall the Economic Minimum Limit submitted as part of a generating unit's Offer Data be higher than the generation level at which a generating unit's incremental heat rate is minimized (i.e., transitioning from decreasing as output increases to increasing as output increases) except that a Self-Scheduled Resource may modify its Economic Minimum Limit on an hourly basis, as part of its Supply Offer, in order to indicate the desired level of Self-Scheduled MWs.

Economic Study is defined in Section 4.1(b) of Attachment K to the OATT.

EFT is electronic funds transfer.

Effective Heating Degree Days is equal to 68 – (average of max and min Effective Temperature of the day).

Effective Temperature is equal to dry bulb temperature – [windspeed X (65-dry bulb temp)/100].

Elective Transmission Upgrade is a Transmission Upgrade that is participant-funded (i.e., voluntarily funded by an entity or entities that have agreed to pay for all of the costs of such Transmission Upgrade), and is not: (i) a Generator Interconnection Related Upgrade; (ii) a Reliability Transmission Upgrade (including a NEMA Upgrade, as appropriate); (iii) an Market Efficiency Transmission Upgrade (including a NEMA Upgrade, as appropriate); (iv) initially proposed in an Elective Transmission Upgrade Application filed with the ISO in accordance with Section II.47.5 on a date after the addition or modification already has been otherwise identified in the current Regional System Plan (other than as an Elective Transmission Upgrade) in publication as of the date of that application, or (v) a Public Policy Transmission Upgrade.

Elective Transmission Upgrade Applicant is defined in Section II.47.5 of the OATT.

Electric Reliability Organization (ERO) is defined in 18 C.F.R. § 39.1.

Electronic Dispatch Capability is the ability to provide for the electronic transmission, receipt, and acknowledgment of data relative to the dispatch of generating units and Dispatchable Asset Related Demands and the ability to carry out the real-time dispatch processes from ISO issuance of Dispatch Instructions to the actual increase or decrease in output of dispatchable Resources.

Eligible Customer is: (i) Any entity that is engaged, or proposes to engage, in the wholesale or retail electric power business is an Eligible Customer under the OATT. (ii) Any electric utility (including any power marketer), Federal power marketing agency, or any other entity generating electric energy for sale or for resale is an Eligible Customer under the OATT. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal

Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Owner with which that entity is directly interconnected or the distribution company having the service territory in which that entity is located (if that entity is a retail customer) offer the unbundled transmission service or Local Delivery Service, or pursuant to a voluntary offer of such service by the Transmission Owner with which that entity is directly interconnected or the distribution company having the service territory in which that entity is located (if that entity is a retail customer). (iii) Any end user taking or eligible to take unbundled transmission service or Local Delivery Service pursuant to a state requirement that the Transmission Owner with which that end user is directly interconnected or the distribution company having the service territory in which that entity is located (if that entity is a retail customer) offer the transmission service or Local Delivery Service, or pursuant to a voluntary offer of such service by the Transmission Owner with which that end user is directly interconnected, or the distribution company having the service territory in which that entity is located (if that entity is a retail customer) is an Eligible Customer under the OATT.

Eligible FTR Bidder is an entity that has satisfied applicable financial assurance criteria, and shall not include the auctioneer, its Affiliates, and their officers, directors, employees, consultants and other representatives.

Emergency is an abnormal system condition on the bulk power systems of New England or neighboring Control Areas requiring manual or automatic action to maintain system frequency, or to prevent the involuntary loss of load, equipment damage, or tripping of system elements that could adversely affect the reliability of an electric system or the safety of persons or property; or a fuel shortage requiring departure from normal operating procedures in order to minimize the use of such scarce fuel; or a condition that requires implementation of Emergency procedures as defined in the ISO New England Manuals.

Emergency Condition means an Emergency has been declared by the ISO in accordance with the procedures set forth in the ISO New England Manuals and ISO New England Administrative Procedures.

Emergency Energy is energy transferred from one control area operator to another in an Emergency.

Emergency Minimum Limit or Emergency Min means the minimum generation amount, in MWs, that a generating unit can deliver for a limited period of time without exceeding specified limits of equipment stability and operating permits.

EMS is energy management system.

End-of-Round Price is the lowest price associated with a round of a Forward Capacity Auction, as described in Section III.13.2.3.1 of Market Rule 1.

End User Participant is defined in Section 1 of the Participants Agreement.

Energy is power produced in the form of electricity, measured in kilowatthours or megawatthours.

Energy Administration Service (EAS) is the service provided by the ISO, as described in Schedule 2 of Section IV.A of the Tariff, in order to facilitate: (1) bilateral Energy transactions; (2) self-scheduling of Energy; (3) Interchange Transactions in the Energy Market; and (4) Energy Imbalance Service under Section II of the Tariff.

Energy Component means the Locational Marginal Price at the reference point.

Energy Efficiency is installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that reduce the total amount of electrical energy needed, while delivering a comparable or improved level of end-use service. Such measures include, but are not limited to, the installation of more energy efficient lighting, motors, refrigeration, HVAC equipment and control systems, envelope measures, operations and maintenance procedures, and industrial process equipment.

Energy Imbalance Service is the form of Ancillary Service described in Schedule 4 of the OATT.

Energy Market is, collectively, the Day-Ahead Energy Market and the Real-Time Energy Market.

Energy Non-Zero Spot Market Settlement Hours are hours for which the Customer has a positive or negative Real-Time System Adjusted Net Interchange as determined by the ISO settlement process for the Energy Market.

Energy Transaction Units (Energy TUs) are the sum for the month for a Customer of Bilateral Contract Block-Hours, Demand Bid Block-Hours, Asset Related Demand Bid Block-Hours, Supply Offer Block-Hours and Energy Non-Zero Spot Market Settlement Hours.

Enrolling Participant is the Market Participant that registers Customers for the Load Response Program.

Equipment Damage Reimbursement is the compensation paid to the owner of a Designated Blackstart Resource as specified in Section 5.5 of Schedule 16 to the OATT.

Equivalent Demand Forced Outage Rate (EFORd) means the portion of time a unit is in demand, but is unavailable due to forced outages.

Estimated Capacity Load Obligation is, for the purposes of the ISO New England Financial Assurance Policy, the Capacity Requirement from the latest available month, adjusted as appropriate to account for any relevant Capacity Load Obligation Bilaterals, HQICCs, and Self-Supplied FCA Resource designations for the applicable month.

Estimated Net Regional Clearing Price (ENRCP) is calculated in accordance with Section VII.C of the ISO New England Financial Assurance Policy.

Excepted Transaction is a transaction specified in Section II.40 of the Tariff for the applicable period specified in that Section.

Exempt Real-Time Generation Obligation means that portion of a Market Participant's Real-Time Generation Obligation that is not included in the calculation of Minimum Generation Emergency Credits pursuant to Appendix F of Market Rule 1.

Existing Capacity Qualification Deadline is a deadline, specified in Section III.13.1.10 of Market Rule 1, for submission of certain qualification materials for the Forward Capacity Auction, as discussed in Section III.13.1 of Market Rule 1.

Existing Capacity Qualification Package is information submitted by certain existing resources prior to participation in the Forward Capacity Auction, as described in Section III.13.1 of Market Rule 1.

Existing Capacity Resource is any resource that does not meet any of the eligibility criteria to participate in the Forward Capacity Auction as a New Capacity Resource, and, subject to ISO evaluation, for the

Forward Capacity Auction to be conducted beginning February 1, 2008, any resource that is under construction and within 12 months of its expected commercial operations date.

Existing Demand Resource is a type of Demand Resource participating in the Forward Capacity Market, as defined in Section III.13.1.4.1.1 of Market Rule 1.

Existing Generating Capacity Resource is a type of resource participating in the Forward Capacity Market, as defined in Section III.13.1.2.1 of Market Rule 1.

Existing Import Capacity Resource is a type of resource participating in the Forward Capacity Market, as defined in Section III.13.1.3.1 of Market Rule 1.

Expedited Study Request is defined in Section II.34.7 of the OATT.

Export-Adjusted LSR is as defined in Section III.12.4(b)(ii).

Export Bid is a bid that may be submitted by certain resources in the Forward Capacity Auction to export capacity to an external Control Area, as described in Section III.13.1.2.3.1.3 of Market Rule 1.

Exports are Real-Time External Transactions, which are limited to sales from the New England Control Area, for exporting energy out of the New England Control Area.

External Market Monitor means the person or entity appointed by the ISO Board of Directors pursuant to Section III.A.1.2 of Appendix A of Market Rule 1 to carry out the market monitoring and mitigation functions specified in Appendix A and elsewhere in Market Rule 1.

External Node is a proxy bus or buses used for establishing a Locational Marginal Price for energy received by Market Participants from, or delivered by Market Participants to, a neighboring Control Area or for establishing Locational Marginal Prices associated with energy delivered through the New England Control Area by Non-Market Participants for use in calculating Non-Market Participant Congestion Costs and loss costs.

External Resource means a generation resource located outside the metered boundaries of the New England Control Area.

External Transaction is the import of external energy into the New England Control Area by a Market Participant or the export of internal energy out of the New England Control Area by a Market Participant in the Day-Ahead Energy Market and/or Real-Time Energy Market, or the wheeling of external energy through the New England Control Area by a Market Participant or a Non-Market Participant in the Real-Time Energy Market.

Facilities Study is an engineering study conducted pursuant to the OATT by the ISO (or, in the case of Local Service or interconnections to Local Area Facilities as defined in the TOA, by one or more affected PTOs) or some other entity designated by the ISO in consultation with any affected Transmission Owner(s), to determine the required modifications to the PTF and Non-PTF, including the cost and scheduled completion date for such modifications, that will be required to provide a requested transmission service or interconnection on the PTF and Non-PTF.

Failure to Maintain Blackstart Capability is a failure of a Blackstart Owner or Designated Blackstart Resource to meet the Blackstart Service Minimum Criteria or Blackstart Service obligations, but does not include a Failure to Perform During a System Restoration event.

Failure to Perform During a System Restoration is a failure of a Blackstart Owner or Designated Blackstart Resource to follow ISO or Local Control Center dispatch instructions or perform in accordance with the dispatch instructions or the Blackstart Service Minimum Criteria and Blackstart Service obligations, described within the ISO New England Operating Documents, during a restoration of the New England Transmission System.

Fast Start Generator means a generating unit that the ISO may dispatch within the hour through electronic dispatch and that meets the following criteria: (i) minimum run time does not exceed one hour; (ii) minimum down time does not exceed one hour; (iii) time to start does not exceed 30 minutes; (iv) available for dispatch and manned or has automatic remote dispatch capability; (v) capable of receiving and acknowledging a start-up or shut-down dispatch instruction electronically; and (vi) has satisfied its minimum down time.

FCA Cleared Export Transaction is defined in Section III.1.10.7(f)(ii) of Market Rule 1.

FCA Payment is the monthly capacity payment for a resource whose offer has cleared in a Forward Capacity Auction as described in Section III.13.7.2.1.1(a) of Market Rule 1.

FCM Capacity Charge Requirements are calculated in accordance with Section VII.C of the ISO New England Financial Assurance Policy.

FCM Deposit is calculated in accordance with Section VII.B.1 of the ISO New England Financial Assurance Policy.

FCM Financial Assurance Requirements are described in Section VII of the ISO New England Financial Assurance Policy.

FCM Pivotal Supplier shall mean a Lead Market Participant whose total Qualified Capacity from its Existing Capacity Resources in a Capacity Zone minus the quantity of its capacity subject to Non-Price Retirement Requests in that Capacity Zone for the current Forward Capacity Auction is greater than the difference between the total MW from qualified Existing Capacity Resources in the Capacity Zone minus the sum of the quantity of capacity subject to Non-Price Retirement Requests in that Capacity Zone plus the Local Sourcing Requirement for that Capacity Zone.

Final Forward Reserve Obligation is calculated in accordance with Section III.9.8(a) of Market Rule 1.

Financial Assurance Default results from a Market Participant or Non-Market Participant Transmission Customer's failure to comply with the ISO New England Financial Assurance Policy.

Financial Assurance Obligations relative to the ISO New England Financial Assurance Policy are determined in accordance with Section III.A(v) of the ISO New England Financial Assurance Policy.

Financial Transmission Right (FTR) is a financial instrument that evidences the rights and obligations specified in Sections III.5.2.2 and III.7 of the Tariff.

Firm Point-To-Point Service is service which is arranged for and administered between specified Points of Receipt and Delivery in accordance with Part II.C of the OATT.

Firm Transmission Service is Regional Network Service, Through or Out Service, service for Excepted Transactions, firm MTF Service, firm OTF Service, and firm Local Service.

Force Majeure - An event of Force Majeure means any act of God, labor disturbance, act of the public enemy or terrorists, war, invasion, insurrection, riot, fire, storm or flood, ice, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond the control of the ISO, a Transmission Owner, a Schedule 20A Service Provider, or a Customer, including without limitation, in the case of the ISO, any action or inaction by a Customer, a Schedule 20A Service Provider, or a Transmission Owner, in the case of a Transmission Owner, any action or inaction by the ISO, any Customer, a Schedule 20A Service Provider, or any other Transmission Owner, in the case of a Schedule 20A Service Provider, any action or inaction by the ISO, any Customer, a Transmission Owner, or any other Schedule 20A Service Provider, and, in the case of a Transmission Customer, any action or inaction by the ISO, a Schedule 20A Service Provider, or any Transmission Owner.

Forecast Hourly Demand Reduction means the estimated maximum quantity of energy reduction (MWh), measured at the end-use customer meter that can be produced by a Critical Peak Demand Resource, Real-Time Demand Response Resource, and Real-Time Emergency Generation Resource, in each hour of an Operating Day.

Formal Warning is defined in Section III.B.4.1.1 of Appendix B of Market Rule 1.

Formula-Based Sanctions are defined in Section III.B.4.1.3 of Appendix B of Market Rule 1.

Forward Capacity Auction (FCA) is the annual descending clock auction in the Forward Capacity Market, as described in Section III.13.2 of Market Rule 1.

Forward Capacity Auction Starting Price is calculated in accordance with Section III.13.2.4 of Market Rule 1.

Forward Capacity Market (FCM) is the forward market for procuring capacity in the New England Control Area, as described in Section III.13 of Market Rule 1.

Forward Reserve means TMNSR and TMOR purchased by the ISO on a forward basis on behalf of Market Participants as provided for in Section III.9 of Market Rule 1.

Forward Reserve Assigned Megawatts is the amount of Forward Reserve, in megawatts, that a Market Participant assigns to eligible Forward Reserve Resources to meet its Forward Reserve Obligation as defined in Section III.9.4.1 of Market Rule 1.

Forward Reserve Auction is the periodic auction conducted by the ISO in accordance with Section III.9 of Market Rule 1 to procure Forward Reserve.

Forward Reserve Auction Offers are offers to provide Forward Reserve to meet system and Reserve Zone requirements as submitted by a Market Participant in accordance with Section III.9.3 of Market Rule 1.

Forward Reserve Charge is a Market Participant's share of applicable system and Reserve Zone Forward Reserve costs attributable to meeting the Forward Reserve requirement as calculated in accordance with Section III.9.9 of Market Rule 1.

Forward Reserve Clearing Price is the clearing price for TMNSR or TMOR, as applicable, for the system and each Reserve Zone resulting from the Forward Reserve Auction as defined in Section III.9.4 of Market Rule 1.

Forward Reserve Credit is the credit received by a Market Participant that is associated with that Market Participant's Final Forward Reserve Obligation as calculated in accordance with Section III.9.8 of Market Rule 1.

Forward Reserve Delivered Megawatts are calculated in accordance with Section III.9.6.5 of Market Rule 1.

Forward Reserve Delivery Period is defined in Section III.9.1 of Market Rule 1.

Forward Reserve Failure-to-Activate Megawatts are calculated in accordance with Section III.9.7.2(a) of Market Rule 1.

Forward Reserve Failure-to-Activate Penalty is the penalty associated with a Market Participant's failure to activate Forward Reserve when requested to do so by the ISO and is defined in Section III.9.7.2 of Market Rule 1.

Forward Reserve Failure-to-Activate Penalty Rate is specified in Section III.9.7.2 of Market Rule 1.

Forward Reserve Failure-to-Reserve, as specified in Section III.9.7.1 of Market Rule 1, occurs when a Market Participant's Forward Reserve Delivered Megawatts for a Reserve Zone in an hour is less than that Market Participant's Forward Reserve Obligation for that Reserve Zone in that hour. Under these circumstances the Market Participant pays a penalty based upon the Forward Reserve Failure-to-Reserve Penalty Rate and that Market Participant's Forward Reserve Failure-to-Reserve Megawatts.

Forward Reserve Failure-to-Reserve Megawatts are calculated in accordance with Section III.9.7.1(a) of Market Rule 1.

Forward Reserve Failure-to-Reserve Penalty is the penalty associated with a Market Participant's failure to reserve Forward Reserve and is defined in Section III.9.7.1 of Market Rule 1.

Forward Reserve Failure-to-Reserve Penalty Rate is specified in Section III.9.7.1(b)(ii) of Market Rule 1.

Forward Reserve Fuel Index is the index or set of indices used to calculate the Forward Reserve Threshold Price as defined in Section III.9.6.2 of Market Rule 1.

Forward Reserve Heat Rate is the heat rate as defined in Section III.9.6.2 of Market Rule 1 that is used to calculate the Forward Reserve Threshold Price.

Forward Reserve Market is a market for forward procurement of two reserve products, Ten-Minute Non-Spinning Reserve (TMNSR) and Thirty-Minute Operating Reserve (TMOR).

Forward Reserve MWs are those megawatts assigned to specific eligible Forward Reserve Resources which convert a Forward Reserve Obligation into a Resource-specific obligation.

Forward Reserve Obligation is a Market Participant's amount, in megawatts, of Forward Reserve that cleared in the Forward Reserve Auction and adjusted, as applicable, to account for bilateral transactions that transfer Forward Reserve Obligations.

Forward Reserve Obligation Charge is defined in Section III.10.4 of Market Rule 1.

Forward Reserve Offer Cap is $14,000/megawatt-month.

Forward Reserve Payment Rate is defined in Section III.9.8 of Market Rule 1.

Forward Reserve Procurement Period is defined in Section III.9.1 of Market Rule 1.

Forward Reserve Qualifying Megawatts refer to all or a portion of a Forward Reserve Resource's capability offered into the Real-Time Energy Market at energy offer prices above the applicable Forward Reserve Threshold Price that are calculated in accordance with Section III.9.6.4 of Market Rule 1.

Forward Reserve Resource is a Resource that meets the eligibility requirements defined in Section III.9.5.2 of Market Rule 1 that has been assigned Forward Reserve Obligation by a Market Participant.

Forward Reserve Threshold Price is the minimum price at which assigned Forward Reserve Megawatts are required to be offered into the Real-Time Energy Market as calculated in Section III.9.6.2 of Market Rule 1.

FTR Auction is the periodic auction of FTRs conducted by the ISO in accordance with Section III.7 of Market Rule 1.

FTR Auction Revenue is the revenue collected from the sale of FTRs in FTR Auctions. FTR Auction Revenue is payable to FTR Holders who submit their FTRs for sale in the FTR Auction in accordance with Section III.7 of Market Rule 1 and to ARR Holders and Incremental ARR Holders in accordance with Appendix C of Market Rule 1.

FTR Award Financial Assurance is a required amount of financial assurance that must be maintained at all times from a Designated FTR Participant for each FTR awarded to the participant in any FTR

Auctions. This amount is calculated pursuant to Section VI.C of the ISO New England Financial Assurance Policy.

FTR Bid Financial Assurance is an amount of financial assurance required from a Designated FTR Participant for each bid submission into an FTR auction. This amount is calculated pursuant to Section VI.B of the ISO New England Financial Assurance Policy.

FTR Credit Test Percentage is calculated in accordance with Section III.B.1(b) of the ISO New England Financial Assurance Policy.

FTR Financial Assurance Requirements are described in Section VI of the ISO New England Financial Assurance Policy.

FTR Holder is an entity that acquires an FTR through the FTR Auction to Section III.7 of Market Rule 1 and registers with the ISO as the holder of the FTR in accordance with Section III.7 of Market Rule 1 and applicable ISO New England Manuals.

FTR-Only Customer is a Market Participant that transacts in the FTR Auction and that does not participate in other markets or programs of the New England Markets, provided, however, that an FTR-Only Customer may also be a DRP-Only Customer and/or an ODR-Only Customer. References in this Tariff to a "Non-Market Participant FTR Customers" and similar phrases shall be deemed references to an FTR-Only Customer.

FTR Settlement Risk Financial Assurance is an amount of financial assurance required by a Designated FTR Participant for each bid submission into an FTR Auction and for each bid awarded to the individual participant in an FTR Auction. This amount is calculated pursuant to Section VI.A of the ISO New England Financial Assurance Policy.

GADS Data means data submitted to the NERC for collection into the NERC's Generating Availability Data System (GADS).

Gap Request for Proposals (Gap RFP) is defined in Section III.11 of Market Rule 1.

Gas Day means a period of 24 consecutive hours beginning at 0900 hrs Central Time.

Generating Capacity Resource means a New Generating Capacity Resource or an Existing Generating Capacity Resource.

Generator Asset is a generator that has been registered in accordance with the Asset Registration Process.

Generator Imbalance Service is the form of Ancillary Service described in Schedule 10 of the OATT.

Generator Interconnection Related Upgrade is an addition to or modification of the New England Transmission System (pursuant to Section II.47.1, Schedule 22 or Schedule 23 of the OATT) to effect the interconnection of a new generating unit or an existing generating unit whose energy capability or capacity capability is being materially changed and increased whether or not the interconnection is being effected to meet the Capacity Capability Interconnection Standard or the Network Capability Interconnection Standard. As to Category A Projects (as defined in Schedule 11 of the OATT), a Generator Interconnection Related Upgrade also includes an upgrade beyond that required to satisfy the Network Capability Interconnection Standard (or its predecessor) for which the Generator Owner has committed to pay prior to October 29, 1998.

Generator Owner is the owner, in whole or part, of a generating unit whether located within or outside the New England Control Area.

Good Utility Practice means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act Section 215(a)(4).

Governance Only Member is defined in Section 1 of the Participants Agreement.

Governance Participant is defined in the Participants Agreement.

Governing Documents, for the purposes of the ISO New England Billing Policy, are the Transmission, Markets and Services Tariff and ISO Participants Agreement.

Governing Rating is the lowest corporate rating from any Rating Agency for that Market Participant, or, if the Market Participant has no corporate rating, then the lowest rating from any Rating Agency for that Market Participant's senior unsecured debt.

Grandfathered Agreements (GAs) is a transaction specified in Section II.45 for the applicable period specified in that Section.

Grandfathered Intertie Agreement (GIA) is defined pursuant to the TOA.

Handy-Whitman Index of Public Utility Construction Costs is the Total Other Production Plant index shown in the Cost Trends of Electric Utility Construction for the North Atlantic Region as published in the Handy-Whitman Index of Public Utility Construction Costs.

Highgate Transmission Facilities (HTF) are existing U. S.-based transmission facilities covered under the Agreement for Joint Ownership, Construction and Operation of the Highgate Transmission Interconnection dated as of August 1, 1984 including (1) the whole of a 200 megawatt high-voltage, back-to-back, direct-current converter facility located in Highgate, Vermont and (2) a 345 kilovolt transmission line within Highgate and Franklin, Vermont (which connects the converter facility at the U.S.-Canadian border to a Hydro-Quebec 120 kilovolt line in Bedford, Quebec). The HTF include any upgrades associated with increasing the capacity or changing the physical characteristics of these facilities as defined in the above stated agreement dated August 1, 1984 until the Operations Date, as defined in the TOA. The current HTF rating is a nominal 225 MW. The HTF are not defined as PTF. Coincident with the Operations Date and except as stipulated in Schedules, 9, 12, and Attachment F to the OATT, HTF shall be treated in the same manner as PTF for purposes of the OATT and all references to PTF in the OATT shall be deemed to apply to HTF as well. The treatment of the HTF is not intended to establish any binding precedent or presumption with regard to the treatment for other transmission facilities within the New England Transmission System (including HVDC, MTF, or Control Area Interties) for purposes of the OATT.

Host Participant or Host Utility is a Market Participant or a Governance Participant transmission or distribution provider that reconciles the loads within the metering domain with OP-18 compliant metering.

Hourly Calculated Demand Resource Performance Value means the performance of a Demand Resource during Real-Time Demand Response Event Hours and Real-Time Emergency Generation Event Hours for purposes of calculating a Demand Reduction Value pursuant to Sections III.13.7.1.5.7.3 and III.13.7.1.5.8.3.

Hourly Charges are defined in Section 1.3 of the ISO New England Billing Policy.

Hourly PER is calculated in accordance with Section III.13.7.2.7.1.1.1(a) of Market Rule 1.

Hourly Real-Time Demand Response Resource Deviation means the difference between the Average Hourly Load Reduction or Average Hourly Output of the Real-Time Demand Response Resource and the amount of load reduction or output that the Market Participant was instructed to produce pursuant to a Dispatch Instruction calculated pursuant to Section III.13.7.1.5.7.3.1.

Hourly Real-Time Emergency Generation Resource Deviation is calculated pursuant to Section III.13.7.1.5.8.3.1.

Hourly Requirements are determined in accordance with Section III.A(i) of the ISO New England Financial Assurance Policy.

Hub is a specific set of pre-defined Nodes for which a Locational Marginal Price will be calculated for the Day-Ahead Energy Market and Real-Time Energy Market and which can be used to establish a reference price for energy purchases and the transfer of Day-Ahead Adjusted Load Obligations and Real-Time Adjusted Load Obligations and for the designation of FTRs.

Hub Price is calculated in accordance with Section III.2.8 of Market Rule 1.

HQ Interconnection Capability Credit (HQICC) is a monthly value reflective of the annual installed capacity benefits of the Phase I/II HVDC-TF, as determined by the ISO, using a standard methodology on file with the Commission, in conjunction with the setting of the Installed Capacity Requirement. An

appropriate share of the HQICC shall be assigned to an IRH if the Phase I/II HVDC-TF support costs are paid by that IRH and such costs are not included in the calculation of the Regional Network Service rate. The share of HQICC allocated to such an eligible IRH for a month is the sum in kilowatts of (1)(a) the IRH's percentage share, if any, of the Phase I Transfer Capability times (b) the Phase I Transfer Credit, plus (2)(a) the IRH's percentage share, if any, of the Phase II Transfer Capability, times (b) the Phase II Transfer Credit. The ISO shall establish appropriate HQICCs to apply for an IRH which has such a percentage share.

Import Capacity Resource means an Existing Import Capacity Resource or a New Import Capacity Resource offered to provide capacity in the New England Control Area from an external Control Area.

Inadequate Supply is defined in Section III.13.2.8.1 of Market Rule 1.

Inadvertent Energy Revenue is defined in Section III.3.2.1(k) of Market Rule 1.

Inadvertent Energy Revenue Charges or Credits is defined in Section III.3.2.1(l) of Market Rule 1.

Inadvertent Interchange means the difference between net actual energy flow and net scheduled energy flow into or out of the New England Control Area.

Increment Offer means an offer to sell energy at a specified Location in the Day-Ahead Energy Market which is not associated with a physical supply. An accepted Increment Offer results in scheduled generation at the specified Location in the Day-Ahead Energy Market.

Incremental ARR is an ARR provided in recognition of a participant-funded transmission system upgrade pursuant to Appendix C of this Market Rule.

Incremental ARR Holder is an entity which is the record holder of an Incremental Auction Revenue Right in the register maintained by the ISO.

Incremental Cost of Reliability Service is described in Section III.13.2.5.2.5.2 of Market Rule 1.

Independent Transmission Company (ITC) is a transmission entity that assumes certain responsibilities in accordance with Section 10.05 of the Transmission Operating Agreement and Attachment M to the OATT, subject to the acceptance or approval of the Commission and a finding of the Commission that the transmission entity satisfies applicable independence requirements.

Information Request is a request from a potential Disputing Party submitted in writing to the ISO for access to Confidential Information.

Initial Market Participant Financial Assurance Requirement is calculated for new Market Participants and Returning Market Participants, other than an FTR-Only Customer, a DRP-Only Customer or a Governance Only Member, according to Section IV of the ISO New England Financial Assurance Policy.

Installed Capacity Payment (ICAP Payment) means the monthly payments made to ICAP Resources for installed capacity during the ICAP Transition Period.

Installed Capacity Requirement means the level of capacity required to meet the reliability requirements defined for the New England Control Area, as described in Section III.12 of Market Rule 1.

Installed Capacity Resource (ICAP Resource) means a resource that met the requirements to receive installed capacity payments during the ICAP Transition Period.

Installed Capacity Transition Period (ICAP Transition Period) is December 1, 2006 through May 31, 2010.

Insufficient Competition is defined in Section III.13.2.8.2 of Market Rule 1.

Interchange Transactions are transactions deemed to be effected under Market Rule 1.

Interconnecting Transmission Owner has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Interconnection Agreement is the "Large Generator Interconnection Agreement" or the "Small Generator Interconnection Agreement" pursuant to Schedules 22 and 23 of the ISO OATT or an

interconnection agreement approved by the Commission prior to the adoption of the Interconnection Procedures.

Interconnection Customer has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Interconnection Feasibility Study Agreement has the meaning specified in Section I of Schedule 22 or Attachment 1 to Schedule 23 of the OATT.

Interconnection Procedure is the "Large Generator Interconnection Procedures" or the "Small Generator Interconnection Procedures" pursuant to Schedules 22 and 23 of the ISO OATT.

Interconnection Request has the meaning specified in Section I of Schedule 22 or Attachment 1 to Schedule 23 of the OATT.

Interconnection Rights Holder(s) (IRH) has the meaning given to it in Schedule 20A to Section II of this Tariff.

Interconnection System Impact Study Agreement has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Interest is interest calculated in the manner specified in Section II.8.3.

Intermittent Power Resource is defined in Section III.13.1.2.2.2 of Market Rule 1.

Intermittent Settlement Only Resource is a Settlement Only Resource that is also an Intermittent Power Resource.

Internal Bilateral for Load is an internal bilateral transaction under which the buyer receives a reduction in Real-Time Load Obligation and the seller receives a corresponding increase in Real-Time Load Obligation in the amount of the sale, in MWs. An Internal Bilateral for Load transaction is only applicable in the Real-Time Energy Market.

Internal Bilateral for Market for Energy is an internal bilateral transaction for Energy which applies in the Day-Ahead Energy Market and Real-Time Energy Market or just the Real-Time Energy Market under which the buyer receives a reduction in Day-Ahead Adjusted Load Obligation and Real-Time Adjusted Load Obligation and the seller receives a corresponding increase in Day-Ahead Adjusted Load Obligation and Real-Time Adjusted Load Obligation in the amount of the sale, in MWs.

Internal Market Monitor means the department of the ISO responsible for carrying out the market monitoring and mitigation functions specified in Appendix A and elsewhere in Market Rule 1.

Investment Grade Rating, for a Market (other than an FTR-Only Customer or DRP-Only Customer) or Non-Market Participant Transmission Customer, is either (a) a corporate investment grade rating from one or more of the Rating Agencies, or (b) if the Market Participant or Non-Market Participant Transmission Customer does not have a corporate rating from one of the Rating Agencies, then an investment grade rating for the Market Participant's or Non-Market Participant Transmission Customer's senior unsecured debt from one or more of the Rating Agencies.

Invoice is a statement issued by the ISO for the net Charge owed by a Covered Entity pursuant to the ISO New England Billing Policy.

Invoice Date is the day on which the ISO issues an Invoice.

ISO means ISO New England Inc.

ISO Charges, for the purposes of the ISO New England Billing Policy, are both Non-Hourly Charges and Hourly Charges.

ISO Control Center is the primary control center established by the ISO for the exercise of its Operating Authority and the performance of functions as an RTO.

ISO New England Administrative Procedures means procedures adopted by the ISO to fulfill its responsibilities to apply and implement ISO New England System Rules.

ISO New England Billing Policy is Exhibit ID to Section I of the Transmission, Markets and Services Tariff.

ISO New England Filed Documents means the Transmission, Markets and Services Tariff, including but not limited to Market Rule 1, the Participants Agreement, the Transmission Operating Agreement or other documents that affect the rates, terms and conditions of service.

ISO New England Financial Assurance Policy is Exhibit IA to Section I of the Transmission, Markets and Services Tariff.

ISO New England Information Policy is the policy establishing guidelines regarding the information received, created and distributed by Market Participants and the ISO in connection with the settlement, operation and planning of the System, as the same may be amended from time to time in accordance with the provisions of this Tariff. The ISO New England Information Policy is Attachment D to the Transmission, Markets and Services Tariff.

ISO New England Manuals are the manuals implementing Market Rule 1, as amended from time to time in accordance with the Participants Agreement. Any elements of the ISO New England Manuals that substantially affect rates, terms, and/or conditions of service shall be filed with the Commission under Section 205 of the Federal Power Act.

ISO New England Operating Documents are the Tariff and the ISO New England Operating Procedures.

ISO New England Operating Procedures are the ISO New England Planning Procedures and the operating guides, manuals, procedures and protocols developed and utilized by the ISO for operating the ISO bulk power system and the New England Markets.

ISO New England Planning Procedures are the procedures developed and utilized by the ISO for planning the ISO bulk power system.

ISO New England System Rules are Market Rule 1, the ISO New England Information Policy, the ISO New England Administrative Procedures, the ISO New England Manuals and any other system rules, procedures or criteria for the operation of the New England Transmission System and administration of the New England Markets and the Transmission, Markets and Services Tariff.

ITC Agreement is defined in Attachment M to the OATT.

ITC Rate Schedule is defined in Section 3.1 of Attachment M to the OATT.

ITC System is defined in Section 2.2 of Attachment M to the OATT.

ITC System Planning Procedures is defined in Section 15.4 of Attachment M to the OATT.

Late Payment Account is a segregated interest-bearing account into which the ISO deposits Late Payment Charges due from ISO Charges and interest owed from participants for late payments that are collected and not distributed to the Covered Entities, until the Late Payment Account Limit is reached, under the ISO New England Billing Policy and penalties collected under the ISO New England Financial Assurance Policy.

Late Payment Account Limit is defined in Section 4.2 of the ISO New England Billing Policy.

Late Payment Charge is defined in Section 4.1 of the ISO New England Billing Policy.

Lead Market Participant, for purposes other than the Forward Capacity Market, is the entity authorized to submit Supply Offers or Demand Bids for a Resource and to whom certain Energy TUs are assessed under Schedule 2 of Section IV.A of the Tariff. For purposes of the Forward Capacity Market, the Lead Market Participant is the entity designated to participate in that market on behalf of an Existing Capacity Resource or a New Capacity Resource.

Limited Energy Resource means generating resources that, due to design considerations, environmental restriction on operations, cyclical requirements, such as the need to recharge or refill or manage water flow, or fuel limitations, are unable to operate continuously at full output on a daily basis.

Load Asset means a physical load that has been registered in accordance with the Asset Registration Process.

Load Management means installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that curtail electrical usage or shift electrical usage from Demand Resource On-Peak Hours, Demand Resource Seasonal Peak Hours, Demand Resource Critical

Peak Hours, or Real-Time Demand Response Event Hours to other hours and reduce the amount of capacity needed, while delivering a comparable or acceptable level of end-use service. Such measures include, but are not limited to, energy management systems, load control end-use cycling, load curtailment strategies, chilled water storage, and other forms of electricity storage.

Load Response Program means the program implemented and administered by the ISO to promote demand side response as described in Appendix E to Market Rule 1.

Load Response Program Asset means one or more individual end-use metered customers that report load reduction and consumption, or generator output as a single set of values, are assigned an identification number, that participate in the Load Response Program and which encompass assets registered in the Real-Time Price Response Program or Real-Time Demand Response Assets, and are further described in Appendix E of Market Rule 1.

Load Shedding is the systematic reduction of system demand by temporarily decreasing load.

Load Zone is a Reliability Region, except as otherwise provided for in Section III.2.7 of Market Rule 1.

Local Area Facilities are defined in the TOA**.**

Local Benefit Upgrade(s) (LBU) is an upgrade, modification or addition to the transmission system that is: (i) rated below 115kV or (ii) rated 115kV or above and does not meet all of the non-voltage criteria for PTF classification specified in the OATT.

Local Control Centers are those control centers in existence as of the effective date of the OATT (including the CONVEX, REMVEC, Maine and New Hampshire control centers) or established by the PTOs in accordance with the TOA that are separate from the ISO Control Center and perform certain functions in accordance with the OATT and the TOA.

Local Delivery Service is the service of delivering electric energy to end users. This service is subject to state jurisdiction regardless of whether such service is provided over local distribution or transmission facilities. An entity that is an Eligible Customer under the OATT is not excused from any requirements of state law, or any order or regulation issued pursuant to state law, to arrange for Local Delivery Service

with the Participating Transmission Owner and/or distribution company providing such service and to pay all applicable charges associated with such service, including charges for stranded costs and benefits.

Local Network is defined as the transmission facilities constituting a local network as identified in Attachment E, as such Attachment may be modified from time to time in accordance with the Transmission Operating Agreement.

Local Network Load is the load that a Network Customer designates for Local Network Service under Schedule 21 to the OATT.

Local Network RNS Rate is the rate applicable to Regional Network Service to effect a delivery to load in a particular Local Network, as determined in accordance with Schedule 9 to the OATT.

Local Network Service (LNS) is the network service provided under Schedule 21 and the Local Service Schedules to permit the Transmission Customer to efficiently and economically utilize its resources to serve its load.

Local Point-To-Point Service (LPTP) is Point-to-Point Service provided under Schedule 21 of the OATT and the Local Service Schedules to permit deliveries to or from an interconnection point on the PTF.

Local Public Policy Transmission Upgrade is any addition and/or upgrade to the New England Transmission System with a voltage level below 115kV that is required in connection with the construction of a Public Policy Transmission Upgrade approved for inclusion in the Regional System Plan pursuant to Attachment K to the ISO OATT or included in a Local System Plan in accordance with Appendix 1 to Attachment K.

Local Second Contingency Protection Resources are those Resources identified by the ISO on a daily basis as necessary for the provision of Operating Reserve requirements and adherence to NERC, NPCC and ISO reliability criteria over and above those Resources required to meet first contingency reliability criteria within a Reliability Region.

Local Service is transmission service provided under Schedule 21 and the Local Service Schedules thereto.

Local Service Schedule is a PTO-specific schedule to the OATT setting forth the rates, charges, terms and conditions applicable to Local Service.

Local Sourcing Requirement (LSR) is the minimum amount of capacity that must be located within an import-constrained Load Zone, calculated as described in Section III.12.2 of Market Rule 1.

Local System Planning (LSP) is the process defined in Appendix 1 of Attachment K to the OATT.

Localized Costs are the incremental costs resulting from a RTEP02 Upgrade or a Regional Benefit Upgrade that exceeds those requirements that the ISO deems reasonable and consistent with Good Utility Practice and the current engineering design and construction practices in the area in which the Transmission Upgrade is built. In making its determination of whether Localized Costs exist, the ISO will consider, in accordance with Schedule 12C of the OATT, the reasonableness of the proposed engineering design and construction method with respect to alternate feasible Transmission Upgrades and the relative costs, operation, timing of implementation, efficiency and reliability of the proposed Transmission Upgrade. The ISO, with advisory input from the Reliability Committee, as appropriate, shall review such Transmission Upgrade, and determine whether there are any Localized Costs resulting from such Transmission Upgrade. If there are any such costs, the ISO shall identify them in the Regional System Plan.

Location is a Node, External Node, Load Zone or Hub.

Locational Marginal Price (LMP) is defined in Section III.2 of Market Rule 1. The Locational Marginal Price for a Node is the nodal price at that Node; the Locational Marginal Price for an External Node is the nodal price at that External Node; the Locational Marginal Price for a Load Zone or Reliability Region is the Zonal Price for that Load Zone or Reliability Region, respectively; and the Locational Marginal Price for a Hub is the Hub Price for that Hub.

Long Lead Time Generating Facility (Long Lead Facility) has the meaning specified in Section I of Schedule 22 of the OATT.

Long-Term is a term of one year or more.

Long-Term Transmission Outage is a long-term transmission outage scheduled in accordance with ISO New England Operating Procedure No. 3.

Loss Component is the component of the nodal LMP at a given Node or External Node on the PTF that reflects the cost of losses at that Node or External Node relative to the reference point. The Loss Component of the nodal LMP at a given Node on the non-PTF system reflects the relative cost of losses at that Node adjusted as required to account for losses on the non-PTF system already accounted for through tariffs associated with the non-PTF. When used in connection with Hub Price or Zonal Price, the term Loss Component refers to the Loss Components of the nodal LMPs that comprise the Hub Price or Zonal Price, which Loss Components are averaged or weighted in the same way that nodal LMPs are averaged to determine Hub Price or weighted to determine Zonal Price.

Loss of Load Expectation (LOLE) is the probability of disconnecting non-interruptible customers due to a resource deficiency.

Lost Opportunity Cost (LOC) is one of four forms of compensation that may be paid to resources providing VAR Service under Schedule 2 of the OATT.

LSE means load serving entity.

Lump Sum Blackstart Payment is defined and calculated as specified in Section 5.4 of Schedule 16 to the OATT.

Lump Sum Blackstart Capital Payment is defined and calculated as specified in Section 5.4 of Schedule 16 to the OATT.

Lump Sum Blackstart CIP Capital Payment is defined and calculated as specified in Section 5.4 of Schedule 16 to the OATT.

Major Transmission Outage is a major transmission outage scheduled in accordance with ISO New England Operating Procedure No. 3.

Marginal Loss Revenue Load Obligation is defined in Section III.3.2.1(b)(v) of Market Rule 1.

Market Credit Limit is a credit limit for a Market Participant's Financial Assurance Obligations (except FTR Financial Assurance Requirements) established for each Market Participant in accordance with Section II.C of the ISO New England Financial Assurance Policy.

Market Credit Test Percentage is calculated in accordance with Section III.B.1(a) of the ISO New England Financial Assurance Policy.

Market Efficiency Transmission Upgrade is defined as those additions and upgrades that are not related to the interconnection of a generator, and, in the ISO's determination, are designed to reduce bulk power system costs to load system-wide, where the net present value of the reduction in bulk power system costs to load system-wide exceeds the net present value of the cost of the transmission addition or upgrade. For purposes of this definition, the term "bulk power system costs to load system-wide" includes, but is not limited to, the costs of energy, capacity, reserves, losses and impacts on bilateral prices for electricity.

Market Participant is a participant in the New England Markets (including a FTR-Only Customer and/or a DRP-Only Customer and/or an ODR-Only Customer) that has executed a Market Participant Service Agreement, or on whose behalf an unexecuted Market Participant Service Agreement has been filed with the Commission.

Market Participant Financial Assurance Requirement is defined in Section III of the ISO New England Financial Assurance Policy.

Market Participant Obligations is defined in Section III.B.1.1 of Appendix B of Market Rule 1.

Market Participant Service Agreement (MPSA) is an agreement between the ISO and a Market Participant, in the form specified in Attachment A or Attachment A-1 to the Tariff, as applicable.

Market Rule 1 is ISO Market Rule 1 and appendices set forth in Section III of this ISO New England Inc. Transmission, Markets and Services Tariff, as it may be amended from time to time.

Market Violation is a tariff violation, violation of a Commission-approved order, rule or regulation, market manipulation, or inappropriate dispatch that creates substantial concerns regarding unnecessary market inefficiencies.

Material Adverse Change is any change in financial status including, but not limited to a downgrade to below an Investment Grade Rating by any Rating Agency, being placed on credit watch with negative implication by any Rating Agency if the Market Participant or Non-Market Participant Transmission Customer does not have an Investment Grade Rating, a bankruptcy filing or other insolvency, a report of a significant quarterly loss or decline of earnings, the resignation of key officer(s), the sanctioning of the Market Participant or Non-Market Participant Transmission Customer or any of its Principles imposed by the Federal Energy Regulatory Commission, the Securities Exchange Commission, any exchange monitored by the National Futures Association, or any state entity responsible for regulating activity in energy markets; the filing of a material lawsuit that could materially adversely impact current or future financial results; a significant change in the Market Participant's or Non-Market Participant Transmission Customer's credit default spreads; or a significant change in market capitalization.

Material Adverse Impact is defined, for purposes of review of ITC-proposed plans, as a proposed facility or project will be deemed to cause a "material adverse impact" on facilities outside of the ITC System if: (i) the proposed facility or project causes non-ITC facilities to exceed their capabilities or exceed their thermal, voltage or stability limits, consistent with all applicable reliability criteria, or (ii) the proposed facility or project would not satisfy the standards set forth in Section I.3.9 of the Transmission, Markets and Services Tariff. This standard is intended to assure the continued service of all non-ITC firm load customers and the ability of the non-ITC systems to meet outstanding transmission service obligations.

Maximum Capacity Limit is the maximum amount of capacity that can be procured in an export-constrained Load Zone, calculated as described in Section III.12.2 of Market Rule 1, to meet the Installed Capacity Requirement.

Maximum Consumption Limit is the maximum amount, in MW, available from the Dispatchable Asset Related Demand for economic dispatch and is based on the physical characteristics as submitted as part of a Resource's Offer Data except that a Self-Scheduled Dispatchable Asset Related Demand may modify its Minimum Consumption Limit on an hourly basis, as part of its Demand Bid, in order to indicate the desired level of Self-Scheduled MW.

Maximum Facility Load is the most recent annual non-coincident peak demand or, if unavailable, an estimate of the annual non-coincident peak demand of a Real-Time Demand Response Asset or a Real-

Time Emergency Generation Asset, where the demand evaluated is established by adding actual metered demand and the output of all generators located behind the asset's end use customer meter in the same time intervals.

Maximum Generation is the maximum generation output of a Real-Time Demand Response Asset comprised of Distributed Generation.

Maximum Interruptible Capacity is an estimate of the maximum hourly demand reduction amount that a Real-Time Demand Response Asset can deliver.

Maximum Load is the most recent annual non-coincident peak demand or, if unavailable, an estimate of the annual non-coincident peak demand, of a Real-Time Demand Response Asset or Real-Time Emergency Generation Asset.

Measure Life is the estimated time a Demand Resource measure will remain in place, or the estimated time period over which the facility, structure, equipment or system in which a measure is installed continues to exist, whichever is shorter. Suppliers of Demand Resources comprised of an aggregation of measures with varied Measures Lives shall determine and document the Measure Life either: (i) for each type of measure with a different Measure Life and adjust the aggregate performance based on the individual measure life calculation in the portfolio; or (ii) as the average Measure Life for the aggregated measures as long as the Demand Reduction Value of the Demand Resource is greater than or equal to the amount that cleared in the Forward Capacity Auction or reconfiguration auction for the entire Capacity Commitment Period, and the Demand Reduction Value for an Existing Demand Resource is not over-stated in a subsequent Capacity Commitment Period. Measure Life shall be determined consistent with the Demand Resource's Measurement and Verification Plan, which shall be reviewed by the ISO to ensure consistency with the measurement and verification requirements of Market Rule 1 and the ISO New England Manuals.

Measurement and Verification Documents mean the measurement and verification documents described in Section 13.1.4.3.1 of Market Rule 1, which includes Measurement and Verification Plans, Updated Measurement and Verification Plans, Measurement and Verification Summary Reports, and Measurement and Verification Reference Reports.

Measurement and Verification Plan means the measurement and verification plan submitted by a Demand Resource supplier as part of the qualification process for the Forward Capacity Auction pursuant to the requirements of Section III.13.1.4.3 of Market Rule 1 and the ISO New England Manuals.

Measurement and Verification Reference Reports are optional reports submitted by Demand Resource suppliers during the Capacity Commitment Period subject to the schedule in the Measurement and Verification Plan and consistent with the schedule and reporting standards set forth in the ISO New England Manuals. Measurement and Verification Reference Reports update the prospective Demand Reduction Value of the Demand Resource project based on measurement and verification studies performed during the Capacity Commitment Period.

Measurement and Verification Summary Report is the monthly report submitted by a Demand Resource supplier with the monthly settlement report for the Forward Capacity Market, which documents the total Demand Reduction Values for all Demand Resources in operation as of the end of the previous month.

MEPCO Grandfathered Transmission Service Agreement (MGTSA) is a MEPCO long-term firm point-to-point transmission service agreement with a POR or POD at the New Brunswick border and a start date prior to June 1, 2007 where the holder has elected, by written notice delivered to MEPCO within five (5) days following the filing of the settlement agreement in Docket Nos. ER07-1289 and EL08-56 or by September 1, 2008 (whichever is later), MGTSA treatment as further described in Section II.45.1.

Merchant Transmission Facilities (MTF) are the transmission facilities owned by MTOs, defined and classified as MTF pursuant to Schedule 18 of the OATT, over which the ISO shall exercise Operating Authority in accordance with the terms set forth in a MTOA or Attachment K to the OATT, rated 69 kV or above and required to allow energy from significant power sources to move freely on the New England Transmission System.

Merchant Transmission Facilities Provider (MTF Provider) is an entity as defined in Schedule 18 of the OATT.

Merchant Transmission Facilities Service (MTF Service) is transmission service over MTF as provided for in Schedule 18 of the OATT.

Merchant Transmission Operating Agreement (MTOA) is an agreement between the ISO and an MTO with respect to its MTF.

Merchant Transmission Owner (MTO) is an owner of MTF.

Meter Data Error means an error in meter data, including an error in Coincident Peak Contribution values, on an Invoice issued by the ISO after the completion of the data reconciliation process as described in the ISO New England Manuals and in Section III.3.8 of Market Rule 1.

Meter Data Error RBA Submission Limit means the date thirty 30 calendar days after the issuance of the Invoice containing the results of the data reconciliation process as described in the ISO New England Manuals and in Section III.3.6 of Market Rule 1.

Minimum Consumption Limit is the minimum amount, in MW, available from a Dispatchable Asset Related Demand that is not available for economic dispatch and is based on the physical characteristics as submitted as part of a Resource's Offer Data.

Minimum Generation Emergency means an Emergency declared by the ISO in which the ISO anticipates requesting one or more generating Resources to operate at or below Economic Minimum Limit, in order to manage, alleviate, or end the Emergency.

Minimum Generation Emergency Charge means the charge used to allocate the cost of Minimum Generation Emergency Credits. Minimum Generation Emergency Charges are discussed in Appendix F of Market Rule 1.

Minimum Generation Emergency Credits are credits calculated pursuant to Appendix F of Market Rule 1 to compensate certain generating Resources for operation in excess of their Economic Minimum Limits during a Minimum Generation Emergency.

Monthly Blackstart Service Charge is the charge made to Transmission Customers pursuant to Section 6 of Schedule 16 to the OATT.

Monthly Capacity Variance means a Demand Resource's actual monthly Capacity Value established pursuant to Section III.13.7.1.5.1 of Market Rule 1, minus the Demand Resource's final Capacity Supply Obligation for the month.

Monthly Peak is defined in Section II.21.2 of the OATT.

Monthly PER is calculated in accordance with Section III.13.7.2.7.1.1.2(a) of Market Rule 1.

Monthly Real-Time Generation Obligation is the sum, for all hours in a month, at all Locations, of a Customer's Real-Time Generation Obligation, in MWhs.

Monthly Real-Time Load Obligation is the absolute value of a Customer's hourly Real-Time Load Obligation summed for all hours in a month, in MWhs.

Monthly Regional Network Load is defined in Section II.21.2 of the OATT.

Monthly Statement is the first weekly Statement issued on a Monday after the tenth of a calendar month that includes both the Hourly Charges for the relevant billing period and Non-Hourly Charges for the immediately preceding calendar month.

MUI is the market user interface.

Municipal Market Participant is defined in Section II of the ISO New England Financial Assurance Policy.

MW is megawatt.

MWh is megawatt-hour.

Native Load Customers are the wholesale and retail power customers of a Transmission Owner on whose behalf the Transmission Owner, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate its system to meet the reliable electric needs of such customers.

NCPC Charge means the charges to Market Participants as provided in Section III.3.2.3, Section III.6.4 and Appendix F.

NCPC Credit means the payment made to a Resource as provided in Section III.3.2.3, Section III.6.4 and Appendix F.

Needs Assessment is defined in Section 4.1 of Attachment K to the OATT.

NEMA, for purposes of Section III of the Tariff, is the Northeast Massachusetts Reliability Region.

NEMA Contract is a contract described in Appendix C of Market Rule 1 and listed in Exhibit 1 of Appendix C of Market Rule 1.

NEMA Load Serving Entity (NEMA LSE) is a Transmission Customer or Congestion Paying LSE Entity that serves load within NEMA.

NEMA or Northeast Massachusetts Upgrade, for purposes of Section II of the Tariff, is an addition to or modification of the PTF into or within the Northeast Massachusetts Reliability Region that was not, as of December 31, 1999, the subject of a System Impact Study or application filed pursuant to Section I.3.9 of the Transmission, Markets and Services Tariff; that is not related to generation interconnections; and that will be completed and placed in service by June 30, 2004. Such upgrades include, but are not limited to, new transmission facilities and related equipment and/or modifications to existing transmission facilities and related equipment. The list of NEMA Upgrades is contained in Schedule 12A of the OATT.

NEPOOL is the New England Power Pool, and the entities that collectively participated in the New England Power Pool.

NEPOOL Agreement is the agreement among the participants in NEPOOL.

NEPOOL GIS is the generation information system.

NEPOOL GIS Administrator is the entity or entities that develop, administer, operate and maintain the NEPOOL GIS.

NERC is the North American Electric Reliability Corporation or its successor organization.

NESCOE is the New England States Committee on Electricity, recognized by the Commission as the regional state committee for the New England Control Area.

Net Commitment Period Compensation (NCPC) is the compensation methodology for Resources that is described in Appendix F to Market Rule 1.

Net Regional Clearing Price is described in Section III.13.7.3 of Market Rule 1.

Network Capability Interconnection Standard has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Network Customer is a Transmission Customer receiving RNS or LNS.

Network Resource is defined as follows: (1) With respect to Market Participants, (a) any generating resource located in the New England Control Area which has been placed in service prior to the Compliance Effective Date (including a unit that has lost its capacity value when its capacity value is restored and a deactivated unit which may be reactivated without satisfying the requirements of Section II.46 of the OATT in accordance with the provisions thereof) until retired; (b) any generating resource located in the New England Control Area which is placed in service after the Compliance Effective Date until retired, provided that (i) the Generator Owner has complied with the requirements of Sections II.46 and II.47 and Schedules 22 and 23 of the OATT, and (ii) the output of the unit shall be limited in accordance with Sections II.46 and II.47 and Schedules 22 and 23, if required; and (c) any generating resource or combination of resources (including bilateral purchases) located outside the New England Control Area for so long as any Market Participant has an Ownership Share in the resource or resources which is being delivered to it in the New England Control Area to serve Regional Network Load located in the New England Control Area or other designated Regional Network Loads contemplated by Section II.18.3 of the OATT taking Regional Network Service. (2) With respect to Non-Market Participant Transmission Customers, any generating resource owned, purchased or leased by the Non-Market Participant Transmission Customer which it designates to serve Regional Network Load.

New Brunswick Security Energy is defined in Section III.3.2.6A of Market Rule 1.

New Capacity Offer is an offer in the Forward Capacity Auction to provide capacity from a New Generating Capacity Resource, New Import Capacity Resource, or New Demand Resource, as described in Section III.13.2.3.2 of Market Rule 1.

New Capacity Qualification Deadline is a deadline, specified in Section III.13.1.10 of Market Rule 1, for submission of certain qualification materials for the Forward Capacity Auction, as discussed in Section III.13.1 of Market Rule 1.

New Capacity Qualification Package is information submitted by certain new resources prior to participation in the Forward Capacity Auction, as described in Section III.13.1 of Market Rule 1.

New Capacity Required is the amount of additional capacity required to meet the Installed Capacity Requirement or a Capacity Zone's Local Sourcing Requirement, as described in Section III.13.2.4(c) of Market Rule 1.

New Capacity Resource is a resource (i) that never previously received any payment as a capacity resource (including any payment as an ICAP Resource pursuant to the market rules in effect prior to December 1, 2006 or any ICAP Payment during the ICAP Transition Period pursuant to the market rules in effect from December 1, 2006 through May 31, 2010) and that has not cleared in any previous Forward Capacity Auction; or (ii) that is otherwise eligible to participate in the Forward Capacity Auction as a New Capacity Resource.

New Capacity Show of Interest Form is described in Section III.13.1.1.2.1 of Market Rule 1.

New Capacity Show of Interest Submission Window is the period of time during which a Project Sponsor may submit a New Capacity Show of Interest Form or a New Demand Resource Show of Interest Form, as described in Section III.13.1.10 of Market Rule 1.

New Demand Resource is a type of Demand Resource participating in the Forward Capacity Market, as defined in Section III.13.1.4.1.2 of Market Rule 1.

New Demand Resource Qualification Package is the information that a Project Sponsor must submit, in accordance with Section III 13.1.4.2.3 of Market Rule 1, for each resource that it seeks to offer in the Forward Capacity Auction as a New Demand Resource.

New Demand Resource Show of Interest Form is described in Section III.13.1.4.2 of Market Rule 1.

New England Control Area is the Control Area for New England, which includes PTF, Non-PTF, MTF and OTF. The New England Control Area covers Connecticut, Rhode Island, Massachusetts, New Hampshire, Vermont, and part of Maine (i.e., excluding the portions of Northern Maine and the northern portion of Eastern Maine which are in the Maritimes Control Area).

New England Markets are markets or programs for the purchase of energy, capacity, ancillary services, demand response services or other related products or services (including Financial Transmission Rights) that are delivered through or useful to the operation of the New England Transmission System and that are administered by the ISO pursuant to rules, rates, or agreements on file from time to time with the Federal Energy Regulatory Commission.

New England System Restoration Plan is the plan that is developed by ISO, in accordance with NERC Reliability Standards, NPCC regional criteria and standards, ISO New England Operating Documents and ISO operating agreements, to facilitate the restoration of the New England Transmission System following a partial or complete shutdown of the New England Transmission System.

New England Transmission System is the system of transmission facilities, including PTF, Non-PTF, OTF and MTF, within the New England Control Area under the ISO's operational jurisdiction.

New Generating Capacity Resource is a type of resource participating in the Forward Capacity Market, as described in Section III.13.1.1.1 of Market Rule 1.

New Import Capacity Resource is a type of resource participating in the Forward Capacity Market, as defined in Section III.13.1.3.4 of Market Rule 1.

NMPTC means Non-Market Participant Transmission Customer.

NMPTC Credit Threshold is described in Section V.A.2 of the ISO New England Financial Assurance Policy.

NMPTC Financial Assurance Requirement is an amount of additional financial assurance for Non-Market Participant Transmission Customers described in Section V.D of the ISO New England Financial Assurance Policy.

Nodal Amount is node(s)-specific on-peak and off-peak proxy value to which an FTR bid or awarded FTR bid relates.

Node is a point on the New England Transmission System at which LMPs are calculated.

No-Load Fee is the amount, in dollars per hour, for a generating unit that must be paid to Market Participants with an Ownership Share in the unit for being scheduled in the New England Markets, in addition to the Start-Up Fee and price offered to supply energy, for each hour that the generating unit is scheduled in the New England Markets.

Nominated Consumption Limit is the consumption level specified by the Market Participant for a Dispatchable Asset Related Demand as adjusted in accordance with the provisions of Section III.13.7.3.1.3.

Non-Commercial Capacity, for the purposes of the ISO New England Financial Assurance Policy, is defined in Section VII.B of that policy.

Non-Commercial Capacity Cure Period is the time period described in Section VII.D of the ISO New England Financial Assurance Policy.

Non-Commercial Capacity Financial Assurance Amount (Non-Commercial Capacity FA Amount) is calculated in accordance with Section VII.B.2(i) of the ISO New England Financial Assurance Policy.

Non-Designated Blackstart Resource Study Cost Payments are the study costs reimbursed under Section 5.3 of Schedule 16 of the OATT.

Non-Hourly Charges are defined in Section 1.3 of the ISO New England Billing Policy.

Non-Hourly Requirements are determined in accordance with Section III.A(ii) of the ISO New England Financial Assurance Policy, which is Exhibit 1A of Section I of the Tariff.

Non-Incumbent Transmission Developer is a Qualified Transmission Project Sponsor that: (i) is not currently a PTO; (ii) has a transmission project listed in the RSP Project List; and (iii) has executed a Non-Incumbent Transmission Developer Operating Agreement. "Non-Incumbent Transmission Developer" also includes a PTO that proposes the development of a transmission facility not located within or connected to its existing electric system; however, because such a PTO is a party to the TOA, it is not required to enter into a Non-Incumbent Transmission Developer Operating Agreement.

Non-Incumbent Transmission Developer Operating Agreement (or NTDOA) is an agreement between the ISO and a Non-Incumbent Transmission Developer in the form specified in Attachment O to the OATT that sets forth their respective rights and responsibilities to each other with regard to proposals for and construction of certain transmission facilities.

Non-Intermittent Settlement Only Resource is a Settlement Only Resource that is not an Intermittent Power Resource.

Non-Market Participant is any entity that is not a Market Participant.

Non-Market Participant Transmission Customer is any entity which is not a Market Participant but is a Transmission Customer.

Non-Municipal Market Participant is defined in Section II of the ISO New England Financial Assurance Policy.

Non-Price Retirement Request is a binding request to retire the entire capacity of a Generating Capacity Resource as described in Section III.13.1.2.3.1.5.

Non-PTF Transmission Facilities (Non-PTF) are the transmission facilities owned by the PTOs that do not constitute PTF, OTF or MTF.

Non-Qualifying means a Market Participant that is not a Credit Qualifying Market Participant.

Notice of RBA is defined in Section 6.3.2 of the ISO New England Billing Policy.

NPCC is the Northeast Power Coordinating Council.

Obligation Month means a time period of one calendar month for which capacity payments are issued and the costs associated with capacity payments are allocated.

ODR-Only Customer is a Market Participant that registers with the ISO an Other Demand Resource (as defined in Section III.1 of this Tariff) and that does not participate in other markets or programs of the New England Markets, provided, however, that a DRP-Only Customer may also be an FTR-Only Customer and/or an DRP-Only Customer.

Offer Data means the scheduling, operations planning, dispatch, new Resource, and other data, including generating unit and Dispatchable Asset Related Demand operating limits based on physical characteristics, and information necessary to schedule and dispatch generating and Dispatchable Asset Related Demand Resources for the provision of energy and other services and the maintenance of the reliability and security of the transmission system in the New England Control Area, and specified for submission to the New England Markets for such purposes by the ISO.

On-Peak Demand Resource is a type of Demand Resource and means installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that reduce the total amount of electrical energy consumed during Demand Resource On-Peak Hours, while delivering a comparable or acceptable level of end-use service. Such measures include Energy Efficiency, Load Management, and Distributed Generation.

Open Access Same-Time Information System (OASIS) is the ISO information system and standards of conduct responding to requirements of 18 C.F.R. §37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

Open Access Transmission Tariff (OATT) is Section II of the ISO New England Inc. Transmission, Markets and Services Tariff.

Operating Authority is defined pursuant to a MTOA, an OTOA, the TOA or the OATT, as applicable.

Operating Data means GADS Data, data equivalent to GADS Data, CARL Data, metered load data, or actual system failure occurrences data, all as described in the ISO New England Operating Procedures.

Operating Day means the calendar day period beginning at midnight for which transactions on the New England Markets are scheduled.

Operating Reserve means Ten-Minute Spinning Reserve (TMSR), Ten-Minute Non-Spinning Reserve (TMNSR) and Thirty-Minute Operating Reserve (TMOR).

Operations Date is February 1, 2005.

OTF Service is transmission service over OTF as provided for in Schedule 20.

Other Demand Resource (ODR) is an installation undertaken as part of a merchant, utility, or state-sponsored program, and may include Energy Efficiency, Load Management, and Distributed Generation projects that are installed after June 16, 2006, and that result in additional and verifiable reductions in end-use customer demand on the electricity network in the New England Control Area during specified ODR performance hours of the ICAP Transition Period.

Other Transmission Facility (OTF) are the transmission facilities owned by Transmission Owners, defined and classified as OTF pursuant to Schedule 20, over which the ISO shall exercise Operating Authority in accordance with the terms set forth in the OTOA, rated 69 kV or above, and required to allow energy from significant power sources to move freely on the New England Transmission System. OTF classification shall be limited to the Phase I/II HVDC-TF.

Other Transmission Operating Agreements (OTOA) is the agreement(s) between the ISO, an OTO and/or the associated service provider(s) with respect to an OTF, which includes the HVDC Transmission Operating Agreement and the Phase I/II HVDC-TF Transmission Service Administration Agreement. With respect to the Phase I/II HVDC-TF, the HVDC Transmission Operating Agreement covers the rights and responsibilities for the operation of the facility and the Phase I/II HVDC-TF Transmission Service Administration Agreement covers the rights and responsibilities for the administration of transmission service.

Other Transmission Owner (OTO) is an owner of OTF.

Out-of-Market Capacity is certain capacity that is counted in determining whether the Alternative Capacity Price Rule applies, as described in Section III.13.2.7.8 of Market Rule 1.

Ownership Share is a right or obligation, for purposes of settlement, to a percentage share of all credits or charges associated with a generating unit asset or Load Asset, where such unit or load is interconnected to the New England Transmission System.

Participant Expenses are defined in Section 1 of the Participants Agreement.

Participant Required Balance is defined in Section 5.3 of the ISO New England Billing Policy.

Participant Vote is defined in Section 1 of the Participants Agreement.

Participants Agreement is the agreement among the ISO, the New England Power Pool and Individual Participants, as amended from time to time, on file with the Commission.

Participants Committee is the principal committee referred to in the Participants Agreement.

Participating Transmission Owner (PTO) is a transmission owner that is a party to the TOA.

Payment is a sum of money due to a Covered Entity from the ISO.

Payment Default Shortfall Fund is defined in Section 5.1 of the ISO New England Billing Policy.

Peak Energy Rent (PER) is described in Section III.13.7.2.7.1 of Market Rule 1.

PER Proxy Unit is described in Section III.13.7.2.7.1 of Market Rule 1.

Percent of Total Demand Reduction Value Complete means the delivery schedule as a percentage of a Demand Resource's total Demand Reduction Value that will be or has been achieved as of specific target dates, as described in Section III.13 of Market Rule 1.

Permanent De-list Bid is a bid that may be submitted by an Existing Generating Capacity Resource, Existing Import Capacity Resource, or Existing Demand Resource in the Forward Capacity Auction to permanently remove itself from the capacity market, as described in Section III.13.1.2.3.1.2 of Market Rule 1.

Phase I Transfer Credit is 40% of the HQICC, or such other fraction of the HQICC as the ISO may establish.

Phase I/II HVDC-TF is defined in Schedule 20A to Section II of this Tariff.

Phase I/II HVDC-TF Transfer Capability is the transfer capacity of the Phase I/II HVDC-TF under normal operating conditions, as determined in accordance with Good Utility Practice. The "Phase I Transfer Capability" is the transfer capacity under normal operating conditions, as determined in accordance with Good Utility Practice, of the Phase I terminal facilities as determined initially as of the time immediately prior to Phase II of the Phase I/II HVDC-TF first being placed in service, and as adjusted thereafter only to take into account changes in the transfer capacity which are independent of any effect of Phase II on the operation of Phase I. The "Phase II Transfer Capability" is the difference between the Phase I/II HVDC-TF Transfer Capability and the Phase I Transfer Capability. Determinations of, and any adjustment in, Phase I/II HVDC-TF Transfer Capability shall be made by the ISO, and the basis for any such adjustment shall be explained in writing and posted on the ISO website.

Phase II Transfer Credit is 60% of the HQICC, or such other fraction of the HQICC as the ISO may establish.

Planning Advisory Committee is the committee described in Attachment K of the OATT.

Planning and Reliability Criteria is defined in Section 3.3 of Attachment K to the OATT.

Point(s) of Delivery (POD) is point(s) of interconnection where capacity and/or energy transmitted by a Transmission Customer will be made available to the Receiving Party under the OATT.

Point(s) of Receipt (POR) is point(s) of interconnection where capacity and/or energy transmitted by a Transmission Customer will be made available by the Delivering Party under the OATT.

Point-To-Point Service is the transmission of capacity and/or energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under the OATT pursuant to Local Point-To-Point Service or OTF Service or MTF Service; and the transmission of capacity and/or energy from the Point(s) of Receipt to the Point(s) of Delivery under the OATT pursuant to Through or Out Service.

Pool-Planned Unit is one of the following units: New Haven Harbor Unit 1 (Coke Works), Mystic Unit 7, Canal Unit 2, Potter Unit 2, Wyman Unit 4, Stony Brook Units 1, 1A, 1B, 1C, 2A and 2B, Millstone Unit 3, Seabrook Unit 1 and Waters River Unit 2 (to the extent of 7 megawatts of its Summer capability and 12 megawatts of its Winter capability).

Pool PTF Rate is the transmission rate determined in accordance with Schedule 8 to the OATT.

Pool RNS Rate is the transmission rate determined in accordance with paragraph (2) of Schedule 9 of Section II of the Tariff.

Pool-Scheduled Resources are described in Section III.1.10.2 of Market Rule 1.

Pool Supported PTF is defined as: (i) PTF first placed in service prior to January 1, 2000; (ii) Generator Interconnection Related Upgrades with respect to Category A and B projects (as defined in Schedule 11), but only to the extent not paid for by the interconnecting Generator Owner; and (iii) other PTF upgrades, but only to the extent the costs therefore are determined to be Pool Supported PTF in accordance with Schedule 12.

Pool Transmission Facility (PTF) means the transmission facilities owned by PTOs which meet the criteria specified in Section II.49 of the OATT.

Poorly Performing Resource is described in Section III.13.7.1.1.5 of Market Rule 1.

Posting Entity is any Market Participant or Non-Market Participant Transmission Customer providing financial security under the provisions of the ISO New England Financial Assurance Policy.

Posture means an action of the ISO to deviate from the jointly optimized security constrained economic dispatch for Energy and Operating Reserves solution for a Resource produced by the ISO's technical

software for the purpose of maintaining sufficient Operating Reserve (both online and off-line) or for the provision of voltage or VAR support.

Posturing Credit is calculated pursuant to Section III.F.2.6.2 of Appendix F to Market Rule 1.

Power Purchaser is the entity that is purchasing the capacity and/or energy to be transmitted under the OATT.

Principal is (i) the sole proprietor of a sole proprietorship; (ii) a general partner of a partnership; (iii) a president, chief executive officer, chief operating officer or chief financial officer (or equivalent position) of an organization; (iv) a manager, managing member or a member vested with the management authority for a limited liability company or limited liability partnership; (v) any person or entity that has the power to exercise a controlling influence over an organization's activities that are subject to regulation by the Federal Energy Regulatory Commission, the Securities and Exchange Commission, the Commodity Futures Trading Commission, any exchange monitored by the National Futures Association, or any state entity responsible for regulating activity in energy markets; or (vi) any person or entity that: (a) is the direct owner of 10% or more of any class of an organization's equity securities; or (b) has directly contributed 10% or more of an organization's capital.

Profiled Load Assets include all Load Assets that are not directly metered by OP-18 compliant metering as currently described in Section IV (Metering and Recording for Settlements) of OP18, and some Load Assets that are measured by OP-18 compliant metering (as currently described in Section IV of OP-18) to which the Host Participant Assigned Meter Reader allocates non-PTF losses.

Project Sponsor is an entity seeking to have a New Generating Capacity Resource or New Demand Resource participate in the Forward Capacity Market, as described in Section III.13.

Provisional Member is defined in Section I.68A of the Restated NEPOOL Agreement.

PTO Administrative Committee is the committee referred to in Section 11.04 of the TOA.

Public Policy Transmission Study is a study conducted by the ISO pursuant to the process set out in Section 4A.3 of Attachment K of the OATT, and consists of two phases: (i) an initial phase to produce a rough estimate of the costs and benefits of concepts that could meet transmission needs driven by public

policy requirements; and (ii) a follow-on phase designed to produce more detailed analysis and engineering work on transmission concepts identified in the first phase.

Public Policy Transmission Upgrade is an addition and/or upgrade to the New England Transmission System that meets the voltage and non-voltage criteria for Public Policy Transmission Upgrade PTF classification specified in the OATT, and has been included in the Regional System Plan and RSP Project List as a Public Policy Transmission Upgrade pursuant to Public Policy Transmittal procedures described in Section 4A of Attachment K of the OATT.

Public Policy Transmittal is a written document sent by NESCOE or jointly by all of the participating states' utility regulatory authorities to the ISO that indicates which of the New England states support inclusion of a particular Public Policy Transmission Upgrade in the Regional System Plan and provides each state's final decision concerning such proposed Public Policy Transmission Upgrade and associated cost allocation as set forth in such state's regulatory authority decisions that is to be utilized for the project costs.

Publicly Owned Entity is defined in Section I of the Restated NEPOOL Agreement.

Qualification Process Cost Reimbursement Deposit is described in Section III.13.1.9.3 of Market Rule 1.

Qualified Capacity is the amount of capacity a resource may provide in the summer or winter in a Capacity Commitment Period, as determined in the Forward Capacity Market qualification processes.

Qualified Generator Reactive Resource(s) is any generator source of dynamic reactive power that meets the criteria specified in Schedule 2 of the OATT.

Qualified Non-Generator Reactive Resource(s) is any non-generator source of dynamic reactive power that meets the criteria specified in Schedule 2 of the OATT.

Qualified Reactive Resource(s) is any Qualified Generator Reactive Resource and/or Qualified Non-Generator Reactive Resource that meets the criteria specified in Schedule 2 of the OATT.

Qualified Transmission Project Sponsor is defined in Sections 4B.2 and 4B.3 of Attachment K of the OATT.

Queue Position has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Rated means a Market Participant that receives a credit rating from one or more of the Rating Agencies, or, if such Market Participant is not rated by one of the Rating Agencies, then a Market Participant that has outstanding unsecured debt rated by one or more of the Rating Agencies.

Rating Agencies are Standard and Poor's (S&P), Moody's, and Fitch.

RBA Decision is a written decision provided by the ISO to a Disputing Party and to the Chair of the NEPOOL Budget and Finance Subcommittee accepting or denying a Requested Billing Adjustment within twenty Business Days of the date the ISO distributes a Notice of RBA, unless some later date is agreed upon by the Disputing Party and the ISO.

Reactive Supply and Voltage Control Service is the form of Ancillary Service described in Schedule 2 of the OATT.

Real-Time is a period in the current Operating Day for which the ISO dispatches Resources for energy and Regulation, designates Resources for Regulation and Operating Reserve and, if necessary, commits additional Resources.

Real-Time Adjusted Load Obligation is defined in Section III.3.2.1(b)(iii) of Market Rule 1.

Real-Time Adjusted Load Obligation Deviation is defined in Section III.3.2.1(c)(iii) of Market Rule 1.

Real-Time Commitment Periods are periods of continuous operation bounded by a start up and the earlier to occur of a shut-down or a unit trip used to determine eligibility for Real Time NCPC Credit.

Real-Time Congestion Revenue is defined in Section III.3.2.1(f) of Market Rule 1.

Real-Time Demand Reduction Obligation is a Real-Time demand reduction amount determined pursuant to Section III.E.8.

Real-Time Demand Resource Dispatch Hours means those hours, or portions thereof, in which ISO New England Operating Procedure No. 4 is implemented and the ISO has begun to allow the depletion of Thirty-Minute Operating Reserve on a Load Zone or system-wide basis, and the ISO notifies the Market Participants with Critical Peak Demand Resources and Real-Time Demand Response Resources of such hours. Beginning on June 1, 2011, "Real-Time Demand Resource Dispatch Hours" shall be defined as those hours, or portions thereof, in which ISO New England Operating Procedure No. 4 is implemented and the ISO has begun to allow the depletion of Thirty-Minute Operating Reserve on a Dispatch Zone, Load Zone, or system-wide basis, and the ISO notifies the Market Participants with Critical Peak Demand Resources and Real-Time Demand Response Resources of such hours.

Real-Time Demand Response Asset means one or more individual end-use metered customers that are located at a single Node, report load reduction and consumption, or generator output as a single set of values, are assigned a unique asset identification number by the ISO, and that participate in the Forward Capacity Market as part of a Market Participant's Real-Time Demand Response Resource.

Real-Time Demand Response Event Hours means the hours, or portions thereof, when the ISO dispatches Real-Time Demand Response Resources in the Load Zone where a Demand Resource is located in response to Demand Resource Forecast Peak Hours and Real-Time Demand Resource Dispatch Hours. Beginning on June 1, 2011, Real-Time Demand Response Event Hours means hours when the ISO dispatches Real-Time Demand Response Resources in response to Demand Resource Forecast Peak Hours and Real-Time Demand Resource Dispatch Hours, which may include Dispatch Zone, Load Zone, or system-wide dispatch of such resources.

Real-Time Demand Response Resource is a type of Demand Resource that is comprised of installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that: (i) curtail electrical usage in response to a Dispatch Instruction; and (ii) continue curtailing electrical usage until receiving Dispatch Instructions to restore electrical usage. Such measures include Load Management and Distributed Generation. The period of curtailment shall be consistent with Real-Time Demand Response Event Hours.

Real-Time Emergency Generation Asset means one or more individual end-use metered customers that are located at a single Node, report load reduction and consumption, or generator output as a single set of values, are assigned a unique asset identification number by the ISO, and that participate in the Forward Capacity Market as part of a Market Participant's Real-Time Emergency Generation Resource.

Real-Time Emergency Generation Event Hours means those hours, or portions thereof, between 7 a.m. and 7 p.m. Monday through Friday, non-Demand Response holidays in which the ISO dispatches Real-Time Emergency Generation Resources to curtail electric consumption. Real-Time Emergency Generation Resources would be dispatched by the ISO on a Load Zone or system-wide basis when deficient in Thirty-Minute Operating Reserve and when the ISO implements voltage reductions of five percent of normal operating voltage that require more than 10 minutes to implement. Beginning on June 1, 2011, Real-Time Emergency Generation Event Hours means those hours, or portions thereof, between 7 a.m. and 7 p.m. Monday through Friday, non-Demand Response holidays in which the ISO dispatches Real-Time Emergency Generation Resources on a Dispatch Zone, Load Zone, or system-wide basis when deficient in Thirty-Minute Operating Reserve and when the ISO implements voltage reductions of five percent of normal operating voltage that require more than 10 minutes to implement.

Real-Time Emergency Generation Resource is Distributed Generation whose federal, state and/or local air quality permits limit operation in response to requests from the ISO to the times when the ISO implements voltage reductions of five percent of normal operating voltage that require more than 10 minutes to implement. A Real-Time Emergency Generation Resource must be capable of: (i) curtailing its end-use electric consumption from the New England grid within 30 minutes of receiving a Dispatch Instruction; and (ii) continuing that curtailment until receiving a Dispatch Instruction to restore consumption.

Real-Time Energy Market means the purchase or sale of energy, payment of Congestion Costs, and payment for losses for quantity deviations from the Day-Ahead Energy Market in the Operating Day and designation of and payment for provision of Operating Reserve in Real-Time.

Real-Time Energy Market Deviation Congestion Charge/Credit is defined in Section III.3.2.1(e) of Market Rule 1.

Real-Time Energy Market Deviation Energy Charge/Credit is defined in Section III.3.2.1(e) of Market Rule 1.

Real-Time Energy Market Deviation Loss Charge/Credit is defined in Section III.3.2.1(e) of Market Rule 1.

Real-Time Generation Obligation is defined in Section III.3.2.1(b)(ii) of Market Rule 1.

Real-Time Generation Obligation Deviation is defined in Section III.3.2.1(c)(ii) of Market Rule 1.

Real-Time High Operating Limit is the maximum output, in MW, of a resource that could be achieved, consistent with Good Utility Practice, in response to an ISO request for Energy under Section III.13.6.4 of Market Rule 1, for each hour of the Operating Day, as reflected in the resource's Offer Data. This value is based on real-time operating conditions and the physical operating characteristics and operating permits of the unit.

Real-Time Load Obligation is defined in Section III.3.2.1(b)(i) of Market Rule 1.

Real-Time Load Obligation Deviation is defined in Section III.3.2.1(c)(i) of Market Rule 1.

Real-Time Locational Adjusted Net Interchange is defined in Section III.3.2.1(b)(iv) of Market Rule 1.

Real-Time Locational Adjusted Net Interchange Deviation is defined in Section III.3.2.1(c)(iv) of Market Rule 1.

Real-Time Loss Revenue is defined in Section III.3.2.1(i) of Market Rule 1.

Real-Time Loss Revenue Charges or Credits are defined in Section III.3.2.1(m) of Market Rule 1.

Real-Time NCP Load Obligation is the maximum hourly value, during a month, of a Market Participant's Real-Time Load Obligation summed over all Locations, excluding exports, in kilowatts.

Real-Time Price Response Program is the program described in Appendix E to Market Rule 1.

Real-Time Prices means the Locational Marginal Prices resulting from the ISO's dispatch of the New England Markets in the Operating Day.

Real-Time Reserve Charge is a Market Participant's share of applicable system and Reserve Zone Real-Time Operating Reserve costs attributable to meeting the Real-Time Operating Reserve requirement as calculated in accordance with Section III.10 of Market Rule 1.

Real-Time Reserve Clearing Price is the Real-Time TMSR, TMNSR or TMOR clearing price, as applicable, for the system and each Reserve Zone that is calculated in accordance with Section III.2.4 of Market Rule 1.

Real-Time Reserve Credit is a Market Participant's compensation associated with that Market Participant's Resources' Real-Time Reserve Designation as calculated in accordance with Section III.10 of Market Rule 1.

Real-Time Reserve Designation is the amount, in MW, of Operating Reserve designated to a Resource in Real-Time by the ISO as adjusted after-the-fact utilizing revenue quality meter data as described under Section III.10 of Market Rule 1.

Real-Time Reserve Opportunity Cost is defined in Section III.2.7A(b) of Market Rule 1.

Real-Time System Adjusted Net Interchange means, for each hour, the sum of Real-Time Locational Adjusted Net Interchange for a Market Participant over all Locations, in kilowatts.

Receiving Party is the entity receiving the capacity and/or energy transmitted to Point(s) of Delivery under the OATT.

Reference Level is defined in Section III.A.5.6.1 of Appendix A of Market Rule 1.

Regional Benefit Upgrade(s) (RBU) means a Transmission Upgrade that: (i) is rated 115kV or above; (ii) meets all of the non-voltage criteria for PTF classification specified in the OATT; and (iii) is included in the Regional System Plan as either a Reliability Transmission Upgrade or an Market Efficiency Transmission Upgrade identified as needed pursuant to Attachment K of the OATT. The category of RBU shall not include any Transmission Upgrade that has been categorized under any of the other categories specified in Schedule 12 of the OATT (e.g., an Elective Transmission Upgrade shall not also be categorized as an RBU). Any upgrades to transmission facilities rated below 115kV that were

PTF prior to January 1, 2004 shall remain classified as PTF and be categorized as an RBU if, and for so long as, such upgrades meet the criteria for PTF specified in the OATT.

Regional Network Load is the load that a Network Customer designates for Regional Network Service under Part II.B of the OATT. The Network Customer's Regional Network Load shall include all load designated by the Network Customer (including losses) and shall not be credited or reduced for any behind-the-meter generation. A Network Customer may elect to designate less than its total load as Regional Network Load but may not designate only part of the load at a discrete Point of Delivery. Where a Transmission Customer has elected not to designate a particular load at discrete Points of Delivery as Regional Network Load, the Transmission Customer is responsible for making separate arrangements under Part II.C of the OATT for any Point-To-Point Service that may be necessary for such non-designated load.

Regional Network Service (RNS) is the transmission service over the PTF described in Part II.B of the OATT, including such service which is used with respect to Network Resources or Regional Network Load that is not physically interconnected with the PTF.

Regional Planning Dispute Resolution Process is described in Section 12 of Attachment K to the OATT.

Regional System Plan (RSP) is the plan developed under the process specified in Attachment K of the OATT.

Regional Transmission Service (RTS) is Regional Network Service and Through or Out Service as provided over the PTF in accordance with Section II.B, Section II.C, Schedule 8 and Schedule 9 of the OATT.

Regulation is the capability of a specific generating unit with appropriate telecommunications, control and response capability to increase or decrease its output in response to a regulating control signal, in accordance with the specifications in the ISO New England Manuals and ISO New England Administrative Procedures.

Regulation and Frequency Response Service is the form of Ancillary Service described in Schedule 3 of the OATT. The capability of performing Regulation and Frequency Response Service is referred to as automatic generation control (AGC).

Regulation Capability (REGCAP) means the amount of Regulation capability available on a Market Participant's Resource as calculated by the ISO based upon that Resource's Automatic Response Rate and the available regulating range as specified in ISO New England Manual 11 – Market Operations.

Regulation Clearing Price is defined in Section III.3.2.2(e) of Market Rule 1.

Regulation High Limit is the maximum amount of energy that a generating unit can reliably produce when that unit is providing Regulation. The Regulation High Limit may be less than or equal to the unit's Economic Maximum Limit.

Regulation Low Limit is the minimum amount of energy that a generating unit can reliably produce when that unit is providing Regulation. The Regulation Low Limit may be greater than or equal to the unit's Economic Minimum Limit.

Regulation Opportunity Cost is defined in Section III.3.2.2(i) of Market Rule 1.

Regulation Rank Price is calculated in accordance with Section III.1.11.5(b) of Market Rule 1.

Regulation Requirement is the hourly amount of Regulation MWs required by the ISO to maintain system control and reliability as calculated and posted on the ISO website.

Regulation Service Credit is the credit associated with provision of Regulation Service Megawatts and is calculated in accordance with Section III.3.2.2(c) of Market Rule 1.

Regulation Service Megawatts are calculated in accordance with Section III.3.2.2(f) of Market Rule 1.

Related Person is defined pursuant to Section 1.1 of the Participants Agreement.

Related Transaction is defined in Section III.1.4.3 of Market Rule 1.

Reliability Administration Service (RAS) is the service provided by the ISO, as described in Schedule 3 of Section IV.A of the Tariff, in order to administer the Reliability Markets and provide other reliability-related and informational functions.

Reliability Committee is the committee whose responsibilities are specified in Section 8.2.3 of the Participants Agreement.

Reliability Markets are, collectively, the ISO's administration of Regulation, the Forward Capacity Market, and Operating Reserve.

Reliability Region means any one of the regions identified on the ISO's website. Reliability Regions are intended to reflect the operating characteristics of, and the major transmission constraints on, the New England Transmission System.

Reliability Transmission Upgrade means those additions and upgrades not required by the interconnection of a generator that are nonetheless necessary to ensure the continued reliability of the New England Transmission System, taking into account load growth and known resource changes, and include those upgrades necessary to provide acceptable stability response, short circuit capability and system voltage levels, and those facilities required to provide adequate thermal capability and local voltage levels that cannot otherwise be achieved with reasonable assumptions for certain amounts of generation being unavailable (due to maintenance or forced outages) for purposes of long-term planning studies. Good Utility Practice, applicable reliability principles, guidelines, criteria, rules, procedures and standards of ERO and NPCC and any of their successors, applicable publicly available local reliability criteria, and the ISO System Rules, as they may be amended from time to time, will be used to define the system facilities required to maintain reliability in evaluating proposed Reliability Transmission Upgrades. A Reliability Transmission Upgrade may provide market efficiency benefits as well as reliability benefits to the New England Transmission System.

Remittance Advice is an issuance from the ISO for the net Payment owed to a Covered Entity where a Covered Entity's total Payments exceed its total Charges in a billing period.

Remittance Advice Date is the day on which the ISO issues a Remittance Advice.

Re-Offer Period is the period normally between 16:00 and 18:00 on the day before the Operating Day during which a Market Participant may submit revised Supply Offers, revised External Transactions, or revised Demand Bids associated with Dispatchable Asset Related Demands.

Replacement Reserve is described in Part III, Section VII of ISO New England Operating Procedure No. 8.

Request for Alternative Proposals (RFAP) is the request described in Attachment K of the OATT.

Requested Billing Adjustment (RBA) is defined in Section 6.1 of the ISO New England Billing Policy.

Required Balance is an amount as defined in Section 5.3 of the Billing Policy.

Reseller is a MGTSA holder that sells, assigns or transfers its rights under its MGTSA, as described in Section II.45.1(a) of the OATT.

Reserve Constraint Penalty Factors (RCPFs) are rates, in $/MWh, that are used within the Real-Time dispatch and pricing algorithm to reflect the value of Operating Reserve shortages and are defined in Section III.2.7A(c) of Market Rule 1.

Reserve Zone is defined in Section III.2.7 of Market Rule 1.

Reserved Capacity is the maximum amount of capacity and energy that is committed to the Transmission Customer for transmission over the New England Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II.C or Schedule 18, 20 or 21 of the OATT, as applicable. Reserved Capacity shall be expressed in terms of whole kilowatts on a sixty-minute interval (commencing on the clock hour) basis, or, in the case of Reserved Capacity for Local Point-to-Point Service, in terms of whole megawatts on a sixty-minute interval basis.

Resource means a generating unit, a Dispatchable Asset Related Demand, an External Resource or an External Transaction.

Restated New England Power Pool Agreement (RNA) is the Second Restated New England Power Pool Agreement, which restated for a second time by an amendment dated as of August 16, 2004 the New

England Power Pool Agreement dated September 1, 1971, as the same may be amended and restated from time to time, governing the relationship among the NEPOOL members.

Rest-of-Pool Capacity Zone is a single Capacity Zone made up of the adjacent Load Zones that are neither export-constrained nor import-constrained.

Rest of System is an area established under Section III.2.7(d) of Market Rule 1.

Retail Delivery Point is the point on the transmission or distribution system at which the load of an end-use facility, which is metered and assigned a unique account number by the Host Participant, is measured to determine the amount of energy delivered to the facility from the transmission and distribution system. If an end-use facility is connected to the transmission or distribution system at more than one location, the Retail Delivery Point shall consist of the metered load at each connection point, summed to measure the net energy delivered to the facility in each interval.

Returning Market Participant is a Market Participant, other than an FTR-Only Customer, a DRP-Only Customer or a Governance Only Member, whose previous membership as a Market Participant was involuntarily terminated due to a Financial Assurance Default or a payment default and, since returning, has been a Market Participant for less than six consecutive months.

Revenue Requirement is defined in Section IV.A.2.1 of the Tariff.

Reviewable Action is defined in Section III.D.1.1 of Appendix D of Market Rule 1.

Reviewable Determination is defined in Section 12.4(a) of Attachment K to the OATT.

RSP Project List is defined in Section 1 of Attachment K to the OATT.

RTEP02 Upgrade(s) means a Transmission Upgrade that was included in the annual NEPOOL Transmission Plan (also known as the "Regional Transmission Expansion Plan" or "RTEP") for the year 2002, as approved by ISO New England Inc.'s Board of Directors, or the functional equivalent of such Transmission Upgrade, as determined by ISO New England Inc. The RTEP02 Upgrades are listed in Schedule 12B of the OATT.

RTO is a regional transmission organization or comparable independent transmission organization that complies with Order No. 2000 and the Commission's corresponding regulation.

Same Reserve Zone Export Transaction is defined in Section III.1.10.7(f)(iii) of Market Rule 1.

Sanctionable Behavior is defined in Section III.B.3 of Appendix B of Market Rule 1.

Schedule, Schedules, Schedule 1, 2, 3, 4 and 5 are references to the individual or collective schedules to Section IV.A. of the Tariff.

Schedule 20A Service Provider (SSP) is defined in Schedule 20A to Section II of this Tariff.

Scheduling Service, for purposes of Section IV.A and Section IV.B of the Tariff, is the service described in Schedule 1 to Section IV.A of the Tariff.

Scheduling, System Control and Dispatch Service, for purposes of Section II of the Tariff, is the form of Ancillary Service described in Schedule 1 of the OATT.

Seasonal Claimed Capability is the summer or winter claimed capability of a generating unit or ISO-approved combination of units, and represent the maximum dependable load carrying ability of such unit or units, excluding capacity required for station use.

Seasonal DR Audit is a seasonal audit of the demand response capability of a Demand Resource initiated pursuant to Section III.13.6.1.5.4.1.

Seasonal Peak Demand Resource is a type of Demand Resource and shall mean installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that reduce the total amount of electrical energy consumed during Demand Resource Seasonal Peak Hours, while delivering a comparable or acceptable level of end-use service. Such measures include Energy Efficiency, Load Management, and Distributed Generation.

Section III.1.4 Transactions are defined in Section III.1.4.2 of Market Rule 1.

Section III.1.4 Conforming Transactions are defined in Section III.1.4.2 of Market Rule 1.

Security Agreement is Attachment 1 to the ISO New England Financial Assurance Policy.

Self-Schedule is the action of a Market Participant in committing and/or scheduling its Resource, in accordance with applicable ISO New England Manuals, to provide service in an hour, whether or not in the absence of that action the Resource would have been scheduled or dispatched by the ISO to provide the service.

Self-Scheduled MW is an amount, in megawatts, that is Self-Scheduled and is equal to the greater of: (i) the Resource's Economic Minimum Limit; or (ii) the Resource's Minimum Consumption Limit; or (iii) for a generating Resource for which the Regulation Self-Schedule flag is set for the hour and the unit was on Regulation for at least 20 minutes during the applicable hour of the Operating Day, the median value of all Regulation setpoints (Desired Dispatch Point) used by the Resource while regulating.

Self-Supplied FCA Resource is described in Section III.13.1.6 of Market Rule 1.

Senior Officer means an officer of the subject entity with the title of vice president (or similar office) or higher, or another officer designated in writing to the ISO by that office.

Service Agreement is a Transmission Service Agreement or an MPSA.

Service Commencement Date is the date service is to begin pursuant to the terms of an executed Service Agreement, or the date service begins in accordance with the sections of the OATT addressing the filing of unexecuted Service Agreements.

Services means, collectively, the Scheduling Service, EAS and RAS; individually, a Service.

Settlement Financial Assurance is an amount of financial assurance required from a Designated FTR Participant awarded a bid in an FTR Auction. This amount is calculated pursuant to Section VI.D of the ISO New England Financial Assurance Policy.

Settlement Only Resources are generators of less than 5 MW or otherwise eligible for Settlement Only Resource treatment as described in ISO New England Operating Procedure No. 14 and that have elected

Settlement Only Resource treatment as described in the ISO New England Manual for Registration and Performance Auditing.

Seven-Day Forecast has the meaning specified in Section III.H.3.3(a).

Shortage Event is defined in Section III.13.7.1.1.1 of Market Rule 1.

Shortage Event Availability Score is the average of the hourly availability scores for each hour or portion of an hour during a Shortage Event, as described in Section III.13.7.1.1.1.A of Market Rule 1.

Shortfall Funding Arrangement, as specified in Section 5.1 of the ISO New England Billing Policy, is a separate financing arrangement that can be used to make up any non-congestion related differences between amounts received on Invoices and amounts due for ISO Charges in any bill issued.

Short-Term is a period of less than one year.

Significantly Reduced Congestion Costs are defined in Section III.G.2.2 of Appendix G to Market Rule 1.

SMD Effective Date is March 1, 2003.

Solutions Study is described in Section 4.2(b) of Attachment K to the OATT.

Special Constraint Resource (SCR) is a Resource that provides Special Constraint Resource Service under Schedule 19 of the OATT.

Special Constraint Resource Service is the form of Ancillary Service described in Schedule 19 of the OATT.

Specified-Term Blackstart Capital Payment is the annual compensation level, as calculated pursuant to Section 5.1 of Schedule 16 of the OATT, for a Designated Blackstart Resource's capital Blackstart Equipment costs associated with the provision of Blackstart Service (except for capital costs associated with adhering to NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Stage One Proposal is a first round submission, as defined in Sections 4A.5 of Attachment K of the OATT, of a proposal for a Public Policy Transmission Upgrade by a Qualified Transmission Project Sponsor.

Stage Two Solution is a second round submission, as defined in Section 4A.5 of Attachment K of the OATT, of a proposal for a Public Policy Transmission Upgrade by a Qualified Transmission Project Sponsor.

Standard Blackstart Capital Payment is the annual compensation level, as calculated pursuant to Section 5.1 of Schedule 16 of the OATT, for a Designated Blackstart Resource's capital Blackstart Equipment costs associated with the provision of Blackstart Service (except for capital costs associated with adhering to NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Start-of-Round Price is the highest price associated with a round of a Forward Capacity Auction as described in Section III.13.2.3.1 of Market Rule 1.

Start-Up Fee is the amount, in dollars, that must be paid for a generating unit to Market Participants with an Ownership Share in the unit each time the unit is scheduled in the New England Markets to start-up.

State Estimator means the computer model of power flows specified in Section III.2.3 of Market Rule 1.

Statements, for the purpose of the ISO New England Billing Policy, refer to both Invoices and Remittance Advices.

Static De-List Bid is a bid that may be submitted by an Existing Generating Capacity Resource, Existing Import Capacity Resource, or Existing Demand Resource in the Forward Capacity Auction to remove itself from the capacity market for a one year period, as described in Section III.13.1.2.3.1.1 of Market Rule 1.

Station is one or more Existing Generating Capacity Resources consisting of one or more assets located within a common property boundary.

Station Going Forward Common Costs are the net risk-adjusted going forward costs associated with a Station that are avoided only by (1) the clearing of the Static De-List Bids or the Permanent De-List Bids of all the Existing Generating Capacity Resources comprising the Station; or (2) the acceptance of a Non-Price Retirement Request of the Station, calculated in the same manner as the net-risk adjusted going forward costs of Existing Generating Capacity Resources as described in Section III.13.1.2.3.2.1.2.

Station-level Blackstart O&M Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Station-level Specified-Term Blackstart Capital Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Station-level Standard Blackstart Capital Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Successful FCA is a Forward Capacity Auction in which a Capacity Zone has neither Inadequate Supply nor Insufficient Competition.

Summer ARA Qualified Capacity is described in Section III.13.4.2.1.2.1.1.1 of Market Rule 1.

Summer Capability Period means one of two time periods defined by the ISO for the purposes of rating and auditing resources. The time period associated with the Summer Capability Period is the period of June 1 through September 30.

Summer Intermittent Reliability Hours are defined in Section III.13.1.2.2.2.1(c) of Market Rule 1.

Supplemental Availability Bilateral is described in Section III.13.5.3.2 of Market Rule 1.

Supplemental Capacity Resources are described in Section III.13.5.3.1 of Market Rule 1.

Supplemented Capacity Resource is described in Section III.13.5.3.2 of Market Rule 1.

Supply Offer is a proposal to furnish energy at a Node or Regulation from a Resource that meets the applicable requirements set forth in the ISO New England Manuals submitted to the ISO by a Market Participant with authority to submit a Supply Offer for the Resource. The Supply Offer will be submitted pursuant to Market Rule 1 and applicable ISO New England Manuals, and include a price and information with respect to the quantity proposed to be furnished, technical parameters for the Resource, timing and other matters. A Supply Offer is a subset of the information required in a Market Participant's Offer Data.

Supply Offer Block-Hours are Block-Hours assigned to the Lead Market Participant for each Supply Offer. The daily bid Blocks in the price-based Real-Time offer/bid will be multiplied by the number of hours in the day to determine the quantity of Supply Offer Block-Hours for a given day. In the case that a Resource has a Real-Time unit status of "unavailable" for the entire day, that day will not contribute to the quantity of Supply Offer Block-Hours. However, if the Resource has at least one hour of the day with a unit status of "available," the entire day will contribute to the quantity of Supply Offer Block-Hours.

Synchronous Condenser is a generator that is synchronized to the grid but supplying no energy for the purpose of providing Operating Reserve or VAR or voltage support.

System Condition is a specified condition on the New England Transmission System or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm MTF or OTF Service on the MTF or the OTF using the curtailment priority pursuant to Section II.44 of the Tariff or Curtailment of Local Long-Term Firm Point-to-Point Transmission Service on the non-PTF using the curtailment priority pursuant to Schedule 21 of the Tariff. Such conditions must be identified in the Transmission Customer's Service Agreement.

System Impact Study is an assessment pursuant to Part II.B, II.C, II.G, Schedule 21, Schedule 22, or Schedule 23 of the OATT of (i) the adequacy of the PTF or Non-PTF to accommodate a request for the interconnection of a new or materially changed generating unit or a new or materially changed interconnection to another Control Area or new Regional Network Service or new Local Service or an Elective Transmission Upgrade, and (ii) whether any additional costs may be required to be incurred in order to provide the interconnection or transmission service.

System Operator shall mean ISO New England Inc. or a successor organization.

TADO is the total amount due and owing (not including any amounts due under Section 14.1 of the RNA) at such time to the ISO, NEPOOL, the PTOs, the Market Participants and the Non-Market Participant Transmission Customers, by all PTOs, Market Participants and Non-Market Participant Transmission Customers.

Tangible Net Worth is the value, determined in accordance with international accounting standards or generally accepted accounting principles in the United States, of all of that entity's assets less the following: (i) assets the ISO reasonably believes to be restricted or potentially unavailable to settle a claim in the event of a default (e.g., regulatory assets, restricted assets, and Affiliate assets), net of any matching liabilities, to the extent that the result of that netting is a positive value; (ii) derivative assets, net of any matching liabilities, to the extent that the result of that netting is a positive value; (iii) the amount at which the liabilities of the entity would be shown on a balance sheet in accordance with international accounting standards or generally accepted accounting principles in the United States; (iv) preferred stock: (v) non-controlling interest; and (vi) all of that entity's intangible assets (e.g., patents, trademarks, franchises, intellectual property, goodwill and any other assets not having a physical existence), in each case as shown on the most recent financial statements provided by such entity to the ISO.

Technical Committee is defined in Section 8.2 of the Participants Agreement.

Ten-Minute Non-Spinning Reserve (TMNSR) is the reserve capability of a generating unit that can be converted fully into energy within ten minutes from the request of the ISO, and is provided by generating units that are either electrically synchronized or not electrically synchronized to the New England Transmission System or the reserve capability of a Dispatchable Asset Related Demand that can be fully utilized within ten minutes from the request of the ISO to reduce consumption.

Ten-Minute Non-Spinning Reserve Service is the form of Ancillary Service described in Schedule 6 of the OATT.

Ten-Minute Spinning Reserve (TMSR) is the reserve capability of a generating unit that can be converted fully into energy within ten minutes from the request of the ISO or a Dispatchable Asset Related Demand pump that can reduce energy consumption to provide reserve capability within ten minutes from the request of the ISO, and is provided by generating units and Dispatchable Asset Related Demand pumps electrically synchronized to the New England Transmission System.

Ten-Minute Spinning Reserve Service is the form of Ancillary Service described in Schedule 5 of the OATT.

Third-Party Sale is any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Regional Network Load or Local Network Load under the Regional Network Service or Local Network Service, as applicable.

Thirty-Minute Operating Reserve (TMOR) means the reserve capability of a generating unit that can be converted fully into energy within thirty minutes from the request of the ISO, and is provided by generating units that are either not electrically synchronized or synchronized to the New England Transmission System or the reserve capability of a Dispatchable Asset Related Demand that can be fully utilized within thirty minutes from the request of the ISO to reduce consumption.

Thirty-Minute Operating Reserve Service is the form of Ancillary Service described in Schedule 7 of the OATT.

Through or Out Rate (TOUT Rate) is the rate per hour for Through or Out Service, as defined in Section II.25.2 of the OATT.

Through or Out Service (TOUT Service) means Point-To-Point Service over the PTF provided by the ISO with respect to a transaction that goes through the New England Control Area, as, for example, a single transaction where energy or capacity is transmitted into the New England Control Area from New Brunswick and subsequently out of the New England Control Area to New York, or a single transaction where energy or capacity is transmitted into the New England Control Area from New York through one point on the PTF and subsequently flows over the PTF prior to passing out of the New England Control Area to New York, or with respect to a transaction which originates at a point on the PTF and flows over the PTF prior to passing out of the New England Control Area, as, for example, from Boston to New York.

Tie-Line Asset is a physical transmission tie-line, or an inter-state or intra-state border arrangement created according to the ISO New England Manuals and registered in accordance with the Asset Registration Process.

Time-on-Regulation Credit is the credit associated with provision of Time-on-Regulation Megawatts and is calculated in accordance with Section III.3.2.2(b) of Market Rule 1.

Time-on-Regulation Megawatts is the amount of Regulation capability provided during one hour calculated in accordance with Section III.3.2.2(g) of Market Rule 1.

Total Available Amount is the sum of the available amount of the Shortfall Funding Arrangement and the balance in the Payment Default Shortfall Fund.

Total Blackstart Capital Payment is the annual compensation calculated under either Section 5.1 or Section 5.2 of Schedule 16 of the OATT, as applicable.

Total Blackstart O&M Payment is the annual compensation calculated under either Section 5.1 or 5.2 of Schedule 16 of the OATT, as applicable.

Total Blackstart Service Payments is monthly compensation to Blackstart Owners or Market Participants, as applicable, and as calculated pursuant to Section 5.6 of Schedule 16 to the OATT.

Total Negative Hourly Demand Response Resource Deviation means the absolute value of the sum of the negative Hourly Real-Time Demand Response Resource Deviations and negative Hourly Real-Time Emergency Generation Deviations from all Real-Time Demand Response Resources and Real-Time Emergency Generation Resources receiving Dispatch Instructions in the same hour in the same Load Zone or, starting on June 1, 2011, in the same Dispatch Zone.

Total Positive Hourly Demand Response Resource Deviation means the sum of the positive Hourly Real-Time Demand Response Resource Deviations and positive Hourly Real-Time Emergency Generation Deviations from all Real-Time Demand Response Resources and Real-Time Emergency Generation Resources receiving Dispatch Instructions in the same hour in the same Load Zone or, starting on June 1, 2011, in the same Dispatch Zone.

Total System Capacity is the aggregate capacity supply curve for the New England Control Area as determined in accordance with Section III.13.2.3.3 of Market Rule 1.

Transaction Unit (TU) is a type of billing determinant under Schedule 2 of Section IV.A of the Tariff used to assess charges to Customers.

Transition Period: The six-year period commencing on March 1, 1997.

Transmission Charges, for the purposes of the ISO New England Financial Assurance Policy and the ISO New England Billing Policy, are all charges and payments under Schedules 1, 8 and 9 of the OATT.

Transmission Congestion Credit means the allocated share of total Transmission Congestion Revenue credited to each holder of Financial Transmission Rights, calculated and allocated as specified in Section III.5.2 of Market Rule 1.

Transmission Congestion Revenue is defined in Section III.5.2.5(a) of Market Rule 1.

Transmission Credit Limit is a credit limit, not to be used to meet FTR Requirements, established for each Market Participant in accordance with Section II.D and each Non-Market Participant Transmission Customer in accordance with Section V.B.2 of the ISO New England Financial Assurance Policy.

Transmission Credit Test Percentage is calculated in accordance with Section III.B.1(c) of the ISO New England Financial Assurance Policy.

Transmission Customer is any Eligible Customer that (i) executes, on its own behalf or through its Designated Agent, an MPSA or TSA, or (ii) requests in writing, on its own behalf or through its Designated Agent, that the ISO, the Transmission Owner, or the Schedule 20A Service Provider, as applicable, file with the Commission, a proposed unexecuted MPSA or TSA containing terms and conditions deemed appropriate by the ISO (in consultation with the applicable PTO, OTO or Schedule 20A Service Provider) in order that the Eligible Customer may receive transmission service under Section II of this Tariff. A Transmission Customer under Section II of this Tariff includes a Market Participant or a Non-Market Participant taking Regional Network Service, Through or Out Service, MTF Service, OTF Service, Ancillary Services, or Local Service.

Transmission Default Amount is all or any part of any amount of Transmission Charges due to be paid by any Covered Entity that the ISO, in its reasonable opinion, believes will not or has not been paid when due.

Transmission Default Period is defined in Section 3.4.f of the ISO New England Billing Policy.

Transmission Late Payment Account is defined in Section 4.2 of the ISO New England Billing Policy.

Transmission Late Payment Account Limit is defined in Section 4.2 of the ISO New England Billing Policy.

Transmission Late Payment Charge is defined in Section 4.1 of the ISO New England Billing Policy.

Transmission, Markets and Services Tariff (Tariff) is the ISO New England Inc. Transmission, Markets and Services Tariff, as amended from time to time.

Transmission Obligations are determined in accordance with Section III.A(vi) of the ISO New England Financial Assurance Policy.

Transmission Operating Agreement (TOA) is the Transmission Operating Agreement between and among the ISO and the PTOs, as amended and restated from time to time.

Transmission Owner means a PTO, MTO or OTO.

Transmission Provider is the ISO for Regional Network Service and Through or Out Service as provided under Section II.B and II.C of the OATT; Cross-Sound Cable, LLC for Merchant Transmission Service as provided under Schedule 18 of the OATT; the Schedule 20A Service Providers for Phase I/II HVDC-TF Service as provided under Schedule 20A of the OATT; and the Participating Transmission Owners for Local Service as provided under Schedule 21 of the OATT.

Transmission Requirements are determined in accordance with Section III.A(iii) of the ISO New England Financial Assurance Policy.

Transmission Service Agreement (TSA) is the initial agreement and any amendments or supplements thereto: (A) in the form specified in either Attachment A or B to the OATT, entered into by the Transmission Customer and the ISO for Regional Network Service or Through or Out Service; (B) entered into by the Transmission Customer with the ISO and PTO in the form specified in Attachment A

to Schedule 21 of the OATT; (C) entered into by the Transmission Customer with an OTO or Schedule 20A Service Provider in the appropriate form specified under Schedule 20 of the OATT; or (D) entered into by the Transmission Customer with a MTO in the appropriate form specified under Schedule 18 of the OATT. A Transmission Service Agreement shall be required for Local Service, MTF Service and OTF Service, and shall be required for Regional Network Service and Through or Out Service if the Transmission Customer has not executed a MPSA.

Transmission Upgrade(s) means an upgrade, modification or addition to the PTF that becomes subject to the terms and conditions of the OATT governing rates and service on the PTF on or after January 1, 2004. This categorization and cost allocation of Transmission Upgrades shall be as provided for in Schedule 12 of the OATT.

UDS is unit dispatch system software.

Unconstrained Export Transaction is defined in Section III.1.10.7(f)(iv) of Market Rule 1.

Uncovered Default Amount is defined in Section 3.3(i) of the ISO New England Billing Policy.

Uncovered Transmission Default Amounts are defined in Section 3.4.f of the ISO New England Billing Policy.

Unrated means a Market Participant that is not a Rated Market Participant.

Unsecured Covered Entity is, collectively, an Unsecured Municipal Market Participant and an Unsecured Non-Municipal Covered Entity.

Unsecured Municipal Default Amount is defined in Section 3.3(i) of the ISO New England Billing Policy.

Unsecured Municipal Market Participant is defined in Section 3.3(h) of the ISO New England Billing Policy.

Unsecured Municipal Transmission Default Amount is defined in Section 3.4.f of the ISO New England Billing Policy.

Unsecured Non-Municipal Covered Entity is a Covered Entity that is not a Municipal Market Participant or a Non-Market Participant Transmission Customer and has a Market Credit Limit or Transmission Credit Limit of greater than $0 under the ISO New England Financial Assurance Policy.

Unsecured Non-Municipal Default Amount is defined in Section 3.3(i) of the ISO New England Billing Policy.

Unsecured Non-Municipal Transmission Default Amount is defined in Section 3.3(i) of the ISO New England Billing Policy.

Unsecured Transmission Default Amounts are, collectively, the Unsecured Municipal Transmission Default Amount and the Unsecured Non-Municipal Transmission Default Amount.

Updated Measurement and Verification Plan is an optional Measurement and Verification Plan that may be submitted as part of a subsequent qualification process for a Forward Capacity Auction prior to the beginning of the Capacity Commitment Period of the Demand Resource project. The Updated Measurement and Verification Plan may include updated Demand Resource project specifications, measurement and verification protocols, and performance data as described in Section III.13.1.4.3.1.2 of Market Rule 1 and the ISO New England Manuals.

VAR CC Rate is the CC rate paid to Qualified Reactive Resources for VAR Service capability under Section IV.A of Schedule 2 of the OATT.

VAR Payment is the payment made to Qualified Reactive Resources for VAR Service capability under Section IV.A of Schedule 2 of the OATT.

VAR Service is the provision of reactive power voltage support to the New England Transmission System by a Qualified Reactive Resource or by other generators that are dispatched by the ISO to provide dynamic reactive power as described in Schedule 2 of the OATT.

Virtual Requirements are determined in accordance with Section III.A(iv) of the ISO New England Financial Assurance Policy.

Volt Ampere Reactive (VAR) is a measurement of reactive power.

Volumetric Measure (VM) is a type of billing determinant under Schedule 2 of Section IV.A of the Tariff used to assess charges to Customers under Section IV.A of the Tariff.

Winter ARA Qualified Capacity is described in Section III.13.4.2.1.2.1.1.2 of Market Rule 1.

Winter Capability Period means one of two time periods defined by the ISO for the purposes of rating and auditing resources. The time period associated with the Winter Capability Period is the period October 1 through May 31.

Winter Intermittent Reliability Hours are defined in Section III.13.1.2.2.2.2(c) of Market Rule 1.

Year means a period of 365 or 366 days, whichever is appropriate, commencing on, or on the anniversary of March 1, 1997. Year One is the Year commencing on March 1, 1997, and Years Two and higher follow it in sequence.

Zonal Price is calculated in accordance with Section III.2.7 of Market Rule 1.

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Non-discriminatory open-access transmission service over the New England Transmission System is provided by the ISO under the terms and conditions of this OATT. Ancillary Services will be supplied by the ISO in accordance with Section II.4 of this OATT. The ISO acts as Counterparty for sales to its Customers of Regional Transmission Service and Ancillary Services, and as Counterparty with suppliers of Ancillary Services. The ISO offers Regional Transmission Service, as made available to the ISO under the terms of the TOA for provision to its Customers, at the rates established by the PTOs. Where Ancillary Services are initially supplied to the ISO by Market Participants for provision to the ISO's Customers, the ISO pays to or charges its Market Participants or Customers (as applicable) the amounts produced by the pertinent market clearing process or through the other pricing mechanisms described in the Tariff.

This OATT is intended to provide for comparable, non-discriminatory treatment of all similarly situated Transmission Owners, Qualified Transmission Project Sponsors and all Transmission Customers, and it shall be construed in the manner which best achieves this objective.

This OATT provides for a two-tier transmission arrangement integrating regional service which is provided by the ISO under this OATT, and Local Service which is provided by the PTOs under Schedule 21 of this OATT.

II.8 Billing and Invoicing; Accounting

II.8.1 Billing Procedure: Billings to Transmission Customers shall be made in accordance with this Section II.8, Schedules 18, 20 and 21 and the ISO New England Billing Policy, as applicable, and as may be supplemented by other billing procedures established pursuant to the TOA, a MTOA or an OTOA, as applicable.

II.8.2 Invoicing: Invoicing and payments are addressed in Attachments L1, L2, L3 and L4 to Section II of the Transmission, Markets and Services Tariff.

II.8.3 Interest on Unpaid Balances: Interest on any unpaid amounts (including amounts placed in escrow) will be calculated in accordance with the methodology specified for interest on refunds in 18 C.F.R. §35.19a(a)(2)(iii) of the Commission's regulations. Interest on delinquent amounts will be

calculated from the due date of the bill to the date of payment. Payments must be made by Electronic Funds Transfer or in immediately available funds.

II.8.4 Customer Default: In the event a Transmission Customer fails to make payment to the ISO for services under this OATT, other than under Schedules 18, 20 and 21 of this OATT, on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the ISO notifies the Transmission Customer to cure such failure, a default by the Transmission Customer will be deemed to exist under this OATT. Additional default provisions may apply as stated under the ISO New England Billing Policy, Exhibit ID to Section I of the Transmission, Markets and Services Tariff. Upon the occurrence of a default under this OATT, the ISO may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission approves such termination. In the event of a billing dispute between the ISO and the Transmission Customer, service will continue to be provided under a Service Agreement, and service termination proceedings will not be initiated as long as the Transmission Customer continues to make all payments invoiced by the ISO, including any disputed amounts, subject to resolution of such dispute in favor of such Transmission Customer. If the Transmission Customer fails to meet this requirement for continuation of service, then the ISO may provide notice to the Transmission Customer of the ISO's intention to suspend service in sixty days, in accordance with applicable Commission rules and regulations, and may proceed with such suspension.

II.8.5 Study Costs and Revenues: Transmission Owners shall (i) include in a separate operating revenue account or sub-account the revenues, if any, it receives from transmission service when making Third-Party Sales under Section II of the Tariff, and (ii) include in a separate transmission operating expense account or sub-account, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Owner conducts or is subcontracted to conduct to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including Third-Party Sales, if any, under this OATT; and include in a separate operating revenue account or sub-account the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in a billing under the OATT.

II.8.6 Billing and Invoicing For Other Services and Transactions: Billings and invoicing for MTF Service, OTF Service, Local Service, Excepted Transactions, Grandfathered Intertie Agreements and MEPCO Grandfathered Transmission Service Agreements will be made pursuant to the terms and conditions of Schedules 18, 20 and 21 of this OATT, Excepted Transactions, Grandfathered Intertie

Agreements or MEPCO Grandfathered Transmission Service Agreements under which service is provided.

II. 8.7 Study Costs and Revenues of a Non-Incumbent Transmission Developer: Non-Incumbent Transmission Developers that are not otherwise party to the TOA shall include in a separate transmission operating expense account or sub-account, costs properly chargeable to expenses that are incurred to perform studies for Stage One Proposals and Stage Two Solutions pursuant to Attachment K of this OATT; and include in a separate operating revenue account or sub-account the revenues received for such studies when such amounts are separately stated and identified in a billing under the OATT.

II.8.8 Refund Obligations and Surcharge Rights Associated With Adjustments to Regional and Local Rates: The ISO, PTOs and Non-Incumbent Transmission Developers shall (consistent with Attachment L4 to this OATT) calculate refunds from the PTOs or Non-Incumbent Transmission Developers to the ISO and/or surcharges by the PTOs or Non-Incumbent Transmission Developers to the ISO, which will be passed through by the ISO to its Customers, attributable to adjustments associated with charges under Attachment F and Schedules 1, 8, 9 and 13 of this OATT resulting from: (i) an audit of the regional rates; (ii) a Commission order, including, without limitation, orders approving settlements and letter orders or (iii) a billing correction. Any recalculations shall be made as though any such adjustments had been in effect as of the effective date of the required change(s), with interest to the extent required by applicable order or contract. The affected PTO(s) or Non-Incumbent Transmission Developer(s) shall individually calculate any refunds and/or surcharges associated with any changes in the rates under their respective Local Service Schedules or other rate recovery mechanisms, as appropriate. The ISO, PTOs and Non-Incumbent Transmission Developers shall, to the extent necessary, reasonably cooperate with each other in performing such recalculations. The refund obligations to the ISO associated with such adjustments to rates under Schedules 1, 8, 9 and 21 shall be several, and not joint, obligations and rights of the PTOs; the refund obligations to the ISO associated with such adjustments to rates under Schedule 13 shall be several, and not joint, obligations and rights of the Non-Incumbent Transmission Developers.

II.8.9 Creditworthiness: The creditworthiness procedures are specified in Attachments L1 through L4 to this OATT.

II.9 Regulatory Filings

Nothing contained in this OATT or any Service Agreement shall be construed as affecting in any way the right of the ISO, the Transmission Owners, a Schedule 20A Service Provider, or a Non-Incumbent Transmission Developer to file (as specified in and subject to the terms of the TOA, an MTOA, an OTOA or NTDOA, as applicable) with the Commission under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder for a change in any rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation.

Nothing contained in this OATT or any Service Agreement shall be construed as affecting in any way the ability of any Transmission Customer receiving service under this OATT, an Excepted Transaction, a Grandfathered Intertie Transaction or a MEPCO Grandfathered Transmission Service Agreement to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

II.21 Rates and Charges

II.21.1 Regional Network Service: Each Transmission Customer which has a load in the New England Control Area and takes Regional Network Service for a month shall be subject to the applicable provisions of Part II.B. of this OATT and shall pay to the ISO for such month an amount equal to its Monthly Regional Network Load for the month times the applicable Local Network RNS Rate, and shall pay in addition any amount which it is required to pay for the service pursuant to Section II.18.3 and Schedule 13 of this OATT. It shall also be obligated to pay for any Direct Assignment Facilities and its share of any new facilities or upgrades required to provide the requested service including applicable study costs to the extent they are consistent with Commission policy and Schedules 11 and 12, and any ancillary service charges and other charges and/or costs required to be paid pursuant to the Transmission, Markets and Services Tariff. The applicable Local Network RNS Rate shall be the rate, determined in accordance with Schedule 9 to this OATT, which is applicable to (i) a delivery to load in the particular Local Network in which the load served by the Transmission Customer is located, or (ii) to the extent that the ISO, after consultation with the affected PTOs, at the request of a PTO who owns the Local Network where the Regional Network Load is located, recognizes Regional Network Load to be the responsibility of another PTO, the applicable Local Network RNS Rate shall be the Local Network RNS Rate of the PTO responsible for such Regional Network Load. In the event the Transmission Customer serves Regional Network Load located on more than one Local Network, the amount to be paid by it shall be separately computed for the Regional Network Load located on each Local Network.

II.21.2 Determination of Network Customer's Monthly Regional Network Load: Network Customer's "Monthly Regional Network Load" is its hourly load (including its designated Regional Network Load not physically interconnected with the PTF under Section II.18.3 of this OATT) coincident with the coincident aggregate load of all Network Customers served in each Local Network in the hour in which the coincident load is at its maximum for the month ("Monthly Peak"). For Regional Network Load located within the New England Control Area, the Monthly Regional Network Load of all Network Customers within a Local Network shall be calculated by the associated PTO. For Regional Network Load located outside of the New England Control Area, the Monthly Regional Network Load of all Network Customers shall be calculated by the associated PTO (in consultation with the ISO and the associated Balancing Authority).

II.46 General

Additions to or modifications of the PTF may be required or permitted under this OATT, and be subject to related rights, obligations and procedures, in any of the following circumstances:

(a) An addition or modification may be required under Part II.B or Part II.C of the OATT in order to meet a new request for Regional Network Service or Through or Out Service. Where such an addition or modification is to be effected, the rights and obligations of the ISO, the PTOs and Transmission Customers shall be determined in accordance with the applicable provisions of Parts II.B and II.C of this OATT.

(b) An addition or modification may be required to permit the interconnection of a new or modified generating unit or the interconnection of an Elective Transmission Upgrade. Where such an addition or modification is to be effected, the rights and obligations of the ISO, the PTOs, and the Generator Owner or applicant for an Elective Transmission Upgrade, shall be determined in accordance with Section II.47 of this OATT and Schedules 11, 12, 22 and 23 to this OATT.

(c) A Reliability Transmission Upgrade, Market Efficiency Transmission Upgrade, NEMA Upgrade or Public Policy Transmission Upgrade may be required or proposed pursuant to a Regional System Plan and Attachment K of this OATT. Where a Reliability Transmission Upgrade, Market Efficiency Transmission Upgrade, NEMA Upgrade or Public Policy Transmission Upgrade is to be effected, the rights and obligations of the

ISO, the PTOs, Non-Incumbent Transmission Developers, and Transmission Customers shall be determined in accordance with the TOA, the NTDOA, Schedule 12 and Attachment K, as applicable.

(d) Consistent with reliability and safety standards, Transmission Owners, and operators of affected Local Control Centers in New England Control Area and the ISO will coordinate scheduled generation and transmission facility outages so as to minimize, to the extent practicable, Congestion Costs and Local Second Contingency Protection Resource NCPC Charges (as calculated pursuant to Market Rule 1) in accordance with the TOA, MTOA and applicable ISO New England Operating Procedures. The ISO shall provide Transmission Owners and the operators of the affected Local Control Centers with such information as is necessary to enable them to perform this function. Any information provided to Transmission Owners and the operators of the affected Local Control Centers pursuant to this provision will be subject to all the applicable requirements of the Commission's Order 889.

These provisions for PTF additions and modifications are not intended to be exclusive.
Nothing in this OATT is intended to preclude any entity from identifying and constructing Elective Transmission Upgrades on a merchant or other basis, so long as it obtains all required legal rights and approvals and satisfies applicable ISO and affected Transmission Owner requirements relating to such facilities.

An addition or modification under the TOA which constitutes PTF under the OATT shall become part of the PTF and shall be fully subject to this OATT, whether or not all or any part of the costs of the addition or modification are included in Pool Supported PTF costs. The transmission priorities, if any, with respect to the use of the addition or modification as among the owner and supporters of the addition or modification and other Transmission Customers shall be determined under Parts II.A to II.D, inclusive, of this OATT.

To the extent that a Generator Owner is responsible for the costs of a Generator Interconnection Related Upgrade or Elective Transmission Upgrade, or an entity other than a Generator Owner is responsible for costs of any other system upgrade, the Generator Owner or entity which supports part or all of the costs of the addition or modification shall be entitled to a share of any associated Incremental ARRs equivalent to the share of the total costs of such upgrade which it supports, as assigned and allocated in accordance with Appendix C of Market Rule 1. Any incremental FTRs resulting from Generator Interconnection

Related Upgrades or other upgrades shall be auctioned along with other FTRs in accordance with Section 7 of Market Rule 1.

If issues of cost allocation arise with respect to the recovery of any of the costs provided for in this Part II.G of this OATT, or in Schedules 9, 11, 12 or 13 to this OATT, such issues shall be subject to determination by the Commission in the appropriate proceeding.

II.49 Definition of PTF

PTF or Pool Transmission Facilities are the transmission facilities owned by PTOs, over which the ISO shall exercise Operating Authority in accordance with the terms set forth in the TOA, rated 69 kV or above required to allow energy from significant power sources to move freely on the New England Transmission System, and include:

1. All transmission lines and associated facilities owned by PTOs rated 69 kV and above, except for lines and associated facilities that (i) were not built as Public Policy Transmission Upgrades and (ii) contribute little or no parallel capability to the PTF. The following do not constitute PTF:

    (a) Unless they were built as part of a Public Policy Transmission Upgrade,

    i. Those lines and associated facilities which are required to serve local load only,

    ii. Generator leads, which are defined as radial transmission from a generation bus to the nearest point on the PTF; or

    iii. Lines that are normally operated open.

    (b) Lines and associated facilities that are classified as MTF or OTF.

2. All Public Policy Transmission Upgrades that are comprised of transmission lines rated 115 kV or above, and associated facilities rated 115kV or above, owned by PTOs, and identified pursuant to Attachment K to the OATT shall constitute PTF.

3. Parallel linkages in network stations owned by PTOs (including substation facilities such as transformers, circuit breakers and associated equipment) interconnecting the lines which constitute PTF.

4. If a PTOs with significant generation in its transmission and distribution system (initially 25 MW) is connected to the New England Transmission System and none of the transmission facilities owned by the PTO qualify to be included in PTF as defined in (1), (2) and (3) above, then such PTO's connection to PTF will constitute PTF if both of the following requirements are met for this connection:

(a) The connection is rated 69 kV or above.

(b) The connection is the principal transmission link between the PTO and the remainder of the PTF network.

5. Rights of way and land owned by PTOs required for the installation of facilities that constitute PTF under (1), (2), (3) or (4) above.

The ISO shall review at least annually the status of transmission lines and associated facilities and determine whether such facilities constitute PTF and shall prepare and keep current a schedule or catalogue of PTF facilities.

The following examples indicate the intent of the above definitions:

Unless they were built as part of a Public Policy Transmission Upgrade, radial tap lines to local load are excluded.

Lines which loop, from two geographically separate points on the PTF, the supply to a load bus from the PTF are included.

Lines which loop, from two geographically separate points on the PTF, the connections between a generator bus and the PTF are included

.

Radial connections or connections from a generating station to a single substation or switching station on the PTF are excluded, unless the requirements of paragraph (2) or (4) above are met.

Transmission facilities owned or supported by a Related Person of a PTO which are rated 69 kV or above and are required to allow Energy from significant power sources to move freely on the New England Transmission System shall also constitute PTF provided (i) such Related Person files with the ISO its consent to such treatment; and (ii) the ISO determines that treatment of the facilities as PTF will facilitate accomplishment of the ISO's objectives. If such facilities constitute PTF pursuant to this paragraph, they shall be treated as "owned" or "supported," as applicable, by a PTO for purposes of this OATT and the other provisions of the TOA, including the ability to include the cost associated with such PTF and any Transmission Support Expenses for support of PTF made by its Related Person in that PTO's Annual Transmission Revenue Requirements, pursuant to Attachment F of the OATT.

Of those transmission facilities that are upgrades, modifications or additions, on and after January 1, 2004, to the transmission system administered by the ISO under the Interim Independent System Operator Agreement, or to the New England Transmission System on or after the Operations Date, only those that: (i) are rated 115kV or above, and (ii) otherwise meet the non-voltage criteria specified in Section II.49 shall be classified as PTF. Those transmission facilities that were PTF pursuant to the Restated NEPOOL Agreement on December 31, 2003, and any upgrades to such facilities that meet the criteria specified in Section II.49, shall remain classified as PTF for all purposes under this Tariff.

SCHEDULE 12
TRANSMISSION COST ALLOCATION ON AND AFTER JANUARY 1, 2004

This Schedule 12 describes the cost allocation treatment of upgrades, modifications or additions to the transmission system in New England on and after January 1, 2004. Nothing in this Schedule 12 shall eliminate the PTF status of transmission facilities that were PTF on December 31, 2003; and any upgrades to such facilities that continue to meet the definition of PTF specified in this OATT shall be classified as PTF for all purposes under this OATT. The costs of all upgrades to the Highgate Transmission Facilities will be treated as HTF and allocated according to this schedule, as may be amended from time to time, provided that such HTF upgrades shall not be limited by Appendix B to Attachment F Implementation Rule under this OATT if classified as Regional Benefit Upgrades.

A. Process for Categorizing Upgrades for Cost Allocation:

Upgrades, modifications or additions to the New England Transmission System shall be categorized by the ISO, with advisory input from the Reliability Committee and the Planning Advisory Committee, as appropriate. A list of categorized Transmission Upgrades shall be made part of each annual and interim RSP, subject to the provisions of Attachment K of this OATT.

B. Transmission Cost Allocation By Category:

1. Generator Interconnection Related Upgrades:

The cost for all Generator Interconnection Related Upgrades shall be allocated pursuant to Schedule 11 of this OATT.

2. Elective Transmission Upgrades:

The cost for all Elective Transmission Upgrades shall not be included in the Pool-Supported PTF costs recoverable under this OATT, but shall be allocated solely to the entity or entities volunteering to make and pay for such Elective Transmission Upgrades.

3. NEMA Upgrades:

The cost for all NEMA Upgrades shall be included in the Pool-Supported PTF costs recoverable under this Tariff for so long as such Transmission Upgrades continue to meet the definition of PTF under this OATT and allocated to Transmission Customers taking service under this OATT.

4. RTEP02 Upgrades:

The costs for all RTEP02 Upgrades placed in service on or before December 20, 2007, shall be included in the Pool-Supported PTF costs recoverable under this OATT for so long as such Transmission Upgrades continue to meet the definition of PTF under this OATT and allocated to Transmission Customers taking service under this OATT.

5. Regional Benefit Upgrades:

The cost for all Regional Benefit Upgrades, as well as all transmission facilities that were PTF as of December 31, 2003 and upgrades to such facilities that meet the definition of PTF under this OATT, shall be included in the Pool-Supported PTF costs recoverable under this OATT for so long as such Transmission Upgrades and such existing PTF continue to meet the definition of PTF under this OATT and allocated to Transmission Customers taking service under this OATT. Market Efficiency Transmission Upgrades that are not RBUs shall not be included in the Pool-Supported PTF Costs recoverable under this OATT.

6. Public Policy Transmission Upgrade Costs:

The costs of Public Policy Transmission Upgrade(s) shall be allocated to the Regional Network Load for all opting-in states based on each state's respective load-ratio share of the Qualified Transmission Project Sponsors' proposal/solution costs for that project as set forth in Attachment K of the OATT. If an alternative cost allocation is specified in the NESCOE Public Policy Transmittal, costs will be allocated in accordance with mechanisms to implement such alternative cost allocation included in the Tariff and/or other documents filed with and accepted by the Commission by the applicable PTOs in accordance with the TOA or by a Qualified Transmission Project Sponsor that is not a PTO. If not already a party to the TOA, each Qualified Transmission Project Sponsor for a Public Policy Transmission Upgrade shall execute the TOA upon placing the upgrade into service. The revenue requirements for such Public Policy Transmission Upgrades shall be separately determined in accordance with the provisions of Attachment F to this OATT, subject to separate incentives or other modifications specifically approved by the Commission for such upgrades under Section 205 of the Federal Power Act.

7. Local Benefit Upgrades:

The cost for Local Benefit Upgrades shall not be included in the Pool-Supported PTF costs recoverable under this OATT.

8. Localized Costs:

Localized Costs shall not be included in the Pool-Supported PTF costs recoverable under this OATT, but instead the responsibility for Localized Costs related to any RTEP02 Upgrades and any Regional Benefit Upgrades shall be the responsibility of the entity or entities causing or subject to such Localized Costs. The System Operator, in accordance with Schedule 12C of this OATT, shall review RTEP02 Upgrades and Regional Benefit Upgrades and identify any Localized Costs associated with them.

9. Merchant Transmission Facilities Cost Allocation

The cost of all Merchant Transmission Facilities, including the cost of Transmission Upgrades required to interconnect the Merchant Transmission Facilities to the PTF, shall be the responsibility of the developer of the Merchant Transmission Facilities, and shall not be included in the Pool-Supported PTF costs recoverable under this OATT.

SCHEDULE 13

RECOVERY OF PUBLIC POLICY TRANSMISSION COSTS BY NON-INCUMBENT TRANSMISSION DEVELOPERS

1. Applicability

1.1 Use by Non-Incumbent Transmission Developers

This schedule is to be utilized by Non-Incumbent Transmission Developers that: (i) are not also Participating Transmission Owners, and (ii) are Qualified Transmission Project Sponsors. This schedule is designed to enable the recovery of all prudently incurred costs, to the extent permitted in Section 4A of Attachment K to this OATT, related to preparation of Stage One Proposals and Stage Two Solutions, and the recovery of "construction work in progress" costs stemming from the PTF transmission facilities associated with a Public Policy Transmission Upgrade.

1.2 Costs Recovered Under Schedule 13 May Not Also Be Recovered Through Another Schedule

Any costs recovered by the Non-Incumbent Transmission Developer under this Schedule 13 cannot also be recovered under another Schedule to this OATT.

1.3 Transfer of Unrecovered Costs Upon Execution of the Transmission Operating Agreement

Following the execution of the Transmission Operating Agreement by the Non-Incumbent Transmission Developer, any costs approved pursuant to Section 4A of Attachment K to this OATT that are not already recovered under this Schedule 13 may be recovered under the appropriate cost recovery mechanism set forth in this OATT.

2. Stage One Proposal and Stage Two Solution Costs

2.1 Section 205 Rate Filing

Prior to recovering any Stage One Proposal or Stage Two Solution costs that are subject to recovery in accordance with Section 4A of Attachment K to this OATT, a Non-Incumbent Transmission Developer shall submit a filing with the Commission pursuant to Section 205 of the Federal Power Act requesting approval of the actual Stage One Proposal or Stage Two Solution costs and the period of time over which the costs are to be recovered. Upon approval by the Commission, such terms of recovery shall be included in discrete schedules to this Schedule 13. The Non-Incumbent Transmission Developer shall notify the ISO of the Commission-approved

Stage One Proposal and Stage Two Solution costs and the applicable recovery period recognized in the Commission Order.

2.2 Invoicing and Collection by ISO

The ISO acts as counterparty for the billing and collection agent on behalf of Non-Incumbent Transmission Developers for recovery of their Commission-approved Stage One Proposal and Stage Two Solution costs, in accordance with Section 4A of Attachment K to this OATT and the applicable NESCOE Public Policy Transmittal. Upon notification from a Non-Incumbent Transmission Developer of the Commission Order approving costs for recovery, the ISO shall allocate and invoice such costs as identified in Section 4A of Attachment K.

3. Construction Work in Progress Costs

3.1 Section 205 Rate Filing

In accordance with the terms of the Non-Incumbent Transmission Developer Operating Agreement and the applicable NESCOE Public Policy Transmittal, a Non-Incumbent Transmission Developer may submit filings to the Commission pursuant to Section 205 of the Federal Power Act for recovery of its "construction work in progress" costs of the PTF transmission facilities associated with a Public Policy Transmission Upgrade. Upon approval by the Commission, such terms of recovery shall be included in discrete schedules to this Schedule 13.

SCHEDULE 14

[RESERVED]

SCHEDULE 22

LARGE GENERATOR INTERCONNECTION PROCEDURES

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APPENDIX 6 LARGE GENERATOR INTERCONNECTION AGREEMENT

APPENDIX 7 INTERCONNECTION PROCEDURES FOR WIND GENERATION

SECTION I. DEFINITIONS

The definitions contained in this section are intended to apply in the context of the generator interconnection process provided for in this Schedule 22 (and its appendices). To the extent that the definitions herein are different than those contained in Section I.2.2 of the Tariff, the definitions provided below shall control only for purposes of generator interconnections under this Schedule 22. Capitalized terms in Schedule 22 that are not defined in this Section I shall have the meanings specified in Section I.2.2 of the Tariff.

Administered Transmission System shall mean the PTF, the Non-PTF, and distribution facilities that are subject to the Tariff.

Adverse System Impact shall mean any significant negative effects on the stability, reliability or operating characteristics of the electric system.

Affected System shall mean any electric system that is within the Control Area, including, but not limited to, generator owned transmission facilities, or any other electric system that is not within the Control Area that may be affected by the proposed interconnection.

Affected Party shall mean the entity that owns, operates or controls an Affected System, or any other entity that otherwise may be a necessary party to the interconnection process.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the reliability council applicable to the New England Transmission System.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the NPCC and the New England Control Area, including publicly available local reliability requirements of Interconnecting Transmission Owners or other Affected Parties.

At-Risk Expenditure shall mean money expended for the development of the Generating Facility that cannot be recouped if the Interconnection Customer were to withdraw the Interconnection Request for the Generating Facility. At-Risk Expenditure may include, but is not limited to, money expended on: (i) costs of federal, state, local, regional and town permits, (ii) Site Control, (iii) site-specific design and surveys, (iv) construction activities, and (v) non-refundable deposits for major equipment components. For purposes of this definition, At-Risk Expenditure shall not include costs associated with the Interconnection Studies.

Base Case shall have the meaning specified in Section 2.3.

Base Case Data shall mean the Base Case power flow, short circuit, and stability data bases used for the Interconnection Studies by the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Capacity Capability Interconnection Standard ("CC Interconnection Standard") shall mean the criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, and in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other Capacity Network Resources, as detailed in the ISO New England Planning Procedures.

Capacity Network Resource ("CNR") shall mean that portion of a Generating Facility that is interconnected to the Administered Transmission System under the Capacity Capability Interconnection Standard.

Capacity Network Resource Capability ("CNR Capability") shall mean: (i) in the case of a Generating Facility that is a New Generating Capacity Resource pursuant to Section III.13.1 of the Tariff or an Existing Generating Capacity Resource that is increasing its capability pursuant to Section III.13.1.2.2.5 of the Tariff, the highest megawatt amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff, and, if applicable, as specified in a filing by the System Operator with the Commission in accordance with Section III.13.8.2 of the Tariff, or (ii) in the case of a Generating Facility that meets the criteria under Section 5.2.3 of this LGIP, the total megawatt amount determined pursuant to the hierarchy established in Section 5.2.3. The CNR Capability shall not exceed the maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter. Where the Generating Facility includes multiple production devices, the CNR Capability shall not exceed the aggregate maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter.

Capacity Network Resource Group Study ("CNR Group Study") shall mean the study performed by the System Operator under Section III.13.1.1.2.3 of the Tariff to determine which resources qualify to participate in a Forward Capacity Auction.

Capacity Network Resource Interconnection Service ("CNR Interconnection Service") shall mean the Interconnection Service selected by the Interconnection Customer to interconnect its Large Generating Facility with the Administered Transmission System in accordance with the Capacity Capability Interconnection Standard. An Interconnection Customer's CNR Interconnection Service shall be for the megawatt amount of CNR Capability. CNR Interconnection Service does not in and of itself convey transmission service.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise. Confidential Information shall include, but not be limited to, information that is confidential pursuant to the ISO New England Information Policy.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Interconnecting Transmission Owner's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to the Interconnecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by the Commission or if filed unexecuted, upon the date specified by the Commission.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is likely to endanger life or property; or (2) that, in the case of the Interconnecting Transmission Owner, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the

security of, or damage to the New England Transmission System, Interconnecting Transmission Owner's Interconnection Facilities or any Affected System to which the New England Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Engineering & Procurement ("E&P") Agreement shall mean an agreement that authorizes the Interconnection Customer, Interconnecting Transmission Owner and any other Affected Party to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Interconnecting Transmission Owner's Interconnection Facilities to obtain back feed power.

Interconnecting Transmission Owner shall mean a Transmission Owner that owns, leases or otherwise possesses an interest in, or a Non-Incumbent Transmission Developer that is not a Participating Transmission Owner that is constructing, a portion of the Administered Transmission System at the Point of Interconnection and shall be a Party to the Standard Large Generator Interconnection Agreement. The term Interconnecting Transmission Owner shall not be read to include the System Operator.

Interconnecting Transmission Owner's Interconnection Facilities shall mean all facilities and equipment owned, controlled, or operated by the Interconnecting Transmission Owner from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Interconnecting Transmission Owner's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Customer shall mean any entity, including a transmission owner or its Affiliates or subsidiaries, that interconnects or proposes to interconnect its Generating Facility with the Administered Transmission System under the Standard Large Generator Interconnection Procedures.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located

between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Administered Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Interconnecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Administered Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the System Operator, Interconnecting Transmission Owner, or a third party consultant for the Interconnection Customer to determine a list of facilities (including Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Administered Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Administered Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures. The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study, or as part of the Interconnection System Impact Study. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 6 and Section 7.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to: (i) interconnect a new Generating Facility to the Administered Transmission System as either a CNR or a NR; (ii) increase the energy capability or capacity capability of an existing Generation Facility; (iii) make a Material Modification to the design or operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected with the Administered Transmission System; (iv) commence participation in the wholesale markets by an existing Generating Facility that is interconnected with the Administered Transmission System; or (v) change from NR Interconnection Service to CNR Interconnection Service for all or part of a Generating Facility's capability. Interconnection Request shall not include: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility.

Interconnection Service shall mean the service provided by the System Operator, and the Interconnecting Transmission Owner, associated with interconnecting the Interconnection Customer's Generating Facility to the Administered Transmission System and enabling the receipt of electric energy capability and/or capacity capability from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, the Interconnection Facilities Study and the Optional Interconnection Study described in the Standard Large Generator Interconnection Procedures. Interconnection Study shall not include a CNR Group Study.

Interconnection Study Agreement shall mean any of the following agreements: the Interconnection Feasibility Study Agreement, the Interconnection System Impact Study Agreement, the Interconnection Facilities Study Agreement, and the Optional Interconnection Study Agreement attached to the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of the Administered Transmission System and any other Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on Adverse System Impacts, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 6 and Section 7.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Large Generating Facility shall mean a Generating Facility having a maximum gross capability at or above zero degrees F of more than 20 MW.

Long Lead Time Generating Facility ("Long Lead Facility") shall mean a Generating Facility with an Interconnection Request for CNR Interconnection Service that has, as applicable, elected or requested long lead time treatment and met the eligibility criteria and requirements specified in Section 3.2.3.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from another Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the Indemnifying Party.

Major Permits shall be as defined in Section III.13.1.1.2.2.2(a) of the Tariff.

Material Modification shall mean: (i) except as expressly provided in Section 4.4.1, those modifications to the Interconnection Request, including any of the technical data provided by the Interconnection Customer in Attachment A to the Interconnection Request or to the interconnection configuration, requested by the Interconnection Customer, that either require significant additional study of the same Interconnection Request and could substantially change the interconnection design, or have a material impact on the cost or timing of any Interconnection Studies or upgrades associated with an Interconnection Request with a later queue priority date; (ii) a change to the design or operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected with the Administered Transmission System that may have a significant adverse effect on the reliability or operating characteristics of the New England Transmission System; (iii) a delay to the Commercial Operation Date, In-Service Date, or Initial Synchronization Date of greater than three (3) years where the reason for delay is unrelated to construction schedules or permitting which delay is beyond the Interconnection Customer's control; (iv) except as provided in Section 3.2.3.4, a withdrawal of a request for Long Lead Facility treatment; or (v) except as provided in Section 3.2.3.6, an election to participate in an earlier Forward Capacity Auction than originally anticipated.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

Network Capability Interconnection Standard ("NC Interconnection Standard") shall mean the minimum criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, as detailed in the ISO New England Planning Procedures.

Network Resource ("NR") shall mean the portion of a Generating Facility that is interconnected to the Administered Transmission System under the Network Capability Interconnection Standard.

Network Resource Capability ("NR Capability") shall mean the maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. Where the Generating Facility includes multiple energy production devices, the NR Capability shall be the aggregate maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. The NR Capability shall be equal to or greater than the CNR Capability. In the case of a Generating Facility that

meets the criteria under Section 5.2.4 of this LGIP, the NR Capability shall mean the total megawatt amount determined pursuant to Section 5.2.4.

Network Resource Interconnection Service ("NR Interconnection Service") shall mean the Interconnection Service selected by the Interconnection Customer to interconnect its Generating Facility to the Administered Transmission System in accordance with the Network Capability Interconnection Standard. An Interconnection Customer's NR Interconnection Service shall be solely for the megawatt amount of the NR Capability. NR Interconnection Service in and of itself does not convey transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the New England Transmission System required at or beyond the Point of Interconnection to accommodate the interconnection of the Large Generating Facility to the Administered Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party shall mean the System Operator, Interconnection Customer and Interconnecting Transmission Owner or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Interconnecting Transmission Owner's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Administered Transmission System.

Queue Position shall mean the order of a valid request in the New England Control Area, relative to all other pending requests in the New England Control Area, that is established based upon the date and time of receipt of such request by the System Operator. Requests are comprised of Interconnection Requests, requests for Elective Transmission Upgrades, requests for transmission service and notification of requests for interconnection to other electric systems, as notified by the other electric systems, that impact the Administered Transmission System. For purposes of this LGIP, references to a "higher-queued" Interconnection Request shall mean one that has been received by System Operator (and placed in queue order) earlier than another Interconnection Request, which is referred to as "lower-queued."

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting between representatives of the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (a) that the Interconnection Customer is the owner in fee simple of the real property for which new interconnection is sought; (b) that the Interconnection Customer holds a valid written leasehold interest in the real property for which new interconnection is sought; (c) that the Interconnection Customer holds a valid written option to purchase or leasehold property for which new interconnection is sought; (d) that the Interconnection Customer holds a duly executed written contract to purchase or leasehold the real property for which new interconnection is sought; or (e) that the Interconnection Customer has filed applications for required permits to site on federal or state property.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the New England Transmission System during their

construction. The System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement ("LGIA") shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility, that is included in this Schedule 22 to the Tariff.

Standard Large Generator Interconnection Procedures ("LGIP") shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in this Schedule 22 to the Tariff.

System Protection Facilities shall mean the equipment, including necessary signal protection communications equipment, required to protect (1) the New England Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the New England Transmission System or on other delivery systems or other generating systems to which the New England Transmission System is directly connected.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

SECTION 2. SCOPE, APPLICATION AND TIME REQUIREMENTS.

2.1 Application of Standard Large Generator Interconnection Procedures.

The LGIP and LGIA shall apply to Interconnection Requests pertaining to Large Generating Facilities. Except as expressly provided in the LGIP and LGIA, nothing in the LGIP or LGIA shall be construed to limit the authority or obligations that the Interconnecting Transmission Owner or System Operator, as applicable, has with regard to ISO New England Operating Documents.

2.2. Comparability.

The System Operator shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this LGIP. The System Operator and Interconnecting Transmission Owner will use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Generating Facilities are owned by the Interconnecting Transmission Owner, its subsidiaries or Affiliates, or others.

2.3 Base Case Data.

System Operator, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, shall provide Base Case power flow, short circuit and stability databases, including all underlying assumptions, and contingency lists upon request to any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer. The recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy as well as any other applicable requirement under Applicable Laws and Regulations regulating disclosure or confidentiality of such information. System Operator is permitted to require that the third party consultant or non-market affiliate sign a confidentiality agreement before the release of information governed by Section 13.1 or the ISO New England Information Policy, or the release of any other information that is commercially sensitive or Critical Energy Infrastructure Information. To the extent that any applicable information is not covered by any applicable confidentiality/disclosure requirements, such information may be provided directly to the Interconnection Customer. Such databases and lists, hereinafter referred to as Base Cases, shall include all generation projects and transmission projects, including merchant transmission projects that are proposed for the New England Transmission System, for which a transmission expansion plan has been submitted and approved by the applicable authority. The Interconnection Customer, where applicable, shall provide Base Case Data to the Interconnecting Transmission Owner and System Operator to facilitate required Interconnection Studies.

2.4 No Applicability to Transmission Service.

Nothing in this LGIP shall constitute a request for, nor the provision of, any service except for Interconnection Service, including, but not limited to, transmission delivery service, local delivery service, distribution service, capacity service, energy service or Ancillary Services under any applicable tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.

2.5 Time Requirements.

Parties that must perform a specific obligation under a provision of the Standard Large Generator Interconnection Procedure or Standard Large Generator Interconnection Agreement within a specified time period shall use Reasonable Efforts to complete such obligation within the applicable time period. A Party may, in the exercise of reasonable discretion and within the time period set forth by the applicable

procedure or agreement, request that the relevant Party consent to a mutually agreeable alternative time schedule, such consent not to be unreasonably withheld.

SECTION 3. INTERCONNECTION REQUESTS.

3.1 General.

To initiate an Interconnection Request, an Interconnection Customer must comply with all of the requirements set forth in Section 3.3.1. The Interconnection Customer shall submit a separate Interconnection Request for each site and may submit multiple Interconnection Requests for a single site. The Interconnection Customer must comply with the requirements specified in Section 3.3.1 for each Interconnection Request even when more than one request is submitted for a single site.

Within three (3) Business Days after its receipt of a valid Interconnection Request, System Operator shall submit a copy of the Interconnection Request to Interconnecting Transmission Owner.

At Interconnection Customer's option, System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, will identify alternative Point(s) of Interconnection and configurations at the Scoping Meeting to evaluate in this process and attempt to eliminate alternatives in a reasonable fashion given resources and information available. Interconnection Customer will select the definitive Point(s) of Interconnection to be studied no later than the execution of the Interconnection Feasibility Study Agreement, or the Interconnection System Impact Study Agreement if the Interconnection Customer elects not to pursue the Interconnection Feasibility Study.

3.2 Type of Interconnection Services and Long Lead Time Generating Facility Treatment

At the time the Interconnection Request is submitted, the Interconnection Customer must request either CNR Interconnection Service or NR Interconnection Service, as described in Sections 3.2.1 and 3.2.2 below. An Interconnection Customer that meets the requirements to obtain CNR Interconnection Service shall obtain NR Interconnection Service up to the NR Capability upon completion of all requirements for NR Interconnection Service, including all necessary upgrades. Upon completion of all requirements for the CNR Interconnection Service, the Interconnection Customer shall also receive CNR Interconnection Service for CNR Capability. An Interconnection Customer that meets the requirements to obtain NR Interconnection Service shall receive NR Interconnection Service for the Interconnection Customer's NR Capability. At the time the Interconnection Request is submitted, the Interconnection Customer may also request Long Lead Facility treatment in accordance with Section 3.2.3.

3.2.1 Capacity Network Resource Interconnection Service

3.2.1.1 The Product.

The System Operator must conduct the necessary studies in conjunction with the Interconnecting Transmission Owner, and with other Affected Parties as appropriate and in accordance with applicable codes of conduct and confidentiality requirements, and the Interconnecting Transmission Owner and other Affected Parties as appropriate must construct the Network Upgrades needed to interconnect the Large Generating Facility in a manner comparable to that in which CNRs are interconnected under the CC Interconnection Standard. CNR Interconnection Service allows the Interconnection Customer's Large Generating Facility to be designated as a CNR, and to participate in the New England Markets, in accordance with Market Rule 1, Section III of the Tariff, up to the CNR Capability or as otherwise provided in the Tariff, on the same basis as existing CNRs, and to be studied as a CNR on the assumption that such a designation will occur.

3.2.1.2 The Studies.

All Interconnection Studies for CNR Interconnection Service shall assure that the Interconnection Customer's Large Generating Facility satisfies the minimum characteristics required to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the unit. The CNR Group Study for CNR Interconnection Service shall assure that the Interconnection Customer's Large Generating Facility can be interconnected in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other CNRs, in accordance with the CC Interconnection Standard and as detailed in the ISO New England Planning Procedures. The System Operator, in coordination with the Interconnecting Transmission Owner, may also study the New England Transmission System under non-peak load conditions. However, upon request by the Interconnection Customer, the System Operator and as appropriate the Interconnecting Transmission Owner must explain in writing to the Interconnection Customer why the study of non-peak load conditions is required for reliability purposes.

3.2.1.3 Milestones for CNR Interconnection Service.

In addition to the requirements set forth in this LGIP, an Interconnection Customer with an Interconnection Request for CNR Interconnection Service shall complete the following milestones prior to receiving CNR Interconnection Service for the CNR Capability, such milestones to be specified in Appendix B of the LGIA, as either completed or to be completed: (i) submit the necessary requests for participation in the Forward Capacity Auction associated with the Generating Facility's requested Commercial Operation Date (except as modified pursuant to Sections 3.2.3 or 4.4 of this LGIP), in

accordance with the provisions of Section III.13 of the Tariff; (ii) participate in a CNR Group Study for the Forward Capacity Auction associated with the requested Generating Facility's Commercial Operation Date; (iii) qualify and receive a Capacity Supply Obligation in accordance with Section III.13 of the Tariff; and (iv) complete a re-study of the applicable Interconnection Study to determine the cost responsibility for facilities and upgrades necessary to accommodate the Interconnection Request based on the results of the Forward Capacity Auction or Reconfiguration Auction or bilateral transaction through which the Interconnection Customer received a Capacity Supply Obligation. With respect to (iv) above, if an Interconnection Study has been completed, the completed Interconnection Study shall be subject to re-study, in accordance with the re-study provisions in this LGIP. If an Interconnection Study Agreement has been executed, the Interconnection Study associated with the Interconnection Study Agreement shall include the necessary analysis that would otherwise have been performed in a re-study. If an LGIA has been either executed or filed with the Commission in unexecuted form, then the last Interconnection Study completed for the Interconnection Customer under this LGIP shall be subject to re-study. The Appendices to the LGIA shall be amended (pursuant to Article 30 of the LGIA) to reflect CNR Capability and the results of the re-study.

3.2.2 Network Resource Interconnection Service

3.2.2.1 The Product.

The System Operator must conduct the necessary studies in conjunction with the Interconnecting Transmission Owner, and with other Affected Parties as appropriate and in accordance with applicable codes of conduct and confidentiality requirements, and the Interconnecting Transmission Owner and other Affected Parties as appropriate must construct the Network Upgrades needed to interconnect the Large Generating Facility in a manner comparable to that in which Network Resources are interconnected under the NC Interconnection Standard. NR Interconnection Service allows the Interconnection Customer's Large Generating Facility to participate in the New England Markets, in accordance with the provisions of Market Rule 1, Section III of the Tariff, up to the gross and net NR Capability or as otherwise provided in Market Rule 1, Section III of the Tariff, on the same basis as other Network Resources. Notwithstanding the above, the portion of a Large Generating Facility that has been designated as a Network Resource interconnected under the NC Interconnection Standard cannot be a capacity resource under Section III.13 of the Tariff, except pursuant to a new Interconnection Request for CNR Interconnection Service.

3.2.2.2 The Studies.

The Interconnection Studies for an Network Resource shall assure that the Interconnection Customer's Large Generating Facility satisfies the minimum characteristics required to interconnect in a manner that avoids any significant adverse effect on reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the unit, in accordance with the NC Interconnection Standard and as detailed in the ISO New

England Planning Procedures. The System Operator, in coordination with the Interconnecting Transmission Owner, may also study the New England Transmission System under non-peak load conditions. However, upon request by the Interconnection Customer, the System Operator and as appropriate the Interconnecting Transmission Owner must explain in writing to the Interconnection Customer why the study of non-peak load conditions is required for reliability purposes.

3.2.2.3 Milestones for NR Interconnection Service.

An Interconnection Customer with an Interconnection Request for NR Interconnection Service shall complete the requirements in this LGIP prior to receiving NR Interconnection Service.

3.2.3 Long Lead Time Generating Facility Treatment

3.2.3.1 Treatment of Long Lead Facilities.

Long Lead Facilities receive the treatment described herein in connection with the associated request of the Interconnection Customer for CNR Interconnection Service for its Generating Facility. Long Lead Facility treatment provides for the Interconnection Customer's Generating Facility, after the completion of the Interconnection System Impact Study, to be modeled in the Base Cases for the next CNR Group Study to determine whether the Long Lead Facility would have qualified to participate in the Forward Capacity Auction associated with that CNR Group Study, in accordance with Section III.13.1.2 of the Tariff, but for its development cycle (which shall include development of required transmission upgrades). If the Long Lead Facility is deemed to qualify, the Long Lead Facility shall be included in the re-study pursuant to Section 3.2.1.3(iv) in order to determine the facilities and upgrades that would be necessary in order to accommodate the Interconnection Request of the Long Lead Facility, and for which costs the Interconnection Customer must be responsible. In order to maintain Long Lead Facility status, the Interconnection Customer must commit to the completion of these facilities and upgrades in time to allow the Long Lead Facility to achieve its Commercial Operation Date by the start of the associated Capacity Commitment Period. In addition, the Long Lead Facility will be treated as if it cleared as a New Generating Capacity Resource for the sole purpose of inclusion in the CNR Group Studies for the Forward Capacity Auctions that precede the Forward Capacity Auction for the Capacity Commitment Period by which the Long Lead Facility is expected to have achieved Commercial Operation. If an earlier-queued Generating Facility obtains a Capacity Supply Obligation in a Forward Capacity Auction prior to or simultaneous with the Forward Capacity Auction in which the Long Lead Facility obtains a Capacity Supply Obligation, the Long Lead Facility will be re-studied in order to determine whether any additional facilities and upgrades to those identified prior to the CNR Group Study must be completed, at the Interconnection Customer's cost, prior to its Commercial Operation Date. A Long Lead Facility's cost responsibility for the facilities necessary to accommodate the Interconnection Request shall not be impacted by a Generating Facility with a Queue Position lower than the Long Lead Facility that clears in a Forward Capacity Auction, in accordance with Section III.13.2 of the Tariff, prior to the clearance of the Long Lead Facility.

3.2.3.2 Request for Long Lead Facility Treatment.

An Interconnection Customer requesting CNR Interconnection Service for its proposed Generating Facility, which the Interconnection Customer projects to have a development cycle that would not be completed until after the beginning of the Capacity Commitment Period associated with the next Forward Capacity Auction (after the election for the Long Lead Facility is made) may elect or request Long Lead Facility treatment in the following manner:

(a) An Interconnection Customer proposing a Generating Facility with a requested Summer net electrical output of 100 MW or more at or above 90 degrees F may elect Long Lead Facility treatment at the time the Interconnection Request is submitted, together with the critical path schedule and deposits required in Section 3.2.3.3.

(b) An Interconnection Customer proposing a Generating Facility with a requested Summer net electrical output under 100 MW at or above 90 degrees F may request Long Lead Facility treatment by submitting a written request to the System Operator for its review and approval, explaining why the Generating Facility cannot achieve Commercial Operation by the beginning of the Capacity Commitment Period associated with the next Forward Capacity Auction (after the election for Long Lead Facility treatment is made), together with the critical path schedule and deposits required in Section 3.2.3.3. In reviewing the request, the System Operator shall evaluate the feasibility of the Generating Facility achieving Commercial Operation to meet an earlier Capacity Commitment Period based on the information provided in the request and the critical path schedule submitted pursuant to Section 3.2.3.3, in a manner similar to that performed under Section III.13.3.2 of the Tariff. Within forty-five (45) Business Days after its receipt of the request for Long Lead Facility treatment, the System Operator shall notify the Interconnection Customer in writing whether the request has been granted or denied. If the System Operator determines that the Generating Facility can achieve a Commercial Operation Date prior to the beginning of the Capacity Commitment Period associated with the next Forward Capacity Auction, the Interconnection Customer's request shall be denied. The dispute resolution provisions of this LGIP are not available for disputes or claims associated with the ISO's determination to deny an Interconnection Customer's request for Long Lead Facility Treatment.

(c) An Interconnection Customer that did not request Long Lead Facility treatment at the time the Interconnection Request was submitted, may thereafter submit a request for treatment as a Long Lead Facility, together with the critical path schedule and deposits required in Section 3.2.3.3 and, if applicable, a request for an extension of the Commercial Operation Date specified in the Interconnection Request in accordance with Sections 4.4.4 and 4.4.5. A request for Long Lead Facility treatment that is submitted after the initial Interconnection Request will not be eligible to participate in any Forward Capacity Auction prior to the Forward Capacity Auction

associated with the extended Commercial Operation Date. The Long Lead Facility will be modeled in the Base Cases for the CNR Study Group associated with the near term Forward Capacity Auction unless that CNR Study Group is underway, in which case the Long Lead Facility will be modeled in the next CNR Study Group.

3.2.3.3 Critical Path Schedule and Deposits for Long Lead Facility Treatment.

At the time an Interconnection Customer submits an election or request for Long Lead Facility treatment, the Interconnection Customer must submit, together with the request:

(1) Critical Path Schedule. A critical path schedule, in writing, for the Long Lead Facility (with a development cycle that would not be completed until after the beginning of the Capacity Commitment Period associated with the next Forward Capacity Auction (after the election for the Long Lead Facility is made)) that meets the requirements set forth in Section III.13.1.1.2.2.2 of the Tariff. The Interconnection Customer must submit annually, in writing, an updated critical path schedule to the System Operator by the closing deadline of each New Capacity Show of Interest Submission Window that precedes the Forward Capacity Auction associated with the Capacity Commitment Period by which the Long Lead Facility is expected to have achieved Commercial Operation, prior to the inclusion of the Long Lead Facility in the Base Case for the CNR Group Study associated with the corresponding New Capacity Show of Interest Submission Window. With its annual update, for each critical path schedule milestone achieved since the submission of the previous critical path schedule update, the Interconnection Customer must include in the critical path update documentation demonstrating that the milestone has been achieved by the date indicated and as otherwise described in the critical path schedule.

(2) Long Lead Facility Deposits.

(a) Deposits. In addition to the deposits required elsewhere in this LGIP, at the time of its request for Long Lead Facility treatment, in accordance with Section 3.2.3.3, and by each deadline for which a New Generating Capacity Resource is required to provide financial assurance under Section III.13.1.9.1 of the Tariff, the Interconnection Customer must provide a separate deposit in the amount of 0.25*Cost of New Entry*requested summer net capacity. For each calculation of the deposit, the System Operator shall use the CONE in effect for the upcoming Forward Capacity Auction at the time of that calculation, pursuant to Section III.13.2.4 of the Tariff. The total amount of deposits shall not exceed the total amount of financial assurance that the Long Lead Facility would be required to provide if cleared in the upcoming Forward Capacity Auction, in accordance with Section III.13.1.9.1 of the Tariff. The Long Lead Facility deposits will be fully refunded (with interest to be calculated in accordance with Section 3.6) (i) if the Interconnection Customer withdraws the Interconnection Request, pursuant to

Section 3.6, within thirty (30) Calendar Days of the Scoping Meeting or of the completion of the System Impact Study (including restudy of the System Impact Study), pursuant to Section 7, or (ii) once the Long Lead Facility clears in a Forward Capacity Auction.

(b) Reductions. Ten (10) percent of the Long Lead Facility deposits collected pursuant to Section 3.2.3.3(2)(a) shall be non-refundable if the Interconnection Customer withdraws its Interconnection Request (except as provided in Section 3.2.3.3(2)(a)) after the Long Lead Facility fails to qualify or qualifies and fails to clear in the Forward Capacity Auction that follows the first Forward Capacity Auction for which it could qualify based on the Commercial Operation Date specified in the initial critical path schedule for the Long Lead Facility. An additional five (5) percent of the Long Lead Facility deposits collected pursuant to Section 3.2.3.3(2)(a) shall be non-refundable if the Interconnection Customer withdraws its Interconnection Request (except as provided in Section 3.2.3.3(2)(a)) following each subsequent Forward Capacity Auction in which the Long Lead Facility fails to qualify or qualifies and fails to clear such Forward Capacity Auction, not to exceed the maximum period allowed under Sections 3.3.1, 4.4.4 and 4.4.5. The non-refundable portions of the deposits shall be credited to the revenue requirements under Schedule 1 of Section IV of the Tariff.

3.2.3.4 Withdrawal and Refunds After Expenditures for Upgrades.

An Interconnection Customer that provides documentation in the critical path schedule update to be submitted in accordance with Section 3.2.3.3(1), showing expenditures of the required amounts for upgrades identified in the Interconnection Studies for the Long Lead Facility, may submit a withdrawal of the Interconnection Request for the Long Lead Facility, in accordance with Section 3.6, at any time up to thirty (30) Calendar Days, after failure to clear in any Forward Capacity Auction. In such instance, the Interconnection Customer shall receive a refund from the System Operator of the Long Lead Facility deposits (with interest to be calculated in accordance with Section 3.6) as adjusted pursuant to 3.2.3.3(2), if appropriate, and from the Interconnecting Transmission Owner a refund of the payments for the upgrades that exceed the costs incurred by the Interconnecting Transmission Owner. If the Interconnection Customer withdraws only its election or request for Long Lead Facility treatment, such withdrawal will be considered a Material Modification and the Long Lead Facility will lose its Queue Position unless its withdrawal occurs within one of the thirty (30)-day periods described in Section 3.2.3.3(2) of this LGIP.

3.2.3.5 Additional Requirements to Maintain Long Lead Facility Treatment.

An Interconnection Customer with a Long Lead Facility must begin payment as required by the transmission expenditure schedule for the transmission upgrade costs that have been identified in the pertinent Interconnection Studies. The Interconnection Request for CNR Interconnection Service shall be deemed withdrawn under Section 3.6 if the Interconnection Customer fails to comply with the requirements for Long Lead Facility treatment, including the milestones specified in Section 3.2.1.4. In

this circumstance, the conditions specified in Appendix A of the LGIA for a Large Generating Facility that had an Interconnection Request of a Queue Position lower than the Long Lead Facility, but cleared in a Forward Capacity Auction prior to the Long Lead Facility, shall be removed.

3.2.3.6 Participation in Earlier Forward Capacity Auctions.

An Interconnection Customer with a Long Lead Facility may, without loss of Queue Position, elect to participate in an earlier Forward Capacity Auction than originally anticipated, but only if the election to accelerate is made to the System Operator in writing within thirty (30) Calendar Days of the Scoping Meeting or within thirty (30) Calendar Days of the completion of the System Impact Study (but before the Long Lead Facility and the results of the associated System Impact Study are incorporated into the Base Cases). Otherwise, such an election shall be considered a Material Modification.

3.3 Valid Interconnection Request.

3.3.1 Initiating an Interconnection Request.

To initiate an Interconnection Request, Interconnection Customer must submit all of the following to the System Operator: (i) an initial deposit of $50,000, (ii) a completed application in the form of Appendix 1, (iii) all information and deposits required under Section 3.2, and (iv) in the case of a request for CNR Interconnection Service, demonstration of Site Control or, in the case of a request for NR Interconnection Service, demonstration of Site Control or a posting of an additional deposit of $10,000. Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. The portions of the deposit of $50,000 that have not been applied as provided in this Section 3.3.1 shall be refundable if (i) the Interconnection Customer withdraws the Interconnection Request, pursuant to Section 3.6, within ten (10) Business Days of the Scoping Meeting, or (ii) if the Interconnection Customer executes an LGIA. Otherwise, any unused balance of the deposit of $50,000 shall be non-refundable and applied on a pro-rata basis to offset costs incurred by Interconnection Customers with lower Queue Positions that are subject to re-study, as determined by the System Operator in accordance with the provisions of this LGIP, as a result of the withdrawal of an Interconnection Request with a higher Queue Position.

The deposit of $50,000 shall be applied toward the costs incurred by the System Operator associated with the Interconnection Request and Long Lead Facility treatment, as well as, the costs of the Interconnection Feasibility Study and/or the Interconnection System Impact Study, including the cost of developing the study agreements and their attachments, and the cost of developing the LGIA.

If, in the case of a request for NR Interconnection Service, the Interconnection Customer demonstrates Site Control within the cure period specified in Section 3.3.3 after submitting its Interconnection Request, the additional deposit of $10,000 shall be refundable; otherwise, that deposit shall be applied as provided in Section 3.1, including, toward the costs of any Interconnection Studies pursuant to the Interconnection Request, the cost of developing the study agreement(s) and associated attachment(s), and the cost of developing the LGIA.

The expected Initial Synchronization Date of the new Large Generating Facility, of the increase in capacity of the existing Generating Facility, or of the implementation of the Material Modification to the existing Generating Facility shall not exceed seven (7) years from the date the Interconnection Request is received by the System Operator, unless the Interconnection

Customer demonstrates that such time required to actively engineer, permit and construct the new Large Generating Facility or increase in capacity of the existing Generating Facility or implement the Material Modification to the existing Generating Facility will take longer than the seven year period. Upon such demonstration, the Initial Synchronization Date may succeed the date the Interconnection Request is received by the System Operator by a period of greater than seven (7) years so long as the Interconnection Customer, System Operator, and Interconnecting Transmission Owner agree,; such agreement shall not be unreasonably withheld.

3.3.2 Acknowledgment of Interconnection Request.

System Operator shall acknowledge receipt of the Interconnection Request within five (5) Business Days of receipt of the request and attach a copy of the received Interconnection Request to the acknowledgement. With the System Operator's acknowledgement of a valid Interconnection Request, the System Operator shall provide to the Interconnection Customer an Interconnection Feasibility Study Agreement in the form of Appendix 2 or an Interconnection System Impact Study Agreement in the form of Appendix 3.

3.3.3 Deficiencies in Interconnection Request.

An Interconnection Request will not be considered to be a valid request until all items in Section 3.3.1 have been received by the System Operator. If an Interconnection Request fails to meet the requirements set forth in Section 3.3.1, the System Operator shall notify the Interconnection Customer within five (5) Business Days of receipt of the initial Interconnection Request of the reasons for such failure and that the Interconnection Request does not constitute a valid request. Interconnection Customer shall provide the System Operator the additional requested information needed to constitute a valid request within ten (10)

Business Days after receipt of such notice. Failure by Interconnection Customer to comply with this Section 3.3.3 shall be treated in accordance with Section 3.6.

3.3.4 Scoping Meeting.

Within ten (10) Business Days after receipt of a valid Interconnection Request, System Operator shall establish a date agreeable to Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, for a Scoping Meeting, and such date shall be no later than thirty (30) Calendar Days from receipt of the valid Interconnection Request, unless otherwise mutually agreed upon by the Parties.

The purpose of the Scoping Meeting shall be (i) to discuss the estimated timeline for completing all applicable Interconnection Studies, and alternative interconnection options, (ii) to exchange pertinent information including any transmission data that would reasonably be expected to impact such interconnection options, (iii) to analyze such information, (iv) to determine the potential feasible Points of Interconnection, and (v) to discuss any other information necessary to facilitate the administration of the Interconnection Procedures. If a PSCAD model is required, the Parties shall discuss this at the Scoping Meeting.

The Parties will bring to the meeting such technical data, including, but not limited to: (i) general facility loadings, (ii) general instability issues, (iii) information regarding general short circuit issues, (iv) general voltage issues, and (v) general reliability issues as may be reasonably required to accomplish the purpose of the meeting. The Parties will also bring to the meeting personnel and other resources as may be reasonably required to accomplish the purpose of the meeting in the time allocated for the meeting. On the basis of the meeting, Interconnection Customer shall designate its Point of Interconnection, pursuant to Section 6.1, and one or more available alternative Point(s) of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

Within five (5) Business Days following the Scoping Meeting Interconnection Customer shall notify the System Operator, in writing, (i) whether it wants the Interconnection Feasibility Study to be completed as a separate and distinct study or as part of the Interconnection System Impact Study; and (ii) the Point(s) of Interconnection and any reasonable alternative Point(s) of Interconnection for inclusion in the attachment to the Interconnection Feasibility Study Agreement, or the Interconnection System Impact Study Agreement if the Interconnection Customer elects not to pursue the Interconnection Feasibility Study.

3.4 OASIS Posting.

The System Operator will maintain on its OASIS a list of all Interconnection Requests in its Control Area. The list will identify, for each Interconnection Request: (i) the maximum summer and winter

megawatt electrical output; (ii) the location by county and state; (iii) the station or transmission line or lines where the interconnection will be made; (iv) the projected Initial Synchronization Date; (v) the status of the Interconnection Request, including Queue Position; (vi) the type of Interconnection Service being requested (i.e., CNR Interconnection Service or NR Interconnection Service); and (vii) the availability of any studies related to the Interconnection Request; (viii) the date of the Interconnection Request; (ix) the type of Generating Facility to be constructed (combined cycle, base load or combustion turbine and fuel type); and (x) for Interconnection Requests that have not resulted in a completed interconnection, an explanation as to why it was not completed. Except in the case of an Affiliate, the list will not disclose the identity of the Interconnection Customer until the Interconnection Customer executes an LGIA or requests that the System Operator and Interconnecting Transmission Owner jointly file an unexecuted LGIA with the Commission. Before participating in a Scoping Meeting with an Interconnection Customer that is also an Affiliate, the Interconnecting Transmission Owner shall post on OASIS an advance notice of its intent to do so. The System Operator shall post to its OASIS site any deviations from the study timelines set forth herein. Interconnection Study reports and Optional Interconnection Study reports shall be posted to the System Operator's OASIS site subsequent to the meeting between the System Operator, Interconnecting Transmission Owner, and Interconnection Customer to discuss the applicable study results. The System Operator shall also post any known deviations in the Large Generating Facility's Initial Synchronization Date.

3.5 Coordination with Affected Systems.

The System Operator will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected Parties and, if possible, include those results (if available) in its applicable Interconnection Study within the time frame specified in this LGIP. The System Operator will include such Affected Parties in all meetings held with the Interconnection Customer as required by this LGIP. The Interconnection Customer will cooperate with the System Operator and Interconnecting Transmission Owner in all matters related to the conduct of studies and the determination of modifications to Affected Systems. The Interconnection Customer shall be responsible for the costs associated with the studies or portions of studies associated with the Affected Systems. Payment and refunds associated with the costs of such studies will be coordinated between the Interconnection Customer and the Affected Party(ies).

The System Operator shall seek the cooperation of all Affected Parties in all matters related to the conduct of studies and the determination of modifications to Affected Systems. Nothing in the foregoing is intended to authorize the Interconnection Customer to receive interconnection, related facilities or other services on an Affected System, and provision of such services must be handled through separate arrangements with Affected Party(ies).

3.6 Withdrawal.

The Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to System Operator, which System Operator will transmit to Interconnecting Transmission Owner and any Affected Parties. In addition, if the Interconnection Customer fails to adhere to all requirements of this LGIP, except as provided in Section 13.5 (Disputes), the System Operator shall deem the Interconnection Request to be withdrawn and shall provide written notice to the Interconnection Customer of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, if the Interconnection Customer wishes to dispute the withdrawal notice, the Interconnection Customer shall have fifteen (15) Business Days, unless otherwise provided elsewhere in this LGIP, in which to either respond with information or actions that cure the deficiency or to notify the System Operator of its intent to pursue Dispute Resolution, and System Operator shall notify Interconnecting Transmission Owner and any Affected Parties of the same.

Withdrawal shall result in the loss of the Interconnection Customer's Queue Position. If an Interconnection Customer disputes the withdrawal and loss of its Queue Position, then during Dispute Resolution, the System Operator may eliminate the Interconnection Customer's Interconnection Request from the queue until such time that the outcome of Dispute Resolution would restore its Queue Position. An Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to System Operator, Interconnecting Transmission Owner, and any Affected Parties all costs prudently incurred with respect to that Interconnection Request prior to System Operator's receipt of notice described above. The Interconnection Customer must pay all monies due before it is allowed to obtain any Interconnection Study data or results.

The System Operator shall update the OASIS Queue Position posting. Except as otherwise provided elsewhere in this LGIP, the System Operator and the Interconnecting Transmission Owner shall arrange to refund to the Interconnection Customer any portion of the Interconnection Customer's deposit or study payments that exceeds the costs incurred, including interest calculated in accordance with section 35.19a(a)(2) of the Commission's regulations, or arrange to charge to the Interconnection Customer any amount of such costs incurred that exceed the Interconnection Customer's deposit or study payments, including interest calculated in accordance with section 35.19a(a)(2) of the Commission's regulations. In the event of such withdrawal, System Operator, subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information, shall provide, at Interconnection Customer's request, all information developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

SECTION 4. QUEUE POSITION.

4.1 General.

System Operator shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the

lack of required information on the application form, and Interconnection Customer provides such information in accordance with Section 3.3.3, then System Operator shall assign Interconnection Customer a Queue Position based on the date the application form was originally filed. A Material Modification pursuant to Section 4.4.2 shall be treated in accordance with Section 4.4.

Except as otherwise provided in this Section 4.4.1, the Queue Position of each Interconnection Request will be used to determine: (i) the order of performing the Interconnection Studies; (ii) the order in which CNR Interconnection Requests will be included in the CNR Group Study; and (iii) the cost responsibility for the facilities and upgrades necessary to accommodate the Interconnection Request. A higher queued Interconnection Request is one that has been placed "earlier" in the queue in relation to another Interconnection Request that is lower queued.

Where a CNR Interconnection Request with a lower Queue Position submits a New Capacity Show of Interest Form for qualification to participate in a particular Forward Capacity Auction for a Capacity Commitment Period and another CNR Interconnection Request with a higher Queue Position does not submit a New Capacity Show of Interest Form for qualification until a subsequent Forward Capacity Auction, the CNR Interconnection Request with the lower Queue Position will be included in the CNR Group Study prior to the CNR Interconnection Request with the higher Queue Position. The CNR Group Study (to be conducted in accordance with Section III.13.1.1.2.3 of the Tariff) shall include all Interconnection Requests for Capacity Network Resource Interconnection Service that have submitted a New Capacity Show of Interest Form during the New Capacity Show of Interest Submission Window for the purpose of qualification for participation in the same Forward Capacity Auction for a Capacity Commitment Period, in accordance with Section III.13.1.1.2 of the Tariff, as well as Long Lead Facilities, in accordance with Section 3.2.3. Participation in a CNR Group Study shall be a prerequisite for a Generating Facility seeking to qualify as a New Generating Capacity Resource under Section III.13.1 of the Tariff to obtain CNR Interconnection Service.

An Interconnection Customer with a CNR Interconnection Request for a Generating Facility that is treated as a Conditional Qualified New Generating Capacity Resource, in accordance with Section III.13.1.1.2.3(f) of the Tariff, may be responsible for the facilities and upgrades associated with an overlapping CNR Interconnection Request having a higher Queue Position if the Conditional Qualified New Generating Capacity Resource obtains a Capacity Supply Obligation through a Forward Capacity Auction under Section III.13.2.5 of the Tariff.

An Interconnection Customer with a lower queued CNR Interconnection Request for a Large Generating Facility that has achieved Commercial Operation and obtained a Capacity Supply Obligation through a Forward Capacity Auction may be responsible for additional facilities and upgrades if the related higher queued CNR Interconnection Request for a Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation through a Forward Capacity Auction. In such circumstance,

Appendix A to the LGIA for the lower queued CNR Interconnection Request shall specify the facilities and upgrades for which the Interconnection Customer shall be responsible if the higher queued CNR Interconnection Request for a Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation. System Operator may allocate the cost of the common upgrades for clustered Interconnection Requests, pursuant to Section 4.2, without regard to Queue Position.

4.2 Clustering.

At the System Operator's option, Interconnection Requests may be studied serially or in clusters for the purpose of the Interconnection System Impact Study.

Clustering shall be implemented on the basis of Queue Position. If the System Operator elects to study Interconnection Requests using Clustering, all Interconnection Requests received within a period not to exceed one hundred and eighty (180) Calendar Days, hereinafter referred to as the "Queue Cluster Window" shall be studied together. The deadline for completing all Interconnection System Impact Studies for which an Interconnection System Impact Study Agreement has been executed during a Queue Cluster Window shall be in accordance with Section 7.4, for all Interconnection Requests assigned to the same Queue Cluster Window. The Queue Cluster Window shall have a fixed time interval based on fixed annual opening and closing dates. Any changes to the established Queue Cluster Window interval and opening or closing dates shall be announced with a posting on System Operator's OASIS beginning at least one hundred and eighty (180) Calendar Days in advance of the change and continuing thereafter through the end date of the first Queue Cluster Window that is to be modified.

Clustering Interconnection System Impact Studies shall be conducted in such a manner to ensure the efficient implementation of the applicable regional transmission expansion plan in light of the New England Transmission System's capabilities at the time of each study. The System Operator may study an Interconnection Request separately to the extent warranted by Good Utility Practice based upon the electrical remoteness of the proposed Large Generating Facility.

4.3 Transferability of Queue Position.

An Interconnection Customer may transfer its Queue Position to another entity only if such entity acquires the specific Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change. The Interconnection Customer must notify the System Operator, in writing, of any transfers of Queue Position and must provide the System Operator with the transferee's contact information, and System Operator shall notify Interconnecting Transmission Owner and any Affected Parties of the same.

4.4 Modifications.

The Interconnection Customer shall submit to System Operator and Interconnecting Transmission Owner, in writing, modifications to any information provided in the Interconnection Request, including its attachments. The Interconnection Customer shall retain its Queue Position if the modifications are in accordance with Sections 4.4.1 or 4.4.4, or are determined not to be Material Modifications pursuant to Section 4.4.2. The System Operator will notify the Interconnecting Transmission Owner, and, when System Operator deems it appropriate in accordance with applicable codes of conduct and confidentiality requirements, it will notify any Affected Party of such modifications.

A request to: (1) increase the energy capability or capacity capability output of a Generating Facility above that specified in an Interconnection Request, an existing Interconnection Agreement (whether executed or filed in unexecuted form with the Commission), or as established pursuant to Section 5.2 of this LGIP shall require a new Interconnection Request for the incremental increase and such Interconnection Request will receive the lowest Queue Position available at that time for the purposes of cost allocation and study analysis; and (2) change from NR Interconnection Service to CNR Interconnection Service, at any time, shall require a new Interconnection Request for CNR Interconnection Service and such Interconnection Request will receive the lowest Queue Position available at that time for the purposes of cost allocation and study analysis. Notwithstanding the foregoing, in the circumstance in which the Interconnection Customer seeking New Generating Capacity Resource treatment for its Generating Facility (pursuant to Section III.13.1 of the Tariff) has offered into a Forward Capacity Auction the full megawatt amount for which the CNR Interconnection Service was requested in the original Interconnection Request (or as that amount has been modified in accordance with Section 4.4.1(a)), but the entire amount did not clear in that Auction, no new Interconnection Request will be required if the Interconnection Customer seeks to offer the uncleared amount in a subsequent Forward Capacity Auction for which the associated Capacity Commitment Period begins less than seven (7) years (or the years agreed to pursuant to Section 3.3.1 or Section 4.4.5) from the date of the original Interconnection Request.

During the course of the Interconnection Studies, either the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection, and the ability of the proposed change to accommodate the Interconnection Request. To the extent the identified changes are acceptable to the Parties, such acceptance not to be unreasonably withheld, System Operator and the Interconnecting Transmission Owner shall modify the Point of Interconnection and/or configuration in accordance with such changes and proceed with any re-studies necessary to do so in accordance with Section 6.4, Section 7.6 and Section 8.5 as applicable and Interconnection Customer shall retain its Queue Position.

4.4.1 Prior to the return of the executed Interconnection System Impact Study Agreement to System Operator, modifications permitted under this Section shall include specifically: (a) a decrease of up to 60 percent of electrical output (MW) of the proposed project; (b) modifying the technical parameters associated with the Large Generating Facility technology or the Large Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration.

4.4.2 Prior to making any modification other than those specifically permitted by Sections 4.4.1 and 4.4.4, Interconnection Customer may first request that the System Operator and Interconnecting Transmission Owner evaluate whether such modification is a Material Modification. In response to Interconnection Customer's request, the System Operator in consultation with the Interconnecting Transmission Owner, and in consultation with any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, shall evaluate, at the Interconnection Customer's cost, the proposed modifications prior to making them and the System Operator will inform the Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection, except those deemed acceptable under Sections 4.4.1, 6.1, 7.2 or so allowed elsewhere, shall constitute a Material Modification. The Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.

4.4.3 Upon receipt of Interconnection Customer's request for modification that does not constitute a Material Modification and therefore is permitted under this Section 4.4, the System Operator in consultation with the Interconnecting Transmission Owner and in consultation with any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, shall commence and perform any necessary additional studies as soon as practicable, but in no event shall the System Operator, Interconnecting Transmission Owner, or Affected Party commence such studies later than thirty (30) Calendar Days after receiving notice of Interconnection Customer's request. Any additional studies resulting from such modification shall be done at Interconnection Customer's cost.

4.4.4 Extensions of less than three (3) cumulative years in the Commercial Operation Date, In-Service Date or Initial Synchronization Date of the Large Generating Facility to which the Interconnection Request relates are not material and should be handled through construction sequencing, provided that the extension(s) do not exceed seven (7) years from the date the Interconnection Request was received by the System Operator.

4.4.5 Extensions of three (3) or more cumulative years in the Commercial Operation Date, In-Service Date or Initial Synchronization Date of the Large Generating Facility to which the Interconnection Request relates or any extension of a duration that results in the Initial Synchronization Date exceeding the date the Interconnection Request was received by the System Operator by seven (7) or more years is a

Material Modification unless the Interconnection Customer demonstrates to the System Operator due diligence, including At-Risk Expenditures, in pursuit of permitting, licensing and construction of the Large Generating Facility to meet the Commercial Operation Date, In-Service Date or Initial Synchronization Date provided in the Interconnection Request. Such demonstration shall be based on evidence to be provided by the Interconnection Customer of accomplishments in permitting, licensing, and construction in an effort to meet the Commercial Operation Date, In-Service Date or Initial Synchronization Date provided in this Interconnection Request. Such evidence may include filed documents, records of public hearings, governmental agency findings, documentation of actual construction progress or documentation acceptable to the System Operator showing At-Risk Expenditure made previously, including the previous four (4) months. If the evidence demonstrates that the Interconnection Customer did not undertake reasonable efforts to meet the Commercial Operation Date, In-Service Date or Initial Synchronization Date specified in the Interconnection Request, or demonstrates that reasonable efforts were not undertaken until four (4) months prior to the request for extension, the request for extension shall constitute a Material Modification. The Interconnection Customer may then withdraw the proposed Material Modification or proceed with a new Interconnection Request for such modification.

SECTION 5. PROCEDURES FOR TRANSITION.

5.1 Queue Position for Pending Requests.

5.1.1 Any Interconnection Customer assigned a Queue Position prior to February 1, 2009, shall retain that Queue Position subject to Section 4.4 of the LGIP.

5.1.1.1 If an Interconnection Study Agreement has not been executed prior to February 1, 2009, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with the version of this LGIP in effect on February 1, 2009 (or as revised thereafter).

5.1.1.2 If an Interconnection Study Agreement has been executed prior to February 1, 2009, such Interconnection Study shall be completed in accordance with the terms of such agreement

5.1.2 Transition Period. To the extent necessary, the System Operator, Interconnection Customers with an outstanding Interconnection Request (i.e., an Interconnection Request for which an LGIA has neither been executed nor submitted to the Commission for approval prior to February 1, 2009), Interconnecting Transmission Owner and any other Affected Parties, shall transition to proceeding under the version of the LGIP in effect as of February 1, 2009 (or as revised thereafter) within a reasonable period of time not

to exceed sixty (60) Calendar Days. The use of the term "outstanding Interconnection Request" herein shall mean any Interconnection Request, on February 1, 2009: (i) that has been submitted, together with the required deposit and attachments, but not yet accepted by the System Operator; (ii) where the related LGIA has not yet been submitted to the Commission for approval in executed or unexecuted form, (iii) where the relevant Interconnection Study Agreements have not yet been executed, or (iv) where any of the relevant Interconnection Studies are in process but not yet completed. Any Interconnection Customer with an outstanding request as of the effective date of this LGIP may request a reasonable extension of any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Interconnection Request. A reasonable extension, not to exceed sixty (60) Calendar Days, shall be granted by the System Operator to the extent consistent with the intent and process provided for under this LGIP.

5.1.3 One-Time Election for CNR Interconnection Service at Queue Position Assigned Prior to February 1, 2009.

An Interconnection Customer with an outstanding Interconnection Request will be eligible to make a one-time election to be considered for CNR Interconnection Service at the Queue Position assigned prior to February 1, 2009. The Interconnection Customer's one-time election must be made by the end of the New Generating Capacity Show of Interest Submission Window for the fourth Forward Capacity Auction. The Interconnection Customer's one-time election may also include a request for Long Lead Facility Treatment, which shall be subject to review pursuant to Section 3.2.3, and, if applicable, a request for a change of the Commercial Operation Date, in accordance with Sections 4.4.4 and 4.4.5. Interconnection Customers requesting CNR Interconnection Service will be required to comply with the requirements for CNR Interconnection Service set forth in Section 3.2.1. Interconnection Customers requesting CNR Interconnection Service that have not received a completed Interconnection System Impact Study may request a preliminary, non-binding, analysis of potential upgrades that may be necessary for the fourth Forward Capacity Auction – the prompt or near-term auction – pursuant to Sections 6.3 or 7.3, whichever is applicable.

5.2 Grandfathering.

5.2.1 An Interconnection Customer's Generating Facility that is interconnected pursuant to an Interconnection Agreement executed or submitted to the Commission for approval prior to February 1, 2009, will maintain its status as a Network Resource with Network Resource Interconnection Service eligible to participate in the New England Markets, in accordance with the requirements of Market Rule 1, Section III of the Tariff, up to the megawatt amount specified in the Interconnection Agreement, subject to the Interconnection Customer satisfying all requirements set forth in the Interconnection Agreement and this LGIP. If the Generating Facility does not meet the criteria set forth in Section 5.2.3 of this LGIP, the Interconnection Customer will be eligible to make a one-time election, pursuant to Section 5.1.3, for Capacity Network Resource treatment without submitting a new Interconnection

Request; however, the Interconnection Customer will be required to comply with the requirements for CNR Interconnection Service set forth in Section 3.2.1. Upon completion of the requirements to obtain CNR Interconnection Service, the Interconnection Customer's Interconnection Agreement shall be amended to conform to the LGIA in Appendix 6 of this LGIP.

5.2.2 An Interconnection Customer's Generating Facility governed by an Interconnection Agreement either executed or filed with the Commission in unexecuted form prior to August 1, 2008, shall maintain the Queue Position assigned as of August 1, 2008, and be eligible to participate in the New England Markets, in accordance with the requirements in Market Rule 1, Section III of the Tariff, as in effect as of August 1, 2008, so long as the Interconnection Customer complies with all of the requirements specified in the Interconnection Agreement, including achieving the milestones associated with At-Risk Expenditures, subject to Section 4.4 of this LGIP.

5.2.3 All resources that are treated as Existing Generating Capacity Resources in the fourth Forward Capacity Auction pursuant to Section III.13 of the Tariff shall receive treatment as a CNR and obtain CNR Interconnection Service, in accordance with this LGIP, up to the CNR Capability of the resource. The grandfathered CNR Capability for these resources shall be equal to the megawatt amount established pursuant to the following hierarchy:

(a) First, the megawatt amount specified in an Interconnection Agreement (whether executed or filed in unexecuted form with the Commission).

(b) Second, in the absence of an Interconnection Agreement with a specified megawatt amount, the megawatt amount specified in an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision).

(c) Third, in the absence of an Interconnection Agreement and an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) with a specified megawatt amount, as determined by the System Operator based on documented historic capability of the Generating Facility.

Where a resource has both an Interconnection Agreement and an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision), the lower megawatt amount will govern until the resource completes the applicable process(es) under the Tariff for obtaining the higher megawatt amount. The absence of an Interconnection Agreement or an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) specifying a megawatt amount shall be confirmed by an affidavit executed by a corporate officer of the resource attesting that the resource does not have an Interconnection Agreement and/or an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) that specifies a megawatt amount.

Where the governing document (as determined by the hierarchy set forth in Section 5.2.3) specifies a megawatt amount at an ambient temperature consistent with the definition of CNR Capability, the grandfathered CNR Capability shall be equal to that amount.

Where the governing document (as determined by the hierarchy set forth in Section 5.2.3) does not specify an ambient temperature, the megawatt amount will be deemed to be at the value consistent with the definition of CNR Capability.

Where the implementation of this Section 5.2.3 results in a CNR Capability that is different than previously had been identified, the revised CNR Capability will be applied commencing with the next Forward Capacity Auction qualification process (after the revised CNR Capability value is identified), which is initiated by the closing deadline of the Show of Interest Submission Window in accordance with Section III.13 of the Tariff. The revised CNR Capability will continue to govern until the resource completes the applicable process(es) for obtaining the higher megawatt amount.

5.2.4 All resources that are treated as Existing Generating Capacity Resources in the fourth Forward Capacity Auction pursuant to Section III.13 of the Tariff shall receive treatment as a NR and obtain NR Interconnection Service, in accordance with this LGIP, up to the NR Capability of the resource. The grandfathered NR Capability shall be determined pursuant to the hierarchy set forth in Section 5.2.3.

Where the governing document (as determined by the hierarchy set forth in Section 5.2.3) of a resource for which a temperature-adjustment curve is used for the claimed capability verification, as set forth in the ISO New England Manuals, specifies a megawatt amount at an ambient temperature, the grandfathered NR Capability shall be equal to a temperature-adjusted value consistent with the definition of NR Capability.

Where the governing document (as determined by the hierarchy set forth in Section 5.2.3) does not specify an ambient temperature, the megawatt amount will be deemed to be at the value consistent with the definition of NR Capability.

5.3 New System Operator or Interconnecting Transmission Owner.

If the System Operator transfers operational control of the New England Transmission System to a successor System Operator during the period when an Interconnection Request is pending, the System Operator shall transfer to the successor System Operator any amount of the deposit or payment with

interest thereon that exceeds the cost that it incurred to evaluate the request for interconnection. Any difference between such net amount and the deposit or payment required by this LGIP shall be paid by or refunded to the Interconnection Customer, as appropriate. The System Operator shall coordinate with the successor System Operator to complete any Interconnection Study, as appropriate, that the System Operator has begun but has not completed.

If the Interconnecting Transmission Owner transfers ownership of its transmission facilities to a successor transmission owner during the period when an Interconnection Request is pending, and System Operator in conjunction with Interconnecting Transmission Owner has tendered a draft LGIA to the Interconnection Customer but the Interconnection Customer has not either executed the LGIA or requested the filing of an unexecuted LGIA with the Commission, unless otherwise provided, the Interconnection Customer must complete negotiations with the successor transmission owner.

SECTION 6. INTERCONNECTION FEASIBILITY STUDY.

6.1 Interconnection Feasibility Study Agreement.

The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study under this Section 6, or as part of the Interconnection System Impact Study under Section 7. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and the System Operator shall be responsible for generating only one final report, which will include the results of both Section 6 and Section 7.

Within five (5) Business Days following the System Operator's and Interconnecting Transmission Owner's receipt from the Interconnection Customer of its designation of the Point(s) of Interconnection and of the type of study to be performed pursuant to Section 3.3.4, System Operator shall tender to Interconnection Customer the Interconnection Feasibility Study Agreement, which includes a good faith estimate of the cost for completing the Interconnection Feasibility Study. The Interconnection Feasibility Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Interconnection Feasibility Study, including the cost of developing the study agreement and its attachment(s). No later than thirty (30) Calendar Days after its receipt of the Interconnection Feasibility Study Agreement, (a) the Interconnection Customer shall execute and deliver the agreement to System Operator and the Interconnecting Transmission Owner, (b) the Interconnection Customer shall also deliver the refundable deposit for the Interconnection Feasibility Study to the System Operator, and (c)

the technical data called for in Appendix 1, Attachment B. The deposit for the study shall be 100 percent of the estimated cost of the study. The deposit shall be applied toward the cost of the Interconnection Feasibility Study, including the cost of developing the study agreement and its attachment(s). Any difference between the study deposit and the actual cost of the Interconnection Feasibility Study shall be paid by or refunded to the Interconnection Customer, except as otherwise provided in Section 13.3. In accordance with Section 13.3, the System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of the Interconnection Feasibility Study that have been incurred by the System Operator and/or the Interconnecting Transmission Owner on the Interconnection Feasibility Study, including the development of the study agreement and its attachment(s). The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold any amounts on deposit until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

On or before the return of the executed Interconnection Feasibility Study Agreement to the System Operator and Interconnecting Transmission Owner, the Interconnection Customer shall provide the technical data called for in Appendix 1, Attachment B. If the Interconnection Customer does not provide all such technical data when it delivers the Interconnection Feasibility Study Agreement, the System Operator shall notify the Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection Feasibility Study Agreement and the Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such deficiency does not include failure to deliver the executed Interconnection Feasibility Study Agreement or deposit.

If the Interconnection Feasibility Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting, a substitute Point of Interconnection identified by the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, and acceptable to the Parties, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and re-studies shall be completed pursuant to Section 6.4 as applicable. For the purpose of this Section 6.1, if the Parties cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to Section 3.3.4, shall be the substitute.

6.2 Scope of Interconnection Feasibility Study.

The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the Administered Transmission System with available data and information. The Interconnection Feasibility Study does not require detailed model development.

The Interconnection Feasibility Study will consider the base case as well as all generating facilities (and with respect to (iii), any identified Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced: (i) are directly interconnected to the New England Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the New England Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with the Commission. An Interconnection Customer with a CNR Interconnection Request may also request that the Interconnection Feasibility Study include a preliminary, non-binding, analysis to identify potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff, based on a limited set of assumptions to be specified by the Interconnection Customer and reflected in Attachment A to the Interconnection Feasibility Study Agreement. The Interconnection Feasibility Study will consist of a power flow, including thermal analysis and voltage analysis, and short circuit analysis. The Interconnection Feasibility Study report will provide (i) a list of facilities, and a non-binding good faith estimate of cost responsibility; (ii) a non-binding good faith estimated time to construct; (iii) a protection assessment to determine the required Interconnection Facilities; and may provide (iv) an evaluation of the siting of Interconnection Facilities and Network Upgrades; and (v) identification of the likely permitting and siting process including easements and environmental work. To the extent the Interconnection Customer requested a preliminary analysis as described in this Section 6.2, the Interconnection Feasibility Study report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

6.3 Interconnection Feasibility Study Procedures.

The System Operator in coordination with Interconnecting Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Interconnection Feasibility Study no later than forty-five (45) Calendar Days after System Operator and Interconnecting Transmission Owner receive the fully executed Interconnection Feasibility Study Agreement, study deposit and required technical data in accordance with Section 6.1. At the request of the Interconnection Customer or at any time the System Operator or the Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Feasibility Study, the System Operator shall notify the Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If the System Operator is unable to complete the Interconnection Feasibility Study within that time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, the System Operator with input from the Interconnecting Transmission Owner shall provide all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow and short circuit databases for the Interconnection Feasibility Study to any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer. The

recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/disclosure requirements, such information may be provided directly to the Interconnection Customer.

6.3.1 Meeting with Parties.

Within ten (10) Business Days of providing an Interconnection Feasibility Study report to the Interconnection Customer, the System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Interconnection Feasibility Study.

6.4 Re-Study.

If re-study of the Interconnection Feasibility Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project subject to Section 4.4, (iii) a re-designation of the Point of Interconnection pursuant to Section 6.1, (iv) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (v) a modification to a transmission project included in the Base Case, the System Operator shall notify the Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take not longer than sixty (60) Calendar Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection Feasibility Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection Feasibility Study Agreement.

The Interconnection Customer shall have the option to waive the re-study and elect to have the re-study performed as part of its Interconnection System Impact Study. The Interconnection Customer shall provide written notice of the waiver and election of moving directly to the Interconnection System Impact Study within five (5) Business Days of receiving notice from the System Operator of the required re-study.

SECTION 7. INTERCONNECTION SYSTEM IMPACT STUDY.

7.1 Interconnection System Impact Study Agreement.

If the Interconnection Customer did not request that the Interconnection Feasibility Study be completed as a separate and distinct study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and the System Operator shall be responsible for generating only one final report, which will include the results of both Section 6 and Section 7.

Within five (5) Business Days following the Interconnection Feasibility Study results meeting, or subsequent to the Scoping Meeting within five (5) Business Days following the receipt of designation of the Point(s) of Interconnection and type of study to be performed pursuant to Section 3.3.4, if the Interconnection Customer did not request that the Interconnection Feasibility Study be completed as a separate and distinct study, the System Operator and Interconnecting Transmission Owner shall provide to Interconnection Customer the Interconnection System Impact Study Agreement, which includes a non-binding good faith estimate of the cost and timeframe for completing the Interconnection System Impact Study. The Interconnection System Impact Study Agreement shall provide that the Interconnection Customer shall compensate the System Operator and Interconnecting Transmission Owner for the actual cost of the Interconnection System Impact Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the LGIA.

7.2 Execution of Interconnection System Impact Study Agreement.

The Interconnection Customer shall execute the Interconnection System Impact Study Agreement and deliver the executed Interconnection System Impact Study Agreement to the System Operator no later than thirty (30) Calendar Days after its receipt along with a demonstration of Site Control and the technical data called for in Appendix 1, Attachment A, and the Interconnection Customer shall also deliver simultaneously a refundable deposit. An Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. The deposit for the study shall be: (i) the greater of 100 percent of the estimated cost of the study or $250,000; or (ii) the lower of 100 percent of the estimated costs of the study or $50,000, if the Interconnection Customer can provide: (1) evidence of applications for all Major Permits, as defined in Section III.13.1.1.2.2.2(a) of the Tariff, required in support of the Interconnection Request or written certification that Major Permits are not required, or (2) evidence acceptable to the System Operator of At-Risk Expenditures (excluding Interconnection Study costs) totaling at least the amounts of money described in (i) above; or (iii) the lower of 100 percent of the estimated costs of the study or $50,000, if the Interconnection Request is for a modification to an existing Large Generating Facility that does not increase the energy capability or capacity capability of the Large Generating Facility.

The deposit shall be applied toward the cost of the Interconnection System Impact Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the LGIA. Any difference between the study deposit and the actual cost of the Interconnection System Impact Study shall be paid by or refunded to the Interconnection Customer, except as otherwise provided in Section 13.3. In accordance with Section 13.3, the System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of Interconnection System Impact Study that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the System Impact Study, including the study agreement and its attachment(s) and the LGIA. If the Interconnection Customer elects the deposit described in (ii) above, the System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection System Impact Study on each month. The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the amounts on deposit until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

On or before the return of the executed Interconnection System Impact Study Agreement to the System Operator and Interconnecting Transmission Owner, the Interconnection Customer shall provide the technical data called for in Appendix 1, Attachment A; provided that if a PSCAD model was determined to be needed at the Scoping Meeting, then the Interconnection Customer shall have ninety (90) Calendar Days from the execution of the System Impact Study Agreement to provide the PSCAD model.

If the Interconnection Customer does not provide all such technical data when it delivers the Interconnection System Impact Study Agreement, the System Operator shall notify the Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection System Impact Study Agreement and the Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such deficiency does not include failure to deliver the executed Interconnection System Impact Study Agreement or deposit.

If the Interconnection System Impact Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting or the Interconnection Feasibility Study, a substitute Point of Interconnection identified by the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, and acceptable to each Party, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and re-studies shall be completed pursuant to Section 7.6 as applicable. For the purpose of this Section 7.2, if the Parties cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement or Interconnection System Impact Study depending on whether Interconnection Customer requested that the Interconnection Feasibility Study be completed as a separate

and distinct study or as part of the Interconnection System Impact Study, as specified pursuant to Section 3.3.4, shall be the substitute.

7.3 Scope of Interconnection System Impact Study.

The Interconnection System Impact Study shall evaluate the impact of the proposed interconnection on the reliability and operation of the New England Transmission System. The Interconnection System Impact Study will consider the base case as well as all generating facilities (and with respect to (iii) below, any identified Network Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced: (i) are directly interconnected to the New England Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the New England Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with the Commission. An Interconnection Customer with a CNR Interconnection Request that elected to waive the Interconnection Feasibility Study may also request that the Interconnection System Impact Study include a preliminary, non-binding, analysis to identify potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff, based on a limited set of assumptions to be specified by the Interconnection Customer and reflected in Attachment A to the Interconnection System Impact Study Agreement.

The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, a power flow analysis, including thermal analysis and voltage analysis, a system protection analysis and any other analyses that are deemed necessary by the System Operator in consultation with the Interconnecting Transmission Owner. The Interconnection System Impact Study report will state the assumptions upon which it is based, state the results of the analyses, and provide the requirements or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study report will provide (i) a list of facilities that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility; (ii) a non-binding good faith estimated time to construct; (iii) a protection assessment to determine the required protection upgrades; and may provide (iv) an evaluation of the siting of the Interconnection Facilities and Network Upgrades; and (v) identification of the likely permitting and siting process including easements and environment work. To the extent the Interconnection Customer requested a preliminary analysis as described in this Section 7.3, the Interconnection System Impact Study report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

7.4 Interconnection System Impact Study Procedures.

The System Operator shall coordinate the Interconnection System Impact Study with the Interconnecting Transmission Owner, and with any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, that is affected by the Interconnection Request pursuant to Section 3.5 above. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Interconnection System Impact Study within ninety (90) Calendar Days after the receipt of the Interconnection System Impact Study Agreement, study deposit, demonstration of Site Control, if Site Control is required, and required technical data in accordance with Section 7.2. If System Operator or Interconnecting Transmission Owner uses Clustering, the System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to deliver a completed Interconnection System Impact Study within ninety (90) Calendar Days after the close of the Queue Cluster Window.

At the request of the Interconnection Customer or at any time the System Operator or Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection System Impact Study, the System Operator shall notify the Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If the System Operator and Interconnecting Transmission Owner are unable to complete the Interconnection System Impact Study within the time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, the System Operator and Interconnecting Transmission Owner shall provide all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases for the Interconnection System Impact Study to any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer. The recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/ disclosure requirements, such information may be provided directly to the Interconnection Customer.

7.5 Meeting with Parties.

Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer, the System Operator shall convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, to discuss the results of the Interconnection System Impact Study.

Within five (5) Business Days following the study results meeting, the Interconnection Customer shall provide to the System Operator written notice that it will either pursue the Interconnection Facilities Study or waive the Interconnection Facilities Study and elect an expedited interconnection. If the Interconnection Customer waives the Facilities Study, it shall commit to the following milestones in the LGIA: (i) Siting approval for the Generating Facility and Interconnection Facilities; (ii) Engineering of Interconnection Facilities approved by Interconnecting Transmission Owner; (iii) Ordering of long lead time material for Interconnection Facilities and system upgrades; (iv) Initial Synchronization Date; and (v) Commercial Operation Date.

Within thirty (30) Calendar Days of the Interconnection Customer receiving the Interconnection System Impact Study report, the Interconnection Customer shall provide written comments on the report or written notice that it has no comments on the report. The System Operator shall issue a final Interconnection System Impact Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving the Interconnection Customer's notice that it will not provide comments.

7.6 Re-Study.

If re-study of the Interconnection System Impact Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project subject to Section 4.4, (iii) re-designation of the Point of Interconnection pursuant to Section 7.2, (iv) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (v) a modification to a transmission project included in the Base Case, the System Operator shall notify the Interconnection Customer and Interconnecting Transmission Owner in writing.

Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take no longer than sixty (60) Calendar Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection System Impact Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection System Impact Study Agreement.

7.7 Operational Readiness.

The System Operator shall, as close to the Interconnection Customer's actual Synchronization Date as reasonably possible, ensure that current stability analyses, power flow analyses, and any other analyses deemed necessary by the System Operator, are performed or reviewed, as deemed appropriate by the System Operator, and to develop or update procedures to address the operation of the New England Transmission System with the addition of the Interconnection Customer's Generating Facility. The

operational analysis will also include tests of system performance with selected facilities out of service. Such studies shall be performed at the expense of the Interconnection Customer.

The System Operator is not obligated to perform the operational analyses described in this Section 7.7 if, in the exercise of reasonable discretion, the System Operator in consultation with Interconnecting Transmission Owner determines that interconnection of the Interconnection Customer's Generating Facility to the Administered Transmission System is remote and speculative.

SECTION 8. INTERCONNECTION FACILITIES STUDY.

8.1 Interconnection Facilities Study Agreement.

The Interconnection Customer may waive the Interconnection Facilities Study and instead elect expedited interconnection, which means that the Interconnection Customer may enter into E&P Agreements under Section 9 if it had not already done so, and shall enter into an LGIA in accordance with the requirements specified in Section 11.

If the Interconnection Customer waives the Interconnection Facilities Study, the Interconnection Customer, subject to the specific terms of the E&P Agreements, assumes all risks and shall pay all costs associated with equipment, engineering, procurement and construction work covered by the Interconnection Facilities Study as described in Section 8.2 below.

The System Operator shall provide to the Interconnection Customer an Interconnection Facilities Study Agreement in the form of Appendix 4 to this LGIP simultaneously with the delivery of the Interconnection System Impact Study to the Interconnection Customer.

The Interconnection Facilities Study Agreement shall provide that the Interconnection Customer shall compensate the System Operator and Interconnecting Transmission Owner for the actual cost of the Interconnection Facilities Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the LGIA. Within three (3) Business Days following the Interconnection System Impact Study results meeting, the System Operator and Interconnecting Transmission Owner shall provide to Interconnection Customer a non-binding good faith estimate of the cost for completing the Interconnection Facilities Study in accordance with requirements specified in Section 8.3. The Interconnection Customer shall execute the Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement to the System Operator within thirty (30) Calendar Days after its receipt, together with the required technical data and the refundable deposit

for the Interconnection Facilities Study. In accordance with Section 8.3, the Interconnection Customer shall specify in Attachment A to the Interconnection Facilities Study Agreement whether it wants no more than a +/- 20 percent or a +/- 10 percent good faith cost estimate contained in the report. The deposit for the study shall be either: (i) the greater of twenty-five percent of the estimated cost of the study or $250,000; or (ii) the greater of 100 percent of one month's estimated study cost or $100,000, if the Interconnection Customer can provide: (1) evidence of applications for all Major Permits, as defined in Section III.13.1.1.2.2.2 of the Tariff, required in support of the Interconnection Request, or provide certification that Major Permits are not required or (2) evidence acceptable to the System Operator of At-Risk Expenditures (excluding Interconnection Study costs) totaling at least the amounts of money in (i) above, not including the same At-Risk Expenditures demonstrated with the Interconnection System Impact Study Agreement, if applicable; or (iii) the greater of 100 percent of one month's estimated study cost or $100,000, if the Interconnection Request is for a modification to an existing Large Generating Facility that does not increase the energy capability or capacity capability of the Large Generating Facility.

Any difference between the study deposit and the actual cost of the Interconnection Facilities Study shall be paid by or refunded to the Interconnection Customer, except as otherwise provided in Section 13.3. In accordance with Section 13.3, the System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the cost of the Interconnection Facilities Studies that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the Interconnection Facilities Study, the study agreement and its attachment(s) and the LGIA. The System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month. The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the amounts on deposit until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

8.2 Scope of Interconnection Facilities Study.

The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Facility to the Administered Transmission System. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities. The scope and cost of the Interconnection Facilities Study shall include completion of any engineering work limited to what is reasonably required to (i) estimate such aforementioned cost to the accuracy specified by the Interconnection Customer pursuant to Section

8.3, (ii) identify, configurations of required facilities and (iii) identify time requirements for construction and installation of required facilities.

8.3 Interconnection Facilities Study Procedures.

The System Operator shall coordinate the Interconnection Facilities Study with Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, pursuant to Section 3.5 above. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the study and the System Operator shall issue a draft Interconnection Facilities Study report to the Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, within the following number of days after receipt of an executed Interconnection Facilities Study Agreement: ninety (90) Calendar Days, with no more than a +/- 20 percent good faith cost estimate contained in the report; or one hundred eighty (180) Calendar Days, if the Interconnection Customer requests a +/- 10 percent good faith cost estimate. Such cost estimates either individually or in the aggregate will be provided in the final study report.

At the request of the Interconnection Customer or at any time the System Operator or Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Facilities Study, System Operator shall notify the Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, as to the schedule status of the Interconnection Facilities Study. If the System Operator is unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, the System Operator shall notify the Interconnection Customer, Interconnecting Transmission Owner and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, and provide an estimated completion date and an explanation of the reasons why additional time is required.

The Interconnection Customer and appropriate Affected Parties may, within thirty (30) Calendar Days after receipt of the draft report, provide written comments to the System Operator and Interconnecting Transmission Owner, which the System Operator shall include in the final report. The System Operator shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving Interconnection Customer's statement that it will not provide comments. The System Operator may reasonably extend such fifteen-day period upon notice to the Interconnection Customer if the Interconnection Customer's comments require the System Operator or Interconnecting Transmission Owner to perform additional analyses or

make other significant modifications prior to the issuance of the final Interconnection Facilities Report. Upon request, the System Operator and Interconnecting Transmission Owner shall provide the Interconnection Customer and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, or any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer supporting documentation, with workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study. The recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/ disclosure requirements, such information may be provided directly to the Interconnection Customer.

8.4 Meeting with Parties.

Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, the System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Interconnection Facilities Study.

8.5 Re-Study.

If re-study of the Interconnection Facilities Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project subject to Section 4.4, (iii) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (iv) a modification to a transmission project included in the Base Case, the System Operator shall so notify The Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take no longer than sixty (60) Calendar Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection Facilities Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection Facilities Study Agreement.

SECTION 9. ENGINEERING & PROCUREMENT ("E&P") AGREEMENT.

Prior to executing an LGIA, an Interconnection Customer may request, in order to advance the implementation of its interconnection, and the Interconnecting Transmission Owner and any Affected

Party shall offer the Interconnection Customer, an E&P Agreement that authorizes the Interconnecting Transmission Owner and any Affected Party to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection. However, the Interconnecting Transmission Owner or any Affected Party shall not be obligated to offer an E&P Agreement if the Interconnection Customer is in Dispute Resolution as a result of an allegation that the Interconnection Customer has failed to meet any milestones or comply with any prerequisites specified in other parts of the LGIP. The E&P Agreement is an optional procedure and it will not alter the Interconnection Customer's Queue Position or Initial Synchronization Date. The E&P Agreement shall provide for the Interconnection Customer to pay the cost of all activities authorized by the Interconnection Customer, including a deposit of 100 percent of the estimated engineering and study costs, and to make advance payments or provide other satisfactory security for such costs.

The Interconnection Customer shall pay the cost of such authorized activities and any cancellation costs for equipment that is already ordered for its interconnection, which cannot be mitigated as hereafter described, whether or not such items or equipment later become unnecessary. If the Interconnection Customer withdraws its application for interconnection or an E&P Agreement is terminated by any Party, to the extent the equipment ordered can be canceled under reasonable terms, the Interconnection Customer shall be obligated to pay the associated cancellation costs. To the extent that the equipment cannot be reasonably canceled, the Interconnecting Transmission Owner or the Affected Party that is a party to an E&P Agreement may elect: (i) to take title to the equipment, in which event the Interconnecting Transmission Owner or relevant Affected Party shall refund the Interconnection Customer any amounts paid by the Interconnection Customer for such equipment and shall pay the cost of delivery of such equipment, or (ii) to transfer title to and deliver such equipment to the Interconnection Customer, in which event the Interconnection Customer shall pay any unpaid balance and cost of delivery of such equipment.

SECTION 10. OPTIONAL INTERCONNECTION STUDY.

10.1 Optional Interconnection Study Agreement.

On or after the date when the Interconnection Customer receives Interconnection System Impact Study report and no later than five (5) Business Days after the study results meeting to review the report, the Interconnection Customer may request in writing, and the System Operator in coordination with the Interconnecting Transmission Owner shall perform, an Optional Interconnection Study. The request shall describe the assumptions that the Interconnection Customer wishes the System Operator to study within the scope described in Section 10.2. Within five (5) Business Days after receipt of a request for an Optional Interconnection Study, the System Operator shall provide to the Interconnecting Transmission Owner and the Interconnection Customer an Optional Interconnection Study Agreement in the form of Appendix 5.

The Optional Interconnection Study Agreement shall: (i) specify the technical data that the Interconnection Customer must provide for each phase of the Optional Interconnection Study, (ii) specify the Interconnection Customer's assumptions as to which Interconnection Requests with earlier queue priority dates will be excluded from the Optional Interconnection Study case, and (iii) specify the System Operator's and Interconnecting Transmission Owner's estimate of the cost of the Optional Interconnection Study. To the extent known by the System Operator, such estimate shall include any costs expected to be incurred by any Affected System whose participation is necessary to complete the Optional Interconnection Study. The Optional Interconnection Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Optional Interconnection Study, including the cost of developing the study agreement and its attachment(s). Notwithstanding the above, the System Operator and Interconnecting Transmission Owner shall not be required as a result of an Optional Interconnection Study request to conduct any additional Interconnection Studies with respect to any other Interconnection Request.

The Interconnection Customer shall execute the Optional Interconnection Study Agreement within ten (10) Business Days of receipt and deliver the Optional Interconnection Study Agreement, the required technical data and the refundable deposit for the Optional Interconnection Study to the System Operator. The deposit for the study shall be 100 percent of the estimated cost of the study. Any difference between the study deposit and the actual cost of the Optional Interconnection Study shall be paid by or refunded to the Interconnection Customer, except as otherwise provided in Section 13.3. In accordance with Section 13.3, the System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of the Optional Interconnection Study that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the Optional Interconnection Study and the study agreement and its attachments(s). The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the amounts on deposits until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

10.2 Scope of Optional Interconnection Study.

The Optional Interconnection Study will consist of a sensitivity analysis based on the assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement. The Optional Interconnection Study will also identify the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or Interconnection Service based upon the results of the Optional Interconnection Study. The System Operator shall use Reasonable Efforts to coordinate the study with any Affected Systems that may be affected by the types of Interconnection Services that are being studied. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable in conducting the Optional Interconnection Study.

The Optional Interconnection Study will consist of a short circuit analysis, a stability analysis, a power flow analysis, including thermal analysis and voltage analysis, a system protection analysis, and any other analyses that are deemed necessary by the System Operator in consultation with the Interconnecting Transmission Owner.

10.3 Optional Interconnection Study Procedures.

The executed Optional Interconnection Study Agreement, the prepayment, and technical and other data called for therein must be provided to the System Operator and Interconnecting Transmission Owner within ten (10) Business Days of the Interconnection Customer receipt of the Optional Interconnection Study Agreement. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Optional Interconnection Study within a mutually agreed-upon time period specified within the Optional Interconnection Study Agreement. If the System Operator and Interconnecting Transmission Owner are unable to complete the Optional Interconnection Study within such time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required. Upon request, the System Operator and Interconnecting Transmission Owner shall provide the Interconnection Customer supporting documentation and workpapers and databases or data developed in the preparation of the Optional Interconnection Study to any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer. The recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/disclosure requirements, such information may be provided directly to the Interconnection Customer.

10.4 Meeting with Parties.

Within ten (10) Business Days of providing an Optional Interconnection Study report to Interconnection Customer, System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Optional Interconnection Study.

10.5 Interconnection Agreement Developed Based on Optional Interconnection Study.

If the LGIA for a Large Generating Facility is based on the results of an Optional Interconnection Study, the LGIA shall reflect the conditions studied and any obligations that may involve: (i) additional studies if such conditions change, (ii) operational limits, or (iii) financial support for transmission upgrades.

SECTION 11. STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT (LGIA).

11.1 Tender.

Interconnection Customer shall tender comments or provide notice, in writing, to the System Operator and Interconnecting Transmission Owner that the Interconnection Customer has no comments on the draft Interconnection Facilities Study report or on the draft Interconnection System Impact Study report if the Interconnection Customer waived the Interconnection Facilities Study, within thirty (30) Calendar Days of receipt of the report. Except as provided in the E&P Agreement or any mutual agreement by the entities that would be Parties to the LGIA, the System Operator shall initiate the development of the LGIA process within fifteen (15) Calendar Days after the comments are submitted or waived, by tendering to the Interconnection Customer a draft LGIA, together with draft appendices completed by the System Operator, in conjunction with the Interconnecting Transmission Owner to the extent practicable. The draft LGIA shall be in the form of the System Operator's Commission-approved standard form LGIA which is in Appendix 6 to Schedule 22. The Interconnection Customer shall return the Interconnection Customer specific information required to complete the form of LGIA, including the appendices, in Appendix 6 of Schedule 22 that the Interconnection Customer is willing to execute within thirty (30) Calendar Days after receipt of the draft from the System Operator.

11.2 Negotiation.

Notwithstanding Section 11.1, at the request of the Interconnection Customer the System Operator and Interconnecting Transmission Owner shall begin negotiations with the Interconnection Customer concerning the appendices to the LGIA at any time after the Interconnection Facilities Study is complete or after the Interconnection System Impact Study is complete if the Interconnection Customer intends to waive the Interconnection Facilities Study. The System Operator, Interconnection Customer, and Interconnecting Transmission Owner shall negotiate concerning any disputed provisions of the appendices to the draft LGIA for not more than sixty (60) Calendar Days after tender by the System Operator of the draft LGIA pursuant to Section 11. If the Interconnection Customer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the draft LGIA pursuant to Section 11.1 and request submission of the unexecuted LGIA with the Commission or initiate Dispute Resolution procedures pursuant to Section 13.5. If the Interconnection Customer requests termination of the negotiations, but within sixty (60) Calendar Days thereafter fails to request either the filing of the unexecuted LGIA or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if the Interconnection Customer has not executed the LGIA, requested filing of an unexecuted LGIA, or initiated Dispute Resolution procedures pursuant to Section 13.5 within sixty (60) Calendar Days of tender of by the System Operator of the draft LGIA pursuant to Section 11.1, it shall be deemed to have withdrawn its Interconnection Request. The System Operator and Interconnecting Transmission Owner shall provide to the Interconnection Customer a final LGIA within fifteen (15) Business Days after the mutually agreed completion of the negotiation process.

11.3 Evidence to be Provided by Interconnection Customer; Execution and Filing of LGIA.

11.3.1 Evidence to be Provided by Interconnection Customer.

11.3.1.1 Site Control. Within fifteen (15) Business Days after receipt of the final LGIA, the Interconnection Customer shall provide (A) to the System Operator, reasonable evidence of continued Site Control, or (B) to the Interconnecting Transmission Owner, posting of $250,000, non-refundable additional security, which shall be applied toward future construction costs. Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property.

11.3.1.2 Development Milestones. Within fifteen (15) Business Days after receipt of the final LGIA, the Interconnection Customer also shall provide to the System Operator reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, to be elected by the Interconnection Customer, has been achieved: (i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility; (ii) the execution of a contract for the supply of cooling water to the Large Generating Facility; (iii) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Large Generating Facility; (iv) execution of a contract for the sale of electric energy or capacity from the Large Generating Facility; (v) application for an air, water, or land use permit.

At the same time, the Interconnection Customer shall commit to a schedule for the payment of upgrades identified in the Interconnection Studies or an E&P Agreement and either: (A) provide evidence of approvals for all Major Permits, as defined in Section III.13.1.1.2.2.2(a) of the Tariff, or (B) provide a refundable deposit to the Interconnecting Transmission Owner, at execution of the LGIA, of 20 percent of the total costs for the Interconnection Facilities and other upgrades identified in the Interconnection Studies or an E&P Agreement, unless the Interconnecting Transmission Owner's expenditure schedule for the Interconnection Facilities and other upgrades calls for an initial payment of greater than 20 percent of the total upgrade costs, in which case the scheduled initial payment must instead be made at time of LGIA execution. If the Interconnection Customer selects option (B) above, it shall also commit in the LGIA to the achievement of: (i) milestones for the completion of Major Permit approvals, and (ii) in the case of a CNR Interconnection Request, milestones to align the LGIA with the fulfillment of terms outlined in Section III.13 of the Tariff for participation in the Forward Capacity Market.

11.3.2 Execution and Filing of LGIA. Within fifteen (15) Business Days after receipt of the final LGIA, the Interconnection Customer shall either: (i) execute three (3) originals of the tendered LGIA and return one to the System Operator and one to the Interconnecting Transmission Owner; or (ii) request in writing that the System Operator and Interconnecting Transmission Owner jointly file with the Commission an LGIA in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either the executed originals of the tendered LGIA (if it does not conform with a Commission-approved standard form of interconnection agreement) or the request to file an unexecuted LGIA, the System Operator and Interconnecting Transmission Owner, in accordance with Section 11.3.3 or Section 11.3.4, as appropriate , shall jointly file the LGIA with the Commission, together with its explanation of any matters as to which the System Operator, Interconnection Customer or Interconnecting Transmission Owner disagree and support for the costs that the Interconnecting Transmission Owner proposes to charge to the Interconnection Customer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by the System Operator and Interconnecting Transmission Owner for the Interconnection Request. If the Parties agree to proceed with design, procurement, and construction of facilities and upgrades under the agreed-upon terms of the unexecuted LGIA, they may proceed pending Commission action.

With respect to the interconnection of an Interconnection Customer under Schedule 22, the LGIA shall be a three-party agreement among the Interconnecting Transmission Owner, the System Operator and the Interconnection Customer. If Interconnecting Transmission Owner, System Operator and Interconnection Customer agree to the terms and conditions of a specific LGIA, or any amendments to such an LGIA, then the System Operator and Interconnecting Transmission Owner shall jointly file the executed LGIA, or amendment thereto, with the Commission under Section 205 of the Federal Power Act. To the extent the Interconnecting Transmission Owner, System Operator and Interconnection Customer cannot agree to proposed variations from the standard form of LGIA in Appendix 6 or cannot otherwise agree to the terms and conditions of the LGIA for such Large Generating Unit, or any amendments to such an LGIA, then the System Operator and Interconnecting Transmission Owner shall jointly file an unexecuted LGIA, or amendment thereto, with the Commission under Section 205 of the Federal Power Act and shall identify the areas of disagreement in such filing, provided that, in the event of disagreement on terms and conditions of the LGIA related to the costs of upgrades to such Interconnecting Transmission Owner's transmission facilities, the anticipated schedule for the construction of such upgrades, any financial obligations of the Interconnecting Transmission Owner, and any provisions related to physical impacts of the interconnection on the Interconnecting Transmission Owner's transmission facilities or other assets, then the standard applicable under Section 205 of the Federal Power Act shall apply only to the Interconnecting Transmission Owner's position on such terms and conditions.

11.3.3 The Interconnecting Transmission Owner, acting on its own or jointly with the System Operator, may initiate a filing to amend this LGIP and the standard form of LGIA in Appendix 6 under Section 205 of the Federal Power Act and shall include in such filing the views of System Operator, provided that the standard applicable under Section 205 of the Federal Power Act shall apply only to the Interconnecting Transmission Owner's position on any financial obligations of the Interconnecting Transmission Owner

or the Interconnection Customer(s), and any provisions related to physical impacts of the interconnection on the Interconnecting Transmission Owner's transmission facilities or other assets.

11.4 Commencement of Interconnection Activities.

If the Interconnection Customer executes the final LGIA, the System Operator, Interconnection Customer and Interconnecting Transmission Owner shall perform their respective obligations in accordance with the terms of the LGIA, subject to modification by the Commission. Upon submission of an unexecuted LGIA, the System Operator, Interconnection Customer and Interconnecting Transmission Owner shall promptly comply with the unexecuted LGIA, subject to modification by the Commission.

SECTION 12. CONSTRUCTION OF INTERCONNECTING TRANSMISSION OWNER INTERCONNECTION FACILITIES AND NETWORK UPGRADES.

12.1 Schedule.

The Interconnection Customer, Interconnecting Transmission Owner and any other Affected Party shall negotiate in good faith concerning a schedule for the construction of the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades.

12.2 Construction Sequencing.

12.2.1 General. In general, the Initial Synchronization Date of an Interconnection Customer seeking interconnection to the Administered Transmission System will determine the sequence of construction of Network Upgrades.

12.2.2 Advance Construction of Network Upgrades that are an Obligation of an Entity other than the Interconnection Customer. An Interconnection Customer with an executed or unexecuted, but filed with the Commission, LGIA, in order to maintain its Initial Synchronization Date, may request that the Interconnecting Transmission Owner or appropriate Affected Party advance to the extent necessary the completion of Network Upgrades that: (i) were assumed in the Interconnection Studies for such Interconnection Customer, (ii) are necessary to support such Initial Synchronization Date, and (iii) would otherwise not be completed, pursuant to a contractual obligation of an entity other than the Interconnection Customer that is seeking interconnection to the Administered Transmission System, in time to support such Initial Synchronization Date. Upon such request, the Interconnecting Transmission Owner or appropriate Affected Party will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that the Interconnection Customer commits to

pay the Interconnecting Transmission Owner or appropriate Affected Party; (i) any associated expediting costs and (ii) the cost of such Network Upgrades.

The Interconnecting Transmission Owner or appropriate Affected Party will refund to the Interconnection Customer both the expediting costs and the cost of Network Upgrades, in accordance with Article 11.4 of the LGIA. Consequently, the entity with a contractual obligation to construct such Network Upgrades shall be obligated to pay only that portion of the costs of the Network Upgrades that the Interconnecting Transmission Owner or appropriate Affected Party has not refunded to the Interconnection Customer. Payment by that entity with a contractual obligation to construct such Network Upgrades shall be due on the date that it would have been due had there been no request for advance construction. The Interconnecting Transmission Owner or appropriate Affected Party shall forward to the Interconnection Customer the amount paid by the entity with a contractual obligation to construct the Network Upgrades as payment in full for the outstanding balance owed to the Interconnection Customer. The Interconnecting Transmission Owner or appropriate Affected Party then shall refund to that entity the amount that it paid for the Network Upgrades, in accordance with Article 11.4 of the LGIA.

12.2.3 Advancing Construction of Network Upgrades that are Part of the Regional System Plan of the System Operator. An Interconnection Customer with an LGIA, in order to maintain its Initial Synchronization Date, may request that Interconnecting Transmission Owner or appropriate Affected Party advance to the extent necessary the completion of Network Upgrades that: (i) are necessary to support such Initial Synchronization Date and (ii) would otherwise not be completed, pursuant to the Regional System Plan, in time to support such Initial Synchronization Date. Upon such request, the Interconnecting Transmission Owner or appropriate Affected Party will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that the Interconnection Customer commits to pay the Interconnecting Transmission Owner or appropriate Affected Party any associated expediting costs.

12.2.4 Amended Interconnection System Impact Study. An Interconnection System Impact Study will be amended to determine the facilities necessary to support the requested Initial Synchronization Date. This amended study will include those transmission and Large Generating Facilities that are expected to be in service on or before the requested Initial Synchronization Date. The LGIA will also be amended to reflect the results of the Amended Interconnection System Impact Study and any changes in obligations, including financial support, of the Parties.

SECTION 13. MISCELLANEOUS.

13.1 Confidentiality.

Confidential Information shall include, without limitation, all information treated as confidential under the ISO New England Information Policy, all information obtained from third parties under confidentiality agreements, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by any of the Parties to the others prior to the execution of an LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by any Party, the other Party(ies) shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

13.1.1 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of the LGIA; or (6) is required, in accordance with Section 13.1.6, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Parties that it no longer is confidential.

13.1.2 Release of Confidential Information. A Party shall not release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with these procedures, unless such person has first been advised of the confidentiality provisions of this Section 13.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Section 13.1.

13.1.3 Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party(ies). The disclosure by each Party to the other Party(ies) of Confidential Information shall not be deemed a waiver by any Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

13.1.4 No Warranties. By providing Confidential Information, a Party does not make any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, a Party does not obligate itself to provide any particular information or Confidential Information to the other Party(ies) nor to enter into any further agreements or proceed with any other relationship or joint venture.

13.1.5 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party(ies) under these procedures or its regulatory requirements.

13.1.6 Order of Disclosure. If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires a Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party(ies) with prompt notice of such request(s) or requirement(s) so that the other Party(ies) may seek an appropriate protective order or waive compliance with the terms of the LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

13.1.7 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's(ies') Breach of its obligations under this Section 13.1. Each Party accordingly agrees that the other Party(ies) shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Section 13.1, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Section 13.1, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Section 13.1.

13.1.8 Disclosure to the Commission, its Staff, or a State. Notwithstanding anything in this Section 13.1 to the contrary, and pursuant to 18 CFR section 1b.20, if the Commission or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to the LGIP, the Party shall provide the requested information to the Commission or its staff, within the time provided for in the request for information. In providing the information to the Commission or its staff, the Party must, consistent with 18 CFR. section 388.112, request that the information be treated as confidential and non-public by the Commission and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party(ies) prior to the release of the Confidential Information to the Commission or its staff. The Party shall notify the other Party(ies) to the LGIA when its is notified by the Commission or its staff that a request to release Confidential Information has been received by the Commission, at which time any of the Parties may respond before such information would be made public, pursuant to 18 CFR section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner, consistent with applicable state rules, regulations and Section 13.1.

13.1.9 Subject to the exception in Section 13.1.8, any information that a Party claims is competitively sensitive, commercial or financial information ("Confidential Information") shall not be disclosed by the other Party(ies) to any person not employed or retained by the other Party(ies), except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party(ies), such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIP or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a subregional, regional or national reliability organization or planning group. The Party asserting confidentiality shall notify the other Party(ies) in writing of the information it claims is confidential. Prior to any disclosures of the other Party's(ies') Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party(ies) in writing and agrees to assert confidentiality and cooperate with the other Party(ies) in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

13.1.10 This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a Breach of this provision).

13.1.11 The System Operator and Interconnecting Transmission Owner shall, at Interconnection Customer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time when Confidential Information is no longer needed.

13.2 Delegation of Responsibility.

The System Operator and Interconnecting Transmission Owner, or any Affected Party may use the services of subcontractors as it deems appropriate to perform its obligations under this LGIP. The Party using the services of a subcontractor shall remain primarily liable to the Interconnection Customer for the performance of such subcontractors and compliance with its obligations of this LGIP. The subcontractor shall keep all information provided confidential and shall use such information solely for the performance of such obligation for which it was provided and no other purpose.

13.3 Obligation for Study Costs.

The System Operator and the Interconnecting Transmission Owner shall charge, and the Interconnection Customer shall pay, the actual costs of the Interconnection Studies. Any difference between the study deposit and the actual cost of the applicable Interconnection Study shall be paid by or refunded, except as otherwise provided herein, to the Interconnection Customer or offset against the cost of any future Interconnection Studies associated with the applicable Interconnection Request prior to beginning of any such future Interconnection Studies. Any invoices for Interconnection Studies shall include a detailed and itemized accounting of the cost of each Interconnection Study. The Interconnection Customer shall pay any such undisputed costs within thirty (30) Calendar Days of receipt of an invoice therefore. The System Operator and Interconnecting Transmission Owner shall not be obligated to perform or continue to perform any studies unless the Interconnection Customer has paid all undisputed amounts in compliance herewith.

13.4 Third Parties Conducting Studies.

If (i) at the time of the signing of an Interconnection Study Agreement there is disagreement as to the estimated time to complete an Interconnection Study, (ii) the Interconnection Customer receives notice pursuant to Sections 6.3, 7.4 or 8.3 that the System Operator or Interconnecting Transmission Owner will not complete an Interconnection Study within the applicable timeframe for such Interconnection Study, or (iii) the Interconnection Customer receives neither the Interconnection Study nor a notice under Sections 6.3, 7.4 or 8.3 within the applicable timeframe for such Interconnection Study, then the Interconnection Customer may request, which request will not be unreasonably denied, that the System Operator and Interconnecting Transmission Owner utilize a third party consultant reasonably acceptable to the System Operator, Interconnection Customer, Interconnecting Transmission Owner and any appropriate Affected Party, to perform such Interconnection Study under the direction of the System Operator or Interconnecting Transmission Owner as applicable. At other times, System Operator or Interconnecting Transmission Owner may also utilize a third party consultant to perform such Interconnection Study, either in response to a general request of the Interconnection Customer, or on its own volition.

In all cases, use of a third party consultant shall be in accord with Article 26 of the LGIA (Subcontractors) and limited to situations where the System Operator or Interconnecting Transmission Owner determines

that doing so will help maintain or accelerate the study process for the Interconnection Customer's pending Interconnection Request and not interfere with the System Operator and Interconnecting Transmission Owner's progress on Interconnection Studies for other pending Interconnection Requests. In cases where the Interconnection Customer requests use of a third party consultant to perform such Interconnection Study, the Interconnection Customer, System Operator and Interconnecting Transmission Owner shall negotiate all of the pertinent terms and conditions, including reimbursement arrangements and the estimated study completion date and study review deadline. The System Operator and Interconnecting Transmission Owner shall convey all workpapers, data bases, study results and all other supporting documentation prepared to date with respect to the Interconnection Request as soon as soon as practicable upon the Interconnection Customer's request subject to the confidentiality provision in Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. In any case, such third party contract may be entered into with the System Operator, Interconnection Customer, or Interconnecting Transmission Owner at the System Operator and Interconnecting Transmission Owner's discretion. In the case of (iii) the Interconnection Customer maintains its right to submit a claim to Dispute Resolution to recover the costs of such third party study. Such third party consultant shall be required to comply with this LGIP, Article 26 of the LGIA (Subcontractors), and the relevant Tariff procedures and protocols as would apply if the System Operator and Interconnecting Transmission Owner were to conduct the Interconnection Study and shall use the information provided to it solely for purposes of performing such services and for no other purposes.

The System Operator and Interconnecting Transmission Owner shall cooperate with such third party consultant and Interconnection Customer to complete and issue the Interconnection Study in the shortest reasonable time.

13.5 Disputes.

13.5.1 Submission. In the event a Party has a dispute, or asserts a claim, that arises out of or in connection with the LGIA, the LGIP, or their performance, such Party (the "Disputing Party") shall provide the other Party(ies) with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party(ies). In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's(ies') receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, after thirty (30) Calendar Days, then (i) in the case of disputes arising out of or in conjunction with the LGIA, the System Operator and Interconnecting Transmission Owner shall jointly file an unexecuted LGIA, or amendment thereto, with the Commission in accordance with Section 11.3.4, or (ii) in the case of disputes arising out of or in connection with any

other matter regarding the administration of the LGIP, the System Operator may terminate the Interconnection Request and the Interconnection Customer may seek relief pursuant to Section 206 of the Federal Power Act. Each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this Schedule 22.

13.5.2 External Arbitration Procedures. Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The arbitrator so chosen by the System Operator shall chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable Commission regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Section 13, the terms of this Section 13 shall prevail.

13.5.3 Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons for such decision. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the LGIA and LGIP and shall have no power to modify or change any provision of the LGIA and LGIP in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

13.5.4 Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three-member panel and one-third of any associated arbitration costs; or (2) one-third the cost of the single arbitrator jointly chosen by the Parties and one-third of any associated arbitration costs.

13.6 Local Furnishing Bonds.

13.6.1 Facilities Financed by Local Furnishing Bonds. This provision is applicable only to interconnections associated with facilities financed for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of this LGIA and LGIP, the Interconnecting Transmission Owner shall not be required to provide Interconnection Service to the Interconnection Customer pursuant to this LGIA and LGIP if the provision of such Interconnection Service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance the Interconnecting Transmission Owner's facilities that would be used in providing such Interconnection Service.

13.6.2 Alternative Procedures for Requesting Interconnection Service. If the Interconnecting Transmission Owner determines that the provision of Interconnection Service requested by the Interconnection Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such Interconnection Service, it shall advise the Interconnection Customer within thirty (30) Calendar Days of receiving notice of the Interconnection Request. The Interconnection Customer thereafter may renew its Interconnection Request using the process specified in the Tariff.

APPENDICES TO LGIP

APPENDIX 1 INTERCONNECTION REQUEST

APPENDIX 2 INTERCONNECTION FEASIBILITY STUDY AGREEMENT

APPENDIX 3 INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT

APPENDIX 4 INTERCONNECTION FACILITIES STUDY AGREEMENT

APPENDIX 5 OPTIONAL INTERCONNECTION STUDY AGREEMENT

APPENDIX 6 LARGE GENERATOR INTERCONNECTION AGREEMENT

APPENDIX 1
INTERCONNECTION REQUEST

The undersigned Interconnection Customer submits this request to interconnect its Large Generating Facility to the Administered Transmission System under Schedule 22 - Large Generator Interconnection Procedures ("LGIP") of the ISO New England Inc. Open Access Transmission Tariff (the "Tariff"). Capitalized terms have the meanings specified in the Tariff.

PROJECT INFORMATION

Proposed Project Name: _____

1. This Interconnection Request is for (check one):

_____ **A proposed new Large Generating Facility**

_____ **An increase in the generating capacity or a modification that has the potential to be a Material Modification of an existing Generating Facility**

_____ **Commencement of participation in the wholesale markets by an existing Generating Facility**

_____ **A change from Network Resource Interconnection Service to Capacity Network Resource Interconnection Service**

2. The types of Interconnection Service requested:

_____ **Network Resource Interconnection Service (energy capability only)**

_____ **Capacity Network Resource Interconnection Service (energy capability and capacity capability)**

If Capacity Network Resource Interconnection Service, does Interconnection Customer request Long Lead Facility treatment? Check: ____Yes or ___ No

If yes, provide, together with this Interconnection Request, the Long Lead Facility deposit and other required information as specified in Section 3.2.3 of the LGIP, including (if the Large Generating Facility will be less than 100 MW) a justification for Long Lead Facility treatment.

3. This Interconnection Customer requests (check one, selection is not required as part of the initial Interconnection Request):

_____ A Feasibility Study to be completed as a separate and distinct study

_____ A System Impact Study with the Feasibility Study to be performed as the first step of the study

(The Interconnection Customer shall select either option and may revise any earlier selection up to within five (5) Business Days following the Scoping Meeting.)

4. The Interconnection Customer shall provide the following information:

Address or Location of the Facility (including Town/City, County and State):

_____

_____

_____

Approximate location of the proposed Point of Interconnection (information is not required as part of the initial Interconnection Request):

_____

Type of Generating Facility to be Constructed:_____

Generating Facility Fuel Type:

_____

Generating Facility Capacity (MW):

	Maximum Net MW Electrical Output	**Maximum Gross MW Electrical Output**
At or above 90 degrees F		
At or above 50 degrees F		
At or above 20 degrees F		
At or above 0 degrees F		

General description of the equipment configuration (# of units and GSUs):

_____

_____

Requested Commercial Operations Date:

_____

Requested Initial Synchronization Date:

_____

Requested In Service Date:

_____

Evidence of Site Control (check one):

_____ **If for Capacity Network Resource Interconnection Service, Site Control is provided herewith, as required.**

_____ **If for Network Resource Interconnection Service: (Check one)**

___ Is provided herewith

___ In lieu of evidence of Site Control, a $10,000 deposit is provided herewith (refundable within the cure period as described in Section 3.3.3 of the LGIP).

_____ **Site Control is not provided because the proposed modification is to the Interconnection Customer's existing Large Generating Facility and, by checking this option, the Interconnection Customer certifies that it has Site Control and that the proposed modification does not require additional real property.**

The technical data specified within the applicable attachment to this form (check one):

_____ **Is included with the submittal of this Interconnection Request form**

_____ **Will be provided on or before the execution and return of the Feasibility Study Agreement (Attachment B) or the System Impact Study Agreement (Attachment A), as applicable**

The ISO will post the Project Information on the ISO web site under "New Interconnections" and OASIS.

CUSTOMER INFORMATION

Company Name:_____

ISO Customer ID# (If available):_____

(Interconnection Customer)

Company Address: **PO Box No.:**
_____

Street Address:_____

City, State ZIP:_____

Company Representative: **Name:** _____

Title: _____

Company Representative's Company and Address (if different from above):

Company Name:_____

PO Box No.:_____

Street Address:_____

City, State ZIP:_____

Phone: _____ **FAX:** _____ **email:**_____

This Interconnection Request is submitted by:

Authorized Signature:_____

Name (type or print):_____

Title:_____

Date:_____

In order for an Interconnection Request to be considered a valid request, it must:

(a) Be accompanied by a deposit of $50,000.00, which may be refundable in accordance with Section 3.3.1 of the LGIP;

(b) For Capacity Network Resource Interconnection Service, include documentation demonstrating Site Control. If for Network Resource Interconnection Service, demonstrate Site Control or post an additional deposit of $10,000.00. If the Interconnection Customer with an Interconnection Request for Network Resource Interconnection Service demonstrates Site Control within the cure period specified in Section 3.3.1 of the LGIP, the additional deposit of $10,000.00 shall be refundable (An Interconnection Customer does not need to demonstrate Site Control for an Interconnection Request for a modification to its existing Large Generating Facility where the Interconnection Customer has certified that it has Site Control and that the proposed modification does not require additional real property);

(c) Include a detailed map (2 copies), such as a map of the quality produced by the U.S. Geological Survey, which clearly indicates the site of the new facility and pertinent surrounding structures; and

(d) Include all information required on the Interconnection Request form; and

(e) Include the deposit and all information required for Long Lead Facility treatment, if such treatment is requested in accordance with Section 3.2.3 of the LGIP.

Attachment A (page 1)
To Appendix 1
Interconnection Request
Technical Data Required For
Interconnection System Impact Study

The technical data required below must be submitted no later than the date of execution of the System Impact Study Agreement pursuant to Section 7.2 of the LGIP.

LARGE GENERATING FACILITY DATA

UNIT RATINGS

Kva	°F	Voltage
Power Factor		
Speed (RPM)		Connection (e.g. Wye) _____
Short Circuit Ratio		Frequency, Hertz _____
Stator Amperes at Rated Kva		Field Volts _____
Max Turbine MW	°F	

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 90 ^{o} OR ABOVE

Gross Unit Rating (MW)	Gross Lagging (MVAR)
Net Unit Rating (MW)	Gross Leading (MVAR)
Station Service (MW)	Station Service (MVAR)
Temperature (^{o}F)	

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 50^{o} OR ABOVE

Gross Unit Rating (MW)	Gross Lagging (MVAR)

Net Unit Rating (MW) Gross Leading (MVAR)

Station Service (MW) Station Service (MVAR)

Temperature (^{o}F)

Attachment A (page 2)

To Appendix 1

Interconnection Request

Technical Data Required For

Interconnection System Impact Study

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 20^{o} OR ABOVE

Gross Unit Rating (MW) Gross Lagging (MVAR)

Net Unit Rating (MW) Gross Leading (MVAR)

Station Service (MW) Station Service (MVAR)

Temperature (^{o} F)

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 0^{o} OR ABOVE

Gross Unit Rating (MW) Gross Lagging (MVAR)

Net Unit Rating (MW) Gross Leading (MVAR)

Station Service (MW) Station Service (MVAR)

Temperature (^{o}F)

COMBINED TURBINE-GENERATOR-EXCITER INERTIA DATA

Inertia Constant, H = kW sec/kVA

Moment-of-Inertia, WR2	=	lb. ft.2

REACTANCE DATA (PER UNIT-RATED KVA)

	DIRECT AXIS	**QUADRATURE AXIS**
Synchronous – saturated	Xdv	Xqv
Synchronous – unsaturated	Xdi	Xqi
Transient – saturated	X'dv	X'qv
Transient – unsaturated	X'di	X'qi
Subtransient – saturated	X"dv	X"qv
Subtransient – unsaturated	X"di	X"qi
Negative Sequence – saturated	X2v	
Negative Sequence – unsaturated	X2i	
Zero Sequence – saturated	X0v	
Zero Sequence – unsaturated	X0i	
Leakage Reactance	Xlm	

FIELD TIME CONSTANT DATA (SEC)

Open Circuit	T'qo	T'do
Three-Phase Short Circuit Transient	T'd3	T'q
Line to Line Short Circuit Transient	T'd2	
Line to Neutral Short Circuit Transient	T'd1	

Short Circuit Subtransient	T”d	T”q
Open Circuit Subtransient	T”do	T”qo

ARMATURE TIME CONSTANT DATA (SEC)

Three Phase Short Circuit	Ta3
Line to Line Short Circuit	Ta2
Line to Neutral Short Circuit	Ta1

NOTE: If requested information is not applicable, indicate by marking “N/A.”

MW CAPABILITY AND PLANT CONFIGURATION
LARGE GENERATING FACILITY DATA
ARMATURE WINDING RESISTANCE DATA (PER UNIT)

Positive	R1		
Negative	R2		
Zero	R0		
Rotor Short Time Thermal Capacity I^2t	=		
Field Current at Rated kVA, Armature Voltage and PF	=	amps	
Field Current at Rated kVA and Armature Voltage, 0 PF		amps	
Three Phase Armature Winding Capacitance	=	microfarad	
Field Winding Resistance	=	ohms	°C
Armature Winding Resistance (Per Phase)	=	ohms	°C

CURVES

Provide Saturation, Vee, Reactive Capability, Capacity Temperature Correction curves. Designate normal and emergency Hydrogen Pressure operating range for multiple curves.

GENERATOR STEP-UP TRANSFORMER DATA RATINGS

Capacity Self-cooled/Maximum Nameplate

/ Kva

Voltage Ratio Generator side/System side/Tertiary

/ kV

Winding Connections Generator side/System Side/Tertiary (Delta or Wye)

/

Fixed Taps Available

Present Tap Setting

IMPEDANCE

Positive	Z1 (on self-cooled kVA rating)	%	X/R
Zero	Z0 (on self-cooled kVA rating)	%	X/R

EXCITATION SYSTEM DATA

Identify appropriate IEEE model block diagram of excitation system and power system stabilizer ("PSS") for computer representation in power system stability simulations and the corresponding excitation system and PSS constants for use in the model.

GOVERNOR SYSTEM DATA

Identify appropriate IEEE model block diagram of governor system for computer representation in power system stability simulations and the corresponding governor system constants for use in the model.

WIND GENERATORS

Number of generators to be interconnected pursuant to
this Interconnection Request: _____
Elevation: _____ _____ Single Phase _____ Three Phase
Inverter manufacturer, model name, number, and version:

List of adjustable set points for the protective equipment or software:

For all generator types: A completed fully functioning, non-proprietary or non-confidential Siemens PTI's ("PSSE") power flow model or other compatible formats, such as IEEE and General Electric Company Power Systems Load Flow ("PSLF") data sheet , must be supplied with this Attachment A. If additional non-proprietary or non-confidential data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

A PSCAD model shall be provided pursuant to Section 7.2 of the LGIP if deemed required at the Scoping Meeting.

INDUCTION GENERATORS:

(*) Field Volts:
(*) Field Amperes:
(*) Motoring Power (kW):
(*) Neutral Grounding Resistor (If Applicable):
(*) I_2^2t or K (Heating Time Constant):
(*) Rotor Resistance:
(*) Stator Resistance:
(*) Stator Reactance:
(*) Rotor Reactance:
(*) Magnetizing Reactance:
(*) Short Circuit Reactance:
(*) Exciting Current:
(*) Temperature Rise:
(*) Frame Size:
(*) Design Letter:
(*) Reactive Power Required In Vars (No Load):
(*) Reactive Power Required In Vars (Full Load):
(*) Total Rotating Inertia, H: Per Unit on KVA Base

Note: Please consult System Operator prior to submitting the Interconnection Request to determine if the information designated by (*) is required.

Applicant Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Attachment A to the Interconnection Request is true and accurate.

For Interconnection Customer:_____Date:_____

Attachment B (page 1)
To Appendix 1
Interconnection Request
Technical Data Required For
Interconnection Feasibility Study

The technical data required below must be submitted no later than the date of execution of the Feasibility Study Agreement pursuant to Section 6.1 of the LGIP.

LARGE GENERATING FACILITY DATA
UNIT RATING

kVA	°F	Phase to Phase Voltage, kV
Rated Power Factor		
Speed (RPM)		Connection (e.g. Wye) _____
Short Circuit Ratio		Frequency, Hertz _____
Stator Amperes at Rated, kVA		Field Volts _____
Max Turbine MW	°F	

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 50^{o}F OR ABOVE

Gross Unit Rating (MW)	Gross Lagging (MVAR)
Net Unit Rating (MW)	Gross Leading (MVAR)
Station Service (MW)	Station Service (MVAR)
Temperature (^{o}F)	

DATA (PER UNIT-RATED KVA AND RATED VOLTAGE)

Saturated Reactance

Direct axis positive sequence X''_{dv}

negative sequence X''_{2v} _____

zero sequence X''_{0v}

Resistance

Generator AC resistance R_a _____

negative sequence R_2 _____

zero sequence R_0 _____

Attachment B (page 2)

To Appendix 1

Interconnection Request

Technical Data Required For

Interconnection Feasibility Study

Time Constant (seconds)

Three-phase short circuit armature time constant T_{a3} _____

CURVES

Provide Saturation, Vee, Reactive Capability, Capacity Temperature Correction curves. Designate normal and emergency Hydrogen Pressure operating range for multiple curves.

GENERATOR STEP-UP TRANSFORMER DATA RATINGS

Capacity Self-cooled/Maximum Nameplate

/ kVA

Voltage Ratio Generator side/System side/Tertiary

/ kV

Winding Connections Generator side/system side /Tertiary

(Delta or Wye)

/

Fixed Taps Available

Present Tap Setting

IMPEDANCE

For 2-Winding Transformers

Positive	Z1 (on self-cooled kVA rating)	%	X/R
Zero	Z0 (on self-cooled kVA rating)	%	X/R

Technical Data Required For
Interconnection Feasibility Study

IMPEDANCE

For 3-winding transformers

Positive $Z1_{H-L}$ (on self-cooled kVA rating)_____ %, X/R _____

$Z1_{H-T}$ (on self-cooled kVA rating)_____ %, X/R _____

$Z1_{L-T}$ (on self-cooled kVA rating)_____ %, X/R _____

Zero $Z0_{H-L}$ (on self-cooled kVA rating)_____ %, X/R _____

$Z0_{H-T}$ (on self-cooled kVA rating)_____ %, X/R _____

$Z0_{L-T}$ (on self-cooled kVA rating)_____ %, X/R _____

FEEDER IMPEDANCE (Per Unit)

From GSU to Point of Interconnection

Positive R1 _____ + j X1 _____ on 100 MVA base

Zero R0 _____ + j X0 _____ on 100 MVA base

WIND GENERATORS

Number of generators to be interconnected pursuant to this Interconnection Request: _____

Elevation:_____Single Phase_____Three Phase

Inverter manufacturer, model name, number, and version:

List of adjustable setpoints for the protective equipment or software:

For all generator types: A completed fully functioning, non-proprietary or non-confidential Siemens PTI's ("PSSE") power flow model or other compatible formats, such as IEEE and General Electric Company Power Systems Load Flow ("PSLF") data sheet, must be supplied with this Attachment B. If additional non-proprietary or non-confidential data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

Applicant Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Attachment B to the Interconnection Request is true and accurate.

For Interconnection Customer:_____Date:_____

APPENDIX 2
INTERCONNECTION FEASIBILITY STUDY AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State of _____ ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator, and Interconnecting Transmission Owner may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility to the Administered Transmission System; and

WHEREAS, Interconnection Customer has requested System Operator and Interconnecting Transmission Owner to perform an Interconnection Feasibility Study to assess the feasibility of interconnecting the proposed Large Generating Facility to the Administered Transmission System, and any Affected Systems.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the Commission-approved Large Generator Interconnection Procedures ("LGIP"), or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 Interconnection Customer elects and System Operator shall cause to be performed an Interconnection Feasibility Study consistent with Section 6.0 of the LGIP in accordance with the Tariff.

3.0 The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Interconnection Feasibility Study shall be based on the technical information provided by Interconnection Customer in Attachment B to the Interconnection Request, as may be modified as the result of the Scoping Meeting. System Operator and Interconnecting Transmission Owner reserve the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with Section 3.3.4 of the LGIP. If, after the designation of the Point of Interconnection pursuant to Section 3.3.4 of the LGIP, Interconnection Customer modifies its Interconnection Request pursuant to Section 4.4, the time to complete the Interconnection Feasibility Study may be extended.

5.0 The Interconnection Feasibility Study report shall provide the following information:

- preliminary identification of any circuit breaker or other facility short circuit capability limits exceeded as a result of the interconnection;
- preliminary identification of any thermal overload of any transmission facility or system voltage limit violations resulting from the interconnection;
- initial review of grounding requirements and electric system protection;

- preliminary description and non-binding estimated cost of facilities required to interconnect the Large Generating Facility to the New England Transmission System and to address the identified short circuit and power flow issues; and
- to the extent the Interconnection Customer requested a preliminary analysis as described in this Section 6.2 of the LGIP, the report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

  In accordance with the LGIP, in performing the Interconnection Feasibility Study, System Operator and Interconnecting Transmission Owner shall coordinate with each other and Affected Parties, and shall receive and incorporate input from such entities into its study, and shall provide copies of the final study report to such entities.

6.0 The Interconnection Customer is providing herewith a deposit equal to 100 percent of the estimated cost of the study. The deposit shall be applied toward the cost of the Interconnection Feasibility Study and the development of this Interconnection Feasibility Study Agreement and its attachment(s). Interconnecting Transmission Owner's and System Operator's good faith estimate for the time of completion of the Interconnection Feasibility Study Agreement is [insert date].

The total estimated cost of the performance of the Interconnection Feasibility Study consists of $_____ which is comprised of the System Operator's estimated cost of $_____ and the Interconnecting Transmission Owner's estimated cost of $_____. Any difference between the deposit and the actual cost of the Interconnection Feasibility Study shall be paid by or refunded to the Interconnection Customer, as appropriate. Upon receipt of the Interconnection Feasibility Study System Operator and Interconnecting Transmission Owner shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Feasibility Study.

Interconnection Customer shall pay any invoiced amounts within thirty (30) Calendar Days of receipt of the invoice.

7.0 Miscellaneous.

7.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

7.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection Feasibility Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection Feasibility Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection Feasibility Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection Feasibility Study, the content of the Interconnection Feasibility Study, or the conclusions of the Interconnection Feasibility Study. Interconnection Customer acknowledges that it has not relied on any

representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

7.3 Force Majeure, Liability and Indemnification.

7.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

7.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or an Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or an Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

7.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owner and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owner shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

7.4 Third-Party Beneficiaries. Without limitation of Sections 7.2 and 7.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection Feasibility Study shall be deemed third party beneficiaries of Sections 7.2 and 7.3.

7.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 7.5, shall continue in effect for a term of one year or until the Interconnection Feasibility Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 3.6 of the LGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

7.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state where the Point of Interconnection is located without regard to any choice of laws provisions.

7.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

7.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

7.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

7.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

7.11 Independent Contractor. Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

7.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect.

7.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

7.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

System Operator	Interconnecting Transmission Owner
By:	By:

Title:	Title:
Date:	Date:

[Insert name of Interconnection Customer]
By:
Title:
Date:

Attachment A to
Appendix 2
Interconnection Feasibility
Study Agreement

ASSUMPTIONS USED IN CONDUCTING THE INTERCONNECTION FEASIBILITY STUDY

The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the Scoping Meeting held on _____:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer, System Operator, and Interconnecting Transmission Owner]

APPENDIX 3
INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State of _____ ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator, and Interconnecting Transmission Owner may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility to the Administered Transmission System;

WHEREAS, System Operator and Interconnecting Transmission Owner have completed an Interconnection Feasibility Study (the "Feasibility Study") and provided the results of said study to the Interconnection Customer, or Interconnection Customer has requested that the Feasibility Study be completed as part of the System Impact Study pursuant to Section 6.1 of the LGIP, or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff")(This recital is to be omitted if Interconnection Customer has elected to forego the Interconnection Feasibility Study); and

WHEREAS, Interconnection Customer has requested System Operator and Interconnecting Transmission Owner to perform an Interconnection System Impact Study to assess the impact of

interconnecting the Large Generating Facility to the Administered Transmission System, and any Affected Systems.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the Commission-approved Large Generator Interconnection Procedure ("LGIP").

2.0 Interconnection Customer elects and System Operator and Interconnecting Transmission Owner shall cause to be performed an Interconnection System Impact Study consistent with Section 7.0 of the LGIP in accordance with the Tariff.

3.0 The scope of the Interconnection System Impact Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study, whether performed separately or as part of the Interconnection System Impact Study, and the technical information provided by Interconnection Customer in Attachment A to the Interconnection Request, subject to any modifications in accordance with Section 4.4 of the LGIP. System Operator and Interconnecting Transmission Owner reserve the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection System Impact Study. If Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the Interconnection System Impact Study may be extended.

5.0 The Interconnection System Impact Study report shall provide the following information:

- identification of any circuit breaker or other facility short circuit capability limits exceeded as a result of the interconnection;
- identification of any thermal overload of any transmission facility or system voltage limit violations resulting from the interconnection;
- initial review of grounding requirements and electric system protection;
- identification of any instability or inadequately damped response to system disturbances resulting from the interconnection;
- description and non-binding, good faith estimated cost of facilities required to interconnect the Large Generating Facility to the Administered Transmission

System and to address the identified short circuit, instability, and power flow issues; and

- to the extent the Interconnection Customer requested a preliminary analysis as described in this Section 7.4 of the LGIP, the report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

6.0 The Interconnection Customer is providing herewith a deposit equal to:

i. the greater of 100 percent of the estimated cost of the Interconnection System Impact Study or $250,000;
or

ii. the lower of 100 percent of the estimated cost of the Interconnection System Impact Study or $50,000, if the Interconnection Customer is providing herewith either:

(a) evidence of applications for all Major Permits, as defined in Section III.13.1.1.2.2.2(a) of the Tariff, required in support of the Interconnection Request, or provide certification that Major Permits are not required or

(b) evidence acceptable to the System Operator of At-Risk Expenditures (excluding study cots) totaling at least the amounts of money described in (i) above.

or

iii the lower of 100 percent of the estimated costs of the study or $50,000 if the Interconnection Request is for a modification to an existing Large Generating Facility that does not increase the energy capability or capacity capability of the Large Generating Facility.

The deposit shall be applied toward the cost of the Interconnection System Impact Study and the development of this Interconnection System Impact Study Agreement and its attachment(s) and the LGIA. Interconnecting Transmission Owner's and System Operator's good faith estimate for the time of completion of the Interconnection System Impact Study is [insert date].

The total estimated cost of the performance of the Interconnection System Impact Study consists of $_____ which is comprised of the System Operator's estimated cost of $_____ and the Interconnecting Transmission Owner's estimated cost of $_____.

Any difference between the deposit and the actual cost of the Interconnection System Impact Study shall be paid by or refunded to the Interconnection Customer, as appropriate.

Upon receipt of the Interconnection System Impact Study, System Operator and Interconnecting Transmission Owner shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection System Impact Study.
System Operator and Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection System Impact Study each month. Interconnection Customer shall pay any invoiced amounts within thirty (30) Calendar Days of receipt of the invoice.

In accordance with the LGIP, in performing the Interconnection System Impact Study, System Operator and Interconnecting Transmission Owner shall coordinate with Affected Parties, shall receive and incorporate input from such entities into its study, and shall provide copies of the final study report to such entities.

7.0 Miscellaneous.

7.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

7.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection System Impact Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection System Impact Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection System Impact Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection System Impact Study, the content of the Interconnection System Impact Study, or the conclusions of the Interconnection System Impact Study. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

7.3 Force Majeure, Liability and Indemnification.

7.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

7.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, an Interconnecting Transmission Owner or any Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

7.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owners and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owners shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

7.4 Third-Party Beneficiaries. Without limitation of Sections 7.2 and 7.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection System Impact Study shall be deemed third party beneficiaries of Sections 7.2 and 7.3.

7.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 7.5, shall continue in effect for a term of one year or until the Interconnection System Impact Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 3.6 of the LGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

7.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state where the Point of Interconnection is located without regard to any choice of laws provisions.

7.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed

severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

7.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

7.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

7.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

7.11 Independent Contractor. Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

7.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect.

7.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

7.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

System Operator	Interconnecting Transmission Owner
By:	By:
Title:	Title:
Date:	Date:

[Insert name of Interconnection Customer]
By:
Title:
Date:

Attachment A
To Appendix 3
Interconnection System Impact
Study Agreement

ASSUMPTIONS USED IN CONDUCTING THE INTERCONNECTION SYSTEM IMPACT STUDY

The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study, whether performed separately or as part of the Interconnection System Impact Study, subject to any modifications in accordance with Section 4.4 of the LGIP, and the following assumptions:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer, System Operator, and Interconnecting Transmission Owner]

APPENDIX 4
INTERCONNECTION FACILITIES STUDY AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State of _____ ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator, and Interconnecting Transmission Owner may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated ; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility to the Administered Transmission System; and

WHEREAS, System Operator and Interconnecting Transmission Owner have completed an Interconnection System Impact Study (the "System Impact Study") and provided the results of said study to the Interconnection Customer; and

WHEREAS, Interconnection Customer has requested System Operator and Interconnecting Transmission Owner to perform an Interconnection Facilities Study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the

Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Large Generating Facility to the Administered Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the Commission-approved Large Generator Interconnection Procedures ("LGIP"), or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 Interconnection Customer elects and System Operator shall cause an Interconnection Facilities Study consistent with Section 8.0 of the LGIP to be performed in accordance with the Tariff.

3.0 The scope of the Interconnection Facilities Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.

4.0 The Interconnection Facilities Study report (i) shall provide a description, estimated cost of (consistent with Attachment A), and schedule for required facilities to interconnect the Large Generating Facility to the Administered Transmission System and (ii) shall address the short circuit, instability, and power flow issues identified in the Interconnection System Impact Study.

5.0 The Interconnection Customer is providing herewith a deposit equal to:

i. the greater of 25 percent of the estimated cost of the Interconnection Facilities Study or $250,000;
or

ii. the greater of 100 percent of the estimated monthly cost of the Interconnection Facilities Study Agreement or $100,000, if the Interconnection Customer can provide either:

(a) evidence of application for all Major Permits, as defined in Section III.13.1.1.2.2.2(a) of the Tariff, required in support of the Interconnection Request, or provide certification that Major Permits are not required or

(b) evidence acceptable to the System Operator of At-Risk Expenditures (excluding Interconnection Study costs)

totaling at least the amount of the money in (i) above, not including the At-Risk Expenditures demonstrated with the Interconnection System Impact Study Agreement, if applicable.

or

iii. the greater of 100 percent of one month's estimated study cost or $100,000, if the Interconnection Request is for a modification to an existing Large Generating Facility that does not increase the energy capability or capacity capability of the Large Generating Facility.

The deposit shall be applied toward the cost of the Interconnection Facilities Study and the development of this Interconnection Facilities Study Agreement and its attachment(s) and the LGIA. The time for completion of the Interconnection Facilities Study is specified in Attachment A.

The total estimated cost of the performance of the Interconnection Facilities Study consists of $_____ which is comprised of the System Operator's estimated cost of $_____ and the Interconnecting Transmission Owner's estimated cost of $_____. Any difference between the deposit and the actual cost of the Interconnection Facilities Study shall be paid by or refunded to the Interconnection Customer, as appropriate. Upon receipt of the Interconnection Facilities Study, System Operator and Interconnecting Transmission Owner shall charge and Interconnection Customer shall pay the actual costs of the Interconnection Facilities Study. System Operator and Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month. Interconnection Customer shall pay any invoiced amounts within thirty (30) Calendar Days of receipt of the invoice. In accordance with the LGIP, in performing the Interconnection Facilities Study, Interconnecting Transmission Owner and System Operator shall coordinate with Affected Parties, shall receive and incorporate input from such entities into its study, and shall provide copies of the final study report to such entities.

6.0 Miscellaneous.

6.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

6.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection Facilities Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection Facilities Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection Facilities Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection Facilities Study, the content of the Interconnection Facilities Study, or the conclusions of the Interconnection Facilities Study. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

6.3 Force Majeure, Liability and Indemnification.

6.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

6.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission

Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or any Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

6.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owners and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owners shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

6.4 Third-Party Beneficiaries. Without limiting Sections 7.2 and 7.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, review, or to assist in the conducting, participating in, or reviewing of, an Interconnection Facilities Study shall be deemed third party beneficiaries of Sections 7.2 and 7.3.

6.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 7.5, shall continue in effect for a term of one year or until the Interconnection Facilities Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 3.6 of the LGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

6.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state where the Point of Interconnection is located without regard to any choice of laws provisions.

6.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

6.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

6.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

6.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

6.11 Independent Contractor. Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

6.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect.

6.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the

Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

6.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

System Operator	Interconnecting Transmission Owner
By:	By:
Title:	Title:
Date:	Date:

[Insert name of Interconnection Customer]
By:
Title:
Date:

Attachment A
To Appendix 4
Interconnection Facilities
Study Agreement

INTERCONNECTION CUSTOMER SCHEDULE ELECTION FOR CONDUCTING THE INTERCONNECTION FACILITIES STUDY

Interconnection Customer elects (check one):

☐ +/- 20 percent cost estimate contained in the Interconnection Facilities Study report.

☐ +/- 10 percent cost estimate contained in the Interconnection Facilities Study report.

Interconnecting Transmission Owner and System Operator shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to the Interconnection Customer within the following number of days after of receipt of an executed copy of this Interconnection Facilities Study Agreement:

- ninety (90) Calendar Days with no more than a +/- 20 percent cost estimate contained in the report, or
- one hundred eighty (180) Calendar Days with no more than a +/- 10 percent cost estimate contained in the report.

DATA FORM TO BE PROVIDED BY INTERCONNECTION CUSTOMER WITH THE INTERCONNECTION FACILITIES STUDY AGREEMENT

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

One set of metering is required for each generation connection to the new ring bus or existing New England Transmission System station. Number of generation connections:

On the one line indicate the generation capacity attached at each metering location. (Maximum load on Current Transformer/Power Transformer ("CT/PT"))

On the one line indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

Will an alternate source of auxiliary power be available during CT/PT maintenance?

Yes _____ No _____

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes _____ No _____

(Please indicate on one line).

What type of control system or Power Line Carrier ("PLC") will be located at the Interconnection Customer's Large Generating Facility?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle of the site. Sketch the plant, station, transmission line, and property line.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to Interconnecting Transmission Owner's transmission line.

Tower number observed in the field. (Painted on tower leg)*

Number of third party easements required for transmission lines*:

* To be completed in coordination with System Operator and Interconnecting Transmission Owner.

Is the Large Generating Facility in Interconnecting Transmission Owner's service area?

Yes _____ No _____ Local provider:
Please provide proposed schedule dates:
Begin Construction Date:
Generator step-up transformer Date:
Receives back feed power Date
Generation Testing Date:
Commercial Operation Date:

APPENDIX 5
OPTIONAL INTERCONNECTION STUDY AGREEMENT

THIS AGREEMENT is made and entered into this _____day of _____, 20___by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State of _____ ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator, and Interconnecting Transmission Owner may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer is proposing to establish an interconnection to the Administered Transmission System; and

WHEREAS, Interconnection Customer has submitted to System Operator an Interconnection Request; and

WHEREAS, on or after the date when the Interconnection Customer receives the Interconnection System Impact Study results, Interconnection Customer has further requested that the System Operator and Interconnecting Transmission Owner prepare an Optional Interconnection Study.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the Commission-approved Large Generator Interconnection Procedures ("LGIP"), or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 Interconnection Customer elects and System Operator shall cause an Optional Interconnection Study consistent with Section 10.0 of the LGIP to be performed in accordance with the Tariff.

3.0 The scope of the Optional Interconnection Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Optional Interconnection Study shall be performed solely for informational purposes.

5.0 The Optional Interconnection Study report shall provide a sensitivity analysis based on the assumptions specified by the Interconnection Customer in Attachment A to this Agreement. The Optional Interconnection Study will identify Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or Interconnection Service based upon the assumptions specified by the Interconnection Customer in Attachment A.
In accordance with the LGIP, in performing the Optional Interconnection Study, the System Operator shall coordinate with Interconnecting Transmission Owner and Affected Parties, and shall receive and incorporate input from such entities into its study, and shall provide copies of the final study report to such entities.

6.0 The Interconnection Customer is providing herewith a deposit equal to 100 percent of the estimated cost of the study. Interconnecting Transmission Owner's and System Operator's good faith estimate for the time of completion of the Optional Interconnection Study is [insert date].

The total estimated cost of the performance of the Optional Interconnection Study consists of $_____ which is comprised of the System Operator's estimated cost of $_____ and the Interconnecting Transmission Owner's estimated cost of $_____.

Any difference between the initial payment and the actual cost of the study shall be paid by or refunded to the Interconnection Customer, as appropriate. Upon receipt of the Optional Interconnection Study, System Operator and Interconnecting Transmission Owner shall charge and the Interconnection Customer shall pay the actual costs of the

Optional Interconnection Study. Interconnection Customer shall pay any invoiced amounts within thirty (30) Calendar Days of receipt of invoice.

7.0 Miscellaneous.

7.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

7.2 Disclaimer of Warranty. In preparing and/or participating in the Optional Interconnection Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Optional Interconnection Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Optional Interconnection Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Optional Interconnection Study, the content of the Optional Interconnection Study, or the conclusions of the Optional Interconnection Study. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

7.3 Force Majeure, Liability and Indemnification.

7.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

7.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or any Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

7.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owners and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owners under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the

indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owners shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

7.4 Third-Party Beneficiaries. Without limitation of Sections 7.2 and 7.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Optional Interconnection Study shall be deemed third party beneficiaries of Sections 7.2 and 7.3.

7.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 7.5, shall continue in effect for a term of one year or until the Optional Interconnection Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 3.6 of the LGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

7.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state where the Point of Interconnection is located, without regard to any choice of laws provisions.

7.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

7.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

7.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

7.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

7.11 Independent Contractor. Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

7.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instances; rather, the same shall be and remain in full force and effect.

7.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

7.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

System Operator	Interconnecting Transmission Owner
By:	By:
Title:	Title:
Date:	Date:

[Insert name of Interconnection Customer]
By:
Title:
Date:

Attachment A
Appendix 5
Optional Interconnection
Study Agreement

ASSUMPTIONS USED IN CONDUCTING
THE OPTIONAL INTERCONNECTION STUDY

[To be completed by Interconnection Customer consistent with Section 10 of the LGIP.]

APPENDIX 6
LARGE GENERATOR INTERCONNECTION AGREEMENT

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THIS STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

("Agreement") is made and entered into this ____ day of _____ 20__, by and between _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnection Customer" with a Large Generating Facility), ISO New England Inc., a non-stock corporation organized and existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnecting Transmission Owner"). Under this Agreement the Interconnection Customer, System Operator, and Interconnecting Transmission Owner each may be referred to as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, System Operator is the central dispatching agency provided for under the Transmission Operating Agreement ("TOA") which has responsibility for the operation of the New England Control Area from the System Operator control center and the administration of the Tariff; and

WHEREAS, Interconnecting Transmission Owner is the owner or possessor of an interest in the Administered Transmission System; and

WHEREAS, Interconnection Customer intends to own, lease and/or control and operate the Generating Facility identified as a Large Generating Facility in Appendix C to this Agreement; and

WHEREAS, System Operator, Interconnection Customer and Interconnecting Transmission Owner have agreed to enter into this Agreement for the purpose of interconnecting the Large Generating Facility to the Administered Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

When used in this Standard Large Generator Interconnection Agreement, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used.

ARTICLE 1. DEFINITIONS

The definitions contained in this Article 1 and those definitions embedded in an Article of this Agreement are intended to apply in the context of the generator interconnection process provided for in Schedule 22 (and its appendices). To the extent that the definitions herein are different than those contained in Section I.2.2 of the Tariff, the definitions provided below shall control only for purposes of generator interconnections under Schedule 22. Capitalized terms in Schedule 22 that are not defined in this Article 1 shall have the meanings specified in Section I.2.2 of the Tariff.

Administered Transmission System shall mean the PTF, the Non-PTF, and distribution facilities that are subject to the Tariff.

Adverse System Impact shall mean any significant negative effects on the stability, reliability or operating characteristics of the electric system.

Affected Party shall mean the entity that owns, operates or controls an Affected System, or any other entity that otherwise may be a necessary party to the interconnection process.

Affected System shall mean any electric system that is within the Control Area, including, but not limited to, generator owned transmission facilities, or any other electric system that is not within the Control Area that may be affected by the proposed interconnection.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the reliability council applicable to the New England Transmission System.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the NPCC and the New England Control Area, including publicly available local reliability requirements of Interconnecting Transmission Owners or other Affected Parties.

At-Risk Expenditure shall mean money expended for the development of the Generating Facility that cannot be recouped if the Interconnection Customer were to withdraw the Interconnection Request for the Generating Facility. At-Risk Expenditure may include, but is not limited to, money expended on: (i) costs of federal, state, local, regional and town permits, (ii) Site Control, (iii) site-specific design and surveys, (iv) construction activities, and (v) non-refundable deposits for major equipment components. For purposes of this definition, At-Risk Expenditure shall not include costs associated with the Interconnection Studies.

Base Case shall have the meaning specified in Section 2.3 of the Large Generator Interconnection Procedures ("LGIP").

Base Case Data shall mean the Base Case power flow, short circuit, and stability data bases used for the Interconnection Studies by the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Capacity Capability Interconnection Standard ("CC Interconnection Standard") shall mean the criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, and in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other Capacity Network Resources, as detailed in the ISO New England Planning Procedures.

Capacity Network Resource ("CNR") shall mean that portion of a Generating Facility that is interconnected to the Administered Transmission System under the Capacity Capability Interconnection Standard.

Capacity Network Resource Capability ("CNR Capability") shall mean: (i) in the case of a Generating Facility that is a New Generating Capacity Resource pursuant to Section III.13.1 of the Tariff or an Existing Generating Capacity Resource that is increasing its capability pursuant to Section III.13.1.2.2.5 of the Tariff, the highest megawatt amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff, and, if applicable, as specified in a filing by the System Operator with the Commission in accordance with Section III.13.8.2 of the Tariff, or (ii) in the case of a Generating Facility that meets the criteria under Section 5.2.3 of this LGIP, the total megawatt amount determined pursuant to the hierarchy established in Section 5.2.3. CNR Capability shall not exceed the maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter. Where the Generating Facility includes multiple production devices, the CNR Capability shall not exceed the aggregate maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter.

Capacity Network Resource Group Study ("CNR Group Study") shall mean the study performed by the System Operator under Section III.13.1.1.2.3 of the Tariff to determine which resources qualify to participate in a Forward Capacity Auction.

Capacity Network Resource Interconnection Service ("CNR Interconnection Service") shall mean the Interconnection Service selected by the Interconnection Customer to interconnect its Large Generating Facility with the Administered Transmission System in accordance with the Capacity Capability Interconnection Standard. An Interconnection Customer's CNR Interconnection Service shall be for the megawatt amount of CNR Capability. CNR Interconnection Service does not in and of itself convey transmission service.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise. Confidential Information shall include, but not be limited to, information that is confidential pursuant to the ISO New England Information Policy.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Interconnecting Transmission Owner's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to Interconnecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect

Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by the Commission or if filed unexecuted, upon the date specified by the Commission.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is likely to endanger life or property; or (2) that, in the case of the Interconnecting Transmission Owner, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the New England Transmission System, Interconnecting Transmission Owner's Interconnection Facilities or any Affected System to which the New England Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Engineering & Procurement ("E&P") Agreement shall mean an agreement that authorizes the Interconnection Customer, Interconnecting Transmission Owner and any other Affected Party to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a *et seq.*

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Interconnecting Transmission Owner's Interconnection Facilities to obtain back feed power.

Interconnecting Transmission Owner shall mean a Transmission Owner that owns, leases or otherwise possesses an interest in, or a Non-Incumbent Transmission Developer that is not a Participating Transmission Owner that is constructing, a portion of the Administered Transmission System at the Point of Interconnection and shall be a Party to the Standard Large Generator Interconnection Agreement. The term Interconnecting Transmission Owner shall not be read to include the System Operator.

Interconnecting Transmission Owner's Interconnection Facilities shall mean all facilities and equipment owned, controlled, or operated by Interconnecting Transmission Owner from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Interconnecting Transmission Owner's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Customer shall mean any entity, including a transmission owner or its Affiliates or subsidiaries, that interconnects or proposes to interconnect its Generating Facility with the Administered Transmission System under the Standard Large Generator Interconnection Procedures.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Administered Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Interconnecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Administered Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the System Operator, Interconnecting Transmission Owner, or a third party consultant for the Interconnection Customer to determine a list of facilities (including Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Administered Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Administered Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures. The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study, or as part of the Interconnection System Impact Study. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection

System Impact Study, and there shall be only one final report, which will include the results of both Section 6 and Section 7.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request (a) shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to: (i) interconnect a new Generating Facility to the Administered Transmission System as either a CNR or a NR; (ii) increase the energy capability or capacity capability of an existing Generating Facility; (iii) make a Material Modification to the design or operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected with the Administered Transmission System; (iv) commence participation in the wholesale markets by an existing Generating Facility that is interconnected with the Administered Transmission System; or (v) change from NR Interconnection Service to CNR Interconnection Service. Interconnection Request shall not include: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility.

Interconnection Service shall mean the service provided by System Operator and the Interconnecting Transmission Owner, associated with interconnecting the Interconnection Customer's Generating Facility to the Administered Transmission System and enabling the receipt of electric energy capability and/or capacity capability from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, the Interconnection Facilities Study and the Optional Interconnection Study described in the Standard Large Generator Interconnection Procedures. Interconnection Study shall not include a CNR Group Study.

Interconnection Study Agreement shall mean any of the following agreements: the Interconnection Feasibility Study Agreement, the Interconnection System Impact Study Agreement, the Interconnection Facilities Study Agreement, and the Optional Interconnection Study Agreement attached to the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of the Administered Transmission System and any other Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on Adverse System Impacts, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 6 and Section 7.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Large Generating Facility shall mean a Generating Facility having a maximum gross capability at or above zero degrees F of more than 20 MW.

Long Lead Time Generating Facility ("Long Lead Facility") shall mean a Generating Facility with an Interconnection Request for CNR Interconnection Service that has, as applicable, elected or requested long lead time treatment and met the eligibility criteria and requirements specified in Section 3.2.3 of the LGIP.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from another Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the Indemnifying Party.

Major Permits shall be as defined in Section III.13.1.1.2.2.2(a) of the Tariff.

Material Modification shall mean (i) except as expressly provided in Section 4.4.1, those modifications to the Interconnection Request, including any of the technical data provided by the Interconnection Customer in Attachment A to the Interconnection Request or to the interconnection configuration, requested by the Interconnection Customer that either require significant additional study of the same Interconnection Request and could substantially change the interconnection design, or have a material impact on the cost or timing of any Interconnection Studies or upgrades associated with an Interconnection Request with a later queue priority date; (ii) a change to the design or operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected with the Administered Transmission System that may have a significant adverse effect on the reliability or operating characteristics of the New England Transmission System; (iii) a delay to the Commercial Operation Date, In-Service Date, or Initial Synchronization Date of greater than three (3)

years where the reason for delay is unrelated to construction schedules or permitting which delay is beyond the Interconnection Customer's control; or (iv) except as provided in Section 3.2.3.4 of the LGIP, a withdrawal of a request for Long Lead Facility treatment; or (v) except as provided in Section 3.2.3.6 of the LGIP, an election to participate in an earlier Forward Capacity Auction than originally anticipated.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

Network Capability Interconnection Standard ("NC Interconnection Standard") shall mean the criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, as detailed in the ISO New England Planning Procedures.

Network Resource ("NR") shall mean the portion of a Generating Facility that is interconnected to the Administered Transmission System under the Network Capability Interconnection Standard.

Network Resource Capability ("NR Capability") shall mean the maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. Where the Generating Facility includes multiple energy production devices, the NR Capability shall be the aggregate maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. NR Capability shall be equal to or greater than the CNR Capability. In the case of a Generating Facility that meets the criteria under Section 5.2.4 of this LGIP, the NR Capability shall equal the total megawatt amount determined pursuant to Section 5.2.4.

Network Resource Interconnection Service ("NR Interconnection Service") shall mean the Interconnection Service selected by the Interconnection Customer to interconnect its Generating Facility to the Administered Transmission System in accordance with the Network Capability Interconnection Standard. An Interconnection Customer's NR Interconnection Service shall be solely for the megawatt amount of the NR Capability. NR Interconnection Service in and of itself does not convey transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the New England Transmission System required at or beyond the Point of Interconnection to accommodate the interconnection of the Large Generating Facility to the Administered Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party shall mean the System Operator, Interconnection Customer and Interconnecting Transmission Owner or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to Interconnecting Transmission Owner's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Administered Transmission System.

Queue Position shall mean the order of a valid request in the New England Control Area, relative to all other pending requests in the New England Control Area, that is established based upon the date and time of receipt of such request by the System Operator. Requests are comprised of Interconnection Requests, requests for Elective Transmission Upgrades, requests for transmission service and notification of requests for interconnection to other electric systems, as notified by the other electric systems, that impact the Administered Transmission System. For purposes of this LGIA, references to a "higher-queued" Interconnection Request shall mean one that has been received by the System Operator (and placed in queue order) earlier than another Interconnection Request, which is referred to as "lower-queued."

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting between representatives of the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (a) that the Interconnection Customer is the owner in fee simple of the real property for which new interconnection is sought; (b) that the Interconnection Customer holds a valid written leasehold interest in the real property for which new

interconnection is sought; (c) that the Interconnection Customer holds a valid written option to purchase or leasehold property for which new interconnection is sought; (d) that the Interconnection Customer holds a duly executed written contract to purchase or leasehold the real property for which new interconnection is sought; or (e) that the Interconnection Customer has filed applications for required permits to site on federal or state property.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the New England Transmission System during their construction. The System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by System Operator in accordance with applicable codes of conduct and confidentiality requirements, must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement ("LGIA") shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility, that is included in this Schedule 22 to the Tariff.

Standard Large Generator Interconnection Procedures ("LGIP") shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in this Schedule 22 to the Tariff.

System Protection Facilities shall mean the equipment, including necessary signal protection communications equipment, required to protect (1) the New England Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the New England Transmission System or on other delivery systems or other generating systems to which the New England Transmission System is directly connected.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION

2.1 Effective Date. This LGIA shall become effective upon execution by the Parties subject to acceptance by the Commission (if applicable), or if filed unexecuted, upon the date specified by the Commission. System Operator and Interconnecting Transmission Owner, shall promptly and jointly file this LGIA with the Commission upon execution in accordance with Section 11.3 of the LGIP and Article 3.1, if required.

2.2 Term of Agreement. This LGIA, subject to the provisions of Article 2.3, and by mutual agreement of the Parties, shall remain in effect for a period of _____ years from the Effective Date (*term to be specified in individual Agreement, but in no case should the term be less than ten (10) years from the Effective Date or such other longer period as the Interconnection Customer may request)* and shall be automatically renewed for each successive one-year period thereafter.

2.3 Termination Procedures.

2.3.1 Written Notice. This LGIA may be terminated by the Interconnection Customer, subject to continuing obligations of this LGIA and the Tariff, after giving the System Operator and Interconnecting Transmission Owner ninety (90) Calendar Days advance written notice, or by System Operator or Interconnecting Transmission Owner notifying the Commission after a Generating Facility retires pursuant to the Tariff, provided that if an Interconnection Customer exercises its right to terminate on ninety (90) Calendar Days, any reconnection would be treated as a new interconnection request; or this LGIA may be terminated by Interconnecting Transmission Owner or System Operator by notifying the Commission after the Generating Facility permanently ceases Commercial Operation.

2.3.2 Default. Each Party may terminate this LGIA in accordance with Article 17. Notwithstanding Articles 2.3.1 and 2.3.2, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing, if applicable, with the Commission of a notice of termination of this LGIA, which notice has been accepted for filing by the Commission. Termination of the LGIA shall not supersede or alter any requirements for deactivation or retirement of a generating unit under ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

2.4 Termination Costs. If a Party elects to terminate this LGIA pursuant to Article 2.3 above, each Party shall pay all costs incurred (including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment) or charges assessed by the other Party(ies), as of the date of such Party's(ies') receipt of such notice of termination, that are the responsibility of such Party(ies) under this LGIA. In the event of termination by a Party, all Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. Upon termination of this LGIA, unless otherwise ordered or approved by the Commission:

2.4.1 With respect to any portion of the Interconnecting Transmission Owner's Interconnection Facilities, Network Upgrades, or Distribution Upgrades to the extent covered by this LGIA, that have not yet been constructed or installed, the Interconnecting Transmission Owner shall to the extent possible and with Interconnection Customer's authorization cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, such facilities; provided that in the event Interconnection Customer elects not to authorize such cancellation, Interconnection Customer shall assume all payment obligations with respect to such materials, equipment, and contracts, and the Interconnecting Transmission Owner shall deliver such material and equipment, and, if necessary, and to the extent possible, assign such contracts, to Interconnection Customer as soon as practicable, at Interconnection Customer's expense. To the extent that Interconnection Customer has already paid Interconnecting Transmission Owner for any or all such costs of materials or equipment not taken by Interconnection Customer, either (i) in the case of overpayment, Interconnecting Transmission Owner shall promptly refund such amounts to Interconnection Customer, less any costs, including penalties incurred by the Interconnecting Transmission Owner to cancel any pending orders of or return such materials, equipment, or contracts, or (ii) in the case of underpayment, Interconnection Customer shall promptly pay such amounts still due plus any costs, including penalties incurred by Interconnecting Transmission Owner to cancel any pending orders of or return such materials, equipment, or contracts.
If an Interconnection Customer terminates this LGIA, it shall be responsible for all costs incurred in association with that Interconnection Customer's interconnection, including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment, and other expenses including any Network Upgrades for which the Interconnecting Transmission Owner has incurred expenses and has not been reimbursed by the Interconnection Customer.

2.4.2 Interconnecting Transmission Owner may, at its option, retain any portion of such materials, equipment, or facilities that Interconnection Customer chooses not to accept delivery of, in which case Interconnecting Transmission Owner shall be responsible for all costs associated with procuring such materials, equipment, or facilities.

2.4.3 With respect to any portion of the Interconnection Facilities, and any other facilities already installed or constructed pursuant to the terms of this LGIA, Interconnection

Customer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.

2.5 Disconnection. Upon termination of this LGIA, Interconnection Service shall terminate and, the Parties will take all appropriate steps to disconnect the Large Generating Facility from the Interconnecting Transmission Owner's Interconnection Facilities. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from a non-terminating Party's Default of this LGIA or such non-terminating Party otherwise is responsible for these costs under this LGIA.

2.6 Survival. This LGIA shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder, including billings and payments pursuant to this LGIA; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this LGIA was in effect; and to permit each Party to have access to the lands of the other Party(ies) pursuant to this LGIA or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

ARTICLE 3. REGULATORY FILINGS

3.1 Filing. The System Operator and Interconnecting Transmission Owner shall jointly file this LGIA (and any amendment hereto) with the appropriate Governmental Authority, if required, in accordance with Section 11.3 of the LGIP. Interconnection Customer may request that any information so provided be subject to the confidentiality provisions of Article 22. If the Interconnection Customer has executed this LGIA, or any amendment thereto, the Interconnection Customer shall reasonably cooperate with the System Operator and Interconnecting Transmission Owner with respect to such filing and to provide any information reasonably requested by the System Operator and/or the Interconnecting Transmission Owner needed to comply with applicable regulatory requirements.

ARTICLE 4. SCOPE OF SERVICE

4.1 Interconnection Product Options. Interconnection Customer has selected the following (checked) type(s) of Interconnection Service:

Check: ___ NR for NR Interconnection Service (NR Capability Only)

___ CNR for CNR Interconnection Service (CNR Capability and NR Capability)

4.1.1 Capacity Network Resource Interconnection Service (CNR Interconnection Service).

4.1.1.1 The Product. The System Operator and Interconnecting Transmission Owner must conduct the necessary studies and the Interconnecting Transmission Owner and Affected Parties must construct the Network Upgrades needed to interconnect the Large Generating Facility in a manner comparable to that in which all other Capacity Network Resources are interconnected under the CNR Interconnection Standard. CNR Interconnection Service allows the Interconnection Customer's Large Generating Facility to be designated as a Capacity Network Resource, to participate in the New England Markets, in accordance with Market Rule 1, Section III of the Tariff, up to the net CNR Capability, or as otherwise provided in Market Rule 1, Section III of the Tariff, on the same basis as all other existing Capacity Network Resources, and to be studied as a Capacity Network Resource on the assumption that such a designation will occur.

4.1.2 Network Resource Interconnection Service (NR Interconnection Service).

4.1.2.1 The Product. The System Operator and Interconnecting Transmission Owner must conduct the necessary studies and Interconnecting Transmission Owner and Affected Parties must construct the Network Upgrades needed to interconnect the Large Generating Facility in a manner comparable to that in which all other Network Resources are interconnected under the NC Interconnection Standard. NC Interconnection Service allows the Interconnection Customer's Large Generating Facility to participate in the New England Markets, in accordance with Market Rule 1, Section III of the Tariff, up to the gross and net NR Capability or as otherwise provided in Market Rule l, Section III of the Tariff. Notwithstanding the above, the portion of a Large Generating Facility that has been designated as a Network Resource interconnected under the NC Interconnection Standard cannot be a capacity resource under Section III.13 of the Tariff, unless pursuant to a new Interconnection Request for CNR Interconnection Service.

4.2 Provision of Service. System Operator and Interconnecting Transmission Owner shall provide Interconnection Service for the Large Generating Facility at the Point of Interconnection.

4.3 Performance Standards. Each Party shall perform all of its obligations under this LGIA in accordance with Applicable Laws and Regulations, the ISO New England Operating Documents,

Applicable Reliability Standards, or successor documents, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such requirements and standards, such Party shall not be deemed to be in Breach of this LGIA for its compliance therewith. If such Party is the Interconnecting Transmission Owner, then that Party shall amend the LGIA and System Operator, in conjunction with the Interconnecting Transmission Owner, shall submit the amendment to the Commission for approval.

4.4 No Transmission Delivery Service. The execution of this LGIA does not constitute a request for, nor the provision of, any service except for Interconnection Service, including, but not limited to, transmission delivery service, local delivery service, distribution service, capacity service, energy service, or Ancillary Services under any applicable tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.

4.5 Transmission Delivery Service Implications. CNR Interconnection Service and NR Interconnection Service allow the Interconnection Customer's Large Generating Facility to be designated by any Network Customer under the Tariff on the New England Transmission System as a Capacity Network Resource or Network Resource, up to the net CNR Capability or NR Capability, respectively, on the same basis as all other existing Capacity Network Resources and Network Resources interconnected to the New England Transmission System, and to be studied as a Capacity Network Resource or a Network Resource on the assumption that such a designation will occur. Although CNR Interconnection Service and NR Interconnection Service do not convey a reservation of transmission service, any Network Customer can utilize its network service under the Tariff to obtain delivery of capability from the Interconnection Customer's Large Generating Facility in the same manner as it accesses Capacity Network Resources and Network Resources. A Large Generating Facility receiving CNR Interconnection Service or NR Interconnection Service may also be used to provide Ancillary Services, in accordance with the Tariff and Market Rule 1, after technical studies and/or periodic analyses are performed with respect to the Large Generating Facility's ability to provide any applicable Ancillary Services, provided that such studies and analyses have been or would be required in connection with the provision of such Ancillary Services by any existing Capacity Network Resource or Network Resource. However, if an Interconnection Customer's Large Generating Facility has not been designated as a Capacity Network Resource or as a Network Resource by any load, it cannot be required to provide Ancillary Services except to the extent such requirements extend to all Generating Facilities that are similarly situated.

CNR Interconnection Service and NR Interconnection Service do not necessarily provide the Interconnection Customer with the capability to physically deliver the output of its Large Generating Facility to any particular load on the New England Transmission System without incurring congestion costs. In the event of transmission constraints on the New England Transmission System, the Interconnection Customer's Large Generating Facility shall be subject to the applicable congestion management procedures

for the New England Transmission System in the same manner as other Capacity Network Resources or Network Resources.

There is no requirement either at the time of study or interconnection, or at any point in the future, that the Interconnection Customer's Large Generating Facility be designated as a Capacity Network Resource or as a Network Resource by a Network Service Customer under the Tariff or that the Interconnection Customer identify a specific buyer (or sink). To the extent a Network Customer does designate the Large Generating Facility as either a Capacity Network Resource or a Network Resource, it must do so pursuant to the Tariff.

Once an Interconnection Customer satisfies the requirements for obtaining CNR Interconnection Service or NR Interconnection Service, as long as the Large Generating Facility has not been deemed to be retired, any future transmission service request for delivery from the Large Generating Facility on the New England Transmission System of any amount of capacity capability and/or energy capability will not require that any additional studies be performed or that any further upgrades associated with such Large Generating Facility be undertaken, regardless of whether or not such Large Generating Facility is ever designated by a Network Customer as a Capacity Network Resource or Network Resource, and regardless of changes in ownership of the Large Generating Facility. To the extent the Interconnection Customer enters into an arrangement for long-term transmission service for deliveries from the Large Generating Facility outside the New England Transmission System, or if the unit has been deemed to be retired, such request may require additional studies and upgrades in order for Interconnecting Transmission Owner to grant such request.

4.6 Interconnection Customer Provided Services. The services provided by Interconnection Customer under this LGIA are set forth in Article 9.6 and Article 13.4. Interconnection Customer shall be paid for such services in accordance with Article 11.6.

ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION

5.1 Options. Unless otherwise mutually agreed to between the Parties, Interconnection Customer shall specify the In-Service Date, Initial Synchronization Date, and Commercial Operation Date as specified in the Interconnection Request or as subsequently revised pursuant to Section 4.4 of the LGIP; and select either Standard Option or Alternate Option set forth below for completion of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as set forth in Appendix A, and such dates and selected option shall be set forth in Appendix B (Milestones). In accordance with Section 8 of the LGIP and unless otherwise mutually agreed, the Alternate Option is not an available option if the Interconnection Customer waived the Interconnection Facilities Study.

5.1.1 Standard Option. The Interconnecting Transmission Owner shall design, procure, and construct the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades, using Reasonable Efforts to complete the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades by the dates set forth in Appendix B (Milestones). The Interconnecting Transmission Owner shall not be required to undertake any action which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. In the event the Interconnecting Transmission Owner reasonably expects that it will not be able to complete the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades by the specified dates, the Interconnecting Transmission Owner shall promptly provide written notice to the Interconnection Customer and shall undertake Reasonable Efforts to meet the earliest dates thereafter.

5.1.2 Alternate Option. If the dates designated by Interconnection Customer are acceptable to Interconnecting Transmission Owner, the Interconnecting Transmission Owner shall so notify Interconnection Customer within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities by the designated dates.
If Interconnecting Transmission Owner subsequently fails to complete Interconnecting Transmission Owner's Interconnection Facilities by the In-Service Date, to the extent necessary to provide back feed power; or fails to complete Network Upgrades by the Initial Synchronization Date to the extent necessary to allow for Trial Operation at full power output, unless other arrangements are made by the Parties for such Trial Operation; or fails to complete the Network Upgrades by the Commercial Operation Date, as such dates are reflected in Appendix B (Milestones); Interconnecting Transmission Owner shall pay Interconnection Customer liquidated damages in

accordance with Article 5.3, Liquidated Damages, provided, however, the dates designated by Interconnection Customer shall be extended day for day for each day that the applicable System Operator refuses to grant clearances to install equipment.

5.1.3 Option to Build. If the dates designated by Interconnection Customer are not acceptable to Interconnecting Transmission Owner, the Interconnecting Transmission Owner shall so notify the Interconnection Customer within thirty (30) Calendar Days, and unless the Parties agree otherwise, Interconnection Customer shall have the option to assume responsibility for the design, procurement and construction of Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades on the dates specified in Article 5.1.2. The System Operator, Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by System Operator in accordance with applicable codes of conduct and confidentiality requirements must agree as to what constitutes Stand Alone Network Upgrades and identify such Stand Alone Network Upgrades in Appendix A to the LGIA. Except for Stand Alone Network Upgrades, Interconnection Customer shall have no right to construct Network Upgrades under this option.

5.1.4 Negotiated Option. If the Interconnection Customer elects not to exercise its option under Article 5.1.3 (Option to Build), Interconnection Customer shall so notify Interconnecting Transmission Owner within thirty (30) Calendar Days, and the Parties shall in good faith attempt to negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives or the procurement and construction of a portion of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades by Interconnection Customer) pursuant to which Interconnecting Transmission Owner is responsible for the design, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades. If the Parties are unable to reach agreement on such terms and conditions, Interconnecting Transmission Owner shall assume responsibility for the design, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades pursuant to 5.1.1 (Standard Option).

5.2 General Conditions Applicable to Option to Build. If Interconnection Customer assumes responsibility for the design, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades,

(1) the Interconnection Customer shall engineer, procure equipment, and construct the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by the Interconnecting Transmission Owner;

(2) Interconnection Customer's engineering, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network

Upgrades shall comply with all requirements of law to which Interconnecting Transmission Owner would be subject in the engineering, procurement or construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades;

(3) Interconnecting Transmission Owner shall review and approve the engineering design, equipment acceptance tests, and the construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades;

(4) prior to commencement of construction, Interconnection Customer shall provide to Interconnecting Transmission Owner a schedule for construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades, and shall promptly respond to requests for information from Interconnecting Transmission Owner;

(5) at any time during construction, Interconnecting Transmission Owner shall have the right to gain unrestricted access to the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades and to conduct inspections of the same;

(6) at any time during construction, should any phase of the engineering, equipment procurement, or construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades not meet the standards and specifications provided by Interconnecting Transmission Owner, the Interconnection Customer shall be obligated to remedy deficiencies in that portion of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades;

(7) the Interconnection Customer shall indemnify the Interconnecting Transmission Owner for claims arising from the Interconnection Customer's construction of Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades under the terms and procedures applicable to Article 18.1 (Indemnity);

(8) the Interconnection Customer shall transfer control of Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades to the Interconnecting Transmission Owner;

(9) Unless Parties otherwise agree, Interconnection Customer shall transfer ownership of Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades to Interconnecting Transmission Owner;

(10) Interconnecting Transmission Owner shall approve and accept for operation and maintenance the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades to the extent engineered, procured, and constructed in accordance with this Article 5.2; and

(11) Interconnection Customer shall deliver to Interconnecting Transmission Owner "as built" drawings, information, and any other documents that are reasonably required by Interconnecting

Transmission Owner to assure that the Interconnection Facilities and Stand Alone Network Upgrades are built to the standards and specifications required by Interconnecting Transmission Owner.

5.3 Liquidated Damages. The actual damages to the Interconnection Customer, in the event the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades are not completed by the dates designated by the Interconnection Customer and accepted by the Interconnecting Transmission Owner pursuant to subparagraphs 5.1.2 or 5.1.4, above, may include Interconnection Customer's fixed operation and maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. Because of such uncertainty, any liquidated damages paid by the Interconnecting Transmission Owner to the Interconnection Customer in the event that Interconnecting Transmission Owner does not complete any portion of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades by the applicable dates, shall be an amount equal to ½ of 1 percent per day of the actual cost of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades, in the aggregate, for which Interconnecting Transmission Owner has assumed responsibility to design, procure and construct.

However, in no event shall the total liquidated damages exceed 20 percent of the actual cost of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades for which the Interconnecting Transmission Owner has assumed responsibility to design, procure, and construct. The foregoing payments will be made by the Interconnecting Transmission Owner to the Interconnection Customer as just compensation for the damages caused to the Interconnection Customer, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this LGIA. Liquidated damages, when the Parties agree to them, are the exclusive remedy for the Interconnecting Transmission Owner's failure to meet its schedule.

No liquidated damages shall be paid to Interconnection Customer if: (1) Interconnection Customer is not ready to commence use of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades to take the delivery of power for the Large Generating Facility's Trial Operation or to export power from the Large Generating Facility on the specified dates, unless the Interconnection Customer would have been able to commence use of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades to take the delivery of power for Large Generating Facility's Trial Operation or to export power from the Large Generating Facility, but for Interconnecting Transmission Owner's delay; (2) the Interconnecting Transmission Owner's failure to meet the specified dates is the result of the action or inaction of the Interconnection Customer or any other Interconnection Customer who has entered into an LGIA with the Interconnecting Transmission Owner or any cause beyond Interconnecting Transmission Owner's reasonable control or reasonable ability to cure, including, but not limited to, actions by the System Operator that cause delays and/or delays in licensing, permitting or consents where the Interconnecting Transmission Owner has pursued such licenses, permits or consents in good faith; (3) the Interconnection Customer has assumed responsibility for the design, procurement and construction of the Interconnecting Transmission Owner's

Interconnection Facilities and Stand Alone Network Upgrades; or (4) the Parties have otherwise agreed.

5.4 Power System Stabilizers. If a Power System Stabilizer is required to be installed on the Large Generating Facility for the purpose of maintaining system stability, the Interconnection Customer shall procure, install, maintain and operate Power System Stabilizers in accordance with the guidelines and procedures established by the System Operator and Interconnecting Transmission Owner, and consistent with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. The System Operator and Interconnecting Transmission Owner reserve the right to reasonably establish minimum acceptable settings for any installed Power System Stabilizers, subject to the design and operating limitations of the Large Generating Facility. If the Large Generating Facility's Power System Stabilizers are removed from service or not capable of automatic operation, the Interconnection Customer shall immediately notify the System Operator and Interconnecting Transmission Owner, or their designated representative. The requirements of this paragraph shall not apply to non-synchronous power production equipment.

5.5 Equipment Procurement. If responsibility for construction of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades is to be borne by the Interconnecting Transmission Owner, then the Interconnecting Transmission Owner shall commence design of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades and procure necessary equipment as soon as practicable after all of the following conditions are satisfied, unless the Parties otherwise agree in writing:

5.5.1 The Interconnecting Transmission Owner has completed the Facilities Study pursuant to the Facilities Study Agreement;

5.5.2 The Interconnecting Transmission Owner has received written authorization to proceed with design and procurement from the Interconnection Customer by the date specified in Appendix B (Milestones); and

5.5.3 The Interconnection Customer has provided security to the Interconnecting Transmission Owner in accordance with Article 11.5 by the dates specified in Appendix B (Milestones).

5.6 Construction Commencement. The Interconnecting Transmission Owner shall commence construction of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:

5.6.1 Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;

5.6.2 Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of a discrete aspect of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades;

5.6.3 The Interconnecting Transmission Owner has received written authorization to proceed with construction from the Interconnection Customer by the date specified in Appendix B (Milestones); and

5.6.4 The Interconnection Customer has provided security to Interconnecting Transmission Owner in accordance with Article 11.5 by the dates specified in Appendix B (Milestones).

5.7 Work Progress. The Interconnection Customer and the Interconnecting Transmission Owner shall keep each Party informed, by written quarterly progress reports, as to the progress of their respective design, procurement and construction efforts in order to meet the dates specified in Appendix B (Milestones). Any Party may also, at any other time, request a written progress report from the other Parties. If, at any time, the Interconnection Customer determines that the completion of the Interconnecting Transmission Owner's Interconnection Facilities will not be required until after the specified In-Service Date, the Interconnection Customer, upon the System Operator's approval that the change in the In-Service Date will not constitute a Material Modification pursuant to Section 4.4 of the LGIP, will provide written notice to the Interconnecting Transmission Owner of such later date upon which the completion of the Interconnecting Transmission Owner's Interconnection Facilities will be required.

5.8 Information Exchange. As soon as reasonably practicable after the Effective Date, the Parties shall exchange information regarding the design and compatibility of the Parties' Interconnection Facilities and compatibility of the Interconnection Facilities with the New England Transmission System, and shall work diligently and in good faith to make any necessary design changes.

5.9 Limited Operation. If any of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of the Large Generating Facility, System Operator and the Interconnecting Transmission Owner shall, upon the request and at the expense of Interconnection Customer, perform operating studies on a timely basis to determine the extent to which the Large Generating Facility and the Interconnection Customer's Interconnection Facilities may operate prior to the completion of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades consistent with Applicable Laws and Regulations, Applicable Reliability Standards, Good Utility Practice, and this LGIA. System Operator and Interconnecting Transmission Owner shall permit Interconnection Customer to operate the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in accordance with the results of such studies.

5.10 Interconnection Customer's Interconnection Facilities ("ICIF"). Interconnection Customer shall, at its expense, design, procure, construct, own and install the ICIF, as set forth in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades).

5.10.1 Large Generating Facility Specifications. Interconnection Customer shall submit initial specifications for the ICIF, including System Protection Facilities, to Interconnecting Transmission Owner at least one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date; and final specifications for review and comment at least ninety (90) Calendar Days prior to the Initial Synchronization Date. Interconnecting Transmission Owner shall review such specifications to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of the Interconnecting Transmission Owner and comment on such specifications within thirty (30) Calendar Days of Interconnection Customer's submission. All specifications provided hereunder shall be deemed confidential.

5.10.2 Interconnecting Transmission Owner's Review. Interconnecting Transmission Owner's review of Interconnection Customer's final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Large Generating Facility, or the ICIF. Interconnection Customer shall make such changes to the ICIF as may reasonably be required by Interconnecting Transmission Owner, in accordance with Good Utility Practice, to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of the Interconnecting Transmission Owner.

5.10.3 ICIF Construction. The ICIF shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, the Interconnection Customer shall deliver to the Interconnecting Transmission Owner "as-built" drawings, information and documents for the ICIF, such as: a one-line diagram, a site plan showing the Large Generating Facility and the ICIF, plan and elevation drawings showing the layout of the ICIF, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with the Interconnection Customer's step-up transformers, the facilities connecting the Large Generating Facility to the step-up transformers and the ICIF, and the impedances (determined by factory tests) for the associated step-up transformers and the Large Generating Facilities. The Interconnection Customer shall provide Interconnecting Transmission Owner specifications for the excitation system, automatic voltage regulator, Large Generating Facility control and protection settings, transformer tap settings, and communications, if applicable.

5.11 Interconnecting Transmission Owner's Interconnection Facilities Construction. The Interconnecting Transmission Owner's Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Upon request, within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another

mutually acceptable deadline, the Interconnecting Transmission Owner shall deliver to the Interconnection Customer the following "as-built" drawings, information and documents for the Interconnecting Transmission Owner's Interconnection Facilities. The appropriate drawings and relay diagrams shall be included in Appendix A of this LGIA.
The System Operator will obtain operational control of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades upon completion of such facilities pursuant to the TOA.

5.12 Access Rights. Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party ("Granting Party") shall furnish at the incremental cost to another Party ("Access Party") any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents if allowed under the applicable agency agreement, that are necessary to enable the Access Party solely to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Large Generating Facility with the Administered Transmission System; (ii) operate and maintain the Large Generating Facility, the Interconnection Facilities and the New England Transmission System; and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this LGIA. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party.

5.13 Lands of Other Property Owners. If any part of the Interconnecting Transmission Owner's Interconnection Facilities and/or Network Upgrades is to be installed on property owned by persons other than Interconnection Customer or Interconnecting Transmission Owner, the Interconnecting Transmission Owner shall at Interconnection Customer's expense use Reasonable Efforts, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove the Interconnecting Transmission Owner's Interconnection Facilities and/or Network Upgrades upon such property. Notwithstanding the foregoing, the Interconnecting Transmission Owner shall not be obligated to exercise eminent domain authority in a manner inconsistent with Applicable Laws and Regulations or when an Interconnection Customer is authorized under Applicable Laws and Regulations to exercise eminent domain on its own behalf.

5.14 Permits. System Operator, Interconnecting Transmission Owner and Interconnection Customer shall cooperate with each other in good faith in obtaining all permits, licenses, and authorizations that are necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. With respect to this paragraph, Interconnecting Transmission Owner shall provide permitting assistance to the Interconnection Customer comparable to that provided to the Interconnecting Transmission Owner's own, or an Affiliate's generation.

5.15 Early Construction of Base Case Facilities. Interconnection Customer may request Interconnecting Transmission Owner to construct, and Interconnecting Transmission Owner shall construct, using Reasonable Efforts to accommodate Interconnection Customer's In-Service Date, all or any portion of any Network Upgrades required for Interconnection Customer to be interconnected to the Administered Transmission System, which are included in the Base Case of the Facilities Study for the Interconnection Customer, and which also are required to be constructed for another Interconnection Customer, but where such construction is not scheduled to be completed in time to achieve Interconnection Customer's In-Service Date. The Interconnection Customer shall reimburse the Interconnecting Transmission Owner for all costs incurred related to early construction to the extent such costs are not recovered from other Interconnection Customers included in the base case.

5.16 Suspension. Interconnection Customer reserves the right, upon written notice to Interconnecting Transmission Owner and System Operator, to suspend at any time all work by Interconnecting Transmission Owner associated with the construction and installation of Interconnecting Transmission Owner's Interconnection Facilities and/or Network Upgrades required under this LGIA with the condition that the New England Transmission System shall be left in a safe and reliable condition in accordance with Good Utility Practice and the System Operator's and Interconnecting Transmission Owner's safety and reliability criteria. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which Interconnecting Transmission Owner (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the New England Transmission System during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Interconnecting Transmission Owner cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, Interconnecting Transmission Owner shall obtain Interconnection Customer's authorization to do so. Interconnecting Transmission Owner shall invoice Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work by Interconnecting Transmission Owner required under this LGIA pursuant to this Article 5.16, and has not requested Interconnecting Transmission Owner to recommence the work required under this LGIA on or before the expiration of three (3) years following commencement of such suspension, this LGIA shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to Interconnecting Transmission Owner and System Operator, if no effective date is specified. A suspension under this Article 5.16 does not automatically permit an extension of the In-Service Date, the Initial Synchronization Date or the Commercial Operation Date. A request for extension of such dates is subject to Section 4.4.5 of the LGIP. Notwithstanding the extensions permitted under Section 4.4.5 of the LGIP, the three-year period shall in no way result in an extension of the In-Service Date, the Initial Synchronization Date or the Commercial Operation Date that exceeds seven (7) years from the date of the Interconnection Request; otherwise, this LGIA shall be deemed terminated.

5.17 Taxes.

5.17.1 Payments Not Taxable. The Parties intend that all payments or property transfers made by any Party for the installation of the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.

5.17.2 Representations and Covenants. In accordance with IRS Notice 2001-82 and IRS Notice 88-129, Interconnection Customer represents and covenants that (i) ownership of the electricity generated at the Large Generating Facility will pass to another party prior to the transmission of the electricity on the New England Transmission System, (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to the Interconnecting Transmission Owner for the Interconnecting Transmission Owner's Interconnection Facilities will be capitalized by Interconnection Customer as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of the Interconnecting Transmission Owner's Interconnection Facilities that is a "dual-use intertie," within the meaning of IRS Notice 88-129, is reasonably expected to carry only a de minimis amount of electricity in the direction of the Large Generating Facility. For this purpose, "de minimis amount" means no more than 5 percent of the total power flows in both directions, calculated in accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At Interconnecting Transmission Owner's request, Interconnection Customer shall provide Interconnecting Transmission Owner with a report from an independent engineer confirming its representation in clause (iii), above. Interconnecting Transmission Owner represents and covenants that the cost of the Interconnecting Transmission Owner's Interconnection Facilities paid for by Interconnection Customer will have no net effect on the base upon which rates are determined.

5.17.3 Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon Interconnecting Transmission Owner. Notwithstanding Article 5.17.1, Interconnection Customer shall protect, indemnify and hold harmless Interconnecting Transmission Owner from the cost consequences of any current tax liability imposed against Interconnecting Transmission Owner as the result of payments or property transfers made by Interconnection Customer to Interconnecting Transmission Owner under this LGIA, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Interconnecting Transmission Owner.

The Interconnecting Transmission Owner shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Interconnection Customer under this LGIA unless (i) Interconnecting Transmission Owner has determined, in good faith, that the payments or property transfers made by Interconnection Customer to Interconnecting Transmission Owner should be reported as income subject to taxation or (ii) any Governmental Authority directs Interconnecting Transmission Owner to report payments or property as income subject to taxation; provided, however, that Interconnecting Transmission Owner may require Interconnection Customer to provide security, in a form reasonably acceptable to Interconnecting Transmission Owner (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17. Interconnection Customer shall reimburse Interconnecting Transmission Owner for such costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from Interconnecting Transmission Owner of the amount due, including detail about how the amount was calculated.

The indemnification obligation shall terminate at the earlier of (1) the expiration of the ten year testing period, and the applicable statute of limitation, as it may be extended by the Interconnecting Transmission Owner upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.17.

5.17.4 Tax Gross-Up Amount. Interconnection Customer's liability for the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Interconnection Customer will pay Interconnecting Transmission Owner, in addition to the amount paid for the Interconnection Facilities and Network Upgrades, an amount equal to (1) the current taxes imposed on Interconnecting Transmission Owner ("Current Taxes") on the excess of (a) the gross income realized by Interconnecting Transmission Owner as a result of payments or property transfers made by Interconnection Customer to Interconnecting Transmission Owner under this LGIA (without regard to any payments under this Article 5.17) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit the Interconnecting Transmission Owner to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).For this purpose, (i) Current Taxes shall be computed based on Interconnecting Transmission Owner composite federal and state tax rates at the time the payments or property transfers are received and Interconnecting Transmission Owner will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting Interconnecting Transmission Owner's anticipated tax depreciation deductions as a result of such payments or property transfers by Interconnecting Transmission Owner current weighted average cost of capital. Thus, the formula for

calculating Interconnection Customer's liability to Transmission Owner pursuant to this Article 5.17.4 can be expressed as follows: (Current Tax Rate x (Gross Income Amount – Present Value of Tax Depreciation))/(1-Current Tax Rate). Interconnection Customer's estimated tax liability in the event taxes are imposed shall be stated in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades).

5.17.5 Private Letter Ruling or Change or Clarification of Law. At Interconnection Customer's request and expense, Interconnecting Transmission Owner shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Interconnection Customer to Interconnecting Transmission Owner under this LGIA are subject to federal income taxation. Interconnection Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Interconnection Customer's knowledge. Interconnecting Transmission Owner and Interconnection Customer shall cooperate in good faith with respect to the submission of such request.

Interconnecting Transmission Owner shall keep Interconnection Customer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Interconnection Customer to participate in all discussions with the IRS regarding such request for a private letter ruling. Interconnecting Transmission Owner shall allow Interconnection Customer to attend all meetings with IRS officials about the request and shall permit Interconnection Customer to prepare the initial drafts of any follow-up letters in connection with the request.

5.17.6 Subsequent Taxable Events. If, within ten (10) years from the date on which the relevant Interconnecting Transmission Owner's Interconnection Facilities are placed in service, (i) Interconnection Customer Breaches the covenant contained in Article 5.17.2, (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (iii) this LGIA terminates and Interconnecting Transmission Owner retains ownership of the Interconnection Facilities and Network Upgrades, the Interconnection Customer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on Interconnecting Transmission Owner, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.

5.17.7 Contests. In the event any Governmental Authority determines that Interconnecting Transmission Owner's receipt of payments or property constitutes income that is subject to taxation, Interconnecting Transmission Owner shall notify Interconnection Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Interconnection Customer and at Interconnection Customer's sole expense, Interconnecting Transmission Owner may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Interconnection Customer's written request and sole expense, Interconnecting Transmission Owner may file a claim for refund with

respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. Interconnecting Transmission Owner reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but Interconnecting Transmission Owner shall keep Interconnection Customer informed, shall consider in good faith suggestions from Interconnection Customer about the conduct of the contest, and shall reasonably permit Interconnection Customer or an Interconnection Customer representative to attend contest proceedings.

Interconnection Customer shall pay to Interconnecting Transmission Owner on a periodic basis, as invoiced by Interconnecting Transmission Owner, documented reasonable costs of prosecuting such appeal, protest, abatement or other contest. At any time during the contest, Interconnecting Transmission Owner may agree to a settlement either with Interconnection Customer's consent or after obtaining written advice from nationally-recognized tax counsel, selected by Interconnecting Transmission Owner, but reasonably acceptable to Interconnection Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Interconnection Customer's obligation shall be based on the amount of the settlement agreed to by Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally recognized tax counsel selected under the terms of the preceding sentence. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. Any settlement without Interconnection Customer's consent or such written advice will relieve Interconnection Customer from any obligation to indemnify Interconnecting Transmission Owner for the tax at issue in the contest.

5.17.8 Refund. In the event that (a) a private letter ruling is issued to Interconnecting Transmission Owner which holds that any amount paid or the value of any property transferred by Interconnection Customer to Interconnecting Transmission Owner under the terms of this LGIA is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to Interconnecting Transmission Owner in good faith that any amount paid or the value of any property transferred by Interconnection Customer to Interconnecting Transmission Owner under the terms of this LGIA is not taxable to Interconnecting Transmission Owner, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Interconnection Customer to Interconnecting Transmission Owner are not subject to federal income tax, or (d) if Interconnecting Transmission Owner receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Interconnection Customer to Interconnecting Transmission Owner pursuant to this LGIA, Interconnecting Transmission Owner shall promptly refund to Interconnection Customer the following:

(i) any payment made by Interconnection Customer under this Article 5.17 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,

(ii) interest on any amounts paid by Interconnection Customer to Interconnecting Transmission Owner for such taxes which Interconnecting Transmission Owner did not submit to the taxing authority, interest calculated in accordance with the methodology set forth in the Commission's regulations at 18 CFR §35.19a(a)(2)(iii) from the date payment was made by Interconnection Customer to the date Interconnecting Transmission Owner refunds such payment to Interconnection Customer, and

(iii) with respect to any such taxes paid by Interconnecting Transmission Owner, any refund or credit Interconnecting Transmission Owner receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to the Interconnecting Transmission Owner for such overpayment of taxes (including any reduction in interest otherwise payable by Interconnecting Transmission Owner to any Governmental Authority resulting from an offset or credit); provided, however, that Interconnecting Transmission Owner will remit such amount promptly to Interconnection Customer only after and to the extent that Interconnecting Transmission Owner has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to the Interconnecting Transmission Owner's Interconnection Facilities.

The intent of this provision is to leave Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for Interconnection Facilities and Network Upgrades hereunder, in the same position they would have been in had no such tax payments been made.

5.17.9 Taxes Other Than Income Taxes. Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, Interconnecting Transmission Owner shall appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against Interconnecting Transmission Owner for which Interconnection Customer may be required to reimburse Interconnecting Transmission Owner under the terms of this LGIA. Interconnection Customer shall pay to Interconnecting Transmission Owner on a periodic basis, as invoiced by Interconnecting Transmission Owner, Interconnecting Transmission Owner's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer and Interconnecting Transmission Owner shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer to Interconnecting Transmission Owner for such

taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by Interconnecting Transmission Owner.

5.18 Tax Status. Each Party shall cooperate with the others to maintain the other Party's(ies') tax status. Nothing in this LGIA is intended to adversely affect any Interconnecting Transmission Owner's tax-exempt status with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds.

5.19 Modification.

5.19.1 General. Either Interconnection Customer or Interconnecting Transmission Owner may undertake modifications to its facilities. If a Party plans to undertake a modification that reasonably may be expected to affect the other Party's facilities,the facilities of any Affected Parties, or the New England Transmission System, that Party shall provide to the other Parties and any Affected Party: (i) sufficient information regarding such modification so that the other Party(ies) may evaluate the potential impact of such modification prior to commencement of the work; and (ii) such information as may be required by the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Such information shall be deemed to be confidential hereunder and shall include information concerning the timing of such modifications and whether such modifications are expected to interrupt the flow of electricity from the Large Generating Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party(ies) at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed. Notwithstanding the foregoing, no Party shall be obligated to proceed with a modification that would constitute a Material Modification and therefore require an Interconnection Request under the LGIP, except as provided under and pursuant to the LGIP.

In the case of Large Generating Facility or Interconnection Customer's Interconnection Facility modifications that do not require Interconnection Customer to submit an Interconnection Request, Interconnecting Transmission Owner shall provide, within thirty (30) Calendar Days (or such other time as the Parties may agree), an estimate of any additional modifications to the New England Transmission System, Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades necessitated by such Interconnection Customer modification and a good faith estimate of the costs thereof.

5.19.2 Standards. Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this LGIA and Good Utility Practice.

5.19.3 Modification Costs. Interconnection Customer shall not be directly assigned for the costs of any additions, modifications, or replacements that Interconnecting Transmission Owner makes to the Interconnecting Transmission Owner's Interconnection Facilities or the New England Transmission System to facilitate the interconnection of a third party to the Interconnecting Transmission Owner's Interconnection Facilities or the New England Transmission System, or to provide transmission service to a third party under the Tariff, except as provided for under the Tariff or any other applicable tariff. Interconnection Customer shall be responsible for the costs of any additions, modifications, or replacements to the Large Generating Facility or Interconnection Customer's Interconnection Facilities that may be necessary to maintain or upgrade such Interconnection Customer's Interconnection Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

ARTICLE 6. TESTING AND INSPECTION

6.1 Pre-Commercial Operation Date Testing and Modifications. Prior to the Commercial Operation Date, the Interconnecting Transmission Owner shall test Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades and Interconnection Customer shall test the Large Generating Facility and the Interconnection Customer's Interconnection Facilities to ensure their safe and reliable operation. Similar testing may be required after initial operation. Each Party shall make any modifications to its facilities that are found to be necessary as a result of such testing. Interconnection Customer shall bear the cost of all such testing and modifications. Interconnection Customer shall generate test energy at the Large Generating Facility only if it has arranged for the delivery of such test energy.

6.2 Post-Commercial Operation Date Testing and Modifications. Each Interconnection Customer and Interconnecting Transmission Owner shall at its own expense perform routine inspection and testing of its facilities and equipment in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, as may be necessary to ensure the continued interconnection of the Large Generating Facility to the Administered Transmission System in a safe and reliable manner. The Interconnection Customer and Interconnecting Transmission Owner each shall have the right, upon advance written notice, to require reasonable additional testing of the other Party's(ies') facilities, at the requesting Party's expense, as may be in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. The System Operator shall also have the right to require reasonable additional testing of the other Party's (ies') facilities in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

6.3 Right to Observe Testing. Each Party shall notify the System Operator and other Party(ies) in advance of its performance of tests of its Interconnection Facilities. The other Party(ies) has the right, at its own expense, to observe such testing.

6.4 Right to Inspect. Each Party shall have the right, but shall have no obligation to: (i) observe the other Party's(ies') tests and/or inspection of any of its System Protection Facilities and other protective equipment, including Power System Stabilizers; (ii) review the settings of the other Party's(ies') System Protection Facilities and other protective equipment; and (iii) review the other Party's(ies') maintenance records relative to the Interconnection Facilities, the System Protection Facilities and other protective equipment. Each Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Parties. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Interconnection Facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 6.4 shall be governed by Article 22.

ARTICLE 7. METERING

7.1 General. Each Party shall comply with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, regarding metering. Interconnection Customer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment. Unless the System Operator otherwise agrees, the Interconnection Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under this Tariff and to communicate the information to the System Operator. Unless otherwise agreed, such equipment shall remain the property of the Interconnecting Transmission Owner.

7.2 Check Meters. Interconnection Customer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more check meters to check Interconnecting Transmission Owner's meters. Such check meters shall be for check purposes only and shall not be used for the measurement of power flows for purposes of this LGIA, except as provided in Article 7.4 below. The check meters shall be subject at all reasonable times to inspection and examination by Interconnecting Transmission Owner or its designee. The installation, operation and maintenance thereof shall be performed entirely by Interconnection Customer in accordance with Good Utility Practice.

7.3 Standards. Interconnecting Transmission Owner shall install, calibrate, and test revenue quality Metering Equipment in accordance with applicable ANSI standards and the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

7.4 Testing of Metering Equipment. Interconnecting Transmission Owner shall inspect and test all Interconnecting Transmission Owner-owned Metering Equipment upon installation and thereafter as specified in the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Interconnecting Transmission Owner shall give reasonable notice of the time when any inspection or test shall take place, and Interconnection Customer may have representatives present at the test or inspection. If at any time Metering Equipment is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at Interconnection Customer's expense, in order to provide accurate metering. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies by more than the values specified within ISO New England Operating Documents, or successor documents, from the measurement made by the standard meter used in the test, the Interconnecting Transmission Owner shall adjust the measurements, in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

7.5 Metering Data. At Interconnection Customer's expense, metered data shall be telemetered to one or more locations designated by System Operator and Interconnecting Transmission Owner. The hourly integrated metering, established in accordance with ISO New England Operating

Documents, Applicable Reliability Standards, or successor documents, used to transmit Megawatt hour ("MWh") per hour data by electronic means and the Watt-hour meters equipped with kilowatt-hour ("kwh") or MWh registers to be read at month's end shall be the official measurement of the amount of energy delivered from the Large Generating Facility to the Point of Interconnection. Instantaneous metering is required for all Generators in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

ARTICLE 8. COMMUNICATIONS

8.1 **Interconnection Customer Obligations.** Interconnection Customer shall maintain satisfactory operating communications with the System Operator and Interconnecting Transmission Owner in accordance with applicable provisions of ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

8.2 **Remote Terminal Unit.** Prior to the Initial Synchronization Date of the Large Generating Facility, a Remote Terminal Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by Interconnection Customer or Interconnecting Transmission Owner at Interconnection Customer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by System Operator and Interconnecting Transmission Owner through use of a dedicated point-to-point data circuit(s). The communication protocol for the data circuit(s) shall be specified by System Operator and Interconnecting Transmission Owner. All information required by the ISO New England Operating Documents, or successor documents, must be telemetered directly to the location(s) specified by System Operator and Interconnecting Transmission Owner.
Each Party will promptly advise the other Party(ies) if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by the other Party(ies). The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

8.3 **No Annexation.** Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

ARTICLE 9. OPERATIONS

9.1 **General.** Each Party shall comply with applicable provisions of ISO New England Operating Documents, Reliability Standards, or successor documents, regarding operations. Each Party shall provide to the other Party(ies) all information that may reasonably be required by the other Party(ies) to comply with Applicable Laws and Regulations and Applicable Reliability Standards.

9.2 Control Area Notification. Before Initial Synchronization Date, the Interconnection Customer shall notify the System Operator and Interconnecting Transmission Owner in writing in accordance with ISO New England Operating Documents, Reliability Standards, or successor documents. If the Interconnection Customer elects to have the Large Generating Facility dispatched and operated from a remote Control Area other than the Control Area in which the Large Generating Facility is physically located, and if permitted to do so by the relevant transmission tariffs and ISO New England Operating Documents, Reliability Standards, or successor documents, all necessary arrangements, including but not limited to those set forth in Article 7 and Article 8 of this LGIA, and remote Control Area generator interchange agreements, if applicable, and the appropriate measures under such agreements, shall be executed and implemented prior to the placement of the Large Generating Facility in the other Control Area for dispatch and operations.

9.3 Interconnecting Transmission Owner and System Operator Obligations. Interconnecting Transmission Owner and System Operator shall cause the Interconnecting Transmission Owner's Interconnection Facilities to be operated, maintained and controlled in a safe and reliable manner and in accordance with this LGIA and ISO New England Operating Documents, Reliability Standards, or successor documents. Interconnecting Transmission Owner or System Operator may provide operating instructions to Interconnection Customer consistent with this LGIA, ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, and Interconnecting Transmission Owner's and System Operator's operating protocols and procedures as they may change from time to time. Interconnecting Transmission Owner and System Operator will consider changes to their operating protocols and procedures proposed by Interconnection Customer.

9.4 Interconnection Customer Obligations. Interconnection Customer shall at its own expense operate, maintain and control the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA and ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.5 Start-Up and Synchronization. The Interconnection Customer is responsible for the proper start-up and synchronization of the Large Generating Facility to the New England Transmission System in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.6 Reactive Power.

9.6.1 Power Factor Design Criteria. Interconnection Customer shall design the Large Generating Facility and all generating units comprising the Large Generating Facility, as applicable, to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the System Operator or Interconnecting Transmission Owner has established different requirements that apply to all generators in the Control Area on a

comparable basis and in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. The requirements of this paragraph shall not apply to wind generators.

9.6.2 Voltage Schedules. Once the Interconnection Customer has synchronized the Large Generating Facility to the New England Transmission System, Interconnection Customer shall operate the Large Generating Facility at the direction of System Operator and Interconnecting Transmission Owner in accordance with applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, regarding voltage schedules in accordance with such requirements.

9.6.2.1 Voltage Regulators. The Interconnection Customer must keep and maintain a voltage regulator on all generating units comprising a Large Generating Facility in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. All Interconnection Customers that have, or are required to have, automatic voltage regulation shall normally operate the Large Generating Facility with its voltage regulators in automatic operation.

It is the responsibility of the Interconnection Customer to maintain the voltage regulator in good operating condition and promptly report to the System Operator and Interconnecting Transmission Owner any problems that could cause interference with its proper operation.

9.6.2.2 Governor Control. The Interconnection Customer is obligated to provide and maintain a functioning governor on all generating units comprising the Large Generating Facility in accordance with applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.6.2.3 System Protection. The Interconnection Customer shall install and maintain protection systems in accordance with applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.6.3 Payment for Reactive Power.

Interconnection Customers shall be compensated for Reactive Power service in accordance with Schedule 2 of the Section II of the Tariff.

9.7 Outages and Interruptions.

9.7.1 Outages.

9.7.1.1 Outage Authority and Coordination. The System Operator shall have the authority to coordinate facility outages in accordance with the ISO New England

Operating Documents, Applicable Reliability Standards, or successor documents. Each Party may in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, in coordination with the other Party(ies), remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact the other Party's(ies') facilities as necessary to perform maintenance or testing or to install or replace equipment, subject to the oversight of System Operator in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.1.2 Outage Schedules. Outage scheduling, and any related compensation, shall be in accordance with the applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.2 Interruption of Service. In accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, the System Operator or Interconnecting Transmission Owner may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect System Operator's or Interconnecting Transmission Owner's ability to perform such activities as are necessary to safely and reliably operate and maintain the New England Transmission System.

9.7.3 Under-Frequency and Over Frequency Conditions. Interconnection Customer shall implement under-frequency and over-frequency relay set points for the Large Generating Facility as required by the applicable provisions of ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Large Generating Facility response to frequency deviations of pre-determined magnitudes, both under-frequency and over-frequency deviations, shall be studied and coordinated with System Operator and Interconnecting Transmission Owner in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.4 System Protection and Other Control Requirements.

9.7.4.1 System Protection Facilities. Interconnection Customer shall, at its expense, install, operate and maintain System Protection Facilities as a part of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Interconnecting Transmission Owner shall install at Interconnection Customer's expense, in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, any System Protection Facilities that may be required on the Interconnecting Transmission Owner Interconnection Facilities or the New England Transmission System as a result of the interconnection of the Large

Generating Facility and the Interconnection Customer's Interconnection Facilities.

9.7.4.2 Each Party's protection facilities shall be designed and coordinated with other systems in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.4.3 Each Party shall be responsible for protection of its facilities consistent with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.4.4 Each Party's protective relay design shall allow for tests required in Article 6.

9.7.4.5 Each Party will test, operate and maintain System Protection Facilities in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.5 Requirements for Protection. In accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, and compliance with Good Utility Practice , Interconnection Customer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of the Large Generating Facility to any short circuit occurring on the New England Transmission System not otherwise isolated by Interconnecting Transmission Owner's equipment, such that the removal of the fault contribution shall be coordinated with the protective requirements of the New England Transmission System. Such protective equipment shall include, without limitation, a disconnecting device or switch with load-interrupting capability located between the Large Generating Facility and the New England Transmission System at a site selected upon mutual agreement (not to be unreasonably withheld, conditioned or delayed) of the Parties. Interconnection Customer shall be responsible for protection of the Large Generating Facility and Interconnection Customer's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field. Interconnection Customer shall be solely responsible to disconnect the Large Generating Facility and Interconnection Customer's other equipment if conditions on the New England Transmission System could adversely affect the Large Generating Facility.

9.7.6 Power Quality. A Party's facilities shall not cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, or any applicable superseding electric industry standard.

9.8 Switching and Tagging Rules. Each Party shall provide the other Party(ies) with a copy of its switching and tagging rules that are applicable to the other Party's activities. Such switching and tagging rules shall be developed on a non-discriminatory basis. The Parties shall comply with

applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.

9.9 Use of Interconnection Facilities by Third Parties.

9.9.1 Purpose of Interconnection Facilities. Except as may be required by Applicable Laws and Regulations, or as otherwise agreed to among the Parties, the Interconnection Facilities shall be constructed for the sole purpose of interconnecting the Large Generating Facility to the Administered Transmission System and shall be used for no other purpose.

9.9.2 Third Party Users. If required by Applicable Laws and Regulations or if the Parties mutually agree, such agreement not to be unreasonably withheld, to allow one or more third parties to use the Interconnecting Transmission Owner's Interconnection Facilities, or any part thereof, Interconnection Customer will be entitled to compensation for the capital expenses it incurred in connection with the Interconnection Facilities based upon the pro rata use of the Interconnection Facilities by Interconnecting Transmission Owner, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed-upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Interconnection Facilities, will be allocated between Interconnection Customer and any third party users based upon the pro rata use of the Interconnection Facilities by Interconnecting Transmission Owner, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed-upon methodology. If the issue of such compensation or allocation cannot be resolved through such negotiations, it shall be submitted to the Commission for resolution.

9.10 Disturbance Analysis Data Exchange. The Parties will cooperate with one another in the analysis of disturbances to either the Large Generating Facility or the New England Transmission System by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

ARTICLE 10. MAINTENANCE

10.1 Interconnecting Transmission Owner and Customer Obligations. Interconnecting Transmission Owner and Interconnection Customer shall each maintain that portion of its respective facilities that are part of the New England Transmission System and the Interconnecting Transmission Owner's Interconnection Facilities in a safe and reliable manner and in accordance with the applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

10.2 Operating and Maintenance Expenses. Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Interconnection Customer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Interconnection Customer's Interconnection Facilities; and (2) operation, maintenance, repair and replacement of Interconnecting Transmission Owner's Interconnection Facilities, Stand Alone Network Upgrades, Network Upgrades and Distribution Upgrades.

ARTICLE 11. PERFORMANCE OBLIGATION

11.1 Interconnection Customer's Interconnection Facilities. Interconnection Customer shall design, procure, construct, install, own and/or control the Interconnection Customer's Interconnection Facilities described in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades) at its sole expense.

11.2 Interconnecting Transmission Owner's Interconnection Facilities. Interconnecting Transmission Owner shall design, procure, construct, install, own and/or control the Interconnecting Transmission Owner's Interconnection Facilities described in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades) at the sole expense of the Interconnection Customer.

11.3 Network Upgrades and Distribution Upgrades. Interconnecting Transmission Owner shall design, procure, construct, install, and own the Network Upgrades, and to the extent provided by Article 5.1, Stand Alone Network Upgrades, and Distribution Upgrades described in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades). The Interconnection Customer shall be responsible for all costs related to Distribution Upgrades. Unless the Interconnecting Transmission Owner elects to fund the capital for the Network Upgrades, they shall be solely funded by the Interconnection Customer.

11.4 Cost Allocation; Compensation; Rights; Affected Systems

11.4.1 Cost Allocation. Cost allocation of Generator Interconnection Related Upgrades shall be in accordance with Schedule 11 of Section II of the Tariff.

11.4.2 Compensation. Any compensation due to the Interconnection Customer for increases in transfer capability to the PTF resulting from its Generator Interconnection Related Upgrade shall be determined in accordance with Sections II and III of the Tariff.

11.4.3 Rights. Notwithstanding any other provision of this LGIA, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission

credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades.

11.4.4 Special Provisions for Affected Systems. The Interconnection Customer shall enter into separate related facilities agreements to address any upgrades to the Affected System(s) that are necessary for safe and reliable interconnection of the Interconnection Customer's Generating Facility.

11.5 Provision of Security. At least thirty (30) Calendar Days prior to the commencement of the procurement, installation, or construction of a discrete portion of an Interconnecting Transmission Owner's Interconnection Facilities, Network Upgrades, or Distribution Upgrades, Interconnection Customer shall provide Interconnecting Transmission Owner a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Interconnecting Transmission Owner in accordance with Section 7 of Schedule 11 of the Tariff. In addition:

11.5.1 The guarantee must be made by an entity that meets the creditworthiness requirements of Interconnecting Transmission Owner, and contain terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.

11.5.2 The letter of credit must be issued by a financial institution reasonably acceptable to Interconnecting Transmission Owner and must specify a reasonable expiration date.

11.5.3 The surety bond must be issued by an insurer reasonably acceptable to Interconnecting Transmission Owner and must specify a reasonable expiration date.

11.6 Interconnection Customer Compensation. If System Operator or Interconnecting Transmission Owner requests or directs Interconnection Customer to provide a service pursuant to Articles 9.6.3 (Payment for Reactive Power), or 13.4.1 of this LGIA, Interconnection Customer shall be compensated pursuant to the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition. Interconnection Customer shall be compensated for its provision of real and reactive power and other Emergency Condition services that Interconnection Customer provides to support the New England Transmission System during an Emergency Condition in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

ARTICLE 12. INVOICE

12.1 General. Each Party shall submit to the other Party(ies), on a monthly basis, invoices of amounts due for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. The Parties may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts a Party owes to the other Party(ies) under this LGIA, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.

12.2 Final Invoice. Within six months after completion of the construction of the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades, Interconnecting Transmission Owner shall provide an invoice of the final cost of the construction of the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades and shall set forth such costs in sufficient detail to enable Interconnection Customer to compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates. Interconnecting Transmission Owner shall refund to Interconnection Customer any amount by which the actual payment by Interconnection Customer for estimated costs exceeds the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice. Interconnection Customer shall pay to Interconnecting Transmission Owner any amount by which the actual payment by Interconnection Customer for estimated costs falls short of the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice.

12.3 Payment. Invoices shall be rendered to the paying Party at the address specified in Appendix F. The Party receiving the invoice shall pay the invoice within thirty (30) Calendar Days of receipt. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party. Payment of invoices by any Party will not constitute a waiver of any rights or claims the other Party(ies) may have under this LGIA.

12.4 Disputes. In the event of a billing dispute between Interconnecting Transmission Owner and Interconnection Customer, Interconnecting Transmission Owner shall continue to provide Interconnection Service under this LGIA as long as Interconnection Customer: (i) continues to make all payments not in dispute; and (ii) pays to Interconnecting Transmission Owner or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Interconnection Customer fails to meet these two requirements for continuation of service, then Interconnecting Transmission Owner may provide notice to Interconnection Customer of a Default pursuant to Article 17. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accord with the methodology set forth in the Commission's Regulations at 18 CFR § 35.19a(a)(2)(iii).

ARTICLE 13. EMERGENCIES

13.1 Obligations. Each Party shall comply with the Emergency Condition procedures of the System Operator in accordance with the applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

13.2 Notice. Interconnecting Transmission Owner or System Operator as applicable shall notify Interconnection Customer and System Operator or Interconnecting Transmission Owner as applicable, promptly when it becomes aware of an Emergency Condition that affects the Interconnecting Transmission Owner's Interconnection Facilities or the New England Transmission System that may reasonably be expected to affect Interconnection Customer's operation of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities. Interconnection Customer shall notify Interconnecting Transmission Owner and System Operator promptly when it becomes aware of an Emergency Condition that affects the Large Generating Facility or the Interconnection Customer's Interconnection Facilities that may reasonably be expected to affect the New England Transmission System or the Interconnecting Transmission Owner's Interconnection Facilities. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of Interconnection Customer's or Interconnecting Transmission Owner's facilities and operations, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice.

13.3 Immediate Action. Unless, in Interconnection Customer's reasonable judgment, immediate action is required, Interconnection Customer shall obtain the consent of Interconnecting Transmission Owner and System Operator, such consent to not be unreasonably withheld, prior to performing any manual switching operations at the Large Generating Facility or the Interconnection Customer's Interconnection Facilities in response to an Emergency Condition either declared by the Interconnecting Transmission Owner or the System Operator or otherwise regarding the New England Transmission System.

13.4 System Operator's and Interconnecting Transmission Owner's Authority.

13.4.1 General. System Operator or Interconnecting Transmission Owner may take whatever actions or inactions with regard to the New England Transmission System or the Interconnecting Transmission Owner's Interconnection Facilities it deems necessary during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the New England Transmission System or Interconnecting Transmission Owner's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service.

System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Large Generating Facility or the Interconnection Customer's Interconnection Facilities. System Operator and Interconnecting Transmission Owner may, on the basis of technical considerations, require the Large Generating Facility to mitigate an Emergency Condition by taking

actions necessary and limited in scope to remedy the Emergency Condition, including, but not limited to, directing Interconnection Customer to shut-down, start-up, increase or decrease the real or reactive power output of the Large Generating Facility; implementing a reduction or disconnection pursuant to Article 13.4.2; directing the Interconnection Customer to assist with black start (if available) or restoration efforts; or altering the outage schedules of the Large Generating Facility and the Interconnection Customer's Interconnection Facilities. Interconnection Customer shall comply with all of System Operator's and Interconnecting Transmission Owner's operating instructions concerning Large Generating Facility real power and reactive power output within the manufacturer's design limitations of the Large Generating Facility's equipment that is in service and physically available for operation at the time, in compliance with Applicable Laws and Regulations.

13.4.2 Reduction and Disconnection. System Operator and Interconnecting Transmission Owner may reduce Interconnection Service or disconnect the Large Generating Facility or the Interconnection Customer's Interconnection Facilities when such reduction or disconnection is necessary in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. These rights are separate and distinct from any right of curtailment of the System Operator and Interconnecting Transmission Owner pursuant to the Tariff. When the System Operator and Interconnecting Transmission Owner can schedule the reduction or disconnection in advance, System Operator and Interconnecting Transmission Owner shall notify Interconnection Customer of the reasons, timing and expected duration of the reduction or disconnection. System Operator and Interconnecting Transmission Owner shall coordinate with the Interconnection Customer in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents to schedule the reduction or disconnection during periods of least impact to the Interconnection Customer and the System Operator and Interconnecting Transmission Owner. Any reduction or disconnection shall continue only for so long as reasonably necessary in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. The Parties shall cooperate with each other to restore the Large Generating Facility, the Interconnection Facilities, and the New England Transmission System to their normal operating state as soon as practicable in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

13.5 Interconnection Customer Authority. In accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents and the LGIA and the LGIP, the Interconnection Customer may take whatever actions or inactions with regard to the Large Generating Facility or the Interconnection Customer's Interconnection Facilities during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service. Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the New England

Transmission System and the Interconnecting Transmission Owner's Interconnection Facilities. System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to assist Interconnection Customer in such actions.

13.6 Limited Liability. Except as otherwise provided in Article 11.6.1 of this LGIA, a Party shall not be liable to another Party for any action it takes in responding to an Emergency Condition so long as such action is made in good faith and in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

ARTICLE 14. REGULATORY REQUIREMENTS AND GOVERNING LAW

14.1 Regulatory Requirements. Each Party's obligations under this LGIA shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this LGIA shall require Interconnection Customer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 1935, as amended. To the extent that a condition arises that could result in Interconnection Customer's inability to obtain, or its loss of, status or exemption under the Federal Power Act, the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978, the Parties shall engage in good faith negotiations to address the condition so that such result will not occur and so that this LGIA can be performed.

14.2 Governing Law.

14.2.1 The validity, interpretation and performance of this LGIA and each of its provisions shall be governed by the laws of the state where the Point of Interconnection is located, without regard to its conflicts of law principles.

14.2.2 This LGIA is subject to all Applicable Laws and Regulations.

14.2.3 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

ARTICLE 15. NOTICES

15.1 General. Unless otherwise provided in this LGIA, any notice, demand or request required or permitted to be given by a Party to another Party and any instrument required or permitted to be

tendered or delivered by a Party in writing to another Party shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix F (Addresses for Delivery of Notices and Billings).
A Party may change the notice information in this LGIA by giving five (5) Business Days written notice prior to the effective date of the change.

15.2 Billings and Payments. Billings and payments shall be sent to the addresses set out in Appendix F.

15.3 Alternative Forms of Notice. Any notice or request required or permitted to be given by a Party to another Party and not required by this Agreement to be given in writing may be so given by telephone, facsimile or email to the telephone numbers and email addresses set out in Appendix F.

15.4 Operations and Maintenance Notice. Each Party shall notify the other Party(ies) in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10.

ARTICLE 16. FORCE MAJEURE

16.1 Force Majeure.

16.1.1 Economic hardship is not considered a Force Majeure event.

16.1.2 A Party shall not be considered to be in Default with respect to any obligation hereunder (including obligations under Article 4), other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party(ies) in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

ARTICLE 17. DEFAULT

17.1 Default.

17.1.1 General. No Breach shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this LGIA or the result of an act or omission of the other Party(ies). Upon a Breach, the non-Breaching Party shall give written notice of such Breach to the breaching Party. Except as provided in Article 17.1.2, the Breaching Party shall have thirty (30) Calendar Days from receipt of the Breach notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the Breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Breach notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

17.1.2 Right to Terminate. If a Breach is not cured as provided in this Article, or if a Breach is not capable of being cured within the period provided for herein, the non-Breaching Party(ies) shall have the right to terminate this LGIA by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not those Parties terminate this LGIA, to recover from the Breaching Party all amounts due hereunder, plus all other damages and remedies to which they are entitled at law or in equity. The provisions of this Article will survive termination of this LGIA.

ARTICLE 18. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE

Notwithstanding any other provision of this Agreement, the liability, indemnification and insurance provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner and the liability, indemnification and insurance provisions of the Tariff apply to the relationship between the System Operator and the Interconnection Customer and between the Interconnecting Transmission Owner and the Interconnection Customer.

18.1 Indemnity. Each Party shall at all times indemnify, defend, and save the other Party(ies) harmless from any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's(ies') action or inactions of their obligations under this LGIA on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by an indemnified Party.

18.1.1 Indemnified Person. If an Indemnified Person is entitled to indemnification under this Article 18 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 18.1, to assume the defense of such claim, such Indemnified Person may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

18.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Article 18, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual Loss, net of any insurance or other recovery.

18.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 18.1 may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses.

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in which event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

18.2 Consequential Damages. Other than the Liquidated Damages heretofore described, in no event shall a Party be liable under any provision of this LGIA for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

18.3 Insurance. The Interconnecting Transmission Owner and the Interconnection Customer shall, at their own expense, maintain in force throughout the period of this LGIA, and until released by the other Party(ies), the following minimum insurance coverages, with insurers authorized to do business in the state where the Point of Interconnection is located:

18.3.1 Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located.

18.3.2 Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars ($1,000,000) per occurrence/One Million Dollars ($1,000,000) aggregate combined single limit for personal injury, bodily injury, including death, and property damage.

18.3.3 Comprehensive Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars ($1,000,000) per occurrence for bodily injury, including death, and property damage.

18.3.4 Excess Public Liability Insurance over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars ($20,000,000) per occurrence/Twenty Million Dollars ($20,000,000) aggregate.

18.3.5 The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Public Liability Insurance policies shall name the other Party(ies), its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall

contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this LGIA against the Other Party Group and provide thirty (30) Calendar Days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.

18.3.6 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.

18.3.7 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this LGIA, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.

18.3.8 The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this LGIA.

18.3.9 Within ten (10) days following execution of this LGIA, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, each Party shall provide certification of all insurance required in this LGIA, executed by each insurer or by an authorized representative of each insurer.

18.3.10 Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 18.3.2 through 18.3.8 to the extent it maintains a self-insurance program, provided that such Party's senior secured debt is rated at investment grade, or better, by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.2 through 18.3.8. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 18.3.2 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this Article, it shall notify the other Party(ies) that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.

18.3.11 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this LGIA.

ARTICLE 19. ASSIGNMENT

19.1 Assignment. This LGIA may be assigned by any Party only with the written consent of the other Parties; provided that the Parties may assign this LGIA without the consent of the other Parties to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this LGIA; and provided further that the Interconnection Customer shall have the right to assign this LGIA, without the consent of the Interconnecting Transmission Owner or System Operator, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that the Interconnection Customer will promptly notify the Interconnecting Transmission Owner and System Operator of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the Interconnecting Transmission Owner and System Operator of the date and particulars of any such exercise of assignment right(s), including providing the Interconnecting Transmission Owner with proof that it meets the requirements of Articles 11.5 and 18.3. Any attempted assignment that violates this Article is void and ineffective. Any assignment under this LGIA shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

ARTICLE 20. SEVERABILITY

20.1 Severability. If any provision in this LGIA is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this LGIA; provided that if the Interconnection Customer (or any third party, but only if such third party is not acting at the direction of the Interconnecting Transmission Owner) seeks and obtains such a final determination with respect to any provision of the Alternate Option (Article 5.1.2), or the Negotiated Option (Article 5.1.4), then none of these provisions shall thereafter have any force or effect and the Parties' rights and obligations shall be governed solely by the Standard Option (Article 5.1.1).

ARTICLE 21. COMPARABILITY

21.1 Comparability. The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

ARTICLE 22. CONFIDENTIALITY

22.1 Confidentiality. Confidential Information shall include, without limitation, all information governed by the ISO New England Information Policy, all information obtained from third parties under confidentiality agreements, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by a Party to another prior to the execution of this LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by a Party, the other Party(ies) shall provide, in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

22.1.1 Term. During the term of this LGIA, and for a period of three (3) years after the expiration or termination of this LGIA, except as otherwise provided in this Article 22, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

22.1.2 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this LGIA; or (6) is required, in accordance with Article 22.1.7 of the LGIA, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be

disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party(ies) that it no longer is confidential.

22.1.3 Release of Confidential Information. A Party shall not release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), subcontractors, employees, consultants, or to parties who may be or are considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with this LGIA, unless such person has first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 22.

22.1.4 Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party(ies). The disclosure by each Party to the other Party(ies) of Confidential Information shall not be deemed a waiver by a Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

22.1.5 No Warranties. By providing Confidential Information, a Party does not make any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, a Party does not obligate itself to provide any particular information or Confidential Information to the other Party(ies) nor to enter into any further agreements or proceed with any other relationship or joint venture.

22.1.6 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party(ies) under this LGIA or its regulatory requirements.

22.1.7 Order of Disclosure. If a court or a Governmental Authority or entity with the right, power, and apparent authority to do so requests or requires a Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party(ies) with prompt notice of such request(s) or requirement(s) so that the other Party(ies) may seek an appropriate protective order or waive compliance with the terms of this LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

22.1.8 Termination of Agreement. Upon termination of this LGIA for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from the other Party(ies), use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party(ies)) or return to the other Party(ies), without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party(ies).

22.1.9 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's(ies') Breach of its obligations under this Article 22. Each Party accordingly agrees that the other Party(ies) shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 22, which equitable relief shall be granted without bond or proof of damages, and the receiving Parties shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 22, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 22.

22.1.10 Disclosure to the Commission, its Staff, or a State. Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 CFR. section 1b.20, if the Commission or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this LGIA, the Party shall provide the requested information to the Commission or its staff, within the time provided for in the request for information. In providing the information to the Commission or its staff, the Party must, consistent with 18 CFR section 388.112, request that the information be treated as confidential and non-public by the Commission and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party(ies) to this LGIA prior to the release of the Confidential Information to the Commission or its staff. The Party shall notify the other Party(ies) to the LGIA when it is notified by the Commission or its staff that a request to release Confidential Information has been received by the Commission, at which time any of the Parties may respond before such information would be made public, pursuant to 18 CFR section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

22.1.11 Subject to the exception in Article 22.1.10, any information that a Party claims is competitively sensitive, commercial or financial information under this LGIA ("Confidential Information") shall not be disclosed by the other Party(ies) to any person not employed or retained by the other Party(ies), except to the extent disclosure

is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party(ies), such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIA or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Party(ies) in writing of the information it claims is confidential. Prior to any disclosures of the other Parties' Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party(ies) in writing and agrees to assert confidentiality and cooperate with the other Party(ies) in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

ARTICLE 23. ENVIRONMENTAL RELEASES

23.1 Each Party shall notify the other Party(ies), first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Large Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party(ies). The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four (24) hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Party(ies) copies of any publicly available reports filed with any Governmental Authorities addressing such events.

ARTICLE 24. INFORMATION REQUIREMENTS

24.1 **Information Acquisition.** Subject to any applicable confidentiality restrictions, including, but not limited to, codes of conduct, each Party shall submit specific information regarding the electrical characteristics of their respective facilities to each other as described below and in accordance with Applicable Reliability Standards.

24.2 **Information Submission by System Operator and Interconnecting Transmission Owner.** The initial information submission by System Operator and Interconnecting Transmission Owner shall occur no later than one hundred eighty (180) Calendar Days prior to the Initial

Synchronization Date and shall include information necessary to allow the Interconnection Customer to select equipment and meet any system protection and stability requirements, unless otherwise mutually agreed to by the Parties. On a monthly basis Interconnecting Transmission Owner shall provide Interconnection Customer a status report on the construction and installation of Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.

24.3 Updated Information Submission by Interconnection Customer. The updated information submission by the Interconnection Customer, including manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date. Interconnection Customer shall submit a completed copy of the Large Generating Facility data requirements contained in Appendix 1 to the LGIP. It shall also include any additional information provided to Interconnecting Transmission Owner and System Operator for the Interconnection Feasibility Study, Interconnection System Impact Study and Interconnection Facilities Study. Information in this submission shall be the most current Large Generating Facility design or expected performance data. Information submitted for stability models shall be compatible with Interconnecting Transmission Owner and System Operator standard models. If there is no compatible model, the Interconnection Customer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If the Interconnection Customer's data is different from what was originally provided to Interconnecting Transmission Owner pursuant to the Interconnection Study Agreement between Interconnecting Transmission Owner and Interconnection Customer, then the System Operator will review it and conduct appropriate studies, as needed, at the Interconnection Customer's cost, to determine the impact on the New England Transmission System based on the actual data submitted pursuant to this Article 24.3. The Interconnection Customer shall not begin Trial Operation until such studies are completed.

24.4 Information Supplementation. Prior to the Commercial Operation Date, the Parties shall supplement their information submissions described above in this Article 24 with any and all "as-built" Large Generating Facility information and "as-tested" performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. The Interconnection Customer shall conduct tests on the Large Generating Facility as required by Good Utility Practice such as an open circuit "step voltage" test on the Large Generating Facility to verify proper operation of the Large Generating Facility's automatic voltage regulator.

Unless otherwise agreed, the test conditions shall include: (1) Large Generating Facility at synchronous speed; (2) automatic voltage regulator on and in voltage control mode; and (3) a five percent change in Large Generating Facility terminal voltage initiated by a change in the voltage regulators reference voltage. Interconnection Customer shall provide validated test recordings showing the responses of Large Generating Facility terminal and field voltages. In the event that

direct recordings of these voltages is impractical, recordings of other voltages or currents that mirror the response of the Large Generating Facility's terminal or field voltage are acceptable if information necessary to translate these alternate quantities to actual Large Generating Facility terminal or field voltages is provided. Large Generating Facility testing shall be conducted and results provided to the Interconnecting Transmission Owner for each individual generating unit in a station.

The Interconnection Customer shall provide the Interconnecting Transmission Owner and System Operator with any information changes due to proposed equipment replacement, repair, or adjustment. Interconnecting Transmission Owner shall provide the Interconnection Customer and System Operator with any information changes due to proposed equipment replacement, repair or adjustment in the directly connected substation or any adjacent Interconnecting Transmission Owner-owned substation that may affect the Interconnection Customer's Interconnection Facilities equipment ratings, protection or operating requirements. The Parties shall provide such information in accordance with Article 5.19 of this Agreement.

ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS

25.1 Information Access. Each Party (the "disclosing Party") shall make available to the other Parties information that is in the possession of the disclosing Party and is necessary in order for the other Party(ies) to: (i) verify the costs incurred by the disclosing Party for which the other Party(ies) are responsible under this LGIA; and (ii) carry out its obligations and responsibilities under this LGIA. The Parties shall not use such information for purposes other than those set forth in this Article 25.1 and to enforce their rights under this LGIA.

25.2 Reporting of Non-Force Majeure Events. Each Party (the "notifying Party") shall notify the other Party(ies) when the notifying Party becomes aware of its inability to comply with the provisions of this LGIA for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this Article shall not entitle the Party receiving such notification to allege a cause for anticipatory Breach of this LGIA.

25.3 Audit Rights. Subject to the requirements of confidentiality under Article 22 of this LGIA, each Party shall have the right, during normal business hours, and upon prior reasonable notice to the other Party(ies), to audit at its own expense the other Party's(ies') accounts and records pertaining to a Party's performance or a Party's satisfaction of obligations under this LGIA. Such audit rights shall include audits of the other Party's(ies') costs, calculation of invoiced amounts, the efforts to allocate responsibility for the provision of reactive support to the New England Transmission System, the efforts to allocate responsibility for interruption or reduction of generation on the New England Transmission System, and each Party's actions in an Emergency Condition. Any audit authorized by this Article shall be performed at the offices where such

accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to each Party's performance and satisfaction of obligations under this LGIA. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 25.4.

25.4 Audit Rights Periods.

25.4.1 Audit Rights Period for Construction-Related Accounts and Records. Accounts and records related to the design, engineering, procurement, and construction of Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades shall be subject to audit for a period of twenty-four (24) months following Interconnecting Transmission Owner's issuance of a final invoice in accordance with Article 12.2.

25.4.2 Audit Rights Period for All Other Accounts and Records. Accounts and records related to a Party's performance or satisfaction of all obligations under this LGIA other than those described in Article 25.4.1 shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four (24) months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four (24) months after the event for which the audit is sought.

25.5 Audit Results. If an audit by a Party determines that an overpayment or an underpayment has occurred, a notice of such overpayment or underpayment shall be given to the other Party(ies) together with those records from the audit which support such determination.

ARTICLE 26. SUBCONTRACTORS

26.1 General. Nothing in this LGIA shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this LGIA; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this LGIA in providing such services and each Party shall remain primarily liable to the other Party(ies) for the performance of such subcontractor.

26.2 Responsibility of Principal. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this LGIA. The hiring Party shall be fully responsible to the other Party(ies) for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under Article 5 of this LGIA. Any applicable obligation imposed by this LGIA upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

26.3 No Limitation by Insurance. The obligations under this Article 26 will not be limited in any way by any limitation of subcontractor's insurance.

ARTICLE 27. DISPUTES

27.1 Submission. In the event a Party has a dispute, or asserts a claim, that arises out of or in connection with this LGIA or its performance, such Party (the "disputing Party") shall provide the other Party(ies) with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party(ies). In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's(ies') receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this LGIA.

27.2 External Arbitration Procedures. Any arbitration initiated under this LGIA shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The arbitrator so chosen by the System Operator shall chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable Commission regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail

27.3 Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this LGIA and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

27.4 Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel; or (2) a pro rata share of the cost of a single arbitrator chosen by the Parties.

ARTICLE 28. REPRESENTATIONS, WARRANTIES AND COVENANTS

28.1 General. Each Party makes the following representations, warranties and covenants:

28.1.1 Good Standing. Such Party is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Large Generating Facility, Interconnection Facilities and Network Upgrades owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this LGIA and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this LGIA.

28.1.2 Authority. Such Party has the right, power and authority to enter into this LGIA, to become a Party hereto and to perform its obligations hereunder. This LGIA is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

28.1.3 No Conflict. The execution, delivery and performance of this LGIA does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

28.1.4 Consent and Approval. Such Party has sought or obtained, or, in accordance with this LGIA will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this LGIA, and it will provide to any Governmental Authority notice of any actions under this LGIA that are required by Applicable Laws and Regulations.

ARTICLE 29. [OMITTED]

ARTICLE 30. MISCELLANEOUS

30.1 Binding Effect. This LGIA and the rights and obligations hereof shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

30.2 Conflicts. In the event of a conflict between the body of this LGIA and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this LGIA shall prevail and be deemed the final intent of the Parties.

30.3 Rules of Interpretation. This LGIA, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this LGIA, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this LGIA), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this LGIA or such Appendix of this LGIA, or such Section of the LGIP or such Appendix of the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this LGIA as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

30.4 Entire Agreement. Except for the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, this LGIA, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this LGIA. Except for the ISO New England Operating Documents, Applicable Reliability Standards, any applicable tariffs, related facilities agreements, or successor documents, there are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this LGIA.

30.5 No Third Party Beneficiaries. This LGIA is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

30.6 Waiver. The failure of a Party to this LGIA to insist, on any occasion, upon strict performance of any provision of this LGIA will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by a Party of its rights with respect to this LGIA shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this LGIA. Termination or Default of this LGIA for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Interconnecting Transmission Owner. Any waiver of this LGIA shall, if requested, be provided in writing.

30.7 Headings. The descriptive headings of the various Articles of this LGIA have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this LGIA.

30.8 Multiple Counterparts. This LGIA may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

30.9 Amendment. The Parties may by mutual agreement amend this LGIA by a written instrument duly executed by the Parties.

30.10 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this LGIA by a written instrument duly executed by all of the Parties. Such amendment shall become effective and a part of this LGIA upon satisfaction of all Applicable Laws and Regulations.

30.11 Reservation of Rights. Consistent with Section 11.3 of the LGIP, Interconnecting Transmission Owner and System Operator shall have the right to make unilateral filings with the Commission to modify this LGIA with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this LGIA pursuant to section 206 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Parties and to participate fully in any proceeding before the Commission in which such modifications may be considered. In the event of disagreement on terms and

conditions of the LGIA related to the costs of upgrades to such Interconnecting Transmission Owner's transmission facilities, the anticipated schedule for the construction of such upgrades, any financial obligations of Interconnecting Transmission Owner, and any provisions related to physical impacts of the interconnection on Interconnecting Transmission Owner's transmission facilities or other assets, then the standard applicable under Section 205 of the Federal Power Act shall apply only to Interconnecting Transmission Owner's position on such terms and conditions. Nothing in this LGIA shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

30.12 No Partnership. This LGIA shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Parties.

IN WITNESS WHEREOF, the Parties have executed this LGIA in triplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

ISO New England Inc. (System Operator)
By:
Title:
Date:

[*Insert Name of*] (Interconnecting Transmission Owner)
By:
Title:
Date:

[*Insert name of*] (Interconnection Customer)
By:
Title:
Date:

APPENDICES TO LGIA

Appendix A	Interconnection Facilities, Network Upgrades and Distribution Upgrades
Appendix B	Milestones
Appendix C	Interconnection Details
Appendix D	Security Arrangements Details
Appendix E	Commercial Operation Date
Appendix F	Addresses for Delivery of Notices and Billings
Appendix G	Interconnection Requirements for a Wind Generating Plant

APPENDIX A TO LGIA

Interconnection Facilities, Network Upgrades and Distribution Upgrades

1. Interconnection Facilities:

a. **Point of Interconnection and Point of Change of Ownership**. The Point of Interconnection shall be at the point where [*insert description of location*]. See Appendix A-[*insert*], which drawing is attached hereto and made part hereof.

The Point of Change of Ownership shall be at the point where *[insert description of location]*. See Appendix A – [*insert*], which drawing is attached hereto and made part hereof.

If not located at the Point of Interconnection, the metering point(s) shall be located at: [*insert location*].

b. **Interconnection Customer's Interconnection Facilities (including metering equipment)**. The Interconnection Customer shall construct [*insert Interconnection Customer's Interconnection Facilities*]. See Appendix A-[*insert*].

c. **Interconnecting Transmission Owner's Interconnection Facilities (including metering equipment)**. The Interconnecting Transmission Owner shall construct [*insert Interconnecting Transmission Owner's Interconnection Facilities*]. See Appendix – [*insert*].

2. Network Upgrades:

a. **Stand Alone Network Upgrades**. [*insert Stand Alone Network Upgrades*].

b. **Other Network Upgrades**. [*insert Other Network Upgrades*].

3. Distribution Upgrades. [*insert Distribution Upgrades*]

4. Affected System Upgrades. [insert Affected System Upgrades]

5. Contingency Upgrades List:

a. Long Lead Facility-Related Upgrades. The Interconnection Customer's Large Generating Facility is associated with a Long Lead Facility, in accordance with Section 3.2.3 of the LGIP. Pursuant to Section 4.1 of the LGIP, the Interconnection Customer shall be responsible for the following upgrades in the event that the Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation in accordance with Section III.13.1 of the Tariff:

[*insert list of upgrades*]

If the Interconnection Customer fails to cause these upgrades to be in-service prior to the commencement of the Long Lead Facility's Capacity Commitment Period, the Interconnection Customer shall be deemed to be in Breach of this LGIA in accordance with Article 17.1, and the System Operator will initiate all necessary steps to terminate this LGIA, in accordance with Article 2.3.

b. Other Contingency Upgrades. [*e.g*., list of upgrades associated with higher queued Interconnection Requests with LGIAs prior to this LGIA and any other contingency upgrades that the Parties may deem necessary for the interconnection of the Large Generating Facility.]

6. Post-Forward Capacity Auction Re-study Upgrade Obligations. [*insert any change in upgrade obligations that result from re-study conducted post receiving a Capacity Supply Obligation through a Forward Capacity Auction.*]

APPENDIX B TO LGIA

Milestones

1. **Selected Option Pursuant to Article 5.1:** Interconnection Customer selects the [*insert*]. Options as described in Articles 5.1.[*insert*], 5.1.[*insert*], and 5.1.[*insert*] shall not apply to this LGIA.

2. **Milestones and Other Requirements for all Large Generating Facilities:** The description and entries listed in the following table establish the required Milestones in accordance with the provisions of the LGIP and this LGIA. The referenced section of the LGIP or article of the LGIA should be reviewed by each Party to understand the requirements of each milestone.

Item No.	Milestone Description	Responsible Party	Date	LGIP/LGIA Reference
1	Provide evidence of continued Site Control to System Operator, or $250,000 non-refundable deposit to Interconnecting Transmission Owner	Interconnection Customer	Within 15 BD of final LGIA receipt	§ 11.3.1.1 of LGIP
2	Provide evidence of one or more milestones specified in § 11.3 of LGIP	Interconnection Customer	Within 15 BD of final LGIA receipt	§ 11.3.1.2 of LGIP
3	Commit to a schedule for payment of upgrades	Interconnection Customer	Within 15 BD of final LGIA receipt	§ 11.3.1.2 of LGIP
4	Provide either (1) evidence of Major Permits or (2) refundable deposit to Interconnecting Transmission Owner	Interconnection Customer	If (1) Within 15 BD of final LGIA receipt or if (2) At time of LGIA execution	§ 11.3.1.2 of LGIP
5	Provide certificate of insurance	Interconnection Customer and Interconnecting Transmission Owner	Within 10 Calendar Days of execution of LGIA	§ 18.3.9 of LGIA
6	Provide siting approval for	Interconnection	As may be agreed	§ 7.5 of LGIP

	Generating Facility and Interconnection Facilities to Interconnecting Transmission Owner	Customer	to by the Parties	
7A	Receive Governmental Authority approval for any facilities requiring regulatory approval	Interconnection Customer and/or Interconnecting Transmission Owner	If needed, as may be agreed to by the Parties	§ 5.6.1 of LGIA
7B	Obtain necessary real property rights and rights-of-way for the construction of a discrete aspect of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades	Interconnection Customer and/or Interconnecting Transmission Owner	If needed, as may be agreed to by the Parties	§ 5.6.2 of LGIA
7C	Provide to Interconnecting Transmission Owner written authorization to proceed with design, equipment procurement and construction	Interconnection Customer	As may be agreed to by the Parties	§ 5.5.2 and § 5.6.3 of LGIA
7D	Provide quarterly written progress reports	Interconnection Customer and Interconnecting Transmission Owner	15 Calendar Days after the end of each quarter beginning the quarter that includes the date for Milestone 7C and ending when the entire Large Generating Facility and all required Interconnection Facilities and Network Upgrades are in place	§ 5.7 of LGIA
8	Provision of Security to	Interconnection	At least 30	§§ 5.5.3 and 5.6.4

	Interconnecting Transmission Owner pursuant to Section 11.5 of LGIA	Customer	Calendar Days prior to design, procurement and construction	of LGIA
9	Provision of Security Associated with Tax Liability to Interconnecting Transmission Owner pursuant to Section 5.17.3 of LGIA	Interconnection Customer	As may be agreed to by the Parties	§ 5.17.3 of LGIA
10	Commit to the ordering of long lead time material for Interconnection Facilities and Network Upgrades	Interconnection Customer	As may be agreed to by the Parties	§ 7.5 of LGIP
11A	Provide initial design, engineering and specification for Interconnection Customer's Interconnection Facilities to Interconnecting Transmission Owner	Interconnection Customer	180 Calendar Days prior to Initial Synchronization Date	§ 5.10.1 of LGIA § 7.5 of LGIP
11B	Provide comments on initial design, engineering and specification for Interconnection Customer's Interconnection Facilities	Interconnecting Transmission Owner	Within 30 Calendar Days of receipt	§ 5.10.1 of LGIA § 7.5 of LGIP
12A	Provide final design, engineering and specification for Interconnection Customer's Interconnection Facilities to Interconnecting Transmission Owner	Interconnection Customer	90 Calendar Days prior to Initial Synchronization Date	§ 5.10.1 of LGIA § 7.5 of LGIP
12B	Provide comments on final design, engineering and specification for Interconnection Customer's Interconnection Facilities	Interconnecting Transmission Owner	Within 30 Calendar Days of receipt	§ 5.10.1 of LGIA § 7.5 of LGIP
13	Deliver to Transmission Owner "as built" drawings, information and documents	Interconnection Customer	Within 120 Calendar Days of Commercial	§ 5.10.3 of LGIA

	regarding Interconnection Customer's Interconnection Facilities		Operation date	
14	Provide protective relay settings to Interconnecting Transmission Owner for coordination and verification	Interconnection Customer	At least 90 Calendar Days prior to Initial Synchronization Date	§§ 5.10.1 of LGIA
15	Commencement of construction of Interconnection Facilities	Interconnecting Transmission Owner	As may be agreed to by the Parties	§ 5.6 of LGIA
16	Submit updated data "as purchased"	Interconnection Customer	No later than 180 Calendar Days prior to Initial Synchronization Date	§ 24.3 of LGIA
17	In Service Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	§ 3.3.1 and 4.4.5 of LGIP, § 5.1 of LGIA
18	Initial Synchronization Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	§ 3.3.1, 4.4.4, 4.4.5, and 7.5 of LGIP
19	Submit supplemental and/or updated data – "as built/as-tested"	Interconnection Customer	Prior to Commercial Operation Date	§ 24.4 of LGIA
20	Commercial Operation Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	§ 3.3.1, 4.4.4, 4.4.5, and 7.5 of LGIP
21	Deliver to Interconnection Customer "as built" drawings, information and documents regarding	Interconnecting Transmission Owner	If requested, within 120 Calendar Days after Commercial	§ 5.11 of LGIA

	Interconnecting Transmission Owner's Interconnection Facilities		Operation Date	
22	Provide Interconnection Customer final cost invoices	Interconnecting Transmission Owner	Within 6 months of completion of construction of Interconnecting Transmission Owner Interconnection Facilities and Network Upgrades	§ 12.2 of LGIA

3. **Milestones Applicable Solely for CNR Interconnection Service and Long Lead Facility Treatment.** In addition to the Milestones above, the following Milestones apply to Interconnection Customers requesting CNR Interconnection Service and/or Long Lead Facility Treatment:

Item No.	Milestone Description	Responsible Party	Date	LGIP/LGIA Reference
1	If Long Lead Facility, all dates by which Critical Path Schedule upgrades will be submitted to System Operator (end date for New Capacity Show of Interest Submission)	Interconnection Customer		§ 3.2.3 of LGIP
2	If Long Lead Facility, dates by which Long Lead Facility Deposits will be provided to System Operator (each deadline for which New Generating Capacity Resource would be required to provide financial assurance under § III.13.1.9 of the Tariff)	Interconnection Customer		§ 3.2.3 of LGIP
3	If Long Lead Facility, Capacity Commitment Period (not to exceed the Commercial Operation Date)	Interconnection Customer		§ 1 and 3.2 of LGIP
4	Submit necessary requests for participation in the Forward Capacity	Interconnection		§ 3.2.1.3 of LGIP

	Auction associated with the Generating Facility's requested Commercial Operation Date, in accordance with Section III.13 of the Tariff	Customer		
5	Participate in a CNR Group Study	Interconnection Customer		§ 3.2.1.3 of LGIP
6	Qualify and receive a Capacity Supply Obligation in accordance with Section III.13 of the Tariff	Interconnection Customer		§ 3.2.1.3 of LGIP
7	Complete a re-study of the applicable Interconnection Study to determine the cost responsibility for facilities and upgrades necessary to accommodate the Interconnection Request based on the results of the Forward Capacity Auction or Reconfiguration Auction or bilateral transaction through which the Interconnection Customer received a Capacity Supply Obligation	System Operator		§ 3.2.1.3 of LGIP

APPENDIX C TO LGIA

Interconnection Details

1. Description of Interconnection:

Interconnection Customer shall install a [*insert*] MW facility, rated at [*insert*]MW gross and [*insert*] MW net, with all studies performed at or below these outputs. The Generating Facility is comprised of [*insert*] units in a [*insert description of facility type - combined cycle, wind farm, etc*.] rated at: [*insert*] MW each, and will located at [*insert location*].

The Large Generating Facility shall receive:

Network Resource Interconnection Service for the NR Capability at a level not to exceed [*insert gross and net*] MW for Summer, and [*insert gross and net*] MW for Winter.

Capacity Network Resource Interconnection Service for: (i) the NR Capability at a level not to exceed [*insert gross and net at or above 50 degrees F*] MW for Summer and [*insert gross and net at or above 0 degrees F*] MW for Winter; and (ii) the CNR Capability at [*insert net*] MW for Summer and [*insert net*] MW for Winter, which shall not exceed [*insert the maximum net MW electrical output of the Generating Facility at an ambient temperature at or above 90 degrees F for summer and at or above 20 degrees F for winter*.] The CNR Capability shall be the highest amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff and, if applicable, as specified in filings by the System Operator with the Commission pursuant to Section III.13 of the Tariff.

2. Detailed Description of Generating Facility and Generator Step-Up Transformer, if applicable:

Generator Data	
Number of Generators	
Manufacturer	

Model	
Designation of Generator(s)	
Excitation System Manufacturer	
Excitation System Model	
Voltage Regulator Manufacturer	
Voltage Regulator Model	
Generator Ratings	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 90 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 50 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 20 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above zero Degrees F	
Station Service Load For Each Unit	
Overexcited Reactive Power at Rated MVA and Rated Power Factor	
Underexcited Reactive Power at Rated MVA and Rated Power Factor	
Generator Short Circuit and Stability Data	
Generator MVA rating	
Generator AC Resistance	
Subtransient Reactance (saturated)	
Subtransient Reactance (unsaturated)	

Transient Reactance (saturated)	
Negative sequence reactance	
Transformer Data	
Number of units	
Self Cooled Rating	
Maximum Rating	
Winding Connection (LV/LV/HV)	
Fixed Taps	
Z1 primary to secondary at self cooled rating	
Z1 primary to tertiary at self cooled rating	
Z1 secondary to tertiary at self cooled rating	
Positive Sequence X/R ratio primary to secondary	
Z0 primary to secondary at self cooled rating	
Z0 primary to tertiary at self cooled rating	
Z0 secondary to tertiary at self cooled rating	
Zero Sequence X/R ratio primary to tertiary	

3. Other Description of Interconnection Plan and Facilities:

[*Insert any other description relating to the Generating Facility, including, but not limited to switchyard, protection equipment, step-up transformer to the extent not described in Appendix A.*]

APPENDIX D TO LGIA

Security Arrangements Details

Infrastructure security of the New England Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day New England Transmission System reliability and operational security. The Commission will expect System Operator, Interconnecting Transmission Owners, market participants, and Interconnection Customers interconnected to the New England Transmission System to comply with the recommendations offered by the Critical Infrastructure Protection Committee and, eventually, best practice recommendations from NERC. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

APPENDIX E TO LGIA

Commercial Operation Date

This Appendix E is a part of the LGIA between System Operator Interconnecting, Transmission Owner and Interconnection Customer.

[*Date*]

[*Interconnecting Transmission Owner; Address*]
[to be supplied]

Generator Interconnections
Transmission Planning Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

Re: _____ Large Generating Facility

Dear _____:

On [Date] [Interconnection Customer] has completed Trial Operation of Unit No. ___. This letter confirms that [Interconnection Customer] commenced commercial operation of Unit No. ___ at the Large Generating Facility, effective as of [Date plus one day].

Thank you.

[*Signature*]
[*Interconnection Customer Representative*]

APPENDIX F TO LGIA

Addresses for Delivery of Notices and Billings Notices:

System Operator:

Generator Interconnections
Transmission Planning Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

With copy to:
Billing Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

Interconnecting Transmission Owner:

[To be supplied.]

Interconnection Customer:

[*To be supplied*.]

Billings and Payments:

System Operator:

Generator Interconnections
Transmission Planning Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

With copy to:
Billing Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

Interconnecting Transmission Owner:

[*To be supplied*.]

Interconnection Customer:
[*To be supplied.*]

Alternative Forms of Delivery of Notices (telephone, facsimile or email):

System Operator:
Facsimile: (413) 540-4203
E-mail: geninterconn@iso-ne.com

With copy to:
Facsimile: (413) 535-4024

E-mail: billingdept@iso-ne.com
Interconnecting Transmission Owner:
[*To be supplied.*]

Interconnection Customer:
[*To be supplied.*]

DUNS Numbers:
Interconnection Customer: [To be supplied]

Interconnecting Transmission Owner: [To be supplied]

APPENDIX G TO LGIA

Interconnection Requirements For A Wind Generating Plant

Appendix G sets forth requirements and provisions specific to a wind generating plant. All other requirements of this LGIA continue to apply to wind generating plant interconnections.

A. Technical Standards Applicable to a Wind Generating Plant

i. Low Voltage Ride-Through (LVRT) Capability

A wind generating plant shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The LVRT standard provides for a transition period standard and a post-transition period standard.

Transition Period LVRT Standard

The transition period standard applies to wind generating plants subject to FERC Order 661 that have either: (i) interconnection agreements signed and filed with the Commission, filed with the Commission in unexecuted form, or filed with the Commission as non-conforming agreements between January 1, 2006 and December 31, 2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generating turbines subject to a wind turbine procurement contract executed prior to December 31, 2005, for delivery through 2007.

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the System Operator and Interconnecting Transmission Owner. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15 p.u., as measured at the high side of the wind generating plant step-up transformer (i.e. the transformer that steps the voltage up to the transmission interconnection voltage or "GSU"), after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU or to faults that would result in a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.

3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.

4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAr Compensator, etc.) within the wind generating plant or by a combination of generator performance and additional equipment.

5. Existing individual wind generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT. Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual wind generator units that are replaced are required to meet the Appendix G LVRT Standard.

Post-transition Period LVRT Standard

All wind generating plants subject to FERC Order No. 661 and not covered by the transition period described above must meet the following requirements:

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the System Operator and Interconnecting Transmission Owner. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system. A wind generating plant shall remain interconnected during such a fault on the transmission system for a voltage level as low as zero volts, as measured at the high voltage side of the wind GSU.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU.

3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.

4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAr Compensator) within the wind generating plant or by a combination of generator performance and additional equipment.

5. Existing individual wind generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual wind generator units that are replaced are required to meet the Appendix G LVRT Standard.

ii. Power Factor Design Criteria (Reactive Power)

A wind generating plant shall maintain a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this LGIA, if the Interconnection System Impact Study shows that such a requirement is necessary to ensure safety or reliability. The power factor range standard can be met by using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors if agreed to by the System Operator and Interconnecting Transmission Owner, or a combination of the two. The Interconnection Customer shall not disable power factor equipment while the wind generating plant is in operation. Wind generating plants shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the Interconnection System Impact Study shows this to be required for system safety or reliability.

iii. Supervisory Control and Data Acquisition (SCADA) Capability

The wind generating plant shall provide SCADA capability to transmit data and receive instructions from the System Operator and Local Control Center to protect system reliability. The System Operator, Interconnecting Transmission Owner and the wind generating plant Interconnection Customer shall determine what SCADA information is essential for the proposed wind generating plant, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

APPENDIX 7
INTERCONNECTION PROCEDURES FOR WIND GENERATION

Appendix 7 sets forth procedures specific to a wind generating plant. All other requirements of this LGIP continue to apply to wind generating plant interconnections.

A. Special Procedures Applicable to Wind Generating Plants

The wind generating plant Interconnection Customer, in completing the Interconnection Request required by Section 3.3 of this LGIP, may provide to the System Operator a set of preliminary electrical design specifications depicting the wind generating plant as a single equivalent generator. Upon satisfying these and other applicable Interconnection Request conditions, the wind generating plant may enter the queue and receive the base case data as provided for in this LGIP.

No later than six months after submitting an Interconnection Request completed in this manner, the wind generating plant Interconnection Customer must submit completed detailed electrical design specifications and other data (including collector system layout data) needed to allow the System Operator to complete the Interconnection System Impact Study.

SCHEDULE 23

SMALL GENERATOR
INTERCONNECTION PROCEDURES

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EXHIBIT 1 - Small Generator Interconnection Agreement (SGIA)

SECTION 1. APPLICATION

1.1 Applicability

1.1.1 The Small Generator Interconnection Procedures ("SGIP") and Small Generator Interconnection Agreement ("SGIA") shall apply to Interconnection Requests, as defined in Attachment 1, pertaining to Small Generating Facilities, except that the SGIP and SGIA shall not apply to: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility. In the event the SGIP and SGIA do not apply, the Interconnection Customer shall follow the applicable state tariff, rules or procedures regarding generator interconnections.

A request to interconnect a certified Small Generating Facility (See Attachments 3 and 4 for description of certification criteria) no larger than 2 MW shall be evaluated under the section 2 Fast Track Process. A request to interconnect a certified inverter-based Small Generating Facility no larger than 10 kW (solely as a Network Resource) shall be evaluated under the Attachment 5 10 kW Inverter Process. A request to interconnect a Small Generating Facility larger than 2 MW but no larger than 20 MW or a Small Generating Facility that does not pass the Fast Track Process or the 10 kW Inverter Process, shall be evaluated under the section 3 Study Process.

1.1.2 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of these procedures. To the extent that the definitions herein are different than those contained in Section I.2.2 of the Tariff, the definitions provided below shall control only for the

purposes of generator interconnections under this Schedule 23. Capitalized terms in Schedule 23 that are not defined in Attachment 1 or the body of these procedures shall have the meanings specified in Section I.2.2 of the Tariff.

1.1.3 Neither these procedures nor the requirements included hereunder apply to Small Generating Facilities interconnected or approved for interconnection prior to May 9, 2006.

1.1.4 Prior to submitting its Interconnection Request (Attachment 2), the Interconnection Customer may ask the System Operator's interconnection contact employee or office whether the proposed interconnection is subject to these procedures. The System Operator shall respond within fifteen (15) Business Days.

1.1.5 Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Commission expects all ISOs/RTOs, Interconnecting Transmission Owners, market participants, and Interconnection Customers interconnected with electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices.

1.1.6 References in these procedures to interconnection agreement are to the SGIA.

1.2 Pre-Application

The System Operator shall designate an employee or office from which information on the application process and on an Affected System can be obtained through informal requests from the Interconnection Customer presenting a proposed project for a specific site. The names, telephone numbers, and e-mail addresses of the System Operator's contact employees or offices shall be made available on the System Operator's Internet web site. Electric system information provided to the Interconnection Customer

should include relevant system studies, interconnection studies, and other materials useful to an understanding of an interconnection at a particular point on the Administered Transmission System, to the extent such provision does not violate confidentiality provisions of prior agreements or critical infrastructure requirements. The System Operator shall comply with reasonable requests for such information.

1.3 Interconnection Request

To initiate an Interconnection Request, the Interconnection Customer shall submit its Interconnection Request to the System Operator, together with the processing fee or deposit specified in the Interconnection Request. The Interconnection Request shall be date- and time-stamped upon receipt. The original date- and time-stamp applied to the Interconnection Request at the time of its original submission shall be accepted as the qualifying date- and time-stamp for the purposes of any timetable in these procedures. The Interconnection Customer shall be notified of receipt by the System Operator within three (3) Business Days of receiving the Interconnection Request. The System Operator shall notify the Interconnection Customer within ten (10) Business Days of the receipt of the Interconnection Request as to whether the Interconnection Request is complete or incomplete. If the Interconnection Request is incomplete, the System Operator shall provide along with the notice that the Interconnection Request is incomplete, a written list detailing all information that must be provided to complete the Interconnection Request. The Interconnection Customer will have ten (10) Business Days after receipt of the notice to submit the listed information or to request an extension of time to provide such information. If the Interconnection Customer does not provide the listed information or a request for an extension of time within the deadline, the Interconnection Request will be deemed withdrawn. An Interconnection Request will be deemed complete upon submission of the listed information to the System Operator.

The Interconnection Customer must submit a separate Interconnection Request for each site. The Interconnection Customer must comply with the requirements specified in this Section 1.3 for each Interconnection Request even when more than one request is submitted for a single site.

1.3.1 Within three (3) Business Days of receiving the Interconnection Request, the System Operator shall provide a copy of the Interconnection Request to the Interconnecting Transmission Owner. The System

Operator, in consultation with the Interconnecting Transmission Owner, shall determine whether the Interconnection Request is complete or incomplete. If such request is to interconnect to a distribution facility, the Interconnecting Transmission Owner shall be responsible for determining whether the distribution facility is subject to the Tariff.

1.4 Site Control

Documentation of site control must be submitted with the Interconnection Request. Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. Site control may be demonstrated through:

1.4.1 Ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Small Generating Facility;

1.4.2 An option to purchase or acquire a leasehold site for such purpose; or

1.4.3 An exclusivity or other business relationship between the Interconnection Customer and the entity having the right to sell, lease, or grant the Interconnection Customer the right to possess or occupy a site for such purpose; or

1.4.4 Filed applications for required permits to site on federal or state property.

1.5 Queue Position

1.5.1 **General**. The System Operator shall assign a Queue Position based upon the date- and time-stamp of the Interconnection Request. Except as otherwise provided in this Section 1.5, the Queue Position of each Interconnection Request will be used to determine: (i) the order of performing the Interconnection Studies; (ii) the order in which CNR Interconnection Requests will be included in the CNR Group Study; and (iii) the cost responsibility for the interconnection facilities and upgrades necessary to accommodate the Interconnection Request. The System Operator shall maintain a single queue. At the System Operator's option, Interconnection Requests may be studied serially or in clusters for the purpose of the Interconnection System Impact Study.

1.5.2 **Implications**. Where a CNR Interconnection Request with a lower Queue Position submits a New Capacity Show of Interest Form for qualification to participate in a particular Forward Capacity Auction for a Capacity Commitment Period and another CNR Interconnection Request with a higher Queue Position does not submit a New Capacity Show of Interest Form for qualification until a subsequent Forward Capacity Auction, the CNR Interconnection Request with the lower Queue Position will be included in the CNR Group Study prior to the CNR Interconnection Request with the higher Queue Position. The CNR Group Study (to be conducted in accordance with Section III.13.1.1.2.3 of the Tariff) shall include all Interconnection Requests for CNR Interconnection Service that have submitted a New Capacity Show of Interest Form during the New Capacity Show of Interest Submission Window for the purpose of qualification for participation in the same Forward Capacity Auction for a Capacity Commitment Period, in accordance with Section III.13.1.1.2 of the Tariff, as well as Long Lead Facilities, in accordance with Section 3.2.3 of Schedule 22 of Section II of the Tariff. Participation in a CNR Group Study shall be a prerequisite for a Generating Facility seeking to qualify as a New Generating Capacity Resource under Section III.13.1 of the Tariff to obtain CNR Interconnection Service. An Interconnection Customer with a CNR Interconnection Request for a Generating Facility that is treated as a Conditional Qualified New Generating Capacity Resource, in accordance with Section III.13.1.1.2.3(f) of the Tariff, may be responsible for the facilities and upgrades associated with an overlapping CNR Interconnection Request having a higher Queue Position if the Conditional Qualified New Generating Capacity Resource obtains a Capacity Supply Obligation through a Forward Capacity Auction under Section III.13.2.5 of the Tariff. An Interconnection Customer with a lower queued CNR Interconnection Request for a Generating Facility that has achieved Commercial Operation and obtained a Capacity Supply Obligation through a Forward Capacity Auction may be responsible for additional facilities and upgrades if the related higher queued Generating Facility with a CNR Interconnection Request for a Long Lead Facility (as defined in Schedule 22 of Section II of the Tariff) achieves Commercial Operation and obtains a Capacity Supply

Obligation through a Forward Capacity Auction. In such circumstance, Attachment 2 to the SGIA for the lower queued CNR Interconnection Request shall specify the facilities and upgrades for which the Interconnection Customer shall be responsible if the higher queued CNR Interconnection Request for a Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation.

1.5.3 **Transferability of Queue Position.** An Interconnection Customer may transfer its Queue Position to another entity only if such entity acquires the specific Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change. The Interconnection Customer must notify the System Operator, in writing, of any transfers of Queue Position and must provide the System Operator with the transferee's contact information, and System Operator shall notify Interconnecting Transmission Owner and any Affected Parties of the same.

1.5.4 **Modifications**. Any modification to the Interconnection Request, including the information provided in the attachments, and to the machine data or equipment configuration or to the interconnection site of the Small Generating Facility not agreed to in writing by the System Operator, in consultation with the Interconnecting Transmission Owner, and the Interconnection Customer may be deemed a withdrawal of the Interconnection Request and may require submission of a new Interconnection Request, unless proper notification of each Party by the other and a reasonable time to cure the problems created by the change are undertaken. A request to: (1) increase the energy capability or capacity capability output of the Small Generating Facility above that specified in an Interconnection Request, an existing Interconnection Agreement (whether executed or filed in unexecuted form with the Commission), or as established pursuant to 1.6.4 of this SGIP shall require a new Interconnection Request for the incremental increase and such Interconnection Request will receive the lowest Queue Position available at that time for the purposes of cost allocation and study analysis; and (2) change from NR Interconnection Service to CNR Interconnection Service, at any time, shall require a new Interconnection Request for CNR Interconnection Service and such Interconnection Request will receive the lowest Queue Position available at that time for the purposes of cost allocation and study analysis.

Notwithstanding the foregoing, in the circumstance in which the Interconnection Customer seeking New Generating Capacity Resource treatment for its Generating Facility (pursuant to Section III.13.1 of the Tariff) has offered into a Forward Capacity Auction the full megawatt amount for which the CNR Interconnection Service was requested in the original Interconnection Request (or as that amount has been

modified in accordance with this Section 1.5.4), but the entire amount did not clear in that Auction, no new Interconnection Request will be required if the Interconnection Customer seeks to offer the uncleared amount in a subsequent Forward Capacity Auction for which the associated Capacity Commitment Period begins less than seven (7) years from the date of the original Interconnection Request.

1.6 Procedures for Transition

1.6.1 **Queue Position for Pending Requests.** Any Interconnection Customer assigned a Queue Position prior to February 1, 2009 shall retain that Queue Position subject to Section 1.6 of the SGIP.

1.6.1.1 If an Interconnection Study Agreement has not been executed prior to February 1, 2009, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with the version of this SGIP in effect on February 1, 2009 (or as revised thereafter).

1.6.1.2 If an Interconnection Study Agreement has been executed prior to February 1, 2009, such Interconnection Study shall be completed in accordance with the terms of such agreement.

1.6.2 **Transition Period**. To the extent necessary, the System Operator, Interconnection Customers with an outstanding Interconnection Request (i.e., an Interconnection Request for which an SGIA has neither been executed nor submitted to the Commission for approval prior to February 1, 2009), Interconnecting Transmission Owner and any other Affected Parties, shall transition to proceeding under the version of the SGIP in effect as of February 1, 2009 (or as revised thereafter) within a reasonable period of time not to exceed sixty (60) Calendar Days. The use of the term "outstanding Interconnection Request" herein shall mean any Interconnection Request, on February 1, 2009: (i) that has been submitted, together with the required deposit and attachments, but not yet accepted by the System Operator; (ii) where the related SGIA has not yet been submitted to the Commission for approval in executed or unexecuted form, (iii) where the relevant Interconnection Study Agreements have not yet been executed, or (iv) where any of the relevant Interconnection Studies are in process but not yet completed. Any Interconnection Customer with an outstanding request as of the effective date of this SGIP may request a reasonable extension of

any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Interconnection Request. A reasonable extension shall be granted by the System Operator to the extent consistent with the intent and process provided for under this SGIP.

1.6.3 **One-Time Election for CNR Interconnection Service at Queue Position Assigned Prior to February 1, 2009**. An Interconnection Customer with an outstanding Interconnection Request will be eligible to make a one-time election to be considered for CNR Interconnection Service at the Queue Position assigned prior to February 1, 2009. The Interconnection Customer's one-time election must be made by the end of the New Generating Capacity Show of Interest Submission Window for the fourth Forward Capacity Auction. Interconnection Customers requesting CNR Interconnection Service will be required to comply with the requirements for CNR Interconnection Service set forth in Section 1.7.1. Interconnection Customers requesting CNR Interconnection Service that have not received a completed Interconnection System Impact Study may request a preliminary, non-binding, analysis of potential upgrades that may be necessary for the fourth Forward Capacity Auction – the prompt or near-term auction – pursuant to Sections 3.3.2 or 3.4.3, whichever is applicable.

1.6.4 **Grandfathering.**

1.6.4.1 An Interconnection Customer's Generating Facility that is interconnected pursuant to an Interconnection Agreement executed or submitted to the Commission for approval prior to February 1, 2009, will maintain its status as a Network Resource with Network Resource Interconnection Service eligible to participate in the New England Markets, in accordance with the requirements of Market Rule 1, Section III of the Tariff, up to the megawatt amount specified in the Interconnection Agreement, subject to the Interconnection Customer satisfying all requirements set forth in the Interconnection Agreement and this SGIP. If the Generating Facility does not meet the criteria set forth in Section 1.6.4.3 of this SGIP, the Interconnection Customer will be eligible to make a one-time election, pursuant to Section 1.6.3, for Capacity Network Resource treatment without submitting a new Interconnection Request; however, the Interconnection Customer will be required to comply with the requirements for CNR Interconnection Service set forth in Section 1.7.1. Upon completion of the requirements to obtain CNR Interconnection Service, the Interconnection Customer's Interconnection Agreement shall be amended to conform to the SGIA in Exhibit 1 of this SGIP.

1.6.4.2 An Interconnection Customer's Generating Facility governed by an Interconnection Agreement either executed or filed with the Commission in unexecuted form prior to August 1, 2008, shall maintain the Queue Position assigned as of August 1, 2008, and be eligible to participate in the New England Markets, in accordance with the requirements in Market Rule 1, Section III of the Tariff, as in effect as of August 1, 2008, so long as the Interconnection Customer complies with all of the requirements specified in the Interconnection Agreement, including achieving the milestones associated with At-Risk Expenditures, subject to Section 1.5.4 of this SGIP.

1.6.4.3 All resources that are treated as Existing Generating Capacity Resources in the fourth Forward Capacity Auction pursuant to Section III.13 of the Tariff shall receive treatment as a CNR and obtain CNR Interconnection Service, in accordance with this SGIP, up to the CNR Capability of the resource. The grandfathered CNR Capability for these resources shall be equal to the megawatt amount established pursuant to the following hierarchy:

(a) First, the megawatt amount specified in an Interconnection Agreement (whether executed or filed in unexecuted form with the Commission).

(b) Second, in the absence of an Interconnection Agreement with a specified megawatt amount, the megawatt amount specified in an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision).

(c) Third, in the absence of an Interconnection Agreement and an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) with a specified megawatt amount, as determined by the System Operator based on the documented historic capability of the Generating Facility.

Where a resource has both an Interconnection Agreement and an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision), the lower megawatt amount will govern until the resource completes the applicable process(es) under the Tariff for obtaining the higher megawatt amount. The absence of an Interconnection Agreement or an approval pursuant to Section I.3.9 (or its predecessor provision) specifying a megawatt amount shall be confirmed by an affidavit executed by a corporate officer of the

resource attesting that the resource does not have an Interconnection Agreement and/or an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) that specifies a megawatt amount.

Where the governing document (as determined by the hierarchy set forth in 1.6.4.3) specifies a megawatt amount at an ambient temperature consistent with the definition of CNR Capability, the grandfathered CNR Capability shall be equal to that amount.

Where the governing document (as determined by the hierarchy set forth in Section 1.6.4.3) does not specify an ambient temperature, the megawatt amount will be deemed to be at the value consistent with the definition of CNR Capability.

Where the implementation of this Section 1.6.4.3 results in a CNR Capability that is different than previously had been identified, the revised CNR Capability will be applied commencing with the next Forward Capacity Auction qualification process (after the revised CNR Capability value is identified), which is initiated by the Show of Interest Window in accordance with Section III.13 of the Tariff. The revised CNR Capability will continue to govern until the resource completes the applicable process(es) for obtaining the higher megawatt amount.

1.6.4.4 All resources that are treated as Existing Generating Capacity Resources in the fourth Forward Capacity Auction pursuant to Section III.13 of the Tariff shall receive treatment as a NR and obtain NR Interconnection Services in accordance with this SGIP, up to the NR Capability of the resource. The grandfathered NR Capability shall be determined pursuant to the hierarchy set forth in Section 1.6.4.3.

Where the governing document (as described by the hierarchy set forth in Section 1.6.4.3) of a resource for which a temperature-adjustment curve is used for the claimed capability verification, as set forth in the ISO New England Manuals, specifies a megawatt amount at an ambient temperature, the grandfathered NR Capability shall be equal to a temperature-adjusted value consistent with the definition of NR Capability.

Where the governing document (as determined by the hierarchy set forth in Section 1.6.4.3) does not specify an ambient temperature, the megawatt amount will be deemed to be at the value consistent with the definition of NR Capability.

1.7 Type of Interconnection Services

At the time the Interconnection Request is submitted, the Interconnection Customer must request either CNR Interconnection Service or NR Interconnection Service, as described in Sections 1.7.1 and 1.7.2 below. An Interconnection Customer that meets the requirements to obtain CNR Interconnection Service shall obtain NR Interconnection Service up to the NR Capability upon completion of all requirements for NR Interconnection Service, including all necessary upgrades. Upon completion of all requirements for the CNR Interconnection Service, the Interconnection Customer shall also receive CNR Interconnection Service for CNR Capability. An Interconnection Customer that meets the requirements to obtain NR Interconnection Service shall receive NR Interconnection Service for the Interconnection Customer's Generating Facility NR Capability.

1.7.1 Capacity Network Resource Interconnection Service

1.7.1.1 **The Product**. The System Operator must conduct the necessary studies in conjunction with the Interconnecting Transmission Owner, and with other Affected Parties as appropriate and in accordance with applicable codes of conduct and confidentiality requirements, and the Interconnecting Transmission Owner and other Affected Parties as appropriate must construct the Network Upgrades needed to interconnect the Small Generating Facility in a manner comparable to that in which CNRs are interconnected under the CC Interconnection Standard. CNR Interconnection Service allows the Interconnection Customer's Small Generating Facility to be designated as a CNR, and to participate in the New England Markets, in accordance with the Tariff, up to the CNR Capability or as otherwise provided in the Tariff, on the same basis as existing CNRs, and to be studied as a CNR on the assumption that such a designation will occur.

1.7.1.2 **The Studies**. All Interconnection Studies for CNR Interconnection Service shall assure that the Interconnection Customer's Small Generating Facility satisfies the minimum characteristics required to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System. The CNR Group Study for CNR Interconnection Service shall assure that the Interconnection Customer's Small Generating Facility can be interconnected in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other CNRs, in accordance with the CC Interconnection Standard and as detailed in the ISO New England Planning Procedures. The Interconnection Request may also be studied with the New England Transmission System under non-peak load conditions. However, upon request by the Interconnection Customer, the System Operator and as appropriate the Interconnecting Transmission Owner must explain in writing to the Interconnection Customer why the study of non-peak load conditions is required for reliability purposes.

1.7.1.3 **Milestones for CNR Interconnection Service**. In addition to the requirements set forth in this SGIP, an Interconnection Customer with an Interconnection Request for CNR Interconnection Service shall complete the following milestones prior to receiving CNR Interconnection Service for the CNR Capability, such milestones to be specified in Attachment 4 of the SGIA as either completed or to be completed: (i) submit the necessary requests for participation in the Forward Capacity Auction associated with the Generating Facility's requested Commercial Operation Date (except as modified by Agreement with the System Operator pursuant to Section 1.5.4 of this SGIP), in accordance with the provisions of Section III.13 of the Tariff; (ii) participate in a CNR Group Study for the Forward Capacity Auction associated with the requested Generating Facility's Commercial Operation Date; (iii) qualify and receive a Capacity Supply Obligation in accordance with Section III.13 of the Tariff; and (iv) complete a re-study of the applicable Interconnection Study to determine the cost responsibility for facilities and upgrades necessary to accommodate the Interconnection Request based on the results of the Forward Capacity Auction or Reconfiguration Auction or bilateral transaction, as applicable, through which the Interconnection Customer received a Capacity Supply Obligation. With respect to (iv) above, if an Interconnection Study has been completed, the completed Interconnection Study shall be subject to re-study, in accordance with the re-study provisions in this SGIP. If an Interconnection Study Agreement has been executed, the Interconnection Study associated with the Interconnection Study Agreement shall include the necessary analysis that would otherwise have been performed in a re-study. If an SGIA has been either executed or filed with the Commission in unexecuted form, then the last Interconnection Study completed for the Interconnection Customer under this SGIP shall be subject to re-study. The

Attachments to the SGIA shall be amended (pursuant to Article 12.2 of the SGIA) to reflect CNR Capability and the results of the re-study.

1.7.2 Network Resource Interconnection Service

1.7.2.1 **The Product.** The System Operator must conduct the necessary studies in conjunction with the Interconnecting Transmission Owner, and with other Affected Parties as appropriate and in accordance with applicable codes of conduct and confidentiality requirements, and the Interconnecting Transmission Owner and other Affected Parties as appropriate must construct the Network Upgrades needed to interconnect the Small Generating Facility in a manner comparable to that in which Network Resources are interconnected under the NC Interconnection Standard. NR Interconnection Service allows the Interconnection Customer's Small Generating Facility to participate in the New England Markets in accordance with the provisions of Market Rule 1, Section III of the Tariff, up to the gross and net NR Capability or as otherwise provided in Market Rule 1, Section III of the Tariff, on the same basis as other Network Resources. Notwithstanding the above, the portion of a Small Generating Facility that has been designated solely as a Network Resource interconnected under the NC Interconnection Standard cannot be a capacity resource under Section III.13 of the Tariff, except pursuant to a new Interconnection Request for CNR Interconnection Service.

1.7.2.2 **The Studies**. The Interconnection Studies for an Network Resource shall assure that the Interconnection Customer's Small Generating Facility satisfies the minimum characteristics required to interconnect in a manner that avoids any significant adverse effect on reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the unit, in accordance with the NR Interconnection Standard and as detailed in the ISO New England Planning Procedures. The System Operator, in coordination with the Interconnecting Transmission Owner, may also study the New England Transmission System under non-peak load conditions.

However, upon request by the Interconnection Customer, the System Operator and as appropriate the Interconnecting Transmission Owner must explain in writing to the Interconnecting Transmission Owner why the study of non-peak load conditions is required for reliability purposes.

1.7.2.3 Milestones for NR Interconnection Service. An Interconnection Customer with an Interconnection Request for NR Interconnection Service shall complete the requirements in this SGIP prior to receiving NR Interconnection Service.

1.8 Withdrawal

1.8.1 The Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to System Operator, which System Operator will transmit to the Interconnecting Transmission Owner and any Affected Parties. In addition, if the Interconnection Customer fails to adhere to all requirements of this SGIP, except as provided in Section 4.2 (Disputes), the System Operator shall deem the Interconnection Request to be withdrawn and shall provide written notice to the Interconnection Customer of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, if the Interconnection Customer wishes to dispute the withdrawal notice, the Interconnection Customer shall have fifteen (15) Business Days, unless otherwise provided elsewhere in this SGIP, in which to either respond with information or actions that cure the deficiency or to notify the System Operator of its intent to pursue dispute resolution, and the System Operator shall notify the Interconnecting Transmission Owner and any Affected Parties of the same.

1.8.2 Withdrawal shall result in the loss of the Interconnection Customer's Queue Position. If an Interconnection Customer disputes the withdrawal and loss of its Queue Position, then during dispute resolution, the System Operator may eliminate the Interconnection Customer's Interconnection Request from the queue until such time that the outcome of dispute resolution would restore its Queue Position. An Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to System Operator, Interconnecting Transmission Owner, and any Affected Parties all costs prudently incurred with respect to that Interconnection Request prior to the System Operator's receipt of

notice described above. The Interconnection Customer must pay all monies due before it is allowed to obtain any interconnection study data or results.

1.8.3 The System Operator shall update the OASIS Queue Position posting. The System Operator and Interconnecting Transmission Owner shall: (i) arrange to refund to the Interconnection Customer any portion of the Interconnection Customer's deposit or study payments that exceeds the costs incurred; or (ii) arrange to charge to the Interconnection Customer any amount of such costs incurred that exceed the Interconnection Customer's deposit or study payments. In the event of such withdrawal, the System Operator, subject to the confidentiality provisions of Section 4.5 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information, shall provide, at Interconnection Customer's request, all information developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

SECTION 2. FAST TRACK PROCESS

2.1 Applicability

The Fast Track Process is available to an Interconnection Customer proposing to interconnect its Small Generating Facility with the Administered Transmission System if the Small Generating Facility is no larger than 2 MW and if the Interconnection Customer's proposed Small Generating Facility meets the codes, standards, and certification requirements of Attachments 3 and 4 of these procedures, or the System Operator in conjunction with the Interconnecting Transmission Owner has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

2.2 Initial Review

Within fifteen (15) Business Days after the System Operator notifies the Interconnection Customer it has received a complete Interconnection Request, the System Operator in conjunction with the Interconnecting Transmission Owner shall perform an initial review using the screens set forth below,

shall notify the Interconnection Customer of the results, and include with the notification copies of the analysis and data underlying the determinations under the screens.

2.2.1 Screens

2.2.1.1 The proposed Small Generating Facility's Point of Interconnection must be on a portion of the Interconnecting Transmission Owner's Distribution System that is subject to the Tariff.

2.2.1.2 For interconnection of a proposed Small Generating Facility to a radial distribution circuit, the aggregated generation, including the proposed Small Generating Facility, on the circuit shall not exceed 15 % of the line section annual peak load as most recently measured at the substation. A line section is that portion of an Interconnecting Transmission Owner's electric system connected to a customer bounded by automatic sectionalizing devices or the end of the distribution line.

2.2.1.3 For interconnection of a proposed Small Generating Facility to the load side of spot network protectors, the proposed Small Generating Facility must utilize an inverter-based equipment package and, together with the aggregated other inverter-based generation, shall not exceed the smaller of 5 % of a spot network's maximum load or 50 kW.

2.2.1.4 The proposed Small Generating Facility, in aggregation with other generation on the distribution circuit, shall not contribute more than 10 % to the distribution circuit's maximum fault current at the point on the high voltage (primary) level nearest the proposed point of change of ownership.

2.2.1.5 The proposed Small Generating Facility, in aggregate with other generation on the distribution circuit, shall not cause any distribution protective devices and equipment (including, but not limited to, substation breakers, fuse cutouts, and line reclosers), or Interconnection Customer equipment on the system to exceed 87.5 % of the short circuit interrupting capability; nor shall the interconnection be proposed for a circuit that already exceeds 87.5 % of the short circuit interrupting capability.

2.2.1.6 Using the table below, determine the type of interconnection to a primary distribution line. This screen includes a review of the type of electrical service provided to the Interconnecting Customer, including line configuration and the transformer connection to limit the potential for creating over-voltages on the Interconnecting Transmission Owner's electric power system due to a loss of ground during the operating time of any anti-islanding function.

Primary Distribution Line Type	Type of Interconnection to Primary Distribution Line	Result/Criteria
Three-phase, three wire	3-phase or single phase, phase-to-phase	Pass screen
Three-phase, four wire	Effectively-grounded 3 phase or Single-phase, line-to-neutral	Pass screen

2.2.1.7 If the proposed Small Generating Facility is to be interconnected on single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed Small Generating Facility, shall not exceed 20 kW.

2.2.1.8 If the proposed Small Generating Facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20 % of the nameplate rating of the service transformer.

2.2.1.9 The Small Generating Facility, in aggregate with other generation interconnected to the transmission side of a substation transformer feeding the circuit where the Small Generating Facility proposes to interconnect shall not exceed 10 MW in an area where there are known, or posted, transient stability limitations to generating units located in the general electrical vicinity (e.g., three or four transmission busses from the point of interconnection).

2.2.1.10 No construction of facilities by the Interconnecting Transmission Owner on its own system shall be required to accommodate the Small Generating Facility.

2.2.2 If the proposed interconnection passes the screens, the Interconnection Request shall be approved for Network Resource interconnection Service and the System Operator in conjunction with the Interconnecting Transmission Owner will provide the Interconnection Customer an executable SGIA within five (5) Business Days after the determination.

2.2.3 If the proposed interconnection fails the screens, but the System Operator in conjunction with the Interconnecting Transmission Owner determines that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards, the System Operator in conjunction with the Interconnecting Transmission Owner shall provide the Interconnection Customer an executable SGIA within five (5) Business Days after the determination. If the Interconnection Request is for Capacity Network Resource Interconnection Service, the Interconnection Customer must also comply with the milestones for CNR Interconnection Service specified in Section 1.7.1.3 of the SGIP.

2.2.4 If the proposed interconnection fails the screens, but the System Operator in conjunction with the Interconnecting Transmission Owner, does not or cannot determine from the initial review that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards unless the Interconnection Customer is willing to consider minor modifications or further study, the System Operator in conjunction with the Interconnecting Transmission Owner shall provide the Interconnection Customer with the opportunity to attend a customer options meeting.

2.3 Customer Options Meeting

If the System Operator in conjunction with the Interconnecting Transmission Owner determines the Interconnection Request cannot be approved without minor modifications at minimal cost; or a supplemental study or other additional studies or actions; or at significant cost to address safety, reliability, or power quality problems, within the five (5) Business Day period after the determination, the

System Operator shall notify the Interconnection Customer and provide copies of all data and analyses underlying its conclusion. Within ten (10) Business Days of such determination, the System Operator shall offer to convene a customer options meeting with the Interconnection Customer and Interconnecting Transmission Owner to review possible Interconnection Customer facility modifications or the screen analysis and related results, to determine what further steps are needed to permit the Small Generating Facility to be connected safely and reliably. At the time of notification of the determination, or at the customer options meeting:

2.3.1 The Interconnecting Transmission Owner shall offer to perform facility modifications or minor modifications to the Interconnecting Transmission Owner's electric system (e.g., changing meters, fuses, relay settings) and provide a non-binding good faith estimate of the limited cost to make such modifications to the Interconnecting Transmission Owner's electric system; or

2.3.2 The System Operator shall offer to perform a supplemental review if the System Operator in conjunction with the Interconnecting Transmission Owner concludes that the supplemental review might determine that the Small Generating Facility could continue to qualify for interconnection pursuant to the Fast Track Process, and provide a non-binding good faith estimate of the costs of such review; or

2.3.3 The System Operator shall obtain the Interconnection Customer's agreement to continue evaluating the Interconnection Request under the section 3 Study Process.

2.4 Supplemental Review

If the Interconnection Customer agrees to a supplemental review, the Interconnection Customer shall agree in writing within fifteen (15) Business Days of the offer, and submit a deposit to the System Operator for the estimated costs. The Interconnection Customer shall be responsible for the System Operator's and the Interconnecting Transmission Owner's actual costs for conducting the supplemental review. The Interconnection Customer must pay any review costs that exceed the deposit within twenty (20) Business Days of receipt of the invoice or resolution of any dispute. If the deposit exceeds the

invoiced costs, the System Operator and Interconnecting Transmission Owner will return such excess within twenty (20) Business Days of the invoice without interest.

2.4.1 Within ten (10) Business Days following receipt of the deposit for a supplemental review, the System Operator in conjunction with the Interconnecting Transmission Owner will determine if the Small Generating Facility can be interconnected safely and reliably.

2.4.1.1 If so, the System Operator in conjunction with the Interconnecting Transmission Owner, shall forward an executable SGIA to the Interconnection Customer within five (5) Business Days.

2.4.1.2 If so, and Interconnection Customer facility modifications are required to allow the Small Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under these procedures, the System Operator in conjunction with the Interconnecting Transmission Owner, shall forward an executable SGIA to the Interconnection Customer within five (5) Business Days after confirmation that the Interconnection Customer has agreed to make the necessary changes at the Interconnection Customer's cost. The Interconnection Customer shall provide written notice to the System Operator and the Interconnecting Transmission Owner of whether the Interconnection Customer agrees to make the necessary Interconnection Customer facility modifications at the Interconnection Customer's cost within thirty (30) Business Days of receiving notice that such modifications are required.

2.4.1.3 If so, and minor modifications to the Interconnecting Transmission Owner's electric system are required to allow the Small Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under the Fast Track Process, the System Operator in conjunction with the Interconnecting Transmission Owner, shall forward an executable SGIA to the Interconnection Customer within ten (10) Business Days that requires the Interconnection Customer to pay the costs of such system modifications prior to interconnection.

2.4.1.4.If not, the Interconnection Request will continue to be evaluated under the section 3 Study Process.

SECTION 3. STUDY PROCESS

3.1 Applicability

The Study Process shall be used by an Interconnection Customer proposing to interconnect its Small Generating Facility with the Administered Transmission System if the Small Generating Facility (1) is larger than 2 MW but no larger than 20 MW, (2) is 2 MW or less and is not certified, or (3) is 2 MW or less and is certified but did not pass the Fast Track Process or the 10 kW Inverter Process.

3.2 Scoping Meeting

3.2.1 A scoping meeting will be held within ten (10) Business Days after the Interconnection Request is deemed complete, or as otherwise mutually agreed to by the Parties. The System Operator, the Interconnecting Transmission Owner, the Interconnection Customer and the Affected Party(ies) will bring to the meeting personnel, including system engineers and other resources as may be reasonably required to accomplish the purpose of the meeting. Before participating in a scoping meeting with an Interconnection Customer that is also an Affiliate, the Interconnecting Transmission Owner shall post on the OASIS an advance notice of its intent to do so.

3.2.2 The purpose of the scoping meeting is to discuss the Interconnection Request and review existing studies relevant to the Interconnection Request, including: (i) the estimated timeline for completing all applicable Interconnection Studies, (ii) exchange pertinent information including any transmission data that would reasonably be expected to impact interconnection options, (iii) analyze such information, and (iv) determine the potential feasible Points of Interconnection, and (v) to discuss any other information necessary to facilitate the administration of the Interconnection Procedures. If a PSCAD model is required, the Parties shall discuss this at the Scoping Meeting. The Parties shall discuss whether the System Operator should perform an Interconnection Feasibility Study or proceed directly to an Interconnection System Impact Study, or an Interconnection Facilities Study, or an SGIA.

Within five (5) Business Days following the scoping meeting, the Interconnection Customer shall notify the System Operator, in writing: (i) whether it wants the Interconnection Feasibility Study to be

completed, as a separate and distinct study or as part of the Interconnection System Impact Study, and (ii) the Point(s) of Interconnection and any reasonable alternative Point(s) of Interconnection for inclusion in the attachment to the Interconnection Feasibility Study Agreement (Attachment 6), or the Interconnection System Impact Study Agreement (Attachment 7) if the Interconnection Customer elects not to pursue the Interconnection Feasibility Study.

3.2.3 The scoping meeting may be omitted by mutual agreement. In order to remain in consideration for interconnection, an Interconnection Customer who has requested an Interconnection Feasibility Study must return the executed Interconnection Feasibility Study Agreement (or Interconnection System Impact Study Agreement if the Interconnection Customer elected not to pursue the Interconnection Feasibility Study), within fifteen (15) Business Days.

3.3 Interconnection Feasibility Study

3.3.1 **Interconnection Feasibility Study Agreement**. Within five (5) Business Days following the Interconnection Customer's request for an Interconnection Feasibility Study, the System Operator shall tender to Interconnection Customer the Interconnection Feasibility Study Agreement signed by the System Operator and Interconnecting Transmission Owner, including an outline of the scope of the Interconnection Feasibility Study and a non-binding good faith estimate of the cost to perform the Interconnection Feasibility Study. The Interconnection Feasibility Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Interconnection Feasibility Study, including the cost of developing the study agreement and its attachment(s). No later than fifteen (15) Business Days after its receipt of the Interconnection Feasibility Study Agreement, the Interconnection Customer shall execute and deliver the agreement, including completed attachments, to System Operator and the Interconnecting Transmission Owner, together with the refundable deposit of the lesser of 50 percent of the good faith estimated Interconnection Feasibility Study costs or earnest money of $1,000. The deposit shall be applied toward the cost of the Interconnection Feasibility Study, including the cost of developing the study agreement and its attachment(s). Any difference between the study deposit and the actual cost of the Interconnection Feasibility Study shall be paid by or refunded to the Interconnection Customer. The System Operator and/or Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of the Interconnection Feasibility Study that have been

incurred by the System Operator and/or the Interconnecting Transmission Owner on the Interconnection Feasibility Study, including the development of the study agreement and its attachment(s). The System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Feasibility Study on each month. The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. System Operator shall continue to hold any amounts on deposits until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

3.3.2 **Scope of Interconnection Feasibility Study**. The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the Administered Transmission System with available data and information. The Interconnection Feasibility Study does not require detailed model development. The Interconnection Feasibility Study will consider the Base Cases as well as all generating facilities (and with respect to (iii), any identified Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced: (i) are directly interconnected to the New England Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the New England Transmission System; and (iv) have no Queue Position but have executed a SGIA or requested that an unexecuted SGIA be filed with the Commission. An Interconnection Customer with a CNR Interconnection Request may also request that the Interconnection Feasibility Study include a preliminary, non-binding, analysis to identify potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff, based on a limited set of assumptions to be specified by the Interconnection Customer and reflected in Attachment A to the Interconnection Feasibility Study Agreement. The Interconnection Feasibility Study will consist of a power flow, including thermal analysis and voltage analysis, and short circuit analysis. The Interconnection Feasibility Study report will provide (i) a list of facilities and a non-binding good faith estimate of cost responsibility; (ii) a non-binding good faith estimated time to construct; (iii) a protection assessment to determine the required Interconnection Facilities; and may provide (iv) an evaluation of the siting of Interconnection Facilities and Network Upgrades; and (v) identification of the likely permitting and siting process including easements and environmental work. To the extent the Interconnection Customer requested a preliminary analysis as described in this Section 3.3, the Interconnection Feasibility Study report will also provide a

list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

3.3.3 **Interconnection Feasibility Study Procedures**. The System Operator in coordination with Interconnecting Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Interconnection Feasibility Study no later than thirty (30) Business Days after System Operator and Interconnecting Transmission Owner receive the fully executed Interconnection Feasibility Study Agreement, study deposit and required technical data in accordance with Section 3.3.1. At the request of the Interconnection Customer or at any time the System Operator or the Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Feasibility Study, the System Operator shall notify the Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If the System Operator is unable to complete the Interconnection Feasibility Study within that time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

3.3.4 **Meeting with Parties.** Within ten (10) Business Days of providing an Interconnection Feasibility Study report to the Interconnection Customer, the System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Interconnection Feasibility Study.

If the feasibility study shows no potential for adverse system impacts, the System Operator shall send the Interconnection Customer an Interconnection Facilities Study Agreement (Attachment 8), including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study. If no additional facilities are required, an executable SGIA shall be tendered to the Interconnection Customer within five (5) Business Days of the provision of the Interconnection Feasibility Study report. If no Interconnection System Impact Study of the Administered Transmission System is required, as a result of the Interconnection Feasibility Study, but potential electric power Distribution System adverse system impacts are identified in the scoping meeting or shown in the Interconnection Feasibility Study, a

distribution system impact study must be performed. The System Operator shall send the Interconnection Customer a distribution system impact study agreement within fifteen (15) Business Days of transmittal of the feasibility study report, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or following the scoping meeting if no Interconnection Feasibility Study is to be performed.

3.3.5 **Re-Study**. If re-study of the Interconnection Feasibility Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project, (iii) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (iv) a modification to a transmission project included in the Base Case, the System Operator shall notify the Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take not longer than thirty (30) Business Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection Feasibility Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection Feasibility Study Agreement. The Interconnection Customer shall have the option to waive the re-study and elect to have the re-study performed as part of its Interconnection System Impact Study. The Interconnection Customer shall provide written notice of the waiver and election of moving directly to the Interconnection System Impact Study within five (5) Business Days of receiving notice from the System Operator of the required re-study.

3.4 Interconnection System Impact Study

3.4.1 **Interconnection System Impact Study Agreement**. Within five (5) Business Days following the Interconnection Feasibility Study results meeting, the System Operator and Interconnecting Transmission Owner shall provide to Interconnection Customer the Interconnection System Impact Study Agreement, which includes a non-binding good faith estimate of the cost and timeframe to perform the Interconnection System Impact Study. The Interconnection System Impact Study Agreement shall provide that the Interconnection Customer shall compensate the System Operator and Interconnecting

Transmission Owner for the actual cost of the Interconnection System Impact Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the SGIA.

3.4.2 **Execution of Interconnection System Impact Study Agreement.** The Interconnection Customer shall execute the Interconnection System Impact Study Agreement and deliver the executed Interconnection System Impact Study Agreement, including completed attachments, to the System Operator no later than fifteen (15) Business Days after its receipt along with (1) demonstration of Site Control, (2) a refundable deposit of 50 percent of the good faith estimated cost for the transmission portion of the Interconnection System Impact Study and 100 percent of the good faith estimated cost for the distribution portion of the Interconnection System Impact Study and (3) a PSCAD model if one was determined to be needed at the Scoping Meeting; provided that if a PSCAD model was determined to be needed at the Scoping Meeting, then the Interconnection Customer shall have ninety (90) Calendar Days from the execution of the System Impact Study Agreement to provide the PSCAD model. Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. The deposit shall be applied toward the cost of the Interconnection System Impact Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the SGIA. Any difference between the study deposit and the actual cost of the Interconnection System Impact Study shall be paid by or refunded to the Interconnection Customer. The System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of Interconnection System Impact Study that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the System Impact Study, including the study agreement and its attachment(s) and the SGIA.

The System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the transmission portion of the Interconnection System Impact Study on each month. The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the

amounts on deposit until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

3.4.3 **Scope of Interconnection System Impact Study**. The Interconnection System Impact Study shall evaluate the impact of the proposed interconnection on the reliability and operation of the New England Transmission System. The Interconnection System Impact Study will consider the Base Case as well as all generating facilities (and with respect to (iii) below, any identified Network Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced: (i) are directly interconnected to the New England Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the New England Transmission System; and (iv) have no Queue Position but have executed a SGIA or requested that an unexecuted SGIA be filed with the Commission. An Interconnection Customer with a CNR Interconnection Request that elected to waive the Interconnection Feasibility Study may also request that the Interconnection System Impact Study include a preliminary, non-binding, analysis to identify potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff, based on a limited set of assumptions to be specified by the Interconnection Customer and reflected in Attachment A to the Interconnection System Impact Study Agreement. The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, a power flow analysis, including thermal analysis and voltage analysis, a system protection analysis and any other analyses that are deemed necessary by the System Operator in consultation with the Interconnecting Transmission Owner. The Interconnection System Impact Study report will state the assumptions upon which it is based, state the results of the analyses, and provide the requirements or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study report will provide (i) a list of facilities that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility, (ii) a non-binding good faith estimated time to construct, (iii) a protection assessment to determine the required protection upgrades; and may provide (iv) an evaluation of the siting of the Interconnection Facilities and Network Upgrades; and (v) identification of the likely permitting and siting process including easements and environmental work. To the extent the Interconnection Customer requested a preliminary analysis as described in this Section 3.4.3, the Interconnection System Impact Study report will also provide a list of potential upgrades that

may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

3.4.4 **Interconnection System Impact Study Procedures.** The System Operator shall coordinate the Interconnection System Impact Study with the Interconnecting Transmission Owner, and with any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, that is affected by the Interconnection Request. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Interconnection System Impact Study within forty-five (45) Business Days after the receipt of the Interconnection System Impact Study Agreement, study deposit, demonstration of Site Control, if Site Control is required, and required technical data in accordance with Section 3.4.2. At the request of the Interconnection Customer or at any time the System Operator or Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection System Impact Study, the System Operator shall notify the Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If the System Operator and Interconnecting Transmission Owner are unable to complete the Interconnection System Impact Study within the time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

3.4.5 **Meeting with Parties.** Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer, the System Operator shall convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, to discuss the results of the Interconnection System Impact Study. Within five (5) Business Days following the study results meeting, the Interconnection Customer shall provide to the System Operator written notice that it will either pursue the Interconnection Facilities Study or waive the Interconnection Facilities Study and elect an expedited interconnection.

If the Interconnection Customer waives the Facilities Study, it shall commit to the following milestones in the SGIA: (i) Siting approval for the Generating Facility and Interconnection Facilities; (ii) Engineering of Interconnection Facilities approved by Interconnecting Transmission Owner; (iii) Ordering of long lead time material for Interconnection Facilities and system upgrades; (iv) Initial Synchronization Date; and (v) Commercial Operation Date. Within thirty (30) Calendar Days of the Interconnection Customer receiving the Interconnection System Impact Study report, the Interconnection Customer shall provide written comments on the report or written notice that it has no comments on the report. The System Operator shall issue a final Interconnection System Impact Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving the Interconnection Customer's notice that it will not provide comments.

3.4.6 **Re-Study.** If re-study of the Interconnection System Impact Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project, (iii) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (iv) a modification to a transmission project included in the Base Case, the System Operator shall notify the Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take no longer than thirty (30) Business Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection System Impact Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection System Impact Study Agreement.

3.4.7 **Operational Readiness.** The System Operator shall, as close to the Interconnection Customer's actual Synchronization Date as reasonably possible, ensure that current stability analyses, power flow analyses, and any other analyses deemed necessary by the System Operator, are performed or reviewed, as deemed appropriate by the System Operator, and to develop or update procedures to address the operation of the New England Transmission System with the addition of the Interconnection Customer's Generating Facility. The operational analysis will also include tests of system performance with selected facilities out of service. Such studies shall be performed at the expense of the Interconnection Customer. The System Operator is not obligated to perform the operational analyses described in this Section 3.4.7 if, in the exercise of reasonable discretion, the System Operator in consultation with Interconnecting

Transmission Owner determines that interconnection of the Interconnection Customer's Generating Facility to the Administered Transmission System is remote and speculative.

3.5 Interconnection Facilities Study

3.5.1 **Interconnection Facilities Study Agreement**. The Interconnection Customer may waive the Interconnection Facilities Study and instead elect expedited interconnection and proceed with a SGIA in accordance with the requirements specified in Section 4.8. If the Interconnection Customer elects to proceed with an Interconnection Facilities Study, the System Operator shall provide to the Interconnection Customer an Interconnection Facilities Study Agreement in the form of Attachment 8 to this SGIP simultaneously with the delivery of the Interconnection System Impact Study report to the Interconnection Customer. The Interconnection Facilities Study Agreement shall provide that the Interconnection Customer shall compensate the System Operator and Interconnecting Transmission Owner for the actual cost of the Interconnection Facilities Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the SGIA. Within five (5) Business Days following the Interconnection Customer's Interconnection System Impact Study results meeting, the System Operator and Interconnecting Transmission Owner shall provide to the Interconnection Customer the Interconnection Facilities Study Agreement along with a non-binding good faith estimate of the cost to perform the Interconnection Facilities Study. The Interconnection Customer shall execute the Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement, including completed attachments, to the System Operator within thirty (30) Business Days after its receipt, together with the required refundable deposit of the non-binding good faith estimated costs for the Interconnection Facilities Study. The Interconnection Customer may request an extension of the deadline, not to exceed sixty (60) Business Days, by which to return the executed Interconnection Facilities Study Agreement. Any difference between the study deposit and the actual cost of the Interconnection Facilities Study shall be paid by or refunded to the Interconnection Customer. The System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the cost of the Interconnection Facilities Studies that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the Interconnection Facilities Study, the study agreement and its attachment(s) and the SGIA. The System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study on each month.

The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the amounts on deposits until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

3.5.2 **Scope of Interconnection Facilities Study**. The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Facility to the Administered Transmission System. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Interconnecting Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities. The scope and cost of the Interconnection Facilities Study shall include completion of any engineering work limited to what is reasonably required to (i) estimate such aforementioned cost, (ii) identify configurations of required facilities, and (iii) identify time requirements for construction and installation of required facilities. Design for any required Interconnection Facilities and/or Network Upgrades shall also be performed under the Interconnection Facilities Study. The Interconnection Customer, the System Operator, the Interconnecting Transmission Owner, and the Affected Party(ies), if any, may agree to allow the Interconnection Customer to separately arrange for the design of some of the Interconnection Facilities. In such cases, facilities design shall be reviewed and may be modified prior to acceptance by the Interconnecting Transmission Owner, under the provisions of the Interconnection Facilities Study Agreement. If the Parties agree to separately arrange for design and construction, and provided security and confidentiality requirements can be met, the System Operator and/or the Interconnecting Transmission Owner shall make sufficient information available to the Interconnection Customer in accordance with confidentiality and critical infrastructure requirements to permit the Interconnection Customer to obtain any independent design and cost estimates for any necessary facilities.

3.5.3 **Interconnection Facilities Study Procedures**. The System Operator shall coordinate the Interconnection Facilities Study with Interconnecting Transmission Owner, and any Affected Party as

deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the study and the System Operator shall issue a draft Interconnection Facilities Study report to the Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, within the following number of days after receipt of an executed Interconnection Facilities Study Agreement: forty-five (45) Business Days if upgrades are necessary, or thirty (30) Business Days if upgrades are not necessary. At the request of the Interconnection Customer or at any time the System Operator or Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Facilities Study, System Operator shall notify the Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, as to the schedule status of the Interconnection Facilities Study. If the System Operator is unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, the System Operator shall notify the Interconnection Customer, Interconnecting Transmission Owner and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, and provide an estimated completion date and an explanation of the reasons why additional time is required. The Interconnection Customer and appropriate Affected Parties may, within thirty (30) Business Days after receipt of the draft report, provide written comments to the System Operator and Interconnecting Transmission Owner, which the System Operator shall include in the final report. The System Operator shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving Interconnection Customer's statement that it will not provide comments. The System Operator may reasonably extend such fifteen-day period upon notice to the Interconnection Customer if the Interconnection Customer's comments require the System Operator or Interconnecting Transmission Owner to perform additional analyses or make other significant modifications prior to the issuance of the final Interconnection Facilities report. Upon request, the System Operator and Interconnecting Transmission Owner shall provide the Interconnection Customer and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, or any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer supporting documentation, with workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study. The

recipient(s) of such information shall be subject to the confidentiality provisions of this SGIP and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/ disclosure requirements, such information may be provided directly to the Interconnection Customer.

3.5.4 **Meeting with Parties.** Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, the System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Interconnection Facilities Study. Within thirty (30) Business Days of receipt of the study results, the Interconnection Customer shall provide written notice whether it agrees to pay for the Interconnection Facilities and upgrades identified in the Interconnection Facilities Study. An executable SGIA shall be tendered by the System Operator in conjunction with the Interconnecting Transmission Owner to the Interconnection Customer within five (5) Business Days of receipt of such agreement.

3.5.5 **Re-Study.** If re-study of the Interconnection Facilities Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project, (iii) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (iv) a modification to a transmission project included in the Base Case, the System Operator shall so notify the Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take no longer than thirty (30) Business Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection Facilities Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection Facilities Study Agreement.

SECTION 4. PROVISIONS THAT APPLY TO ALL INTERCONNECTION REQUESTS

4.1 Reasonable Efforts

The System Operator and Interconnecting Transmission Owner shall make Reasonable Efforts to meet all time frames provided in these procedures unless the System Operator, the Interconnecting Transmission Owner and the Interconnection Customer agree to a different schedule. If the System Operator or Interconnecting Transmission Owner cannot meet a deadline provided herein, it shall notify the other Parties, explain the reason for the failure to meet the deadline, and provide an estimated time by which it will complete the applicable interconnection procedure in the process.

4.2 Disputes

4.2.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.

4.2.2 In the event of a dispute, the Party initiating the dispute resolution process shall provide the other Party(ies) with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.

4.2.3 If the dispute has not been resolved within two (2) Business Days after receipt of the Notice, any Party may contact the Commission's Dispute Resolution Service (DRS) for assistance in resolving the dispute.

4.2.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at http://www.ferc.gov/legal/adr.asp.

4.2.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for its own costs and its pro rata share of any costs paid to the neutral party and any associated common negotiating costs.

4.2.6 If none of the Parties elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then each Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of these procedures.

4.3 Interconnection Metering

Any metering necessitated by the use of the Small Generating Facility shall be installed at the Interconnection Customer's expense in accordance with Commission, state, or local regulatory requirements and with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

4.4 Commissioning

Commissioning tests of the Interconnection Customer's installed equipment shall be performed pursuant to applicable codes and standards.

4.4.1 The System Operator and the Interconnecting Transmission Owner must be given at least five (5) Business Days written notice, or as otherwise mutually agreed to by the Parties, of the tests and may be present to witness the commissioning tests.

4.5 Confidentiality

4.5.1 Confidential information shall mean any confidential and/or proprietary information provided by one Party to the other Party(ies) that is clearly marked or otherwise designated "Confidential." For purposes of these procedures all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed confidential information regardless of whether it is clearly marked or otherwise designated as such. Confidential information shall include, without limitation, all

information treated as confidential under the ISO New England Information Policy, all information obtained from third parties under confidentiality agreements, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by any of the Parties to the others prior to the execution of an SGIA.

4.5.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party(ies) and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce these procedures. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under these procedures, or to fulfill legal or regulatory requirements.

4.5.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party(ies) as it employs to protect its own Confidential Information.

4.5.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

4.5.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if the Commission, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to these procedures, the Party shall provide the requested information to the Commission, within the time provided for in the request for information. In providing the information to the Commission, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by the Commission and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party(ies) prior to the release of the Confidential Information to the Commission. The Party shall notify the other Party(ies) when it is notified by the Commission that a request to release Confidential Information has been received by the Commission, at which time any of the Parties may respond before

such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

4.6 Comparability

The System Operator shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this document. The System Operator and Interconnecting Transmission Owner shall use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Small Generating Facility is owned or operated by the Interconnecting Transmission Owner, its subsidiaries or affiliates, or others.

4.7 Record Retention

The System Operator shall maintain for three years records, subject to audit, of all Interconnection Requests received under these procedures, the times required to complete Interconnection Request approvals and disapprovals, and justification for the actions taken on the Interconnection Requests.

4.8 SGIA

In accordance with Section 3, the System Operator and the Interconnecting Transmission Owner shall tender to the Interconnection Customer a draft SGIA, together with draft attachments completed to the extent practicable. The Interconnection Customer shall return the Interconnection Customer specific information required to complete the form SGIA, including the attachments, within fifteen (15) Business Days. Within five (5) Business Days, the System Operator and the Interconnecting Transmission Owner shall issue a final draft of the SGIA to the Interconnection Customer. The Interconnection Customer shall have fifteen (15) Business Days or another mutually agreeable timeframe to sign and return the SGIA, or request that an unexecuted SGIA be filed with the Commission. If the Interconnection Customer does not sign the SGIA, or ask that it be filed unexecuted within thirty (30) Business Days after its receipt of the final draft of the SGIA, the Interconnection Request shall be deemed withdrawn. After the SGIA is signed by the Parties, the interconnection of the Small Generating Facility shall proceed under the provisions of the SGIA.

The Interconnection Customer, the Interconnecting Transmission Owner and the System Operator shall be Parties to the SGIA.

4.9 Coordination with Affected Systems

The System Operator shall coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System operators and, if possible, include those results (if available) in its applicable interconnection study within the time frame specified in these procedures. The System Operator will include such Affected System operators in all meetings held with the Interconnection Customer as required by the SGIP. The Interconnection Customer will cooperate with the System Operator and the Interconnecting Transmission Owner in all matters related to the conduct of studies and the determination of modifications to Affected Systems. The Interconnection Customer shall be responsible for the costs associated with the studies or portions of studies associated with the Affected Systems. Payment and refunds associated with the costs of such studies will be coordinated between the Interconnection Customer and the Affected Party(ies). The System Operator shall seek the cooperation of all Affected Parties in all matters related to the conduct of studies and the determination of modifications to Affected Systems. Nothing in the foregoing is intended to authorize the Interconnection Customer to receive interconnection, related facilities or other services on an Affected System, and provision of such services must be handled through separate arrangements with Affected Parties.

4.10 Evaluation of a Small Generating Facility Interconnection Request

4.10.1 If the Interconnection Request is for an increase in capacity for an existing Small Generating Facility, the Interconnection Request shall be evaluated on the basis of the new total energy capability or capacity capability of the Small Generating Facility.

4.10.2 If the Interconnection Request is for a Small Generating Facility that includes multiple energy production devices at a site for which the Interconnection Customer seeks a single Point of

Interconnection, the Interconnection Request shall be evaluated on the basis of the aggregate capacity of the multiple devices.

4.10.3 The Interconnection Request shall be evaluated using the maximum rated energy capability and capacity capability of the Small Generating Facility.

Attachment 1

Glossary of Terms

10 kW Inverter Process – The procedure for evaluating an Interconnection Request for a certified inverter-based Small Generating Facility no larger than 10 kW that uses the section 2 screens. The application process uses an all-in-one document that includes a simplified Interconnection Request, simplified procedures, and a brief set of terms and conditions. See SGIP Attachment 5.

Administered Transmission System – The PTF, the Non-PTF, and distribution facilities that are subject to the Tariff.

Affected Party– The entity that owns, operates or controls an Affected System, or any other entity that otherwise may be a necessary party to the interconnection process.

Affected System – Any electric system that is within the Control Area, including, but not limited to, generator owned transmission facilities, or any other electric system that is not within the Control Area that may be affected by the proposed interconnection.

Affiliate – With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

At-Risk Expenditure – Money expended for the development of the Generating Facility that cannot be recouped if the Interconnection Customer were to withdraw the Interconnection Request for the Generating Facility. At-Risk Expenditure may include, but is not limited to, money expended on: (i) costs of federal, state, local, regional and town permits, (ii) Site Control, (iii) site-specific design and surveys, (iv) construction activities, and (v) non-refundable deposits for major equipment components. For purposes of this definition, At-Risk Expenditure shall not include costs associated with the Interconnection Studies.

Base Case – Base power flow, short circuit and stability databases, including all underlying assumptions, and contingency lists provided by System Operator, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements; such databases and lists shall include all generation projects and transmission projects, including merchant transmission projects, that are proposed for the New England Transmission System for which a transmission expansion plan has been submitted and approved by the applicable authority. Base Cases also include data provided by the Interconnection Customer, where applicable, to the Interconnecting Transmission Owner and System Operator to facilitate required Interconnection Studies.

Business Day – Monday through Friday, excluding Federal Holidays.

Capacity Capability Interconnection Standard ("CC Interconnection Standard") – The criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, and in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other Capacity Network Resources, as detailed in the ISO New England Planning Procedures.

Capacity Network Resource ("CNR") – That portion of a Generating Facility that is interconnected to the Administered Transmission System under the Capacity Capability Interconnection Standard.

Capacity Network Resource Capability ("CNR Capability") – (i) In the case of a Generating Facility that is a New Generating Capacity Resource pursuant to Section III.13.1 of the Tariff or an Existing Generating Capacity Resource that is increasing its capability pursuant to Section III.13.1.2.2.5 of the Tariff, the highest megawatt amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff, and, if applicable, as specified in a filing by the System Operator with the Commission in accordance with Section III.13.8.2 of the Tariff, or (ii) in the case of a Generating Facility that meets the criteria under Section 1.6.4.3 of this SGIP, the total megawatt amount determined pursuant to the hierarchy established in Section 1.6.4.3. The CNR Capability shall not exceed the maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter. Where the Generating Facility includes multiple production devices, the CNR Capability shall not exceed the aggregate maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter.

Capacity Network Resource Group Study ("CNR Group Study") – The study performed by the System Operator under Section III.13.1.1.2.3 of the Tariff to determine which resources qualify to participate in a Forward Capacity Auction.

Capacity Network Resource Interconnection Service ("CNR Interconnection Service") – The Interconnection Service selected by the Interconnection Customer to interconnect its Small Generating Facility with the Administered Transmission System in accordance with the Capacity Capability Interconnection Standard. An Interconnection Customer's CNR Interconnection Service shall be for the megawatt amount of CNR Capability. CNR Interconnection Service does not in and of itself convey transmission service.

Commercial Operation – The status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date – For a unit, the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Standard Small Generator Interconnection Agreement.

Distribution System – The Interconnecting Transmission Owner's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Interconnecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Fast Track Process – The procedure for evaluating an Interconnection Request for a certified Small Generating Facility no larger than 2 MW that includes the section 2 screens, customer options meeting, and optional supplemental review.

Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Initial Synchronization Date – The date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date – The date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Interconnecting Transmission Owner's Interconnection Facilities to obtain back feed power.

Interconnecting Transmission Owner – A Transmission Owner that owns, leases or otherwise possesses an interest in, or a Non-Incumbent Transmission Developer that is constructing, a portion of the Administered Transmission System at the Point of Interconnection and shall be a Party to the Standard Small Generator Interconnection Agreement. The term Interconnecting Transmission Owner shall not be read to include the System Operator.

Interconnection Customer – Any entity, including a transmission owner or its Affiliates or subsidiaries, that interconnects or proposes to interconnect its Small Generating Facility with the Administered Transmission System under the Standard Small Generator Interconnection Procedures.

Interconnection Facilities – The Interconnecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Administered Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study – A study conducted by the System Operator, Interconnecting Transmission Owner, or a third party consultant for the Interconnection Customer to determine a list of facilities (including Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Administered Transmission System. The scope of the study is defined in Section 3.5.2 of the Standard Small Generator Interconnection Procedures.

Interconnection Facilities Study Agreement – The form of agreement contained in Attachment 8 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study – A preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Administered Transmission System, the scope of which is described in Section 3.3 of the Standard Small Generator Interconnection Procedures. The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study, or as part of the Interconnection System Impact Study. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 3.3 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 3.3 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 3.3 and Section 3.4.

Interconnection Feasibility Study Agreement – The form of agreement contained in Attachment 6 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request – The Interconnection Request shall mean an Interconnection Customer's request, in accordance with the Tariff, to: (i) interconnect a new Generating Facility to the Administered Transmission System as either a CNR or a NR; (ii) increase the energy capability or capacity capability of an existing Generating Facility; (iii) make a modification to the operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected to the Administered Transmission System; (iv) commence participation in the wholesale markets by, an existing Generating Facility that is interconnected with the Administered Transmission System; or (v) change from NR Interconnection Service to CNR Interconnection Service for all or part of a Generating Facility's capability. Interconnection Request shall not include: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies

Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility.

Interconnection Service – The service provided by the System Operator and the Interconnecting Transmission Owner, associated with interconnecting the Interconnection Customer's Generating Facility to the Administered Transmission System and enabling the receipt of electric energy capability and/or capacity capability from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Small Generator Interconnection Agreement and, if applicable, the Tariff.

Interconnection Study – Any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Small Generator Interconnection Procedures. Interconnection Study shall not include a CNR Group Study.

Interconnection Study Agreement – Any of the following agreements: The Interconnection Feasibility Study Agreement, the Interconnection System Impact Study Agreement, and the Interconnection Facilities Study Agreement attached to the Standard Small Generator Interconnection Procedures.

Interconnection System Impact Study – An engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of the Administered Transmission System and any other Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on Adverse System Impacts, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Small Generator Interconnection Procedures. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 3.3 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 3.3 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the

Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 3.3 and Section 3.4.

Interconnection System Impact Study Agreement – The form of agreement contained in Attachment 7 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

Network Capability Interconnection Standard ("NC Interconnection Standard") – The minimum criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, as detailed in the ISO New England Planning Procedures.

Network Resource ("NR") – The portion of a Generating Facility that is interconnected to the Administered Transmission System under the Network Capability Interconnection Standard.

Network Resource Capability ("NR Capability") – The maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. Where the Generating Facility includes multiple energy production devices, the NR Capability shall be the aggregate maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. The NR Capability shall be equal to or greater than the CNR Capability. In the case of a Generating Facility that meets the criteria under Section 1.6.4.4 of this SGIP, the NR Capability shall equal the total megawatt amount determined pursuant to Section 1.6.4.4.

Network Resource Interconnection Service ("NR Interconnection Service") – The Interconnection Service selected by the Interconnection Customer to interconnect its Generating Facility to the Administered Transmission System in accordance with the Network Capability Interconnection Standard.

An Interconnection Customer's NR Interconnection Service shall be solely for the megawatt amount of the NR Capability. NR Interconnection Service in and of itself does not convey transmission service.

Network Upgrades – Additions, modifications, and upgrades to the New England Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the Administered Transmission System to accommodate the interconnection with the Small Generating Facility to the Administered Transmission System. Network Upgrades do not include Distribution Upgrades.

Notice of Dispute – A written notice of a dispute or claim that arises out of or in connection with the Standard Small Generator Interconnection Agreement or its performance.

Party– The System Operator, Interconnecting Transmission Owner, Interconnection Customer or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Administered Transmission System.

Queue Position – The order of a valid request in the New England Control Area, relative to all other pending valid requests in the New England Control Area, that is established based upon the date and time of receipt of the valid Interconnection Request by the System Operator. Requests are comprised of Interconnection Requests, requests for Elective Transmission Upgrades, requests for transmission service and notification of requests for interconnection to other electric systems, as notified by the other electric systems, that impact the Administered Transmission System. For purposes of this SGIP, references to a "higher-queued" Interconnection Request shall mean one that has been received by System Operator (and placed in queue order) earlier than another Interconnection Request, which is referred to as "lower-queued."

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the SGIP or SGIA, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Small Generating Facility – A Generating Facility having a maximum gross capability at or above zero degrees F of 20 MW or less.

Stand Alone Network Upgrades – Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the New England Transmission System during their construction. The System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, must agree as to what constitutes Stand Alone Network Upgrades and identify them in Attachment 2 to the Standard Small Generator Interconnection Agreement.

Study Process – The procedure for evaluating an Interconnection Request that includes the section 3 scoping meeting, Interconnection Feasibility Study, Interconnection System Impact Study, and Interconnection Facilities Study.

Trial Operation – The period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

Upgrades – The required additions and modifications to the Administered Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Attachment 2

SMALL GENERATOR INTERCONNECTION REQUEST

(Application Form)

An Interconnection Request is considered complete when it provides all applicable and correct information required below. Per SGIP Section 1.4, documentation of Site Control must be submitted with the Interconnection Request, except where the Interconnection Request is for a modification to the Interconnection Customer's existing Small Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the proposed modifications do not require additional real property.

_____Site Control is not provided because the proposed modification is to the Interconnection Customer's existing Small Generating Facility and, by checking this option, the Interconnection Customer certifies that it has Site Control and that the proposed modification does not require additional real property.

Preamble and Instructions

An Interconnection Customer who requests a Federal Energy Regulatory Commission jurisdictional interconnection must submit this Interconnection Request by hand delivery, mail, e-mail, or fax to the System Operator.

Processing Fee or Deposit:

If the Interconnection Request is submitted under the Fast Track Process, the non-refundable processing fee is $500. The Fast Track Process is limited to a Small Generating Facility that is no larger than 2 MW that meets certain codes, standards and certification requirements.

If the Interconnection Request is submitted under the Study Process, whether a new submission or an Interconnection Request that did not pass the Fast Track Process, the Interconnection Customer shall submit to the System Operator a non-refundable deposit of $1,000 towards the cost of the scoping meeting and the interconnection studies.

Interconnection Customer Information

Proposed Project Name:_____

Legal Name of the Interconnection Customer (or, if an individual, individual's name)

Name: _____

ISO Customer ID# (if available):_____

Contact Person: _____

Mailing Address: _____

City: _____ County:_____ State: _____ Zip: _____

Facility Location (if different from above): _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address:_____

Alternative Contact Information (if different from the Interconnection Customer)

Contact Name: _____

Title: _____

Address: _____

_____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Application is for: _____New Small Generating Facility

_____Capacity addition to or modification of an Existing Small Generating Facility

_____Commencement of participation in the wholesale markets by an Existing Small Generating Facility

_____A change from Network Resource Interconnection Service to Capacity Network Resource Interconnection Service

If capacity addition to or modification of an existing facility, please describe: _____

_____

If the capacity addition increases the maximum gross megawatt electrical output at an ambient temperature of 20 degrees F of the Generating Facility to more than 20 MW, the Interconnection Customer shall apply under Schedule 22.

Will the Small Generating Facility be used for any of the following?

Net Metering? Yes ___ No ___

To Supply Power to the Interconnection Customer? Yes ___No ___

To Supply Power to Others? Yes ____ No ____

Is the Interconnection Request for:

Service Type (check one):

_____Capacity Network Resource Interconnection Service (energy capability and capacity capability)
or

_____Network Resource Interconnection Service (energy capability only)

A retail customer interconnecting a new Small Generating Facility that will produce electric energy to be consumed only on the retail customer's site? Yes_____No_____

A Qualifying Facility where 100% of the output will be sold to its host utility?

Yes_____No_____

An Interconnection Customer interconnecting a new Small Generating Facility that plans to participate in the wholesale markets? Yes_____No_____

An existing Small Generating Facility commencing participation in the wholesale markets?
Yes_____No_____

For installations at locations with existing electric service to which the proposed Small Generating Facility will interconnect, provide:

_____ _____

(Local Electric Service Provider) (Existing Account Number)

Contact Name: _____

Title: _____

Address: _____

_____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Small Generating Facility Information

Interconnection Customer's Requested Initial Synchronization Date: _____

Interconnection Customer's Requested In-Service Date: _____

Interconnection Customer's Requested Commercial Operation Date:_____

Proposed Point of Interconnection:_____

Data apply only to the Small Generating Facility, not the Interconnection Facilities.

Energy Source: ___ Solar ___ Wind ___ Hydro ___ Hydro Type (e.g. Run-of-River):_____

Diesel ___ Natural Gas ___ Fuel Oil ___ Other (state type) _____

Prime Mover: ___Fuel Cell ___Recip Engine ___Gas Turb ___Steam Turb

___Microturbine ___PV ___Other

Type of Generator: ____Synchronous ____Induction ____ Inverter

Generator Nameplate Rating: _____kW (Typical) Generator Nameplate kVAR: _____

Interconnection Customer or Customer-Site Load: _____kW (if none, so state)

Typical Reactive Load (if known): _____

Maximum Physical Export Capability Requested: _____ kW

Generating Facility Capacity (MW):

	Maximum Net MW Electrical Output	**Maximum Gross MW Electrical Output**
At 90 degrees F or higher		
At 50 degrees F or higher		
At 20 degrees F or higher		
At zero degrees F or higher		

List components of the Small Generating Facility equipment package that are currently certified:

	Equipment Type	Certifying Entity
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

Is the prime mover compatible with the certified protective relay package? ___Yes ___No

Generator (or solar collector)

Manufacturer, Model Name & Number: _____

Version Number: _____

Nameplate Output Power Rating in kW: (Summer) _____ (Winter) _____

Nameplate Output Power Rating in kVA: (Summer) _____ (Winter) _____

Individual Generator Power Factor

Rated Power Factor: Leading: _____Lagging: _____

Total Number of Generators in wind farm to be interconnected pursuant to this

Interconnection Request: _____ Elevation: _____ ___Single phase ___Three phase

Inverter Manufacturer, Model Name & Number (if used): _____

List of adjustable set points for the protective equipment or software: _____

For all generation types: A completed fully functioning, non-proprietary or non-confidential Siemens PTI's ("PSSE") power flow model or other compatible formats, such as IEEE and General Electric Company Power Systems Load Flow ("PSLF") data sheet, must be supplied with this Interconnection Request. If additional non-proprietary or non-confidential data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

Small Generating Facility Characteristic Data (for inverter-based machines)

Max design fault contribution current: _____ Instantaneous ___ or RMS? _____

Harmonics Characteristics: _____

Start-up requirements: _____

Small Generating Facility Characteristic Data (for rotating machines)

RPM Frequency: _____

Neutral Grounding Resistor (If Applicable): _____

Synchronous Generators:

Generator AC resistance Ra_____

Direct Axis Synchronous Reactance, Xd: _____ P.U.

Direct Axis Transient Reactance, X'_d: _____P.U.

Direct Axis Subtransient Reactance, X''_d: _____P.U.

Negative Sequence Reactance, X_2: _____ P.U.

Zero Sequence Reactance, X_0: _____ P.U.

KVA Base: _____

Field Volts: _____

Field Amperes: _____

Induction Generators:

Motoring Power (kW): _____

I_2^2t or K (Heating Time Constant): _____

Rotor Resistance, Rr: _____

Stator Resistance, Rs: _____

Stator Reactance, Xs: _____

Rotor Reactance, Xr: _____

Magnetizing Reactance, Xm: _____

Short Circuit Reactance, Xd": _____

Exciting Current: _____

Temperature Rise: _____

Frame Size: _____

Design Letter: _____

Reactive Power Required In Vars (No Load): _____

Reactive Power Required In Vars (Full Load): _____

Total Rotating Inertia, H: _____ Per Unit on kVA Base

Note: Please contact the System Operator prior to submitting the Interconnection Request to determine if the specified information above is required.

Excitation and Governor System Data for Synchronous Generators Only

Provide appropriate IEEE model block diagram of excitation system, governor system and power system stabilizer (PSS) in accordance with the regional reliability council criteria. A PSS may be determined to be required by applicable studies. A copy of the manufacturer's block diagram may not be substituted.

Interconnection Facilities Information

Will a transformer be used between the generator and the point of common coupling? ___Yes ___No

Will the transformer be provided by the Interconnection Customer? ____Yes ____No

Transformer Data (If Applicable, for Interconnection Customer-Owned Transformer):

Is the transformer: ____single phase _____three phase? Size: _____kVA

Transformer Impedance: _____% on _____kVA Base

If Three Phase:

Transformer Primary: _____ Volts _____ Delta _____Wye _____ Wye Grounded

Transformer Secondary: _____ Volts _____ Delta _____Wye _____ Wye Grounded

Transformer Tertiary: _____ Volts _____ Delta _____Wye _____ Wye Grounded

Transformer Fuse Data (If Applicable, for Interconnection Customer-Owned Fuse):

(Attach copy of fuse manufacturer's Minimum Melt and Total Clearing Time-Current Curves)

Manufacturer: _____ Type: _____ Size: _____Speed: _____

Interconnecting Circuit Breaker (if applicable):

Manufacturer: _____ Type: _____

Load Rating (Amps): _____ Interrupting Rating (Amps): _____ Trip Speed (Cycles): _____

Interconnection Protective Relays (If Applicable):

If Microprocessor-Controlled:

List of Functions and Adjustable Setpoints for the protective equipment or software:

	Setpoint Function	Minimum	Maximum
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

4. _____ _____ _____

5. _____ _____ _____

6. _____ _____ _____

If Discrete Components:

(Enclose Copy of any Proposed Time-Overcurrent Coordination Curves)

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Current Transformer Data (If Applicable):

(Enclose Copy of Manufacturer's Excitation and Ratio Correction Curves)

Manufacturer: _____

Type: _____ Accuracy Class: ___ Proposed Ratio Connection: ____

Manufacturer: _____

Type: _____ Accuracy Class: ___ Proposed Ratio Connection: ____

Potential Transformer Data (If Applicable):

Manufacturer: _____

Type: _____ Accuracy Class: ___ Proposed Ratio Connection: ____

Manufacturer: _____

Type: _____ Accuracy Class: ___ Proposed Ratio Connection: ____

General Information

Enclose two copies of site electrical one-line diagram showing the configuration of all Small Generating Facility equipment, current and potential circuits, and protection and control schemes. This one-line diagram must be signed and stamped by a licensed Professional Engineer if the Small Generating Facility is larger than 50 kW. Are two copies of One-Line Diagram Enclosed? ____Yes ____No

Enclose copy of any site documentation that indicates the precise physical location of the proposed Small Generating Facility (e.g., USGS topographic map or other diagram or documentation).

Proposed location of protective interface equipment on property (include address if different from the Interconnection Customer's address) _____

Enclose copy of any site documentation that describes and details the operation of the protection and control schemes. Is Available Documentation Enclosed? ___Yes ____No

Enclose copies of schematic drawings for all protection and control circuits, relay current circuits, relay potential circuits, and alarm/monitoring circuits (if applicable).

Are Schematic Drawings Enclosed? ___Yes ____No

Applicant Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Interconnection Request is true and correct.

For Interconnection Customer: _____ Date: _____

In order for a Small Generator Interconnection Request to be considered a valid request, it must:

(a) Be accompanied by the applicable deposit, which shall be non-refundable;

(b) Include documentation of Site Control, if applicable;

(c) Include a detailed map (2 copies), such as a map of the quality produced by the U.S. Geological Survey, which clearly indicates the site of the new facility and pertinent surrounding structures;

(d) Include two copies, signed and stamped by a licensed Professional Engineer, of the site electrical one-line diagram; and

(e) Include all information and data required on the Interconnection Request form.

Attachment 3

Certification Codes and Standards

IEEE1547 Standard for Interconnecting Distributed Resources with Electric Power Systems (including use of IEEE 1547.1 testing protocols to establish conformity)

UL 1741 Inverters, Converters, and Controllers for Use in Independent Power Systems

IEEE Std 929-2000 IEEE Recommended Practice for Utility Interface of Photovoltaic (PV) Systems

NFPA 70 (2002), National Electrical Code

IEEE Std C37.90.1-1989 (R1994), IEEE Standard Surge Withstand Capability (SWC) Tests for Protective Relays and Relay Systems

IEEE Std C37.90.2 (1995), IEEE Standard Withstand Capability of Relay Systems to Radiated Electromagnetic Interference from Transceivers

IEEE Std C37.108-1989 (R2002), IEEE Guide for the Protection of Network Transformers

IEEE Std C57.12.44-2000, IEEE Standard Requirements for Secondary Network Protectors

IEEE Std C62.41.2-2002, IEEE Recommended Practice on Characterization of Surges in Low Voltage (1000V and Less) AC Power Circuits

IEEE Std C62.45-1992 (R2002), IEEE Recommended Practice on Surge Testing for Equipment Connected to Low-Voltage (1000V and Less) AC Power Circuits

ANSI C84.1-1995 Electric Power Systems and Equipment – Voltage Ratings (60 Hertz)

IEEE Std 100-2000, IEEE Standard Dictionary of Electrical and Electronic Terms

NEMA MG 1-1998, Motors and Small Resources, Revision 3

IEEE Std 519-1992, IEEE Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems

NEMA MG 1-2003 (Rev 2004), Motors and Generators, Revision 1

Attachment 4

Certification of Small Generator Equipment Packages

1.0 Small Generating Facility equipment proposed for use separately or packaged with other equipment in an interconnection system shall be considered certified for interconnected operation if (1) it has been tested in accordance with industry standards for continuous utility interactive operation in compliance with the appropriate codes and standards referenced below by any Nationally Recognized Testing Laboratory (NRTL) recognized by the United States Occupational Safety and Health Administration to test and certify interconnection equipment pursuant to the relevant codes and standards listed in SGIP Attachment 3, (2) it has been labeled and is publicly listed by such NRTL at the time of the interconnection application, and (3) such NRTL makes readily available for verification all test standards and procedures it utilized in performing such equipment certification, and, with consumer approval, the test data itself. The NRTL may make such information available on its website and by encouraging such information to be included in the manufacturer's literature accompanying the equipment.

2.0 The Interconnection Customer must verify that the intended use of the equipment falls within the use or uses for which the equipment was tested, labeled, and listed by the NRTL.

3.0 Certified equipment shall not require further type-test review, testing, or additional equipment to meet the requirements of this interconnection procedure; however, nothing herein shall preclude the need for an on-site commissioning test by the parties to the interconnection nor follow-up production testing by the NRTL.

4.0 If the certified equipment package includes only interface components (switchgear, inverters, or other interface devices), then an Interconnection Customer must show that the generator or other electric source being utilized with the equipment package is compatible with the equipment package and is consistent with the testing and listing specified for this type of interconnection equipment.

5.0 Provided the generator or electric source, when combined with the equipment package, is within the range of capabilities for which it was tested by the NRTL, and does not violate the interface

components' labeling and listing performed by the NRTL, no further design review, testing or additional equipment on the customer side of the point of common coupling shall be required to meet the requirements of this interconnection procedure.

6.0 An equipment package does not include equipment provided by the utility.

7.0 Any equipment package approved and listed in a state by that state's regulatory body for interconnected operation in that state prior to the effective date of these small generator interconnection procedures shall be considered certified under these procedures for use in that state.

Attachment 5

10 kW Inverter Process

Solely applicable for Network Resource Interconnection Service

1.0 The Interconnection Customer ("Customer") completes the Interconnection Request ("Application") and submits it to the System Operator.

2.0 The System Operator acknowledges to the Customer receipt of the Application within three Business Days of receipt.

3.0 The System Operator in conjunction with the Interconnecting Transmission Owner evaluates the Application for completeness and notifies the Customer within ten Business Days of receipt that the Application is or is not complete and, if not, advises what material is missing.

4.0 The System Operator in conjunction with the Interconnecting Transmission Owner verifies that the Small Generating Facility can be interconnected safely and reliably using the screens contained in the Fast Track Process in the Small Generator Interconnection Procedures (SGIP). The System Operator has 15 Business Days to complete this process. Unless the System Operator in conjunction with the Interconnecting Transmission Owner determines and demonstrates that the Small Generating Facility cannot be interconnected safely and reliably, the System Operator approves the Application and returns it to the Customer. Note to Customer: Please check with the System Operator before submitting the Application if disconnection equipment is required.

5.0 After installation, the Customer returns the Certificate of Completion to the System Operator. Prior to parallel operation, the System Operator and Interconnecting Transmission Owner may inspect the Small Generating Facility for compliance with standards which may include a witness test, and may schedule appropriate metering replacement, if necessary.

6.0 The System Operator in conjunction with the Interconnecting Transmission Owner notifies the Customer in writing that interconnection of the Small Generating Facility is authorized. If the witness test is not satisfactory, the Interconnecting Transmission Owner has the right to disconnect the Small Generating Facility. The Customer has no right to operate in parallel until a witness test has been performed, or previously waived on the Application. The Interconnecting Transmission Owner is obligated to complete this witness test within ten Business Days of the receipt of the Certificate of Completion. If the Interconnecting Transmission Owner does not inspect within ten Business Days or by mutual agreement of the Parties, the witness test is deemed waived.

7.0 Contact Information – The Customer must provide the contact information for the legal applicant (i.e., the Interconnection Customer). If another entity is responsible for interfacing with the System Operator and the Interconnecting Transmission Owner, that contact information must be provided on the Application.

8.0 Ownership Information – Enter the legal names of the owner(s) of the Small Generating Facility. Include the percentage ownership (if any) by any utility or public utility holding company, or by any entity owned by either.

9.0 UL1741 Listed – This standard ("Inverters, Converters, and Controllers for Use in Independent Power Systems") addresses the electrical interconnection design of various forms of generating equipment. Many manufacturers submit their equipment to a Nationally Recognized Testing Laboratory (NRTL) that verifies compliance with UL1741. This "listing" is then marked on the equipment and supporting documentation.

Application for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10kW

This Application is considered complete when it provides all applicable and correct information required below. Per SGIP section 1.4, documentation of Site Control must be submitted with the Interconnection Request, except where the Interconnection Request is for a modification to the Interconnection Customer's existing Small Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. Additional information to evaluate the Application may be required.

Processing Fee

A non-refundable processing fee of $100 must accompany this Application.

Interconnection Customer

Name: _____

Contact Person: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Contact (if different from Interconnection Customer)

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Owner of the facility (include % ownership by any electric utility): _____

Small Generating Facility Information

Location (if different from above): _____

Electric Service Company: _____

Account Number: _____

Is the Interconnection Request for:

A retail customer interconnecting a new Small Generating Facility that will produce electric energy to be consumed only on the retail customer's site? Yes_____No_____

A Qualifying Facility where 100% of the output will be sold to its host utility?

Yes_____No_____

An Interconnection Customer interconnecting a new Small Generating Facility that plans to participate in the wholesale markets? Yes_____No_____

An existing Small Generating Facility commencing participation in the wholesale markets? Yes_____No_____

Inverter Manufacturer:_____Model_____

Nameplate Rating: _____ (kW) _____ (kVA) _____ (AC Volts)

Single Phase _____ Three Phase_____

System Design Capacity: _____ (kW) _____ (kVA)

Prime Mover: Photovoltaic □ Reciprocating Engine □ Fuel Cell□

Turbine□ Other _____

Energy Source: Solar □ Wind □ Hydro □ Diesel □ Natural Gas □

Fuel Oil □ Other (describe) _____

Is the equipment UL1741 Listed? Yes_____ No ___

If Yes, attach manufacturer's cut-sheet showing UL1741 listing

Estimated Installation Date: _____ Estimated In-Service Date: _____

The 10 kW Inverter Process is available only for inverter-based Small Generating Facilities no larger than 10 kW that meet the codes, standards, and certification requirements of Attachments 3 and 4 of the Small Generator Interconnection Procedures (SGIP), or the Interconnecting Transmission Owner has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

List components of the Small Generating Facility equipment package that are currently certified:

Equipment Type	Certifying Entity
1. _____	_____
2. _____	_____

3. _____ _____

4. _____ _____

5. _____ _____

Interconnection Customer Signature

I hereby certify that, to the best of my knowledge, the information provided in this Application is true. I agree to abide by the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return the Certificate of Completion when the Small Generating Facility has been installed.

Signed: _____

Title: _____ Date: _____

Contingent Approval to Interconnect the Small Generating Facility

(For Internal use only)

Interconnection of the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return of the Certificate of Completion.

Interconnecting Transmission Owner Signature: _____

Title: _____ Date: _____

Application ID number: _____

Interconnecting Transmission Owner waives inspection/witness test? Yes___No___

System Operator Signature:_____

Title: _____ Date: _____

Application ID number: _____

Small Generating Facility Certificate of Completion

Is the Small Generating Facility owner-installed? Yes_____ No _____

Interconnection Customer: _____

Contact Person:_____

Address: _____

Location of the Small Generating Facility (if different from above):

_____

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Electrician:

Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

License number: _____

Date Approval to Install Facility granted by the Interconnecting Transmission Owner: _____

Application ID number: _____

Inspection:

The Small Generating Facility has been installed and inspected in compliance with the local

building/electrical code of _____

Signed (Local electrical wiring inspector, or attach signed electrical inspection):

_____

Print Name: _____

Date: _____

As a condition of interconnection, you are required to send/fax a copy of this form along with a copy of the signed electrical permit to (insert System Operator and Interconnecting Transmission Owner information below):

Name: _____

System Operator: _____

Address:_____

_____

City, State ZIP: _____

Fax: _____

Name: _____

Interconnecting Transmission Owner:

_____

Address:_____

_____

City, State ZIP: _____

Fax: _____

Approval to Energize the Small Generating Facility

(For Internal use only)

Energizing the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

Interconnecting Transmission Owner Signature: _____

Title: _____ Date: _____

System Operator Signature: _____

Title: _____ Date: _____

Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

1.0 **Construction of the Facility**

The Interconnection Customer (the "Customer") may proceed to construct (including operational testing not to exceed two hours) the Small Generating Facility when the System Operator approves the Interconnection Request (the "Application") and returns it to the Customer.

2.0 **Interconnection and Operation**

The Customer may operate Small Generating Facility and interconnect with the Interconnecting Transmission Owner's (the "Company") electric system once all of the following have occurred:

2.1 Upon completing construction, the Customer will cause the Small Generating Facility to be inspected or otherwise certified by the appropriate local electrical wiring inspector with jurisdiction, and

2.2 The Customer returns the Certificate of Completion to the System Operator and the Company, and

2.3 The Company has either:

2.3.1 Completed its inspection of the Small Generating Facility to ensure that all equipment has been appropriately installed and that all electrical connections have been made in accordance with applicable codes. All inspections must be conducted by the Company, at its own expense, within ten Business Days after receipt of the Certificate of Completion and shall take place at a time agreeable to the Parties. The Company shall provide a written statement that the Small Generating Facility has passed inspection or shall notify the Customer of what steps it must take to pass inspection as soon as practicable after the inspection takes place; or

2.3.2 If the Company does not schedule an inspection of the Small Generating Facility within ten business days after receiving the Certificate of Completion, the witness test is deemed waived (unless the Parties agree otherwise); or

2.3.3 The Company waives the right to inspect the Small Generating Facility.

2.4 The Company has the right to disconnect the Small Generating Facility in the event of improper installation or failure to return the Certificate of Completion.

2.5 Revenue quality metering equipment must be installed and tested in accordance with applicable ANSI standards.

3.0 **Safe Operations and Maintenance**

The Customer shall be fully responsible to operate, maintain, and repair the Small Generating Facility as required to ensure that it complies at all times with the interconnection standards to which it has been certified.

4.0 **Access**

The Company shall have access to the disconnect switch (if the disconnect switch is required) and metering equipment of the Small Generating Facility at all times. The Company shall provide reasonable notice to the Customer when possible prior to using its right of access.

5.0 **Disconnection**

The Company may temporarily disconnect the Small Generating Facility upon the following conditions:

5.1 For scheduled outages upon reasonable notice.

5.2 For unscheduled outages or emergency conditions.

5.3 If the Small Generating Facility does not operate in the manner consistent with these Terms and Conditions.

5.4 The Company shall inform the Customer in advance of any scheduled disconnection, or as is reasonable after an unscheduled disconnection.

6.0 **Indemnification**

The Parties shall at all times indemnify, defend, and save the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.0 **Insurance**

The Parties agree to follow all applicable insurance requirements imposed by the state in which the Point of Interconnection is located. All insurance policies must be maintained with insurers authorized to do business in that state.

8.0 **Limitation of Liability**

Each party’s liability to the other party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney’s fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either party be liable to the other party for any indirect, incidental, special, consequential, or punitive damages of any kind whatsoever, except as allowed under paragraph 6.0.

9.0 **Termination**

The agreement to operate in parallel may be terminated under the following conditions:

9.1 By the Customer

9.2 By providing written notice to the Company and the System Operator.

9.3 By the Company or the System Operator

9.4 If the Small Generating Facility fails to operate for any consecutive 12 month period or the Customer fails to remedy a violation of these Terms and Conditions.

10.0 **Permanent Disconnection**

In the event this Agreement is terminated, the Company shall have the right to disconnect its facilities or direct the Customer to disconnect its Small Generating Facility.

11.0 **Survival Rights**

This Agreement shall continue in effect after termination to the extent necessary to allow or require any Party to fulfill rights or obligations that arose under the Agreement.

12. **Assignment/Transfer of Ownership of the Facility**

This Agreement shall survive the transfer of ownership of the Small Generating Facility to a new owner when the new owner agrees in writing to comply with the terms of this Agreement and so notifies the System Operator and the Company.

Attachment 6

Interconnection Feasibility Study Agreement

THIS AGREEMENT is made and entered into this_____day of_____ 20___ by and between_____, a_____organized and existing under the laws of the State of _____, ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and_____, a_____ existing under the laws of the State of_____, ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator and Interconnecting Transmission Owner each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by Interconnection Customer on_____; and

WHEREAS, Interconnection Customer desires to interconnect the Small Generating Facility with the Administered Transmission System; and

WHEREAS, Interconnection Customer has requested the System Operator and Interconnecting Transmission Owner to perform an Interconnection Feasibility Study to assess the feasibility of interconnecting the proposed Small Generating Facility with the facilities that are part of the Interconnecting Transmission Owner's Administered Transmission System, and of any Affected Systems.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures ("SGIP"), or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 The Interconnection Customer elects and the System Operator and Interconnecting Transmission Owner shall cause to be performed an Interconnection Feasibility Study consistent the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.

3.0 The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Interconnection Feasibility Study shall be based on the technical information provided by the Interconnection Customer in the Interconnection Request, as may be modified as the result of the scoping meeting. The System Operator and Interconnecting Transmission Owner reserve the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with the standard Small Generator Interconnection Procedures. If the Interconnection Customer modifies its Interconnection Request, the time to complete the Interconnection Feasibility Study may be extended by agreement of the Parties.

5.0 In performing the study, the System Operator and Interconnecting Transmission Owner shall rely, to the extent reasonably practicable, on existing studies of recent vintage. The Interconnection Customer shall not be charged for such existing studies; however, the Interconnection Customer shall be responsible for charges associated with any new study or modifications to existing studies that are reasonably necessary to perform the Interconnection Feasibility Study.

6.0 The Interconnection Feasibility Study report shall provide the following analyses for the purpose of identifying any potential adverse system impacts that would result from the interconnection of the Small Generating Facility as proposed:

6.1 Initial identification of any circuit breaker or other facility short circuit capability limits exceeded as a result of the interconnection;

6.2 Initial identification of any thermal overload or voltage limit violations resulting from the interconnection;

6.3 Initial review of grounding requirements and electric system protection; and

6.4 Description and non-binding estimated cost of facilities required to interconnect the proposed Small Generating Facility and to address the identified short circuit and power flow issues.

6.5 To the extent the Interconnection Customer requested a preliminary analysis as described in Section 3.3.2 of the SGIP, the report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer’s Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

7.0 The Interconnection Feasibility Study shall model the impact of the Small Generating Facility regardless of purpose in order to avoid the further expense and interruption of operation for reexamination of feasibility and impacts if the Interconnection Customer later changes the purpose for which the Small Generating Facility is being installed.

8.0 The study shall include the feasibility of any interconnection at a proposed project site where there could be multiple potential Points of Interconnection, as requested by the Interconnection Customer and at the Interconnection Customer's cost.

9.0 A deposit, paid to the System Operator, of the lesser of 50 percent of good faith estimated Interconnection Feasibility Study costs or earnest money of $1,000 shall be required from the Interconnection Customer.

10.0 Once the Interconnection Feasibility Study is completed, an Interconnection Feasibility Study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the Interconnection Feasibility Study must be completed and the Interconnection Feasibility Study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct an Interconnection Feasibility Study.

11.0 The total estimated cost of the performance of the Interconnection Feasibility Study consists of $ [insert], which is comprised of the System Operator's cost of $[insert] and the Interconnecting Transmission Owner's cost of $[insert]. The Interconnection Customer may be invoiced on a monthly basis for work to be conducted. 12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days of receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the System Operator shall refund such excess within 30 calendar days of the invoice without interest.

13.0 Miscellaneous.

13.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

13.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection Feasibility Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection Feasibility Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection Feasibility Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection Feasibility Study, the content of the Interconnection Feasibility Study, or the conclusions of the Interconnection Feasibility Study. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

13.3 Force Majeure, Liability and Indemnification.

13.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all Reasonable Efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

13.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

13.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owner and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or

Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owner shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

13.4 Third-Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns. Notwithstanding the foregoing, and without limitation of Sections 13.2 and 13.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection Feasibility Study shall not be deemed third party beneficiaries of Sections 13.2 and 13.3.

13.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 13.5, shall continue in effect for a term of one year or until the Interconnection Feasibility Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 1.8 of the SGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

13.6 Governing Law, Regulatory Authority, and Rules. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

13.7 Severability. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority: (1) such portion or provision shall be deemed separate and independent; (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling; and (3) the remainder of this Agreement shall remain in full force and effect.

13.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

13.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

13.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

13.11 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

13.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect. Any waiver at any time by any Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the System Operator and the Interconnecting Transmission Owner. Any waiver of this Agreement shall, if requested, be provided in writing.

13.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

13.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

13.15 Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

13.15.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the System Operator or Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

13.15.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

13.16 Reservation of Rights. Subject to the TOA, the System Operator and the Interconnecting Transmission Owner shall have the right to make a unilateral filing with the Commission to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this Agreement under any applicable provision of the Federal Power Act and the Commission's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before the Commission in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of System Operator] **[Insert name of Interconnection Customer]**

_____ _____

Signed_____ Signed_____

Name (Printed): Name (Printed):

_____ _____

Title_____ Title_____

[Insert name of Interconnecting Transmission Owner]

_____

Signed_____

Name (Printed):

_____

Title_____

Attachment A to

Interconnection Feasibility Study Agreement

Assumptions Used in Conducting the Interconnection Feasibility Study

The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the scoping meeting held on _____:

1) Designation of Point of Interconnection and configuration to be studied.

2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer, System Operator and Interconnecting Transmission Owner.

Attachment 7

Interconnection System Impact Study Agreement

THIS AGREEMENT is made and entered into this_____day of_____

20___ by and between_____,

a_____organized and existing under the laws of the State of

_____, ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and

_____, a_____

existing under the laws of the State of_____,

("Interconnecting Transmission Owner"). Interconnection Customer, System Operator and Interconnecting Transmission Owner each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by the Interconnection Customer on_____; and

WHEREAS, the Interconnection Customer desires to interconnect the Small Generating Facility with the Administered Transmission System;

WHEREAS, the System Operator and Interconnecting Transmission Owner have completed an Interconnection Feasibility Study and provided the results of said study to the Interconnection Customer (This recital to be omitted if the Parties have agreed to forego the Interconnection Feasibility Study.); and

WHEREAS, the Interconnection Customer has requested the System Operator and Interconnecting

Transmission Owner to perform an Interconnection System Impact Study(s) to assess the impact of interconnecting the Small Generating Facility with the facilities that are part of the Interconnecting Transmission Owner's Administered Transmission System, and of any Affected Systems.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.

2.0 The Interconnection Customer elects and the System Operator and Interconnecting Transmission Owner shall cause to be performed an Interconnection System Impact Study(s) consistent with the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.

3.0 The scope of an Interconnection System Impact Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 An Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study and the technical information provided by Interconnection Customer in the Interconnection Request. The System Operator and Interconnecting Transmission Owner reserve the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection System Impact Study. If the Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the Interconnection System Impact Study may be extended.

5.0 An Interconnection System Impact Study shall consist of a short circuit analysis, a stability analysis, a power flow analysis, voltage drop and flicker studies, protection and set point coordination studies, and grounding reviews, as necessary. An Interconnection System Impact Study shall state the assumptions upon which it is based, state the results of the analyses, and provide the requirement or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. An Interconnection System Impact Study shall provide a list of facilities that are required as a result

of the Interconnection Request and non-binding good faith estimates of cost responsibility and time to construct.

6.0 A distribution Interconnection System Impact Study shall incorporate a distribution load flow study, an analysis of equipment interrupting ratings, protection coordination study, voltage drop and flicker studies, protection and set point coordination studies, grounding reviews, and the impact on electric system operation, as necessary.

7.0 Affected Systems may participate in the preparation of an Interconnection System Impact Study, with a division of costs among such entities as they may agree. All Affected Systems shall be afforded an opportunity to review and comment upon an Interconnection System Impact Study that covers potential adverse system impacts on their electric systems, and the System Operator and Interconnecting Transmission Owner have 20 additional Business Days to complete an Interconnection System Impact Study requiring review by Affected Systems.

8.0 If the System Operator uses a queuing procedure for sorting or prioritizing projects and their associated cost responsibilities for any required Network Upgrades, the Interconnection System Impact Study shall consider all generating facilities (and with respect to paragraph 8.3 below, any identified Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced.

8.1 Are directly interconnected with the Administered Transmission System; or

8.2 Are interconnected with Affected Systems and may have an impact on the proposed interconnection; and

8.3 Have a pending higher queued Interconnection Request to interconnect with the Administered Transmission System.

9.0 A distribution Interconnection System Impact Study, if required, shall be completed and the results transmitted to the Interconnection Customer within 30 Business Days after this Agreement is signed by the Parties. A transmission Interconnection System Impact Study, if required, shall be completed and the results transmitted to the Interconnection Customer within 45 Business Days after this Agreement is signed by the Parties.

10.0 A deposit of the equivalent of the good faith estimated cost of a distribution Interconnection System Impact Study shall be paid to the System Operator by the Interconnection Customer; and the one half the good faith estimated cost of a transmission Interconnection System Impact Study shall be paid to the System Operator by the Interconnection Customer.

11.0 The total estimated cost of the performance of the Interconnection System Impact Study consists of $[insert], which is comprised of the System Operator's cost of $[insert] and the Interconnecting Transmission Owner's cost of $[insert]. The Interconnection Customer may be invoiced on a monthly basis for work to be conducted.

12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the System Operator or Interconnecting Transmission Owner, as applicable, shall refund such excess within 30 calendar days of the invoice without interest.

13.0 Miscellaneous.

13.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

13.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection System Impact Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection System Impact Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection System Impact Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection System Impact Study, the content of the Interconnection System Impact Study, or the conclusions of the Interconnection System Impact Study. Interconnection Customer acknowledges that it

has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

13.3 Force Majeure, Liability and Indemnification.

13.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all Reasonable Efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

13.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

13.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owner and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owner shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

13.4 Third-Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns. Notwithstanding the foregoing, and without limitation of Sections 13.2 and 13.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection System Impact Study shall not be deemed third party beneficiaries of Sections 13.2 and 13.3.

13.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 13.5, shall continue in effect for a term of one year or until the Interconnection System Impact Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 1.8 of the SGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

13.6 Governing Law, Regulatory Authority, and Rules. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____(where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to

all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

13.7 Severability. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority: (1) such portion or provision shall be deemed separate and independent; (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling; and (3) the remainder of this Agreement shall remain in full force and effect.

13.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

13.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

13.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

13.11 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

13.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect. Any waiver at any time by any Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the System Operator and the Interconnecting Transmission Owner. Any waiver of this Agreement shall, if requested, be provided in writing.

13.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

13.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

13.15 Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

13.15.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the System Operator or Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

13.15.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

13.16 Reservation of Rights. Subject to the TO Agreement, the System Operator and the Interconnecting Transmission Owner shall have the right to make a unilateral filing with the Commission to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this Agreement under any applicable provision of the Federal Power Act and the Commission's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before the Commission in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of System Operator] **[Insert name of Interconnection Customer]**

_____ _____

Signed_____ Signed_____

Name (Printed): Name (Printed):

_____ _____

Title_____ Title_____

[Insert name of Interconnecting Transmission Owner]

_____

Signed_____

Name (Printed):

_____

Title_____

Attachment A to System

Impact Study Agreement

Assumptions Used in Conducting the System Impact Study

The Interconnection System Impact Study shall be based upon the results of the Interconnection Feasibility Study, subject to any modifications in accordance with the standard Small Generator Interconnection Procedures, and the following assumptions:

1) Designation of Point of Interconnection and configuration to be studied.

2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer, System Operator and Interconnecting Transmission Owner.

Attachment 8

Interconnection Facilities Study Agreement

THIS AGREEMENT is made and entered into this_____day of_____

20___ by and between_____,

a_____organized and existing under the laws of the State of

_____, ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and

_____, a_____

existing under the laws of the State of_____,

("Interconnecting Transmission Owner"). Interconnection Customer, System Operator and Interconnecting Transmission Owner each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by the Interconnection Customer on_____; and

WHEREAS, the Interconnection Customer desires to interconnect the Small Generating Facility with the Administered Transmission System;

WHEREAS, the System Operator and Interconnecting Transmission Owner have completed an Interconnection System Impact Study and provided the results of said study to the Interconnection Customer; and

WHEREAS, the Interconnection Customer has requested the System Operator and Interconnecting Transmission Owner to perform an Interconnection Facilities Study to specify and estimate the cost of the

equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Small Generating Facility with the facilities that are part of the Interconnecting Transmission Owner's Administered Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures, or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 The Interconnection Customer elects and the System Operator and Interconnecting Transmission Owner shall cause an Interconnection Facilities Study consistent with the standard Small Generator Interconnection Procedures to be performed in accordance with the Open Access Transmission Tariff.

3.0 The scope of the Interconnection Facilities Study shall be subject to data provided in Attachment A to this Agreement.

4.0 The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the Interconnection System Impact Study(s). The Interconnection Facilities Study shall also identify (1) the electrical switching configuration of the equipment, including, without limitation, transformer, switchgear, meters, and other station equipment, (2) the nature and estimated cost of the Interconnecting Transmission Owner's Interconnection Facilities and Upgrades necessary to accomplish the interconnection, and (3) an estimate of the time required to complete the construction and installation of such facilities.

5.0 The System Operator and Interconnecting Transmission Owner may propose to group facilities required for more than one Interconnection Customer in order to minimize facilities costs through economies of scale, but any Interconnection Customer may require the installation of facilities required for its own Small Generating Facility if it is willing to pay the costs of those facilities.

6.0 A deposit, paid to the System Operator, of the good faith estimated Interconnection Facilities Study costs shall be required from the Interconnection Customer.

7.0 In cases where Upgrades are required, the Interconnection Facilities Study must be completed within 45 Business Days of the receipt of this Agreement. In cases where no Upgrades are necessary, and the required facilities are limited to Interconnection Facilities, the Interconnection Facilities Study must be completed within 30 Business Days.

8.0 Once the Interconnection Facilities Study is completed, an Interconnection Facilities Study report

shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the Interconnection Facilities Study must be completed and the Interconnection Facilities Study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct an Interconnection Facilities Study.

9.0 The total estimated cost of the performance of the Interconnection Facility Study consists of $ [insert], which is comprised of the System Operator's cost of $[insert] and the Interconnecting Transmission Owner's cost of $[insert]. The Interconnection Customer may be invoiced on a monthly basis for work to be conducted.

10.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the System Operator or Interconnecting Transmission Owner, as applicable, shall refund such excess within 30 calendar days of the invoice without interest.

11.0 Miscellaneous.

11.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

11.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection Facilities Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection Facilities Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection Facilities Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection Facilities Study, the content of the Interconnection Facilities Study, or the conclusions of the Interconnection Facilities Study. Interconnection Customer acknowledges that it has not relied on any representations or

warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

11.2 Force Majeure, Liability and Indemnification.

11.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all Reasonable Efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

11.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

11.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owner and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owner shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

11.4 Third-Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns. Notwithstanding the foregoing, and without limitation of Sections 11.2 and 11.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection Facilities Study shall not be deemed third party beneficiaries of Sections 11.2 and 11.3.

11.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 11.5, shall continue in effect for a term of one year or until the Interconnection Facilities Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 1.8 of the SGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

11.6 Governing Law, Regulatory Authority, and Rules. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____(where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all

Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

11.7 Severability. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority: (1) such portion or provision shall be deemed separate and independent; (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling; and (3) the remainder of this Agreement shall remain in full force and effect.

11.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

11.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

11.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

11.11 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

11.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect. Any waiver at any time by any Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the System Operator and the Interconnecting Transmission Owner. Any waiver of this Agreement shall, if requested, be provided in writing.

11.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

11.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

11.15 Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall 1require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

11.15.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the System Operator or Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

11.15.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

11.16 Reservation of Rights. Subject to the TOA, the System Operator and the Interconnecting Transmission Owner shall have the right to make a unilateral filing with the Commission to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this Agreement under any applicable provision of the Federal Power Act and the Commission's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before the Commission in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of System Operator] **[Insert name of Interconnection Customer]**

_____ _____

Signed_____ Signed_____

Name (Printed): Name (Printed):

_____ _____

Title_____ Title_____

[Insert name of Interconnecting Transmission Owner]

_____

Signed_____

Name (Printed):

_____

Title_____

Attachment A to

Interconnection Facilities Study Agreement

Data to Be Provided by the Interconnection Customer

with the Interconnection Facilities Study Agreement

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

On the one-line diagram, indicate the generation capacity attached at each metering location. (Maximum load on Current Transformer/Power Transformer ("CT/PT")

On the one-line diagram, indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

One set of metering is required for each generation connection to the new ring bus or existing Transmission Provider station. Number of generation connections: _____

Will an alternate source of auxiliary power be available during CT/PT maintenance?

Yes ____ No _____

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes _____ No _____

(Please indicate on the one-line diagram).

What type of control system or Power Line Carrier ("PLC") will be located at the Small Generating Facility?

_____

_____

What protocol does the control system or PLC use?

_____

_____

Please provide a 7.5-minute quadrangle map of the site. Indicate the plant, station, transmission line, and property lines.

Physical dimensions of the proposed interconnection station:

_____

Bus length from generation to interconnection station:

_____

Line length from interconnection station to Administered Transmission System.

_____

Tower number observed in the field. (Painted on tower leg)*:

_____

Number of third party easements required for transmission lines*:

_____

* To be completed in coordination with Transmission Provider.

Is the Small Generating Facility located in Transmission Provider's service area?

Yes _____ No _____ If No, please provide name of local provider:

_____

Please provide the following proposed schedule dates:

Begin Construction Date:_____

Generator step-up transformers receive back feed power Date:_____

Generation Testing Date:_____

Commercial Operation Date:_____

STANDARD SMALL GENERATOR
INTERCONNECTION AGREEMENT (SGIA)

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THIS STANDARD SMALL GENERATOR INTERCONNECTION AGREEMENT ("Agreement") is made and entered into this _____ day of _____, 20__, by and between _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnection Customer" with a Small Generating Facility), ISO New England Inc., a non-stock corporation organized and existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnecting Transmission Owner"). Under this Agreement the Interconnection Customer, System Operator, and Interconnecting Transmission Owner each may be referred to as a "Party" or collectively as the "Parties."

In consideration of the mutual covenants set forth herein, the Parties agree as follows

Article 1. Scope and Limitations of Agreement

1.1 Applicability:

This Agreement shall be used for all Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP) except for those submitted under the 10 kW Inverter Process contained in SGIP Attachment 5.

1.2 Purpose

This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the Interconnecting Transmission Owner's facilities that are part of the Administered Transmission System.

1.3 No Agreement to Purchase or Deliver Power

This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection

Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the applicable Party.

1.4 Limitations

Nothing in this Agreement is intended to affect any other agreement between the Parties.

1.5 Responsibilities of the Parties

1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.

1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.

1.5.3 The Interconnecting Transmission Owner shall construct, operate, and maintain its transmission facilities and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.

1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Interconnecting Transmission Owner, the New England Transmission System and any Affected Systems.

1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Interconnecting Transmission Owner and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the New England Transmission System [or Interconnecting Transmission Owner's transmission facilities], personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.

1.5.6 The System Operator, with input from the Interconnecting Transmission Owner, shall coordinate with all Affected Systems to support the interconnection.

1.6 Parallel Operation Obligations

Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable control area, including, but not limited to the ISO New England Operating Documents, and the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

The Interconnection Customer shall be responsible for the Interconnecting Transmission Owner's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachment 2 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

1.8 Reactive Power

1.8.1 The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of

Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the System Operator or Interconnecting Transmission Owner has established different requirements that apply to all similarly situated generators on a comparable basis and in accordance with Operating Requirements. The requirements of this paragraph shall not apply to wind generators.

1.8.2 Interconnection Customers shall be compensated for reactive power service in accordance with Schedule 2 of the Tariff.

1.9 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement. Capitalized terms in Schedule 23 that are not defined in the Glossary of Terms shall have the meanings specified in Sections I.2.2. of the Tariff.

1.10 Scope of Service

1. 10.1 Interconnection Product Options. Interconnection Customer has selected the following (checked) type of Interconnection Service:

_____ NR for NR Interconnection Service (NR Capability Only)

_____ CNR for CNR Interconnection Service (NR Capability and CNR Capability)

1.10.1.1 Capacity Network Resource Interconnection Service (CNR Interconnection Service

(a) The Product. The System Operator and Interconnecting Transmission Owner must conduct the necessary studies and the Interconnecting Transmission Owner and Affected Parties must construct the Network Upgrades needed to interconnect the Small Generating Facility in a manner comparable to that in which all other CNRs are interconnected under the CC Interconnection Standard. CNR Interconnection Service allows the Interconnection Customer's Small Generating Facility to be designated as a CNR to participate in the New England Markets, in accordance with Market Rule 1,

Section III of the Tariff, up to the net CNR Capability, or as otherwise provided in Market Rule 1, Section III of the Tariff, on the same basis as all other existing Capacity Network Resources, and to be studied as a Capacity Network Resource on the assumption that such a designation will occur.

1.10.1.2 Network Resource Interconnection Service (NR Interconnection Service).

(a) The Product. The System Operator and Interconnecting Transmission Owner must conduct the necessary studies and Interconnecting Transmission Owner and Affected Parties must construct the Network Upgrades needed to interconnect the Small Generating Facility in a manner comparable to that in which all other Network Resources are interconnected under the NC Interconnection Standard.

NR Interconnection Service allows the Interconnection Customer's Small Generating Facility to participate in the New England Markets, in accordance with Market Rule, Section III of the Tariff, up to the gross and net NR Capability or as otherwise provided in Market Rule 1, Section III of the Tariff. Notwithstanding the above, the portion of a Small Generating Facility that has been designated as a Network Resource interconnected under the NC Interconnection Standard cannot be a capacity resource under Section III.13 of the Tariff, except pursuant to a new Interconnection Request for CNR Interconnection Service.

1.10.1.3 Provision of Service. System Operator and Interconnecting Transmission Owner shall provide Interconnection Service for the Small Generating Facility at the Point of Interconnection.

1.10.1.4 Performance Standards. Each Party shall perform all of its obligations under this SGIA in accordance with Applicable Laws and Regulations, the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such requirements and standards, such Party shall not be deemed to be in Breach of this SGIA for its compliance therewith. If such Party is the Interconnecting Transmission Owner, then that Party shall amend the SGIA and System

Operator, in conjunction with the Interconnecting Transmission Owner, shall submit the amendment to the Commission for approval.

1.10.1.5 No Transmission Service Delivery. The execution of this SGIA does not constitute a request for, nor the provision of, any service except for Interconnection Service, including, but not limited to, transmission delivery service, local delivery service, distribution service, capacity service, energy service, or Ancillary Services under any applicable tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.

1.10.1.6 Transmission Delivery Service Implications. CNR Interconnection Service and NR Interconnection Service allow the Interconnection Customer's Small Generating Facility to be designated by any Network Customer under the Tariff on the New England Transmission System as a Capacity Network Resource or Network Resource, up to the net CNR Capability or NR Capability, respectively, on the same basis as all other existing Capacity Network Resources and Network Resources interconnected to the New England Transmission System, and to be studied as a Capacity Network Resource or a Network Resource on the assumption that such a designation will occur. Although CNR Interconnection Service and NR Interconnection Service do not convey a reservation of transmission service, any Network Customer can utilize its network service under the Tariff to obtain delivery of capability from the Interconnection Customer's Small Generating Facility in the same manner as it accesses Capacity Network Resources and Network Resources. A Small Generating Facility receiving CNR Interconnection Service or NR Interconnection Service may also be used to provide Ancillary Services, in accordance with the Tariff and Market Rule 1, after technical studies and/or periodic analyses are performed with respect to the Small Generating Facility's ability to provide any applicable Ancillary Services, provided that such studies and analyses have been or would be required in connection with the provision of such Ancillary Services by any existing Capacity Network Resource or Network Resource. However, if an Interconnection Customer's Small Generating Facility has not been designated as a Capacity Network Resource or as a Network Resource by any load, it cannot be required to provide Ancillary Services except to the extent such requirements extend to all Generating Facilities that are similarly situated.

CNR Network Interconnection Service and NR Interconnection Service do not necessarily provide the Interconnection Customer with the capability to physically deliver the output of its Small Generating Facility to any particular load on the New England Transmission System without incurring congestion costs. In the event of transmission constraints on the New England Transmission System, the Interconnection Customer's Small Generating Facility shall be subject to the applicable congestion management procedures for the New England Transmission System in the same manner as other Capacity Network Resources or Network Resources.

There is no requirement either at the time of study or interconnection, or at any point in the future, that the Interconnection Customer's Small Generating Facility be designated as a Capacity Network Resource or as a Network Resource by a Network Customer under the Tariff or that the Interconnection Customer identify a specific buyer (or sink). To the extent a Network Customer does designate the Small Generating Facility as either a Capacity Network Resource or a Network Resource, it must do so pursuant to the Tariff.

Once an Interconnection Customer satisfies the requirements for obtaining CNR Interconnection Service or NR Interconnection Service, as long as the Small Generating Facility has not been deemed to be retired, any future transmission service request for delivery from the Small Generating Facility on the New England Transmission System of any amount of capacity capability and/or energy capability will not require that any additional studies be performed or that any further upgrades associated with such Small Generating Facility be undertaken, regardless of whether or not such Small Generating Facility is ever designated by a Network Customer as a Capacity Network Resource or Network Resource and regardless of changes in ownership of the Small Generating Facility. To the extent the Interconnection Customer enters into an arrangement for long-term transmission service for deliveries from the Small Generating Facility outside the New England Transmission System, or if the unit has been deemed to be retired, such request may require additional studies and upgrades in order for Interconnecting Transmission Owner to grant such request.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

2.1.1. The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the System Operator and the Interconnecting Transmission Owner of such activities no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Interconnecting Transmission Owner may, at its own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Interconnecting Transmission Owner a written test report when such testing and inspection is completed.

2.1.2 The Interconnecting Transmission Owner shall provide the Interconnection Customer and the System Operator written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Interconnecting Transmission Owner of the safety, durability, suitability, or reliability of the Small Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Small Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

2.2.1 The Interconnecting Transmission Owner [and System Operator] shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Interconnecting Transmission Owner shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Interconnecting Transmission Owner shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.

2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the New England Transmission System [or Interconnecting Transmission Owner's transmission facilities] without prior written authorization of the Interconnecting Transmission Owner. The Transmission Provider will provide such authorization once the Transmission Provider receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

2.3.1 Upon reasonable notice, the Interconnecting Transmission Owner may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Small Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Small Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Interconnecting Transmission Owner at least five Business Days prior to conducting any on-site verification testing of the Small Generating Facility.

2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Interconnecting Transmission Owner shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.

2.3.3 Each Party shall be responsible for its own costs associated with following this article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties subject to acceptance by the Commission (if applicable), or if filed unexecuted, upon the date specified by the Commission. System Operator and Interconnecting Transmission Owner shall promptly file this Agreement with the Commission upon execution, if required.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and by mutual agreement of the Parties shall remain in effect for a period of _____ years, (Term to be specified in individual

Agreements, but in no case should the term be less than ten years from the Effective Date or such other longer period as the Interconnection Customer may request) and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with the Commission of a notice of termination of this Agreement (if required), which notice has been accepted for filing by the Commission.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the System Operator and Interconnecting Transmission Owner 20 Business Days written notice.

3.3.2 Each Party may terminate this Agreement after Default pursuant to article 7.6.

3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the Interconnecting Transmission Owner's Interconnection Facilities. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this SGIA or such non-terminating Party otherwise is responsible for these costs under this SGIA.

3.3.4 The termination of this Agreement shall not relieve any Party of its liabilities and obligations, owed or continuing at the time of the termination.

3.3.5 The provisions of this article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.

3.4.1 Emergency Conditions

"Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is likely to endanger life or property; or (2) that, in the case of the Interconnecting Transmission Owner, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the New England Transmission System, the Interconnecting Transmission Owner's Interconnection Facilities or any Affected System to which the New England Transmission System is directly connected; or (3) that, in the case of the Interconnection Customer, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. The System Operator and the Interconnecting Transmission Owner may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility in accordance with applicable provisions of the Operating Requirements. The System Operator and Interconnecting Transmission Owner shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility. The Interconnection Customer shall notify the System Operator and Interconnecting Transmission Owner promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the New England Transmission System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of the Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

3.4.2.1 Outage Authority and Coordination. The System Operator shall have the authority to coordinate facility outages in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Each Party may in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, in coordination with the other Party(ies), remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact the other Party's(ies') facilities as necessary to perform maintenance or testing or to install or replace equipment,

subject to the oversight of System Operator in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

3.4.2.2 Outage Schedules. Outage scheduling, and any related compensation, shall be in accordance with the applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

3.4.2.3 Interruption of Service. In accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, the System Operator or Interconnecting Transmission Owner may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect System Operator's or Interconnecting Transmission Owner's ability to perform such activities as are necessary to safely and reliably operate and maintain the New England Transmission System.

3.4.3 Forced Outages

During any forced outage, the Interconnecting Transmission Owner [and the System Operator] may suspend interconnection service to effect immediate repairs on the New England Transmission System. The Interconnecting Transmission Owner shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Interconnecting Transmission Owner shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The Interconnecting Transmission Owner shall notify the Interconnection Customer and the System Operator as soon as practicable if, based on Good Utility Practice, operation of the Small Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generating Facility could cause damage to the New England Transmission System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the

Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Interconnecting Transmission Owner may disconnect the Small Generating Facility. The Interconnecting Transmission Owner shall provide the Interconnection Customer and the System Operator with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the Small Generating Facility

The Interconnection Customer must receive written authorization from: (1) the Interconnecting Transmission Owner before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the Interconnecting Transmission Owner's Interconnection Facilities; and (2) the System Operator before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the New England Transmission System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the System Operator's or the Interconnecting Transmission Owner's, as appropriate, prior written authorization, the latter shall have the right to temporarily disconnect the Small Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, and the New England Transmission System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Interconnecting Transmission Owner shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may

benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Interconnecting Transmission Owner.

4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Interconnecting Transmission Owner's Interconnection Facilities.

4.2 Distribution Upgrades

The Interconnecting Transmission Owner shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Interconnecting Transmission Owner and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer. The Interconnection Customer shall be responsible for its share of all reasonable expenses, associated with operating, maintaining, repairing, and replacing such Distribution Upgrades, except to the extent that a retail tariff of, or an agreement with, the Interconnecting Transmission Owner or its distribution company affiliate, if appropriate, provides otherwise.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this article 5 shall apply unless the interconnection of the Small Generating Facility requires Network Upgrades, including Stand Alone Network Upgrades.

5.2 Network Upgrades

The Interconnecting Transmission Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Interconnecting

Transmission Owner and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Interconnecting Transmission Owner elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne by the Interconnection Customer.

5.2.1.1 Cost Allocation. Cost allocation of Generator Interconnection Related Upgrades shall be in accordance with Schedule 11 of Section II of the Tariff.

5.2.1.2 Compensation. Any compensation due to the Interconnection Customer for increases in transfer capability to the PTF resulting from its Generator Interconnection Related Upgrade shall be determined in accordance with Sections II and III of the Tariff.

5.3 Special Provisions for Affected Systems

The Interconnection Customer shall enter into separate related facilities agreements to address any upgrades to the Affected System(s) that are necessary for safe and reliable interconnection of the Interconnection Customer's Small Generating Facility.

5.4 Rights Under Other Agreements

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades.

Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

6.1.1 The Interconnecting Transmission Owner shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties.

6.1.2 Within three months of completing the construction and installation of the Interconnecting Transmission Owner's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Transmission Provider shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Interconnecting Transmission Owner for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Interconnecting Transmission Owner shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Interconnecting Transmission Owner within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Interconnecting Transmission Owner shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, it shall immediately notify the other Party(ies) of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless (1) it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Financial Security Arrangements

At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Interconnecting Transmission Owner's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Interconnecting Transmission Owner a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the Interconnecting Transmission Owner in accordance with Section 7 of Schedule 11 of the Tariff. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Interconnecting Transmission Owner's Interconnection Facilities and Upgrades. In addition:

6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Interconnecting Transmission Owner, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.

6.3.2 The letter of credit or surety bond must be issued by a financial institution or insurer reasonably acceptable to the Interconnecting Transmission Owner and must specify a reasonable expiration date.

Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default

Notwithstanding any other provision of this Agreement, the liability, indemnification and insurance provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnection Transmission Owner and the liability, indemnification and insurance provisions of the Tariff apply to the relationship between the System Operator and the Interconnection Customer and between the Interconnecting Transmission Owner and the Interconnection Customer.

7.1 Assignment

This Agreement may be assigned by a Party upon 15 Business Days prior written notice and opportunity to object by the other Parties; provided that:

7.1.1 The Parties may assign this Agreement without the consent of the other Parties to any affiliate of the assigning Party with an equal or greater credit rating and with the legal

authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the other Parties of any such assignment.

7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Interconnecting Transmission Owner or the System Operator, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly notify the Interconnecting Transmission Owner and the System Operator of any such assignment.

7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 Limitation of Liability

Each Party's liability to the other Party(ies) for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall a Party be liable to another Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

7.3 Indemnity

7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.

7.3.2 Each Party shall at all times indemnify, defend, and hold the other Parties harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or

resulting from the other Party's(ies') action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

7.3.4 If an indemnifying Party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.

7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

7.4 Consequential Damages

Other than as expressly provided for in this Agreement, in no event shall a Party be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.5 Force Majeure

7.5.1 As used in this article, a Force Majeure Event shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing."

7.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Party(ies), either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party(ies) informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

7.6 Default

7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an act or omission of the other Party(ies). Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party(ies) shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not those Parties terminate this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all

other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 8. Insurance Requirements

8.1 General Liability

The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Interconnecting Transmission Owner, except that the Interconnection Customer shall show proof of insurance to the Interconnecting Transmission Owner no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.

8.2 Insurer Requirements and Endorsements

All required insurance shall be carried by reputable insurers qualified to underwrite insurance in the state where the interconnection is located having a Best Rating of "A-". In addition, all insurance shall, (a) include Interconnecting Transmission Owner and System Operator as additional insureds; (b) contain a severability of interest clause or cross-liability clause; (c) provide that Interconnecting Transmission Owner and System Operator shall not incur liability to the insurance carrier for payment of premium for such insurance; and (d) provide for thirty (30) calendar days' written notice to Interconnecting Transmission Owner and System Operator prior to cancellation, termination, or material change of such insurance; provided that to the extent the Interconnection Customer is satisfying the requirements of subpart (d) of this paragraph by means of a presently existing insurance policy, the Interconnection Customer shall only be required to make good faith efforts to satisfy that requirement and will assume the responsibility for notifying the Interconnecting Transmission Owner and System Operator as required above.

If the requirement of clause (a) in the paragraph above prevents Interconnection Customer from obtaining the insurance required without added cost or due to written refusal by the insurance carrier, then upon Interconnection Customer's written notice to Interconnecting Transmission Owner and System Operator, the requirements of clause (a) shall be waived.

8.3 Evidence of Insurance

Evidence of the insurance required shall state that coverage provided is primary and is not in excess to or contributing with any insurance or self-insurance maintained by Interconnection Customer.

The Interconnection Customer is responsible for providing the Interconnecting Transmission Owner and the System Operator with evidence of insurance in compliance with this Tariff on an annual basis.

Prior to the Interconnecting Transmission Owner commencing work on Interconnection Facilities, Network Upgrades and Distribution Upgrades, the Interconnection Customer shall have its insurer furnish to the Interconnecting Transmission Owner and the System Operator certificates of insurance evidencing the insurance coverage required above. The Interconnection Customer shall notify and send to the Interconnecting Transmission Owner and the System Operator a certificate of insurance for any policy written on a "claims-made" basis. The Interconnecting Transmission Owner and the System Operator may at their discretion require the Interconnection Customer to maintain tail coverage for three years on all policies written on a "claims-made" basis.

8.4 Self Insurance

If Interconnection Customer is a company with a self-insurance program established in accordance with commercially acceptable risk management practices, Interconnection Customer may comply with the following in lieu of the above requirements as reasonably approved by the Interconnecting Transmission Owner and the System Operator:

- Interconnection Customer shall provide to Interconnecting Transmission Owner and System Operator, at least thirty (30) calendar days prior to the Date of Initial Operation, evidence of such program to self-insure to a level of coverage equivalent to that required.

- If Interconnection Customer ceases to self-insure to the standards required hereunder, or if Interconnection Customer is unable to provide continuing evidence of Interconnection Customer's financial ability to self-insure, Interconnection Customer agrees to promptly obtain the coverage required under Article 8.1.

8.5 Interconnecting Transmission Owner Insurance

The Interconnecting Transmission Owner agrees to maintain general liability insurance or self-insurance consistent with the Interconnecting Transmission Owner's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Interconnecting Transmission Owner's liabilities undertaken pursuant to this Agreement.

Article 9. Confidentiality

9.1 Confidential Information shall include without limitation, all information governed by the ISO New England Information Policy, all information obtained from third parties under confidentiality agreements, and any confidential and/or proprietary information provided by a Party to the another Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.

9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party(ies) and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.

9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party(ies) as it employs to protect its own Confidential Information.

9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if the Commission, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to the Commission, within the time provided for in the request for information. In providing the information to the Commission, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by the Commission and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party(ies) to this Agreement prior to the release of the Confidential Information to the Commission. The Party shall notify the other Party(ies) to this Agreement when it is notified by the Commission that a request to release Confidential Information has been received by the Commission, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

Article 10. Disputes

10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.

10.2 In the event of a dispute, a Party shall provide the other Party(ies) with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.

10.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, any Party may contact the Commission's Dispute Resolution Service (DRS) for assistance in resolving the dispute.

10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at http://www.ferc.gov/legal/adr.asp.

10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for its pro-rata share of any costs paid to neutral third-parties.

10.6 If no Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then each Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

Article 11. Taxes

11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with Commission policy and Internal Revenue Service requirements.

11.2 Each Party shall cooperate with the other to maintain the other Party's(ies') tax status. Nothing in this Agreement is intended to adversely affect the Interconnecting Transmission Owner's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by the Parties, or under article 12.12 of this Agreement.

12.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

12.4 Waiver

The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

12.4.1 Any waiver at any time by a Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Interconnecting Transmission Owner. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

Except for the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, this Agreement, including all Attachments, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and

contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. Except for the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, there are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Parties.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of the New England Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Commission expects the System Operator, Interconnecting Transmission Owners,

market participants, and Interconnection Customers interconnected to the New England Transmission System to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

12.10 Environmental Releases

Each Party shall notify the other Party(ies), first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party(ies). The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party(ies) copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party(ies) for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party(ies) for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

12.12 Reservation of Rights

Consistent with Section 4.8 of Schedule 23, the Interconnecting Transmission Owner and the System Operator shall have the right to make a unilateral filing with the Commission to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this Agreement under any applicable provision of the Federal Power Act and the Commission's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party(ies) and to participate fully in any proceeding before the Commission in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national currier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

[To be supplied]

If to the Interconnecting Transmission Owner:

[To be supplied]

If to the System Operator:

ISO New England Inc.

Attention: Generation Interconnection, Transmission Planning Department

One Sullivan Road

Holyoke, MA 01040-2841

Phone: _____ Fax: 413-540-4203

With a copy to:

Billing Department

ISO New England Inc.

One Sullivan Road

Holyoke, MA 01040-2841

13.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below:

Interconnection Customer: [To be supplied]

Interconnecting Transmission Owner[To be supplied]

System Operator: ISO New England Inc.

Attention: Generation Interconnection, Transmission Planning Department

One Sullivan Road

Holyoke, MA 01040-2841

Phone: _____ Fax: 413-540-4203

With a copy to:

Billing Department

ISO New England Inc.

One Sullivan Road

Holyoke, MA 01040-2841

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by a Party to the other Party(ies) and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Phone: _____ Fax: _____

E-mail: _____

If to the Interconnecting Transmission Owner:

Phone: _____ Fax: _____

E-mail: _____

If to the System Operator:

Phone: _____ Fax: 413-540-4203

E-mail: geninterconn@iso-ne.com

With a copy to:

Billing Department

Facsimile: (413) 535-4024

E-mail: billingdept@iso-ne.com

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

[To be supplied]

Interconnecting Transmission Owner's Operating Representative:

[To be supplied]

System Operator's Operating Representative:

ISO New England Inc.

Attention: Generation Interconnection, Transmission Planning Department

One Sullivan Road

Holyoke, MA 01040-2841

Phone: _____ Fax: (413) 540-4203

E-mail: geninterconn@iso-ne.com

DUNS Numbers:

Interconnection Customer: [To be supplied]

Interconnecting Transmission Owner: [To be supplied]

13.5 Changes to the Notice Information

A Party may change this information by giving five Business Days written notice prior to the effective date of the change.

Article 14. Signatures

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

[*Insert name of*](Interconnecting Transmission Owner)

Name: _____

Title: _____

Date: _____

[*Insert name of*](Interconnection Customer)

Name: _____

Title: _____

Date: _____

ISO New England Inc (System Operator)

Name: _____

Title: _____

Date: _____

ATTACHMENTS TO SGIA

Attachment 1	Glossary of Terms
Attachment 2	Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment
Attachment 3	One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment and Upgrades
Attachment 4	Milestones
Attachment 5	Additional Operating Requirements for the New England Transmission System and Affected Systems Needed to Support the Interconnection Customer's Needs
Attachment 6	Interconnecting Transmission Owner's Description of its Upgrades, and Best Estimates of Upgrade Costs
Attachment 7	Commercial Operation Date

Attachment 1

Glossary of Terms

Administered Transmission System – The PTF, the Non-PTF, and distribution facilities that are subject to the Tariff.

Affected Party– The entity that owns, operates or controls an Affected System, or any other entity that otherwise may be a necessary party to the interconnection process.

Affected System – Any electric system that is within the Control Area, including, but not limited to, generator owned transmission facilities, or any other electric system that is not within the Control Area that may be affected by the proposed interconnection.

Affiliate – With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Standards – The requirements and guidelines of NERC, NPCC and the New England Control Area, including publicly available local reliability requirements of Interconnecting Transmission Owners or other Affected Systems.

At-Risk Expenditure – Money expended for the development of the Generating Facility that cannot be recouped if the Interconnection Customer were to withdraw the Interconnection Request for the

Generating Facility. At-Risk Expenditure may include, but is not limited to, money expended on: (1) costs of federal, state, local, regional and town permits, (ii) Site Control, (iii) site-specific design and survey, (iv) construction activities, and (v) non-refundable deposits for major equipment components. For purposes of this definition, At-

Risk Expenditure shall not include costs associated with the Interconnection Studies.

Base Case – Base power flow, short circuit and stability databases, including all underlying assumptions, and contingency lists provided by System Operator, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements; such databases and lists shall include all generation projects and transmission projects, including merchant transmission projects that are proposed for the New England Transmission System for which a transmission expansion plan has been submitted and approved by the applicable authority. Base Cases also include data provided by the Interconnection Customer, where applicable, to the Interconnecting Transmission Owner and System Operator to facilitate required Interconnection Studies.

Business Day – Monday through Friday, excluding Federal Holidays.

Capacity Capability Interconnection Standard ("CC Interconnection Standard") – The criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, and in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other Capacity Network Resources, as detailed in the ISO New England Planning Procedures.

Capacity Network Resource ("CNR") – That portion of a Generating Facility that is interconnected to the Administered Transmission System under the Capacity Capability Interconnection Standard.

Capacity Network Resource Capability ("CNR Capability") -- (i) In the case of a Generating Facility that is a New Generating Capacity Resource pursuant to Section III.13.1 of the Tariff or an Existing Generating Capacity Resource that is increasing its capability pursuant to Section III.13.1.2.2.5 of the Tariff, the highest megawatt amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff, and, if applicable, as specified in a filing by the System Operator with the Commission in accordance with Section III.13.8.2 of the Tariff, or (ii) in the case of a Generating Facility that meets the criteria under Section 1.6.4.3 of the Small Generator Interconnection Procedures ("SGIP"), the total megawatt amount determined pursuant to the hierarchy established in Section 1.6.4.3. The CNR Capability shall not exceed the maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90degrees F for Summer and at or above 20 degrees F for Winter. Where the Generating Facility includes multiple production devices, the CNR Capability shall not exceed the aggregate maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter.

Capacity Network Resource Group Study ("CNR Group Study") – The study performed by the System Operator under Section III.13.1.1.2.3 of the Tariff to determine which resources qualify to participate in a Forward Capacity Auction.

Capacity Network Resource Interconnection Service ("CNR Interconnection Service") -- The Interconnection Service selected by the Interconnection Customer to interconnect its Small Generating Facility with the Administered Transmission System in accordance with the Capacity Capability Interconnection Standard. An Interconnection Customer's CNR Interconnection Service shall be for the megawatt amount of CNR Capability. CNR Interconnection Service does not in and of itself convey transmission service.

Commercial Operation – The status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date – The date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Attachment 7 to the Standard Small Generator Interconnection Agreement.

Default – The failure of a breaching Party to cure its breach under the Small Generator Interconnection Agreement.

Distribution System – The Interconnecting Transmission Owner's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Interconnecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative,

executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, the Interconnection Provider, or any Affiliate thereof.

Initial Synchronization Date – The date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date – The date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Interconnecting Transmission Owner's Interconnection Facilities to obtain back feed power.

Interconnecting Transmission Owner – A Transmission Owner that owns, leases or otherwise possesses an interest in, or a Non-Incumbent Transmission Developer that is not a Participating Transmission Owner that is constructing, a portion of the Administered Transmission System at the Point of Interconnection and shall be a Party to the Standard Small Generator Interconnection Agreement. The term Interconnecting Transmission Owner shall not be read to include the System Operator.

Interconnection Customer – Any entity, including a transmission owner or its Affiliates or subsidiaries, that interconnects or proposes to interconnect its Small Generating Facility with the Administered Transmission System under the Standard Small Generator Interconnection Procedures.

Interconnection Facilities – The Interconnecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Administered Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study – A study conducted by the System Operator, Interconnecting Transmission Owner, or a third party consultant for the Interconnection Customer to determine a list of facilities (including Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Administered Transmission System. The scope of the study is defined in Section 3.5 of the Standard Small Generator Interconnection Procedures.

Interconnection Facilities Study Agreement – The form of agreement contained in Attachment 8 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study – A preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Administered Transmission System, the scope of which is described in Section 3.3 of the Standard Small Generator Interconnection Procedures. The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study, or as part of the Interconnection System Impact Study. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 3.3 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 3.3 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 3.3 and Section 3.4.

Interconnection Feasibility Study Agreement – The form of agreement contained in Attachment 6 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request – The Interconnection Request (a) shall mean an Interconnection Customer's request, in accordance with the Tariff, to: (i) interconnect a new Generating Facility to the Administered Transmission System as either a CNR or a NR; (ii) increase the energy capability or capacity capability of

an existing Generating Facility; (iii) make a modification to the operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected to the Administered Transmission System; (iv) commence participation in the wholesale markets by an existing Generating Facility that is interconnected with the Administered Transmission System; or (v) change from NR Interconnection Service to CNR Interconnection Service for all or part of a Generating Facility's capability. Interconnection Request shall not include: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility.

Interconnection Service – The service provided by the System Operator and the Interconnecting Transmission Owner, associated with interconnecting the Interconnection Customer's Generating Facility to the Administered Transmission System and enabling the receipt of electric energy capability and/or capacity capability from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Small Generator Interconnection Agreement and, if applicable, the Tariff.

Interconnection Study – Any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Small Generator Interconnection Procedures. Interconnection Study shall not include a CNR Group Study.

Interconnection Study Agreement – Any of the following agreements: the Interconnection Feasibility Study Agreement, the Interconnection System Impact Study Agreement, and the Interconnection Facilities Study Agreement attached to the Standard Small Generator Interconnection Procedures.

Interconnection System Impact Study – An engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of the Administered Transmission System and any other Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on Adverse System Impacts, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Small Generator Interconnection Procedures. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 3.3 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 3.3 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 3.3 and 3.4.

Interconnection System Impact Study Agreement – The form of agreement contained in Attachment 7 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

Network Capability Interconnection Standard ("NC Interconnection Standard")– The minimum criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, as detailed in the ISO New England Planning Procedures.

Network Resource ("NR") – The portion of a Generating Facility that is interconnected to the Administered Transmission System under the Network Capability Interconnection Standard.

Network Resource Capability ("NR Capability") – The maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. Where the Generating Facility includes

multiple energy production devices, the NR Capability shall be the aggregate maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. The NR Capability shall be equal to or greater than the CNR Capability. In the case of a Generating Facility that meets the criteria under Section 1.6.4.4 of this SGIP, the NR Capability shall equal the total megawatt amount determined pursuant to Section 1.6.4.4.

Network Resource Interconnection Service ("NR Interconnection Service") – The Interconnection Service selected by the Interconnection Customer to interconnect its Generating Facility to the Administered Transmission System in accordance with the Network Capability Interconnection Standard. An Interconnection Customer's NR Interconnection Service shall be solely for the megawatt amount of the NR Capability. NR Interconnection Service in and of itself does not convey transmission service.

Network Upgrades – Additions, modifications, and upgrades to the New England Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the Administered Transmission System to accommodate the interconnection of the Small Generating Facility with the Administered Transmission System. Network Upgrades do not include Distribution Upgrades.

Notice of Dispute – A written notice of a dispute or claim that arises out of or in connection with the Standard Small Generator Interconnection Agreement or its performance.

Operating Requirements – Any operating and technical requirements that may be applicable due to System Operator or the Interconnecting Transmission Owner's requirements, including those set forth in the Small Generator Interconnection Agreement, ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

Party– The System Operator, Interconnecting Transmission Owner, Interconnection Customer or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Administered Transmission System.

Queue Position -- The order of a valid request in the New England Control Area, relative to all other pending requests in the New England Control Area, that is established based upon the date and time of receipt of such request by the System Operator. Requests are comprised of Interconnection Requests, requests for Elective Transmission Upgrades, requests for transmission service and notification of requests for interconnection to other electric systems, as notified by the other electric systems, that impact the Administered Transmission System. For purposes of the SGIP, references to a "higher-queued" Interconnection Request shall mean one that has been received by System Operator (and placed in queue order) earlier than another Interconnection Request, which is referred to as "lower-queued."

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the Small Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Small Generating Facility – A Generating Facility having a maximum gross capability at or above zero degrees F of 20 MW or less.

Stand Alone Network Upgrades – Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the New England Transmission System

during their construction. The System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, must agree as to what constitutes Stand Alone Network Upgrades and identify them in Attachment 2 to the Standard Small Generator Interconnection Agreement.

Tariff – The System Operator's or Affected System's Tariff through which open access transmission service and Interconnection Service are offered, as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff.

Trial Operation – The period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

Upgrades – The required additions and modifications to the Administered Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Attachment 2

Description and Costs of the Small Generating Facility,

Interconnection Facilities, and Metering Equipment

Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer or the Interconnecting Transmission Owner. The Interconnecting Transmission Owner will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

I. DESCRIPTION OF MAJOR COMPONENTS

A. Small Generating Facility

(1) Description of Small Generating Facility.

[*insert*]

(2) The Small Generating Facility shall receive:

___ Network Resource Interconnection Service for the NR Capability at a level not to exceed [insert gross and net at or above 50 degrees F] MW for Summer, and [insert gross and net at or above 0 degrees F] MW for Winter.

___ Capacity Network Resource Interconnection Service for: (a)(i) the NR Capability at a level not to exceed [insert gross and net at or above 50 degrees F] MW for Summer and [insert gross and net at or above 0 degrees F] MW for Winter; and (ii) the CNR Capability at [insert net] MW for Summer and [insert net] MW for Winter, which shall not exceed [insert the maximum net MW electrical output of the Generating Facility at an ambient temperature at or above 90 degrees F for summer and at or above 20 degrees F for winter]. The CNR Capability shall be the amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff and, if applicable, as specified in filings by the System Operator with the Commission pursuant to Section III.13 of the Tariff.

(3) Detailed Description of Small Generating Facility and Generator Step-Up Transformer, if applicable:

Generator Data	
Number of Generators	
Manufacturer	
Model	
Designation of Generator(s)	
Excitation System Manufacturer	
Excitation System Model	
Voltage Regulator Manufacturer	
Voltage Regulator Model	

Generator Ratings	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 90 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 50 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 20 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above zero Degrees F	
Station Service Load For Each Unit	
Overexcited Reactive Power at Rated MVA and Rated Power Factor	
Underexcited Reactive Power at Rated MVA and Rated Power Factor	

Generator Short Circuit and Stability Data	
Generator MVA rating	
Generator AC Resistance	
Subtransient Reactance (saturated)	
Subtransient Reactance (unsaturated)	
Transient Reactance (saturated)	
Negative sequence reactance	
Transformer Data	
Number of units	
Self Cooled Rating	
Maximum Rating	
Winding Connection (LV/LV/HV)	
Fixed Taps	
Z1 primary to secondary at self cooled rating	
Z1 primary to tertiary at self cooled rating	
Z1 secondary to tertiary at self cooled rating	
Positive Sequence X/R ratio primary to secondary	
Z0 primary to secondary at self cooled rating	
Z0 primary to tertiary at self cooled rating	

Z0 secondary to tertiary at self cooled rating	
Zero Sequence X/R ratio primary to tertiary	

B. Interconnection Facilities

[*insert*]

C. Metering Equipment

[*insert*]

D. Other Components

[*insert*]

II. INTERCONNECTION EQUIPMENT OWNERSHIP, OPERATION AND MAINTENANCE

A. Point of Change of Ownership; Point of Interconnection

[*insert*]

B. Description of Responsibilities

[*insert*]

III. PRICING ESTIMATES

A. Interconnection Facilities

[*insert*]

B. Metering Equipment

[*insert*]

C. Operation and Maintenance

[*insert*]

Attachment 3

One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades

[*insert*]

Attachment 4

Milestones

1. **Milestones and Other Requirements:** The description and entries listed in the following table establish the required Milestones in accordance with the provisions of the SGIP and this SGIA. The referenced section of the SGIP or article of the SGIA should be reviewed to understand the requirements of each milestone.

Item No.	Milestone Description	Responsible Party	Date	SGIP/SGIA Reference
1	Submit updated data "as purchased"	Interconnection Customer	No later than 180 Calendar Days prior to Initial Synchronization Date	
2	Submit supplemental and/or updated data "as built/as-tested"	Interconnection Customer	Prior to Commercial Operation Date	
3	Provide quarterly written progress reports	Interconnection Customer and Interconnecting Transmission Owner	15 Calendar Days after the end of each quarter beginning the quarter that includes the date for Milestone #3 below and ending when the entire Small Generating Facility and all required Interconnection Facilities and Network Upgrades	

			are in place	
4	Deliver to Transmission Owner "as built" drawings, information and documents regarding Interconnection Customer's Interconnection Facility	Interconnection Customer	If requested, within 120 Calendar Days after Commercial Operation date	

2. Milestones Applicable If Facilities Study Has Been Waived by Interconnection Customer:

Item No.	Milestone Description	Responsible Party	Date	SGIP/SGIA Reference
1	Siting approval for the Generating Facility and Interconnection Facilities	Interconnection Customer	As agreed to by the Parties	SGIP § 3.4.5(i)
2	Engineering of Interconnection Facilities approved by Interconnecting Transmission Owner	Interconnection Customer	As agreed to by the Parties	SGIP § 3.4.5(ii)
3	Commit to the ordering of long lead time material for Interconnection Facilities and system upgrades	Interconnection Customer	As agreed to by the Parties	SGIP § 3.4.5(iii)
4	In-Service Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	

5	Initial Synchronization Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	SGIP § 3.4.5(iv)
6	Commercial Operation Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	SGIP § 3.4.5(v)

3. Milestones Applicable Solely for CNR Interconnection Service. In addition to the Milestones above, the following Milestones apply to Interconnection Customers requesting CNR Interconnection Service:

Item #	Milestone	Responsible Party	Date	SGIP/SGIA Reference
1	Submit necessary requests for participation in the Forward Capacity Auction associated with the Generating Facility's requested Commercial Operation Date, in accordance with Section III.13 of the Tariff	Interconnection Customer		1.7.1.3(i)
2	Participate in a CNR Group Study	Interconnection Customer; System Operator		1.7.1.3(ii)
3	Qualify and receive a Capacity Supply Obligation in accordance with Section III.13 of the Tariff	Interconnection Customer		1.7.1.3(iii)
4	Complete a re-study of the applicable Interconnection Study to determine the cost responsibility for facilities and upgrades necessary to accommodate the Interconnection Request based on the results of the Forward Capacity Auction, Reconfiguration Auction or bilateral transaction through which the Interconnection Customer received a Capacity Supply Obligation	System Operator		1.7.1.3(iv)

Attachment 5

Additional Operating Requirements for the

New England Transmission System and Affected Systems Needed to Support

the Interconnection Customer's Needs

The Interconnecting Transmission Owner shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the New England Transmission System.

I. OPERATING REQUIREMENTS

[*Insert*]

Attachment 6

Interconnecting Transmission Owner's

Description of its Upgrades

and Best Estimate of Upgrade Costs

The Interconnecting Transmission Owner shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Interconnecting Transmission Owner shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

I. DESCRIPTION OF UPGRADES

A. Distribution Upgrades

[*Insert*]

B. Network Upgrades

[*Insert*]

(1) Stand Alone Network Upgrades

(2) Other Network Upgrades

C. Affected System Upgrades

[Insert]

D. Contingency Upgrades

(1) Long Lead Facility-Related Upgrades. The Interconnection Customer's Small Generating Facility is associated with a Long Lead Facility, in accordance with Section 3.2.3 of the LGIP. Pursuant to Section 4.1 of the LGIP, the Interconnection Customer shall be responsible for the following upgrades in the event that the Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation in accordance with Section III.13.1 of the Tariff:

[*insert list of upgrades*]

If the Interconnection Customer fails to cause these upgrades to be in-service prior to the commencement of the Long Lead Facility's Capacity Commitment Period, the Interconnection Customer shall be deemed to be in Breach of this SGIA in accordance with Article 7, and the System Operator will initiate all necessary steps to terminate this SGIA, in accordance with Article 3.

(2) Other Contingency Upgrades. [*e.g.*, list of upgrades associated with higher queued Interconnection Requests with SGIAs prior to this SGIA and any other contingency upgrades that the Parties may deem necessary for the interconnection of the Small Generating Facility.]

E. Post-Forward Capacity Auction Re-study Upgrade Obligations.

[*Insert any changes in upgrade obligations that result from re-study conducted post receiving a Capacity Supply Obligation in accordance with the Tariff*.]

Attachment 7

Commercial Operation Date

This Attachment 7 is a part of the SGIA between System Operator, Interconnecting Transmission Owner and Interconnection Customer.

[*Date*]

[*Interconnecting Transmission Owner; Address*]

Generator Interconnections

Transmission Planning Department

ISO New England Inc.

One Sullivan Road

Holyoke, MA 01040-2841

Re: _____ Small Generating Facility

Dear _____:

On [Date] [Interconnection Customer] has completed Trial Operation of Unit No. ___. This letter confirms that [Interconnection Customer] commenced commercial operation of Unit No. ___ at the Small Generating Facility, effective as of [Date plus one day].

Thank you.

[*Signature*]

[*Interconnection Customer Representative*]

ATTACHMENT K

REGIONAL SYSTEM PLANNING PROCESS

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13. Rights Under The Federal Power Act

1. Overview

This Attachment describes the regional system planning process conducted by the ISO, as well as the coordination with transmission-owning entities in, or other entities interconnected to, the New England Transmission System and neighboring systems to ensure the reliability of the New England Transmission System and compliance with national and regional planning standards, criteria and procedures, while accounting for market performance, economic, environmental, and other considerations, as may be agreed upon from time to time. The New England Transmission System is comprised of PTF, Non-PTF, OTF and MTF within the New England Control Area that is under the ISO's operational authority or control pursuant to the ISO Tariff and/or various transmission operating agreements. This Attachment describes the regional system planning process for the PTF conducted by the ISO, and local system planning process conducted by the PTOs, pursuant to their responsibilities defined in the Tariff, the various transmission operating agreements and this Attachment. Additional details regarding the regional system planning process are also provided in the ISO New England Planning Procedures and ISO New England Operating Procedures, which are available on the ISO's website.

The ISO shall conduct the regional system planning process for the PTF in coordination with the transmission-owning entities in, or other entities interconnected to, the New England Transmission System and neighboring systems, consistent with the rights and obligations defined in the Tariff, applicable transmission operating agreements and this Attachment. As described in this Attachment's Section 6 and Appendix 1, entitled "Attachment K -Local System Planning Process", the PTOs are responsible for the Local System Planning ("LSP") process for the Non-PTF in the New England Transmission System. As also described in Section 6, and pursuant to the Tariff and/or transmission operating agreements, the OTOs and MTOs are required to participate in the ISO's regional system planning process for reliability purposes and to perform and/or support studies of the impact of regional system planning projects on their respective OTF and MTF.

The regional system planning process described in this Attachment provides for the ISO to undertake assessments of the needs of the PTF system on a systemwide or specific area basis. These assessments shall be referred to as Needs Assessments, as described in Section 4.1 of this Attachment. The ISO shall incorporate market responses that have met the criteria specified in Section 4.2(a) of this Attachment into the Needs Assessments or the Regional System Plan ("RSP"), described below. Where market responses incorporated into the Needs Assessments do not eliminate or address the needs identified by the ISO in Needs Assessments or the RSP, the ISO shall develop or evaluate, pursuant to Section 4.2(b) of this

Attachment, as applicable, regulated transmission solutions proposed in response to the needs identified by the ISO. Pursuant to Sections 3 and 7 of this Attachment, the ISO shall develop the RSP for approval by the ISO Board of Directors following stakeholder input through the Planning Advisory Committee established pursuant to Section 2 of this Attachment. The RSP is a compilation of the regional system planning process activities conducted by the ISO during a given year. The RSP shall address needs of the PTF system determined by the ISO through Needs Assessments initiated and updated on an ongoing basis by the ISO to: (i) account for changes in the PTF system conditions; (ii) ensure reliability of the PTF system; (iii) comply with national and regional planning standards, criteria and procedures; and (iv) account for market performance, economic, environmental and other considerations as may be agreed upon from time to time.

As more fully described in Section 3 of this Attachment, the RSP shall identify:

(i) PTF system reliability and market efficiency needs,

(ii) the requirements and characteristics of the types of resources that may satisfy PTF system reliability and market efficiency needs to provide stakeholders an opportunity to develop and propose efficient market responses to meet the needs identified in Needs Assessments;

(iii) regulated transmission solutions to meet the needs identified in Needs Assessments where market responses do not address such needs or additional transmission infrastructure may be required to comply with national and regional planning standards, criteria and procedures or provide market efficiency benefits in accordance with Attachment N of this OATT; and

(iv) those projects for which there has been a Public Policy Transmittal pursuant to the procedures described in Section 4A of this Attachment K.

In addition, the RSP shall also provide information on a broad variety of power system requirements that serves as input for reviewing the design of the markets and the overall economic performance of the system. The RSP shall also describe the coordination of the ISO's regional system plans with regional, local and inter-area planning activities.

Pursuant to Section 3.6 of this Attachment, the ISO shall also develop, maintain and post on its website a cumulative list reflecting the regulated transmission solutions proposed in response to Needs Assessments

(the "RSP Project List"). The RSP Project List shall be a cumulative representation of the regional transmission planning expansion efforts ongoing in New England.

2. Planning Advisory Committee

2.1 Establishment

A Planning Advisory Committee shall be established by the ISO to perform the functions set forth in Section 2.2 of this Attachment. It shall have a Chair and Secretary, who shall be appointed by the chief executive officer of the ISO or his or her designee. Before appointing an individual to the position of the Chair or Secretary, the ISO shall notify the Planning Advisory Committee of the proposed assignment and, consistent with its personnel practices, provide any other information about the individual reasonably requested by the Planning Advisory Committee. The chief executive officer of the ISO or his or her designee shall consider the input of the members of the Planning Advisory Committee in selecting, removing or replacing such officers. The Planning Advisory Committee shall be advisory only and shall have no formal voting protocol.

The ISO may form subcommittees that, at the discretion of the ISO, may report to the Planning Advisory Committee.

2.2 Role of Planning Advisory Committee

The Planning Advisory Committee may provide input and feedback to the ISO concerning the regional system planning process, including the development of and review of Needs Assessments, the conduct of Solutions Studies, the development of the RSP, and updates to the RSP Project List. Specifically, the Planning Advisory Committee serves to review and provide input and comment on: (i) the development of the RSP, (ii) assumptions for studies, (iii) the results of Needs Assessments, Solutions Studies, and (iv) potential market responses to the needs identified by the ISO in a Needs Assessment or the RSP. The Planning Advisory Committee, with the assistance of and in coordination with the ISO, serves also to identify and prioritize requests for Economic Studies to be performed by the ISO, and provides input and feedback to the ISO concerning the conduct of Economic Studies and Public Policy Transmission Studies, including the criteria and assumptions for such studies. Based on input and feedback related to the regional system planning process provided by the Planning Advisory Committee to the ISO, the ISO shall consult with the appropriate NEPOOL technical committees, including but not limited to, the Markets, Reliability and Transmission Committees, on issues and concerns identified by the Planning Advisory Committee as requiring further investigation and consideration of potential changes to ISO New England Operating Documents.

2.3 Membership

Any entity, including State regulators or agencies and NESCOE, as specified in Attachment N of the OATT, may designate a member to the Planning Advisory Committee by providing written notice to the Secretary of that Committee identifying the name of the entity represented by the member and the member's name, address, telephone number, facsimile number and electronic mail address. The entity may remove or replace such member at any time by written notice to the Secretary of the Planning Advisory Committee.

2.4 Procedures

(a) Notice of Meetings

Prior to the beginning of each year, the ISO shall list on the ISO Calendar, which is available on the ISO's website, the proposed meeting dates for the Planning Advisory Committee for each month of the year. Prior to a Planning Advisory Committee meeting, the ISO shall provide notice to the Planning Advisory Committee by electronic email with the date, time, format for the meeting (i.e., in person or teleconference), and the purpose for the meeting.

(b) Frequency of Meetings

Meetings of the Planning Advisory Committee shall be held as frequently as necessary to serve the purposes stated in Section 2.2 of this Attachment and as further specified elsewhere in this Attachment, generally expected to be no less than four (4) times per year.

(c) Availability of Meeting Materials

The ISO shall post materials for Planning Advisory Committee meetings on the Planning Advisory Committee section on the ISO's website prior to meetings. The materials for the Planning Advisory Committee meetings shall be made available to the members of the Planning Advisory Committee subject to protections warranted by confidentiality requirements of the ISO New England Information Policy set forth in Attachment D of the ISO Tariff and Critical Energy Infrastructure Information ("CEII") policy as further described in Section 2.4(d) of this Attachment.

(d) Access to Planning-Related Materials that Contain CEII

CEII is defined as specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure (physical or virtual) that:

(i) Relates details about the production, generation, transportation, transmission, or distribution of energy;

(ii) Could be useful to a person in planning an attack on critical infrastructure;

(iii) Is exempt from mandatory disclosure under the Freedom of Information Act, 5 U.S.C. 552; and

(iv) Does not simply give the location of critical infrastructure.

CEII pertains to existing and proposed system and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of those matters. CEII does not include information that is otherwise publicly available. Simplified maps and general information on engineering, vulnerability, or design that relate to production, generation, transportation, transmission or distribution of energy shall not constitute CEII.

Planning-related materials determined to be CEII will be posted on the ISO's password-protected website. To obtain access to planning-related materials determined to be CEII, the entity seeking to obtain such access must contact the ISO's Customer Service department. Authorized Market Participants or their representatives, such as consultants, are bound by the ISO New England Information Policy and will be able to access CEII materials through the ISO's password-protected website. State and federal governmental agency employees and their consultants will be able to access such materials through the ISO's password-protected website upon submittal of a signed non-disclosure agreement, which is available on the ISO's website. Personnel of the ERO, NPCC, other regional transmission organizations or independent system operators, and transmission owners from neighboring regions will be able to access CEII materials pursuant to governing agreements, rules and protocols. All external requests by other persons for planning-related materials determined to be CEII shall be recorded and tracked by ISO's Customer Services staff. Such requestors will be able to obtain access to CEII documents filed with the Commission pursuant to the Commission's regulations governing access to CEII. To

the extent a requestor seeks access to planning-related material that is not filed with the Commission, such requestor shall comply with the requirements provided in the CEII procedures of the ISO, available on the ISO's website, prior to receiving access to CEII information. Upon compliance with the ISO's CEII procedures, the ISO shall grant the requestor access to the planning-related CEII document through direct distribution or access to the ISO password-protected website.

2.5 Local System Planning Process

The LSP process described in Appendix 1 to this Attachment applies to the transmission system planning for the Non-PTF in the New England Transmission System. The PTOs will utilize interested members of the Planning Advisory Committee for advisory stakeholder input in the LSP process that will meet, as needed, at the conclusion of, or independent of, scheduled Planning Advisory Committee meetings. The LSP meeting agenda and meeting materials will be developed by representatives of the pertinent PTOs and PTO representatives will chair the LSP meeting. The ISO will post the LSP agenda and materials for LSP.

3. RSP: Principles, Scope, and Contents

3.1 Description of RSP

The ISO shall develop the RSP based on periodic comprehensive assessments (conducted not less than every third year) of the PTF systemwide needs to maintain the reliability of the New England Transmission System while accounting for market efficiency, economic, environmental, and other considerations, as agreed upon from time to time. The ISO shall update the RSP to reflect the results of ongoing Needs Assessments conducted pursuant to Section 4.1 of this Attachment. The RSP shall also account for projected improvements to the PTF that are needed to maintain system reliability in accordance with national and regional standards and the operation of efficient markets under a set of planning assumptions.

The RSP shall, among other things:

(i) describe, in a consolidated manner, the assessment of the PTF system needs, the results of such assessments, and the projected improvements;

(ii) provide the projected annual and peak demands for electric energy for a five-to ten-year horizon, the needs for resources over this period and how such resources are expected to be provided;

(iii) specify the physical characteristics of the physical solutions that can meet the needs defined in the Needs Assessments and include information on market responses that can address them; and

(iv) provide sufficient information to allow Market Participants to assess the quantity, general locations, operating characteristics and required availability criteria of the type of incremental supply or demand-side resources, or merchant transmission projects, that would satisfy the identified needs or that may serve to modify, offset or defer proposed regulated transmission upgrades.

The RSP shall also include a description of proposed regulated transmission solutions that, based on the Solutions Studies described in Section 4.2 of this Attachment, may meet the needs identified in the Needs Assessments. To this end, as further described in Section 3.6 below, the ISO shall develop and maintain a RSP Project List, a cumulative listing of proposed regulated transmission solutions classified, to the extent known, as Reliability Transmission Upgrades, Market Efficiency Transmission Upgrades, and Public Policy Transmission Upgrades. The RSP shall also provide reasons for any new regulated transmission solutions or Transmission Upgrades included in the RSP Project List, any change in status of a regulated transmission solution or Transmission Upgrade in the RSP Project List, or for any removal of regulated transmission solutions or Transmission Upgrades from the RSP Project List that are known as of that time.

Each RSP shall be built upon the previous year's RSP.

3.2 Baseline of RSP

The RSP shall account for: (i) all projects that have met milestones, including market responses and regulated transmission solutions (e.g., planned demand-side projects, generation and transmission projects, Merchant Transmission Facilities, and Elective Transmission Upgrades) as determined by the ISO, in collaboration with the Planning Advisory Committee, pursuant to Sections 4.1 and 4.2 of this Attachment; and (ii) the requirements for system operation and restoration services, not including the development of a system operations or restoration plan, which is outside the scope of the regional system planning process.

3.3 RSP Planning Horizon and Parameters

The RSP shall be based on a five-to ten-year planning horizon, and reflect five-to ten-year capacity and load forecasts.

The RSP shall conform to: Good Utility Practice; applicable Commission compliance requirements related to the regional system planning process; applicable reliability principles, guidelines, criteria, rules, procedures and standards of the ERO, NPCC, and any of their successors; planning criteria adopted and/or developed by the ISO; Transmission Owner criteria, rules, standards, guides and policies developed by the Transmission Owner for its facilities consistent with the ISO planning criteria, the applicable criteria of the ERO and NPCC; local transmission planning criteria; and the ISO New England Planning Procedures and ISO New England Operating Procedures, as they may be amended from time to time (collectively, the "Planning and Reliability Criteria").

The revisions to this Attachment K submitted to comply with FERC's Order No. 1000 shall not apply to any identified needs or transmission solutions included in an RSP approved by the ISO Board of Directors prior to the effective date of the Order No. 1000 compliance filing of the ISO and the PTOs or to any needs assessment concluded by the ISO or proposed solutions listed in an RSP update prior to such effective date.

3.4 Other RSP Principles

The RSP shall be designed and implemented to: (i) avoid unnecessary duplication of facilities; (ii) identify facilities that are necessary to meet Planning and Reliability Criteria; (iii) avoid the imposition of unreasonable costs upon any Transmission Owner, Transmission Customer or other user of a transmission facility; (iv) take into account the legal and contractual rights and obligations of the Transmission Owners and the transmission-related legal and contractual rights and obligations of any other entity; (v) provide for coordination with existing transmission systems and with appropriate inter-area and local expansion plans; and (vi) properly coordinate with market responses, including, but not limited to generation, merchant transmission and demand-side responses.

3.5 Market Responses in RSP

Market responses shall include investments in resources (e.g., demand-side projects, generation and distributed generation) and Merchant Transmission Facilities, and shall be evaluated by the ISO, in consultation with the Planning Advisory Committee, pursuant to Sections 4.2(a) and 7 of this Attachment.

In developing the RSP, the ISO shall account for market responses: (i) proposed by Market Participants as addressing needs (and any critical time constraints for addressing such needs) identified in a RSP or Needs Assessment, developed pursuant to Section 4.1 of this Attachment; and (ii) that have proved to be viable by meeting the criteria specified in Section 4.2(a) of this Attachment, as applicable.

Specifically, market responses that are identified to the ISO and are determined by the ISO, in consultation with the Planning Advisory Committee, to be sufficient to alleviate the need for a particular regulated transmission solution or Transmission Upgrade, based on the criteria specified in the pertinent Needs Assessment or RSP, and are judged by the ISO to be achievable within the required time period, shall be reflected in the next RSP and/or in a new or updated Needs Assessment. That particular regulated transmission solution or Transmission Upgrade may continue to be included in the appropriate category on the RSP Project List (as described in Section 3.6 below), subject to the ISO having the flexibility to indicate that the project should proceed at a later date or it may be removed if it is determined to be no longer needed. If the market response does not fully address the defined needs, or if additional transmission infrastructure is required to facilitate the efficient operation of the market, the RSP shall also include that particular regulated transmission solution or Transmission Upgrade, subject to the ISO having the flexibility to indicate that the Transmission Upgrade or regulated transmission solution should proceed at a later date and be modified, if necessary.

3.6 The RSP Project List

(a) Elements of the RSP Project List

The RSP Project List shall identify regulated transmission solutions proposed in response to the needs identified in a RSP or Needs Assessments conducted pursuant to Section 4.1 of this Attachment, and shall identify Public Policy Transmission Upgrades identified pursuant to Section 4A of this Attachment. The RSP Project List shall identify the proposed regulated transmission solutions separately as a Reliability Transmission Upgrade, a Market Efficiency Transmission Upgrade, or a Public Policy Transmission Upgrade.

With regard to Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, the following subcategories will be utilized to indicate the status of each proposed regulated transmission solution in the evaluation process. These subcategories include: (i) Concept; (ii) Proposed; (iii) Planned; (iv) Under Construction; and (v) In-

Service. A Public Policy Transmission Upgrade will be identified in the RSP Project List as (i) Proposed; (ii) Planned: (iii) Under Construction; or (iv) In-Service.

The regulated transmission solution subcategories are defined as follows:

(i) For purposes of Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, "Concept" shall include a transmission project that is being considered by its proponent as a potential solution to meet a need identified by the ISO in a Needs Assessment or the RSP, but for which there is little or no analysis available to support the transmission project.

(ii) For purposes of Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, "Proposed" shall include a regulated transmission solution that (a) has been proposed in response to a specific need identified by the ISO in a Needs Assessment or the RSP and (b) has been evaluated or further defined and developed in a Solutions Study, as specified in Section 4.2(b) of this Attachment, such that there is significant analysis that supports a determination by the ISO, as communicated to the Planning Advisory Committee, that the proposed regulated transmission solution would likely meet the need identified by the ISO in a Needs Assessment or the RSP, but has not received approval by the ISO under Section I.3.9 of the Tariff.

For purposes of Public Policy Transmission Upgrades, "Proposed" means that the inclusion of the project in the RSP Project List has received a Public Policy Transmittal pursuant to the procedures described in Section 4A of this Attachment K, but that the project has not yet been approved by the ISO under Section I.3.9 of the Tariff.

(iii) "Planned" shall include a Transmission Upgrade that has met the requirements for a Proposed project and has been approved by the ISO under Section I.3.9 of the Tariff.

(iv) "Under Construction" shall include a Transmission Upgrade that has received the approvals required under the Tariff and engineering and construction is underway.

(v) "In Service" shall include a Transmission Upgrade that has been placed in commercial operation.

Each Reliability Transmission Upgrade and Market Efficiency Transmission Upgrade shall be cross-referenced to the specific systemwide or area needs identified in a Needs Assessment or RSP. Each proposed Public Policy Transmission Upgrade shall be cross-referenced in the RSP Project List to a specific Public Policy Transmission Study.

For completeness, the RSP Project List shall also include transmission facilities (as determined under the ISO interconnection process specified in this OATT) to be built to accommodate new generation, merchant transmission, and elective transmission interconnections that have satisfied the requirements of this OATT.

(b) Periodic Updating of RSP Project List

The RSP Project List will be updated by the ISO periodically by adding, removing or revising regulated transmission solutions or Transmission Upgrades in consultation with the Planning Advisory Committee and, as appropriate, the Reliability Committee.

Updating of the RSP Project List shall be considered an update of the RSP to be reflected in the next RSP, as appropriate, pursuant to Section 3.1 of this Attachment.

(c) RSP Project List Updating Procedures and Criteria

As part of the periodic updating of the RSP Project List, the ISO: (i) shall modify (in accordance with the provisions of this Attachment) regulated transmission solutions or Transmission Upgrades to reflect changes to the PTF system configurations, including ongoing investments by Market Participants or other stakeholders; (ii) may add to and classify accordingly, regulated transmission solutions; and (iii) may remove from the RSP Project List regulated transmission solutions or Transmission Upgrades previously identified in the RSP Project List if the ISO determines that the need for the proposed regulated transmission solution or the approved Transmission Upgrade no longer exists or is no longer feasible. With regard to (iii) above, this may include a removal of a regulated transmission solution or Transmission Upgrade because a market response meeting the need reaches the maturity specified in Section 4.2(a) of this Attachment and has been determined, pursuant to Section 4.2(a) of this Attachment, to meet the need described in the pertinent Needs Assessment or RSP. In doing so, the ISO shall consult with and consider the input from the Planning Advisory Committee and, as appropriate, the Reliability Committee. In addition, the ISO shall remove from the RSP Project List

any Public Policy Transmission Upgrade if requested to do so in a written NESCOE communication reflecting decisions to terminate support of such upgrade by all of the states that previously agreed to support it as communicated in the Public Policy Transmittal described in Section 4A.8 below.

If a regulated transmission solution or Transmission Upgrade is removed from the RSP Project List by the ISO, the entity responsible for the construction of the regulated transmission solution or Transmission Upgrade shall be reimbursed for any costs prudently incurred or prudently committed to be incurred (plus a reasonable return on investment at existing Commission-approved ROE levels) in connection with the planning, designing, engineering, siting, permitting, procuring and other preparation for construction, and/or construction of the regulated transmission solution or Transmission Upgrade proposed for removal from the RSP Project List. The provisions of Schedule 12 of this OATT shall apply to any cost reimbursement under this Section. Prior to finalizing the RSP, the ISO shall provide the Planning Advisory Committee with written information explaining the reasons for any removal under this Section.

(d) Posting of LSP Project Status

Each PTO will be individually responsible for publicly posting and updating the status of its respective LSP and the transmission projects arising therefrom on its company website. The ISO's posting of the RSP Project Lists will include links to each PTO's specific LSP posting to be provided to the ISO by the PTOs.

4. Procedures for the Conduct of Needs Assessments, Treatment of Market Responses and Evaluation of Regulated Transmission Solutions

4.1 Non-Applicability of Sections 4.1 through 4.2; Needs Assessments

The reliability planning process established in this Attachment K shall apply to all transmission solutions adopted to resolve a reliability need. The market efficiency planning process established in this Attachment K shall apply to all transmission solutions adopted to resolve a market efficiency need. The public policy planning process established in this Attachment K shall apply to all transmission solutions adopted to resolve a public policy need. For needs identified initially as reliability, market efficiency or public policy needs, the collateral benefits of potential solutions to those needs shall not change the planning process applicable to those identified needs; notwithstanding the foregoing, the ISO shall report

its views as to whether a project or preferred solution may also satisfy identified reliability needs of the system as described in Sections 4A.5(e) or 4A.7, respectively, of this Attachment K. Sections 4.1 through 4.2 of this Attachment are not applicable to the planning of Public Policy Transmission Upgrades, which is governed instead by Section 4A of this Attachment.

On a regular and ongoing basis, the ISO, in coordination with the PTOs and the Planning Advisory Committee, shall conduct assessments (i.e., Needs Assessments) of the adequacy of the PTF system, as a whole or in part, to maintain the reliability of such facilities while promoting the operation of efficient wholesale electric markets in New England. A Needs Assessment shall analyze whether the PTF in the New England Transmission System: (i) meet applicable reliability standards; (ii) have adequate transfer capability to support local, regional, and inter-regional reliability; (iii) support the efficient operation of the wholesale electric markets; (iv) are sufficient to integrate new resources and loads on an aggregate or regional basis; or (v) otherwise examine various aspects of its performance and capability. A Needs Assessment shall also identify: (i) the location and nature of any potential problems with respect to the PTF and (ii) situations that significantly affect the reliable and efficient operation of the PTF along with any critical time constraints for addressing the needs of the PTF to facilitate the development of market responses and to initiate the pursuit of regulated transmission solutions.

(a) Triggers for Needs Assessments

The ISO, in coordination with the PTOs and the Planning Advisory Committee, shall perform Needs Assessments, inter alia, if:

(i) a need for additional transfer capability is identified by the ISO in its ongoing evaluation of the PTF's adequacy and performance;

(ii) a need for additional transfer capability is identified as a result of an ERO and/or NPCC reliability assessment or more stringent publicly available local reliability criteria, if any;

(iii) constraints or available transfer capability limitations that are identified possibly as a result of generation additions or retirements, evaluation of load forecasts or proposals for the addition of transmission facilities in the New England Control Area;

(iv) as requested by a stakeholder pursuant to the provisions of Section 4.1(b) of this Attachment; or

(v) as otherwise deemed appropriate by the ISO as warranting such an assessment.

(b) Requests by Stakeholders for Needs Assessments for Economic Considerations

The ISO's stakeholders may request the ISO to initiate a Needs Assessment to examine situations where potential regulated transmission solutions or market responses or investments could result in (i) a net reduction in total production cost to supply system load based on the factors specified in Attachment N of this OATT, (ii) reduced congestion, or (iii) the integration of new resources and/or loads on an aggregate or regional basis (an "Economic Study").

Requests for Economic Studies shall be submitted, considered and prioritized as follows:

(i) By no later than April 1 of each year, any stakeholder may submit to the ISO for public posting on the ISO's website a request for an Economic Study.

(ii) The ISO shall thereafter add any of its own proposals for Economic Studies. The ISO shall also develop a rough work scope and cost estimate for all requested Economic Studies, and develop preliminary prioritization based on the ISO's perceived regional and/or, as coordinated with the applicable neighboring system, inter-area benefits to assist stakeholders in the prioritization of Economic Studies.

(iii) By no later than May 1 of each year, the ISO shall provide the foregoing information to the Planning Advisory Committee, and a Planning Advisory Committee meeting shall be held at which Economic Study proponents will provide an explanation of their request.

(iv) By no later than June 1 of each year, the ISO shall hold a meeting of the Planning Advisory Committee for the members of the Planning Advisory Committee to discuss, identify and prioritize, as further facilitated by the ISO's preparation of a straw priority list to be further discussed at such meeting, up to two (2) Economic Studies (the costs of which will be recovered by the ISO pursuant to Section IV.A of the Tariff) to be performed by the ISO in a given year taking into consideration their impact on the ISO budget and other priorities. The ISO may consider performing up to three (3) Economic Studies if a Public Policy Transmission Study will not be concurrently performed.

(v) The ISO and the Planning Advisory Committee may agree to hold additional meetings to further discuss and resolve any issue concerning the substance of the Economic Studies themselves and/or their prioritization.

(vi) If the Planning Advisory Committee, after discussions between the Planning Advisory Committee and ISO management, is not able to prioritize the Economic Studies to be performed by the ISO in a given year, any member of the Planning Advisory Committee must submit a request for Regional Planning Dispute Resolution Process pursuant to Section 12 of this Attachment, such request to be submitted no later than August 30, to resolve the issues concerning the substance of the Economic Studies themselves and/or their prioritization.

(vii) The ISO will issue a notice to the Planning Advisory Committee detailing the prioritization of the Economic Studies as identified by the Planning Advisory Committee or, if a request for Regional Planning Dispute Resolution Process is submitted pursuant to Section 4.1.(b)(vi), as determined through that Process.

The foregoing timelines are subject to adjustment as determined by the ISO in coordination with the Planning Advisory Committee. The ISO will provide periodic updates on the status of Economic Studies to the Planning Advisory Committee.

Economic Study requests not within the two or three studies identified to be performed in a given year shall be treated in the same manner as a request for Elective Transmission Upgrade described in the OATT.

(c) Conduct of a Needs Assessment for Rejected Non-Price Retirement Requests and De-List Bids

(i) Where a Needs Assessment is underway for an area affected by a rejected Permanent De-List Bid or Non-Price Retirement Request, the Needs Assessment will represent the resource with the rejected Permanent De-List Bid as being interconnected, but unavailable for reliability purposes, and the Non-Price Retirement Request as being retired in the base representation being used to assess the system to identify reliability needs that must be addressed.

(ii) Where there is not a Needs Assessment underway for an area affected by a rejected Permanent De-List Bid or Non-Price Retirement Request, the ISO will initiate a Needs Assessment for that area.

(iii) In the case of a rejected Static De-List Bid or Dynamic De-List Bid, the ISO may as warranted, with advisory input from the Reliability Committee, examine the unavailability of the resource(s) with the rejected bid as a sensitivity in a Needs Assessment, or examine the unavailability of the resource(s) in the base representation in a Needs Assessment. The ISO may as warranted, with advisory input from the Reliability Committee, initiate a Needs Assessment for the purpose of modeling rejected Static De-List Bids or Dynamic De-List Bids where the ISO believes that the initiation of such a study is warranted.

(iv) Prior to the start of each new capacity qualification period, the ISO shall present to the Reliability Committee the status of any prior rejected de-list bids or Non-Price Retirement Requests being studied in the regional system planning process.

(d) Notice of Initiation of Needs Assessments

Prior to its commencement, the ISO shall provide notice of the initiation of a Needs Assessment to the Planning Advisory Committee consistent with Section 2 of this Attachment.

(e) Preparation of Needs Assessment

Needs Assessments may examine resource adequacy, transmission adequacy, projected congestion levels and other relevant factors as may be agreed upon from time to time. Needs Assessments shall also consider the views, if any, of the Planning Advisory Committee, State regulators or agencies, NESCOE, the Market Advisor to the ISO Board of Directors, and the ISO Board of Directors. A corresponding assessment shall be performed by the PTOs to identify any needs relating to the Non-PTF transmission facilities (of whatever voltage) that could affect the provision of Regional Transmission Service over the PTF.

(f) Needs Assessment Study Groups

For the development of the Needs Assessments, the ISO may form a targeted study group of representatives of affected stakeholders based on the scope of the particular Needs Assessment.

Participation in such study groups is voluntary and is intended to provide an opportunity to affected stakeholders for early involvement in the regional system planning process. The ISO may form sub-working groups with limited participation due to ISO New England Information Policy/Code of Conduct and CEII constraints.

(g) Input from the Planning Advisory Committee

Meetings of the Planning Advisory Committee shall be convened to identify additional considerations relating to a Needs Assessment that were not identified in support of initiating the assessment, and to provide input on the Needs Assessment's scope, assumptions and procedures, consistent with the responsibilities of the Planning Advisory Committee as set forth in Section 2.2 of this Attachment.

(h) Publication of Needs Assessment and Response Thereto

The ISO shall report the results of Needs Assessments to the Planning Advisory Committee, subject to CEII constraints. Needs Assessments containing CEII will be posted on the ISO's password-protected website consistent with Section 2.4(d) of this Attachment. Needs Assessments will identify high-level functional requirements and characteristics for regulated transmission solutions and market responses that can meet the needs described in the assessment. The ISO will also present the Needs Assessments in appropriate market forums to facilitate market responses. Generally, following a Needs Assessment, the ISO will evaluate the adequacy of proposed regulated solutions by performing Solutions Studies, as described in Section 4.2 of this Attachment.

4.2 Treatment of Market Responses and Evaluation of Regulated Transmission Solutions

(a) Treatment of Market Solutions in Needs Assessments

The ISO shall reflect proposed market responses in the regional system planning process. Market responses may include, but are not limited to, resources (e.g., demand-side projects and distributed generation), Merchant Transmission Facilities and Elective Transmission Upgrades.

Specifically, the ISO shall incorporate or update information regarding resources in Needs Assessments that have been proposed and (i) have cleared in a Forward Capacity Auction pursuant to Market Rule 1 of the ISO Tariff, (ii) have been selected in, and are contractually bound by, a state-sponsored Request For Proposals, or (iii) have a financially binding obligation

pursuant to a contract. With respect to (ii) or (iii) above, the proponent of the market response shall inform the ISO, in writing, of its selection or its assumption of financially binding obligations, respectively. The ISO shall incorporate or update information regarding a proposed Merchant Transmission Facility or Elective Transmission Upgrade in a Needs Assessment at a time after the studies corresponding to the Merchant Transmission Facility or Elective Transmission Upgrade are completed (including receipt of approval under Section I.3.9 of the Tariff) and a commercial operation date has been ascertained, with the exception of Elective Transmission Upgrades that are proposed in conjunction with the interconnection of a resource, which shall be considered at the same time as the proposed resource is considered in the Needs Assessment.

(b) Evaluation and Development of Regulated Transmission Solutions in Solutions Studies for Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades

In the case of Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades, the ISO, in coordination with the proponents of regulated transmission solutions and other interested or affected stakeholders, shall conduct or participate in studies ("Solutions Studies") to evaluate whether proposed regulated transmission solutions meet the PTF system needs identified in Needs Assessments. The ISO, in coordination with affected stakeholders shall also identify regulated transmission projects for addressing the needs identified in Needs Assessments.

The ISO may form ISO-led targeted study groups to conduct Solutions Studies. Such study groups will include representatives of the proponents of regulated transmission solutions and other interested or affected stakeholders. Through this process, the ISO may identify the most cost-effective and reliable solutions for the region that meets a need identified in a Needs Assessment. These solutions may differ from a transmission solution proposed by a transmission owner.

Proponents of regulated transmission proposals in response to Needs Assessments shall also identify any LSP plans that require coordination with their regulated transmission proposals addressing the PTF system needs.

(c) Notice of Initiation of a Solutions Study

The ISO shall provide notice of the initiation and scope of a Solutions Study to the Planning Advisory Committee.

(d) Classification of Regulated Transmission Solutions as Market Efficiency Transmission Upgrades or Reliability Transmission Upgrades

As described in Section 3.1 and 3.6(a) of this Attachment, proposed regulated transmission solutions determined by the ISO, in consultation with the Planning Advisory Committee, to address needs identified in Needs Assessments shall be classified as either a Reliability Transmission Upgrade and/or a Market Efficiency Transmission Upgrade pursuant to the standards set forth in Attachment N of this OATT.

(e) Identification of the Preferred Solution and Inclusion of Results of Solutions Studies for Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades in the RSP

The results of Solutions Studies related to Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades will be reported to the Planning Advisory Committee. After receiving feedback from the Planning Advisory Committee, the ISO will identify the preferred solution. The ISO will inform the appropriate Transmission Owners in writing regarding the identification of the preferred solution.

Once identified, the preferred solution, as appropriate, will be reflected (with an overview of why the solution is preferred) in the RSP and/or its Project List, as it is updated from time to time in accordance with this Attachment.

4A. Public Policy Transmission Studies; Public Policy Transmission Upgrades

4A.1 NESCOE Requests for Public Policy Transmission Studies

No less often than every three years, by January 15 of that year, the ISO will post a notice indicating that members of the Planning Advisory Committee may provide NESCOE with input regarding state and federal public policy requirements identified as driving transmission needs relating to the New England Transmission System, and regarding particular transmission needs driven by public policy requirements. A meeting of the Planning Advisory Committee may be held for this purpose. By no later than April 1 of that year, NESCOE may submit to the ISO in writing a request for a new Public Policy Transmission Study, or an update of a previously

conducted study. The request will identify the public policy requirements identified as driving transmission needs relating to the New England Transmission System, and may identify particular NESCOE-identified public policy-related transmission needs as well. Along with any such request, NESCOE will provide the ISO with a written explanation of which transmission needs driven by public policy requirements the ISO will evaluate for potential solutions in the regional planning process, including why other suggested transmission needs will not be evaluated. The ISO will post the NESCOE request and explanation on the ISO's website.

4A.1.1 Study of Federal Public Policies Not Identified by NESCOE

If a stakeholder believes that a federal public policy requirement that may drive transmission needs relating to the New England Transmission System has not been appropriately addressed by NESCOE, it may file with the ISO a written request that explains the stakeholder's reasoning and that seeks consideration by the ISO of NESCOE's position regarding that requirement. Where the ISO agrees with a stated stakeholder position, or on its own finding, the ISO may perform an evaluation under Sections 4A.2 through 4A.4 of this Attachment of a federal public policy not otherwise identified by NESCOE.

4A.2 Preparation for Conduct of Public Policy Transmission Studies; Stakeholder Input

Upon receipt of the NESCOE request, or as the result of a study related to a federal public policy requirement initiated by the ISO pursuant to Section 4A.1.1, the ISO will prepare and post on its website a proposed scope for the Public Policy Transmission Study, and associated parameters and assumptions, and provide the foregoing to the Planning Advisory Committee by no later than June 1 of the request year. A meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit stakeholder input for consideration by NESCOE and the ISO on the scope, parameters and assumptions for those public policies that have been identified by NESCOE. In the case of an ISO-initiated study regarding a federal public policy under Section 4A.1.1, the ISO shall determine, with input from the Planning Advisory Committee, the scope, parameters and assumptions for the study.

4A.3 Conduct of Public Policy Transmission Studies; Stakeholder Input

In the case of public policy requirements that have been identified by NESCOE, following NESCOE's consideration of input and upon receipt in writing from NESCOE of the final scope, parameters and assumptions for the Public Policy Transmission Study, the ISO will conduct the initial phase of the study, and provide NESCOE and the Planning Advisory Committee with the

results of its analyses. In the case of a federal public policy study, initiated by the ISO pursuant to Section 4A.1.1, the ISO will conduct the initial phase of the study utilizing the scope, parameters and assumptions that the ISO has identified with input from the Planning Advisory Committee, and will provide NESCOE and the Planning Advisory Committee with the result of its analysis. With input from PAC and potentially impacted PTOs, ISO will develop a rough estimate of the costs and benefits of conceptual projects that could meet transmission needs driven by public policy requirements. As part of the initial phase of the Public Policy Transmission Study, the results will be posted on the ISO's website, and a meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input for NESCOE and the ISO on the results of the initial phase of the study, and the scope, parameters and assumptions for any follow-on phase of the study. Except for studies for federal public policy requirements initiated by the ISO pursuant to Section 4A.1.1, following NESCOE's receipt and consideration of input, and upon receipt of a request in writing from NESCOE to proceed, the ISO will − as a follow-on phase of the Public Policy Transmission Study − perform more detailed analysis and engineering work on the conceptual projects. In its notice to proceed, NESCOE may include in, or exclude from, the follow-on study, particular conceptual projects or alternatives, and may provide associated parameters and assumptions for the follow-on study. In the case of studies for federal public policy requirements initiated by the ISO pursuant to Section 4A.1.1, the ISO will proceed to the follow-on study phase without a request from NESCOE and will utilize parameters and assumptions that the ISO determines to be appropriate with input from the Planning Advisory Committee. This follow-on study will provide more detail regarding options for system upgrades that would need to be performed in order to accommodate the public policy alternatives for which the follow-on ISO study has been requested.

4A.4 Response to Follow-On Phase of Public Policy Transmission Studies

The results of the follow-on phase of the Public Policy Transmission Study will be provided to NESCOE and the Planning Advisory Committee and posted on the ISO's website, and a meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input for NESCOE and the ISO on those results. The ISO's costs of performing both phases of the Public Policy Transmission Study described in Section 4A.3 will be collected by the ISO pursuant to Schedule 1 of Section IV.A of the Tariff. Any prudently incurred PTO costs for assistance requested by the ISO to support both phases of the Public Policy Transmission Study will be recovered by the applicable PTO(s) in accordance with Attachment F and Schedule 21 of the Tariff.

Upon NESCOE's receipt and consideration of Planning Advisory Committee input, NESCOE may provide the ISO, within ninety days of receipt, with a written list of transmission options if any, that one or more of the states are interested in exploring further through Stage One Proposals, including transmission options identified through ISO-initiated studies for a federal public policy requirement pursuant to Section 4A.1.1, together with a matrix of the key desirable features for each of the options that will be explored further. The matrix is non-binding on any subsequent decision by any state in connection with any project proposal. The list will indicate which states have elected to support further analysis of these options. The ISO will provide the results of the Public Policy Transmission Study and the NESCOE list/matrix to Qualified Transmission Project Sponsors for their use in preparing Stage One Proposals to develop, build and operate one or more projects based on the options identified by NESCOE for further exploration. The ISO may refer to the matrix in assessing Stage One Proposals.

Where there is an ISO-initiated study for federal public policy pursuant to Section 4A.1.1 that is not selected by one or more states through NESCOE for further development through Stage One proposals, the ISO will determine the appropriate next steps to take with regard to such study with input from NESCOE and the Planning Advisory Committee. The ISO will not undertake steps in the regional planning process with regard to such a study that have not been approved by the Commission where necessary.

Neither the submission of a project by a Qualified Transmission Project Sponsor nor the selection in a Public Policy Transmittal of a project submitted by a Qualified Transmission Project Sponsor for inclusion in the RSP Project List shall alter a PTO's use and control of an existing right of way, the retention, modification, or transfer of which remain subject to the relevant law or regulation, including property or contractual rights, that granted the right-of-way. Nothing in the processes described in this Attachment K shall require a PTO to relinquish any of its rights-of-way in order to permit a Qualified Transmission Project Sponsor to develop, construct or own a project.

4A.5 Stage One Proposals

(a) Information Required for Stage One Proposals

For each general project concept identified by the ISO pursuant to Section 4A.3 above, Qualified Transmission Project Sponsors may, prepare (by the deadline specified by the ISO) a Stage One Proposal providing the following information:

(i) a detailed description of the proposed solution, including an identification of the proposed route for the solution and technical details of the project;
(ii) a detailed explanation of how the proposed solution addresses the identified need;
(iii) feasibility studies, as requested by ISO, to demonstrate how the proposed solution would address the identified need;
(iv) the proposed schedule for development and completion of the proposed solution;
(v) right, title, and interest in rights of way, substations, and other property or facilities, if any, that would contribute to the proposed solution or the means and timeframe by which such would be obtained;
(vi) a list of affected existing transmission system facilities that the Qualified Transmission Project Sponsor believes will require modification as part of the proposal;
(vii) the estimated lifecycle cost of the proposed solution, including an itemization of the components of the cost estimate; and
(viii) any other information or supporting documentation required to address the matrix provided by NESCOE in accordance with Section 4A.4.

(b) LSP Coordination

Sponsors of Stage One Proposals shall also identify any LSP plans that require coordination with their proposals.

(c) Preliminary Review by ISO

Upon receipt of Stage One Proposals, the ISO shall perform a preliminary feasibility review of each proposal to determine whether the proposed solution:

(i) provides sufficient data and that the data is of sufficient quality to satisfy Section 4A.5(a);
(ii) appears to satisfy the NESCOE-identified needs driven by public policy requirements;
(iii) is technically practicable and indicates possession of, or an approach to acquiring, the necessary rights of way, property and facilities that will make the proposal reasonably feasible in the required timeframe; and;

(iv) is eligible to be constructed only by an existing PTO in accordance with Schedule 3.09(a) of the TOA because the proposed solution is an upgrade to existing PTO facilities or because the costs of the proposed solution are not eligible for regional cost allocation under the OATT and will be allocated only to the local customers of a PTO.

(d) Proposal Deficiencies; Further Information

If the ISO identifies any deficiencies (compared with the requirements of Section 4A.5(a)) in the information provided in connection with a proposed Stage One Proposal, the ISO will notify the Stage One Proposal sponsor and provide an opportunity for the sponsor to cure the deficiencies within the timeframe specified by the ISO. Upon request, sponsors of Stage One Proposals shall provide the ISO with additional information reasonably necessary for the ISO's evaluation of the proposed solutions.

(e) List of Qualifying Stage One Proposals; NESCOE Response

The ISO will provide NESCOE and the Planning Advisory Committee with, and post on the ISO's website, a list of Stage One Proposals that meet the criteria of Section 4A.5(c), including any ISO comments on the proposals in relation to the elements of the NESCOE matrix. A meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input for NESCOE and the ISO on that list. The ISO shall also indicate whether any of the projects may also satisfy identified reliability needs of the system. Information on Stage One Proposals containing CEII will be posted on the ISO's protected website consistent with Section 2.4(d) of this Attachment.

(f) Stage Two Cost Estimate Requests

NESCOE may request from any Qualified Transmission Project Sponsor a written estimate of the anticipated costs of proceeding with Stage Two Solution study work, and the Qualified Transmission Project Sponsor shall respond within the timeframe specified by NESCOE. If a Qualified Transmission Project Sponsor thereafter expects the actual costs of the studies to exceed the estimated costs by 25 percent, the sponsor shall provide ISO and NESCOE a revised estimate of the costs to complete the work. The ISO may receive a communication from NESCOE, within ten days of its receipt of a Qualified Transmission Project Sponsor's revised estimate, indicating whether NESCOE accepts the revised estimate. If such a communication is received from NESCOE within that timeframe indicating that NESCOE does not accept the revised estimate, then the ISO shall promptly advise the project sponsor to stop work. A

Qualified Transmission Project Sponsor shall be entitled to recover its actual costs prudently incurred up to that point. If (a) a communication from NESCOE is not received within ten days or (b) NESCOE accepts the revised estimate, then the Qualified Transmission Project Sponsor may continue study work consistent with the revised estimate unless and until it once again expects to exceed the estimate by 25 percent, in which case the Qualified Project Transmission Sponsor shall again follow the notification steps set out in this Section.

(g) NESCOE Identification of Projects for Stage Two Solutions

Within 120 calendar days of the Planning Advisory Committee meeting described in Section 4A.5(e), the ISO may receive from NESCOE a written list of projects included in Stage One Proposals, if any, that one or more of the states are interested in exploring further. In order for the ISO to proceed with the development of Stage Two Solutions, the list will indicate which states have elected to receive further analysis on the identified projects, and will therefore fund the development of the related Stage Two Solutions. For any policy need for which NESCOE has not, within that timeframe, identified a project, the public policy planning process for that cycle shall end.

4A.6 Reimbursement of Stage One Proposal and Stage Two Solution Costs

Qualified Transmission Project Sponsors that are requested by NESCOE in writing or by one or more states' governors or regulatory authorities directly to submit a Stage One Proposal shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff and the TOA, their prudently incurred costs from the Regional Network Load of the states identified by NESCOE in the written communication as having made the request or from the Regional Network Load of the states that made the request directly. Stage One Proposal costs shall otherwise not be subject to recovery under the ISO Tariff.

Qualified Transmission Project Sponsors whose projects are listed by NESCOE pursuant to Section 4A.5(g) shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff and, as applicable, the TOA and NTDOA, all prudently incurred costs associated with developing a Stage Two Solution. PTOs shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff, all prudently incurred study costs and costs associated with developing any upgrades or modifications to such PTOs' existing facilities necessary to facilitate the development of a listed project proposed by any other Qualified Transmission Project Sponsor.

4A.7 Stage Two Solutions

The ISO will work with Qualified Transmission Project Sponsors of projects listed by NESCOE pursuant to Section 4A.5(g) and with affected PTOs to evaluate and further develop the listed projects to create Stage Two Solutions. The ISO will provide analysis to the Planning Advisory Committee regarding the performance of each Stage Two Solution. Within 90 calendar days, the ISO may receive from the participating states through NESCOE a written list of the preliminary preferred Stage Two Solution for each objective reflected in the list provided by NESCOE pursuant to Section 4A.5(g). The ISO will report the preliminary preferred Stage Two Solution(s), along with its views as to whether the preferred solution(s) also satisfies identified reliability needs of the system, to NESCOE and the Planning Advisory Committee and seek stakeholder input on the preliminary preferred solutions.

4A.8 Time Period During Which the ISO May Receive a Public Policy Transmittal

The ISO may receive a Public Policy Transmittal within twelve months from the date that the ISO communicates its analysis of the preliminary preferred Stage Two Solutions to NESCOE as discussed in Section 4A.7. If a Public Policy Transmittal is not received with the time period specified in this Section 4A.8, the public policy planning cycle shall conclude.

4A.9 Inclusion of Public Policy Transmission Upgrades in the Regional System Plan and RSP Project List; Subsequent State Opt-In; Removal from RSP Project List

(a) Inclusion of Public Policy Transmission Upgrades in the Regional System Plan and RSP Project List

Upon receipt of a Public Policy Transmittal, the ISO shall notify the corresponding Qualified Transmission Project Sponsors, and include in the Regional System Plan and RSP Project List, as Public Policy Transmission Upgrade(s), the project(s) indicated as having been approved for inclusion in the Regional System Plan by the respective states. Costs will be allocated under the method specified in the Public Policy Transmittal, using the mechanisms used in the Tariff and/or other documents filed with and accepted by the Commission by the applicable PTOs in accordance with the TOA or by a Qualified Transmission Project Sponsor that is not a PTO; *provided, however*, that if the opting-in states do not specify a different cost allocation mechanism, the costs of such Public Policy Transmission Upgrade(s) shall be allocated to the network load for all opting-in states based on each state's respective load-ratio share of the

Qualified Transmission Project Sponsors' proposal/solution costs for that project. If not already a party to the TOA, each Qualified Transmission Project Sponsor for a Public Policy Transmission Upgrade shall execute the TOA upon placing the upgrade into service.

(b) Milestone Schedules

Within 30 Business Days of its receiving notification pursuant to Section 4A.9(a) of this Attachment, the Qualified Transmission Project Sponsor shall submit to the ISO (and shall update periodically) a schedule that indicates the dates by which applications for siting and other approvals necessary to develop and construct the project by the required in-service date shall be submitted. Within 30 Business Days of its receiving all necessary siting and other approvals, the Qualified Transmission Project Sponsor shall submit to the ISO (and shall update periodically) a schedule of dates by which typical project construction phases will be completed. If the ISO finds, after consultation with the Qualified Transmission Project Sponsor, that the sponsor is failing to pursue approvals or construction in a reasonably diligent fashion, or that the sponsor is unable to proceed with the project due to forces beyond its reasonable control, the ISO shall prepare a report, including a proposed course of action. If prepared with respect to a Qualified Transmission Project Sponsor that is a PTO, the report shall be made consistent with the provisions of Section 1.1(e) of Schedule 3.09(a) of the Transmission Operating Agreement. If prepared with respect to a Qualified Transmission Project Sponsor that is not a PTO, the report shall include a report from that sponsor. The ISO shall file its report with the Commission.

(c) Subsequent State Opt-In

To the extent that a state opts in as a supporter of a Public Policy Transmission Upgrade at the Public Policy Transmittal stage, but did not opt in for the corresponding project at the Stage One Proposal or the Stage Two Solutions stage, the Regional Network Load and Local Network Load for such state will be charged its respective load-ratio share of the Qualified Transmission Project Sponsors' proposal/solution costs for that project pursuant to OATT Schedules 13 and/or 21, as applicable, with corresponding credits to the Regional Network Load and Local Network Load of the previously opting-in states.

(d) Removal from RSP Project List

If a Public Policy Transmission Upgrade is removed from the RSP Project List by the ISO pursuant to Section 3.6(c), the entity responsible for the construction of the Public Policy Transmission Upgrade shall be reimbursed for any costs prudently incurred or prudently

committed to be incurred (plus a reasonable return on investment at existing Commission-approved ROE levels) in connection with the planning, designing, engineering, siting, permitting, procuring and other preparation for construction, and/or construction of that Public Policy Transmission Upgrade.

4A.10 Local Public Policy Transmission Upgrades

The costs of Local Public Policy Transmission Upgrade(s) that are required in connection with the construction of a Public Policy Transmission Upgrade approved for inclusion in the Regional System Plan in accordance with Section 4A.9 shall be allocated in accordance with Schedule 21 of the ISO OATT.

4B. Qualified Transmission Project Sponsors

4B.1 Periodic Evaluation of Applications

The ISO will periodically evaluate applications submitted by an entity that seeks to qualify as a sponsor of a Public Policy Transmission Upgrade.

4B.2 Information To Be Submitted

The application to be submitted to the ISO by an entity, other than a PTO or a Commission-approved ITC that has an existing operating agreement with the ISO (any of which shall be deemed to be a Qualified Transmission Project Sponsor), desiring to be a Qualified Transmission Project Sponsor will include the following information:

(i) the current and expected capabilities of the applicant to finance, license, and construct a Public Policy Transmission Upgrade and operate and maintain it for the life of the project;

(ii) the financial resources of the applicant;

(iii) the technical and engineering qualifications and experience of the applicant;

(iv) if applicable, the previous record of the applicant regarding construction and maintenance of transmission facilities;

(v) demonstrated capability of the applicant to adhere to construction, maintenance and operating Good Utility Practices, including the capability to respond to outages;

(vi) the ability of the applicant to comply with all applicable reliability standards;

(vii) the legal status of the applicant;

(viii) the extent to which the applicant satisfies state legal or regulatory requirements for siting, constructing, owning and operating transmission projects;

(ix) the experience of the applicant and its team in acquiring rights of way, and the authority to acquire rights of way by eminent domain, if necessary, that would facilitate approval and construction;

(x) demonstrated ability of the applicant to meet development and completion schedules; and

(xi) demonstrated ability of the applicant to assume liability for major losses resulting from failure of facilities.

4B.3 Review of Qualifications

The ISO shall review each application for completeness. The ISO will notify each applicant within 30 calendar days of receipt of such application whether the application is complete, or identify any deficiencies in provision of the information required by Section 4B.2 of this Attachment. An applicant notified of deficiencies must provide any remedial information within 30 calendar days of the receipt of such notice. Thereafter, the ISO will determine whether the applicant is physically, technically, legally, and financially capable of constructing a Public Policy Transmission Upgrade in a timely and competent manner, and operating and maintaining the facilities consistent with Good Utility Practice and applicable reliability criteria for the life of the project. A non-PTO entity determined by the ISO to meet all of these criteria will, upon its execution of the Non-incumbent Transmission Developer Operating Agreement (in the form specified in Attachment O of the OATT) and the Market Participant Service Agreement, be deemed a Qualified Transmission Project Sponsor.

4B.4 List of Qualified Transmission Project Sponsors

The ISO will post and maintain on its website a list of Qualified Transmission Project Sponsors.

5. Supply of Information and Data Required for Regional System Planning

The Transmission Owners, Generator Owners, Transmission Customers, Market Participants and other entities requesting transmission or interconnection service or proposing the integration of facilities to PTF in the New England Transmission System or alternatives to such facilities, and stakeholders requesting a Needs Assessment pursuant to Section 4.1 of this Attachment, shall supply, as required by the Tariff, the

Participants Agreement, MPSAs, applicable transmission operating agreements, and/or other existing agreements, protocols and procedures, or upon request by the ISO, and subject to required CEII and confidentiality protections as specified in Section 2.4 of this Attachment, any information (including cost estimates) and data that is reasonably required to prepare an RSP or to perform a Needs Assessment or Solutions Study.

6. Regional, Local and Inter-Area Coordination

6.1 Regional Coordination

The ISO shall conduct the regional system planning process for the PTF in coordination with the transmission-owning entities in, or other entities interconnected to, the New England Transmission System consistent with the rights and obligations defined in the ISO OATT, applicable transmission operating agreements or protocols, and/or this Attachment. Pursuant to Section II.49 of this OATT and Sections 3.02, 3.05 and 3.09 of the TOA, the ISO has Operating Authority or control over all PTF and Non-PTF within the New England Control Area, which are utilized for the provision of transmission service under this OATT. The ISO also has Operating Authority or control over the United States portions of the HVDC ties to Quebec and over Merchant Transmission Facilities and Other Transmission Facilities, pursuant to this OATT or applicable transmission operating agreements or protocols. The ISO, however, is not responsible for the planning of the Non-PTF, OTF and MTF. As provided in Section 6.2 and Appendix 1 of this Attachment, the PTOs are responsible for the planning of the Non-PTF and coordinating such planning efforts with the ISO. Pursuant to the OATT and/or applicable transmission operating agreements or protocols, the transmission owners of OTF and MTF are required to participate in the ISO's regional system planning process and perform and/or support studies of the impacts of regional system projects on their respective facilities.

6.2 Local Coordination

The regional system planning process shall be conducted and the annual RSP shall be developed in coordination with the local system plans of the PTOs. In accordance with the TOA and OATT provisions identified in Section 6.1 of this Attachment, the PTOs have responsibility for planning Non-PTF. The PTOs conduct planning of Non-PTF using the LSP process outlined in Section 2.5 and Appendix 1 of this Attachment, in coordination with the ISO, other entities interconnected with the New England Transmission System, Transmission Customers and stakeholders, and in accordance with the provisions in the TOA, the OATT and the Planning and Reliability Criteria. The openness and transparency of the LSP process is intended to be consistent with the regional system planning process.

6.3 Inter-Area Coordination

The regional system planning process shall be conducted and the annual RSP shall be developed in coordination with the similar plans of the surrounding ISOs/RTOs and Control Areas pursuant to the Northeastern ISO/RTO Planning Coordination Protocol and other agreements with neighboring systems and NPCC. Inter-area planning studies shall be conducted over as broad a region as feasible, including adjacent Canadian systems who are members of NPCC, or its successor organization, and, as appropriate, MAAC and Reliability First, or their successor organizations. The ISO shall convene periodic meetings of the Planning Advisory Committee, within the scope of its respective functions of Section 2 of this Attachment, to provide input and feedback to the ISO concerning an Inter-area needs assessment and identification of potential market and regulated responses to the ISO's identification of inter-area needs.

7. Procedures for Development and Approval of the RSP

7.1 Initiation of RSP

Every year, the ISO shall initiate an effort to develop its annual RSP and solicit input on regional system needs for the RSP from the Planning Advisory Committee. The Planning Advisory Committee shall meet to perform its respective functions in connection with the preparation of the RSP, as specified in Section 2 of this Attachment.

7.2 Draft RSP; Public Meeting

On or about August of each year, the ISO shall provide a draft of the RSP to the Planning Advisory Committee and input from that Committee shall be received and considered in preparing and revising subsequent drafts. The ISO shall post the draft RSP and provide notice to the Planning Advisory Committee of a meeting to review the draft RSP as specified in Section 2.2 of this Attachment.

On or about September of each year, the ISO shall issue a second draft of the RSP to be presented by the ISO staff to the ISO Board of Directors for approval. The draft RSP shall incorporate the results of any Needs Assessment, and corresponding Solutions Studies, performed since the last RSP was approved. A subcommittee of that Board shall hold a public meeting, at their discretion, to receive input directly and to discuss any proposed revisions to the RSP. The final recommended RSP shall be presented to the ISO Board of Directors no later than September 30 of each year and shall be acted on by the ISO Board of Directors within 60 days of receipt. The foregoing timeframes are subject to adjustment as determined by the ISO in coordination with the Planning Advisory Committee.

7.3 Action by the ISO Board of Directors on RSP; Request for Alternative Proposals

(a) Action by ISO Board of Directors on RSP

The ISO Board of Directors may approve the recommended draft RSP as submitted, modify the RSP or remand all or any portion of it back with guidance for development of a revised recommendation. The Board of Directors may consider the RSP in executive session, and shall consider in its deliberations the views of the subcommittee of the Board of Directors reflecting the public meeting held pursuant to Section 7.2 of this Attachment. In considering whether to approve the draft RSP, the Board of Directors may, if it finds a proposed Reliability Benefit Upgrade not to be viable, or if no Reliability Benefit Upgrade has been proposed, direct the ISO staff to meet with the affected load serving entities and State entities in order to develop an interim solution. Should that effort fail, and as a last resort, the Board of Directors may direct the ISO to issue a Request For Alternative Proposal ("RFAP"), subject to the procedures described below, and may withhold approval of the draft RSP, or portions thereof, pending the results of that RFAP and any Commission action on any resulting jurisdictional contract or funding mechanism. The ISO shall provide a written explanation as to any subsequent changes or modification made in the final version of the RSP.

(b) Requests For Alternative Proposals

(i) The RFAP shall seek generation, demand-side and merchant transmission alternatives that can be implemented rapidly and provide substantial reliability benefits over the period solicited in the RFAP, and normally will focus on an interim ("gap") solution until an identified Reliability Transmission Upgrade has been placed in-service. The ISO will file a proposed RFAP with the Commission for approval at least 60 days prior to its issuance. The filing shall explain why the issuance of an RFAP is necessary.

(ii) The ISO staff shall provide the Board of Directors and subject to confidentiality requirements, the Planning Advisory Committee with an analysis of the alternatives offered in response to the RFAP, and provide a recommendation together with a funding mechanism reflecting input from the Planning Advisory Committee.

(iii) The ISO may enter into contracts awarded pursuant to an RFAP process, and/or propose a funding mechanism. Bidders that are awarded contracts through the RFAP process shall file those contracts with the Commission for approval of the rates to be charged thereunder to the extent that such contracts are for services that are jurisdictional to the Commission. The ISO shall file related or separate funding mechanisms with the

Commission as well. All other contracts entered into pursuant to an RFAP shall be filed with the Commission for informational purposes.

(iv) The Board of Directors will reflect the results of the RFAP process in the approved RSP.

8. Obligations of PTOs to Build; PTOs' Obligations, Conditions and Rights

In accordance with the TOA, PTOs designated by the ISO as the appropriate entities to construct and own or finance Transmission Upgrades included in the RSP shall construct and own or finance such facilities or enter into appropriate contracts to fulfill such obligations. In the event that a PTO: (i) does not construct or indicates in writing that it does not intend to construct a Transmission Upgrade included in the RSP; or (ii)
demonstrates that it has failed (after making a good faith effort) to obtain necessary approvals or property rights under applicable law, the ISO shall promptly file with the Commission a report on the results of the planning process, which report shall include a report from the PTO responsible for the planning, design or construction of such No. 3 Open Access Transmission Tariff Section II – Attachment K – Regional System Planning Process Transmission Upgrade, in order to permit the Commission to determine what action, if any, it should take.

In connection with regional system planning, the ISO will not propose to impose on any PTO obligations or conditions that are inconsistent with the explicit provisions of the TOA or deprive any PTO of any of the rights set forth in the TOA.

Subject to necessary approvals and compliance with Section 2.06 of the TOA, nothing in this OATT shall affect the right of any PTO to expand or modify its transmission facilities in the New England Transmission System on its own initiative or in response to an order of an appropriate regulatory authority. Such expansions or modifications shall conform with: (a) Good Utility Practice; (b) applicable reliability principles, guidelines, criteria, rules, procedures and standards of national, regional, and local reliability councils that may be in existence; and (c) the ISO and relevant PTO criteria, rules, standards, guides and policies. The ISO reserves its right to challenge the permitting of such expansions or modifications.

9. Merchant Transmission Facilities

9.1 General

Subject to compliance with the requirements of the Tariff and any other applicable requirements with respect to the interconnection of bulk power facilities with the New England Transmission System, any entity shall have the right to propose and construct the addition of transmission facilities ("Merchant Transmission Facilities"), none of the costs of which shall be covered under the cost allocation provisions of this OATT. Any such Merchant Transmission Facilities shall be subject to the requirements of Section 9.2 of this Attachment. In performing studies in connection with the RSP, the prospect that proposed Merchant Transmission Facilities will be completed shall be accounted for as will the prospect that proposed generating units will be completed.

9.2 Operation and Integration

All Merchant Transmission Facilities shall be subject to: (i) an agreement to transfer to the ISO operational control authority over any facilities which constitute part of the Merchant Transmission Facilities that are to be integrated with, or that will affect, the New England Transmission System; and (ii) taking such other action as may be required to make the facility available for use as part of the New England Transmission System.

9.3 Control and Coordination

Until such time as a Merchant Transmission Owner has transferred operational control over its Merchant Transmission Facilities to the ISO pursuant to Section 9.2(i), all such Merchant Transmission Facilities shall be subject to the operational control, scheduling and maintenance coordination of the System Operator in accordance with the Tariff.

10. Cost Responsibility for Transmission Upgrades

The cost responsibility for each upgrade, modification or addition to the transmission system in New England that is included with the status of "Planned" in the RSP Project List as defined in Section 3.6 of this Attachment shall be determined in accordance with Schedule 12 of this OATT.

11. Allocation of ARRs

The allocation of ARRs in connection with Transmission Upgrades is addressed in Section III.C.8 of the Tariff.

12. Dispute Resolution Procedures

12.1 Objective

Section 12 of this Attachment sets forth a dispute resolution process (the "Regional Planning Dispute Resolution Process") through which regional transmission planning-related disputes may be resolved as expeditiously as possible.

12.2 Confidential Information and CEII Protections

All information disclosed in the course of the Regional Planning Dispute Resolution Process shall be subject to the protection of confidential information and CEII consistent with the ISO New England Information Policy and CEII policy.

12.3 Eligible Parties

Any member of the Planning Advisory Committee that has been adversely affected by a Reviewable Determination, defined in Section 12.4(a) of this Attachment, with respect to the regional system planning process described in this Attachment is eligible to raise its dispute, as appropriate, under this Dispute Resolution Process ("Disputing Party").

12.4 Scope

In order to ensure that the regional transmission planning process set forth under this Attachment moves expeditiously forward, the scope of issues that may be subject to the Regional Planning Dispute Resolution Process under this Section 12 shall be limited to certain key procedural and substantive decisions made by the ISO within its authority as specified in documents on file with the Commission. That is, decisions not subject to resolution within the jurisdiction of the Commission are not within the scope of the Regional Planning Dispute Resolution Process. Examples of matters not within the scope of the Regional Planning Dispute Resolution Process include planning to serve retail native load or state siting issues. Additionally, the Tariff already explicitly provides specific dispute resolution procedures for various matters. To this end, any matter regarding the review and approval of applications pursuant to Section I.3.9 of the Tariff, which is subject to the dispute resolution process under Section I.6 of the Tariff, shall not be within the scope of this Regional Planning Dispute Resolution Process. Similarly, any matter regarding Transmission Cost Allocation shall be governed by the dispute resolution process under Schedule 12 of the OATT, and shall be outside the scope of this Regional Planning Dispute Resolution Process.

(a) Reviewable Determinations

The determinations that may be subject to the Regional Planning Dispute Resolution Process under this Section 12 that include certain procedural and substantive challenges that may arise at

limited designated key decision points in the regional transmission planning process for PTF. Procedural challenges will be limited to whether or not the steps taken up to a designated key decision point conform to the requirements set forth in this Attachment. Substantive challenges will be limited to whether or not a determination or conclusion rendered at a designated key decision point was supported by adequate basis in fact.

The designated key decision points for Reviewable Determinations shall be limited to the following:

(i) Results of a Needs Assessment conducted and communicated by the ISO to the Planning Advisory Committee as specified in Section 4.1 of this Attachment;

(ii) Updates to the RSP Project List, including adding, removing or revising regulated transmission solutions included thereunder, as presented at the Planning Advisory Committee and as specified in Section 3.6 of this Attachment;

(iii) Results of Solutions Studies conducted and communicated by the ISO to the Planning Advisory Committee as specified in Section 4.2 of this Attachment;

(iv) Consideration of market responses in Needs Assessments as specified in Section 4.2 of this Attachment;

(v) Substance of Economic Studies to be conducted by the ISO in a given year as specified in Section 4.1(b) of this Attachment; and

(vi) Prioritization of Economic Studies to be performed in a given year where the Planning Advisory Committee is not able to prioritize them as specified in Section 4.1(b) of this Attachment.

(b) Material Adverse Impact

In order to prevail in a challenge to a procedural-based Reviewable Determination, the Disputing Party must show that the alleged procedural error had a material adverse impact on the determination or conclusion. In order to prevail in a challenge to a substantive-based Reviewable Determination, the Disputing Party must show that either (i) the determination is based on

incorrect data or assumptions or (ii) incorrect analysis was performed by the ISO, and (iii) as a result the ISO made an incorrect decision or determination.

12.5 Notice and Comment

A Disputing Party aggrieved by a Reviewable Determination shall have fifteen (15) calendar days upon learning of the Reviewable Determination following the ISO's presentation of such Reviewable Determination at the Planning Advisory Committee to request dispute resolution by giving notice to the ISO ("Request for Dispute Resolution"). A Request for Dispute Resolution shall be in writing and shall be addressed to the ISO's Chair of the Planning Advisory Committee and, as appropriate, the affected Transmission Owner. Within three (3) Business Days of the receipt by the ISO of a Request for Dispute Resolution, the ISO shall prepare and distribute to all members of the Planning Advisory Committee a notice of the Request for Dispute Resolution including, subject to the protection of Confidential Information and CEII, the specifics of the Request for Dispute Resolution and providing the name of an ISO representative to whom any comments may be sent. Any member of the Planning Advisory Committee may submit to the ISO's designated representative, on or before the tenth (10th) Business Day following the date the ISO distributes the notice of the Request for Dispute Resolution, written comments to the ISO with respect to the Request for Dispute Resolution. The party filing the Request for Dispute Resolution may respond to any such comments by submitting a written response to the ISO's designated representative and to the commenting party on or before the fifteenth (15th) Business Day following the date the ISO distributes the notice of the Request for Dispute Resolution. The ISO may, but is not required to, consider any written comments.

12.6 Dispute Resolution Procedures

(a) Resolution Through the Planning Advisory Committee

The Planning Advisory Committee shall discuss and resolve any dispute arising under this Attachment involving a Reviewable Determination, as defined in Section 12.4 of this Attachment, between and among the ISO, the Disputing Party, and, as appropriate, the affected Transmission Owner (collectively, "Parties") (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution).

(b) Resolution Through Informal Negotiations

To the extent that the Planning Advisory Committee is not able to resolve a dispute arising under this Attachment involving a Reviewable Determination, as defined in Section 12.4 of this

Attachment, between and among the ISO, the Disputing Party, and, as appropriate, the affected Transmission Owner, such dispute shall be the subject of good-faith negotiations among the Parties. Each Party shall designate a fully authorized senior representative for resolution on an informal basis as promptly as practicable.

(c) Resolution Through Alternative Dispute Resolution

In the event the designated representatives are unable to resolve the dispute through informal negotiation within thirty (30) days, or such other period as the Parties may agree upon, by mutual agreement of the Parties, such dispute may be submitted to mediation or any other form of alternative dispute resolution upon the agreement of all Parties to participate in such mediation or other alternative dispute resolution process. Such form of alternative dispute resolution shall not include binding arbitration.

If a Party identifies exigent circumstances reasonably requiring expedited resolution of the dispute, such Party may file a Complaint with the Commission or seek other appropriate redress before a court of competent jurisdiction.

12.7 Notice of Dispute Resolution Process Results

Within three (3) Business Days following the resolution of a dispute pursuant to either Section 12.6(b) or Section 12.6(c) of this Attachment, the ISO shall distribute to the Planning Advisory Committee a document reflecting the resolution.

13. Rights Under The Federal Power Act

Nothing in this Attachment shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

ATTACHMENT K APPENDIX 1

ATTACHMENT K -LOCAL

LOCAL SYSTEM PLANNING PROCESS

APPENDIX 1

ATTACHMENT K -LOCAL

LOCAL SYSTEM PLANNING PROCESS

1. Local System Planning Process

1.1 General

In circumstances where transmission system planning for Non-Pool Transmission Facilities ("Non-PTF")[1], including Local Public Policy Transmission Upgrades, is taking place in New England that is not incorporated into the RSP planning process, the following Local System Plan ("LSP") process will be utilized for transmission planning purposes. The purpose of the LSP is to enable formal stakeholder input to planning for Non-PTF that is not incorporated into the RSP. The LSP shall ensure the opportunity for Planning Advisory Committee participation in the LSP process. The LSP will not be subject to approval by the ISO or the ISO Board under the RSP.

1.2 Planning Advisory Committee Review

The Planning Advisory Committee shall periodically provide input and feedback to the PTOs concerning the development of the LSP and the conduct of associated system enhancement and expansion studies. It is contemplated that LSP issues for identified local areas will be periodically addressed at the end of regularly scheduled Planning Advisory Committee meetings. Regular meetings of the Planning Advisory Committee shall be extended as necessary to serve the purposes of this section. Each PTO contemplating the addition of new Non-PTF will present its respective LSP to the Planning Advisory Committee not less than once per year. Not less than every three years, each PTO will post a notice indicating that members of the Planning Advisory Committee, NESCOE, or any state may provide the PTO with input regarding state and federal public policy requirements identified as driving transmission needs relating to the Non-PTF and regarding particular local transmission needs driven by public policy requirements. The PTO will provide a written explanation, to be posted on the ISO website, of which transmission needs driven by public policy requirements the PTO will evaluate for potential solutions in the LSP planning process.

[1] For absence of doubt, the PTOs clarify that Non-PTF is meant to include Category B and Local Area Facilities as defined by the TOA.

1.3 Role of the PTOs

Each PTO will be responsible for administering the LSP process pertaining to its own Non-PTF, including Local Public Policy Transmission Upgrades, by presenting LSP information to the Planning Advisory Committee, developing an appropriate needs analysis and addressing LSP needs within its local area. In developing its LSP, each PTO will ensure comparable treatment of similarly situated customers or potential customers and will take into consideration data, comments and specific requests supplied by the Planning Advisory Committee, Transmission Customers and other stakeholders. To the extent that generation and/or demand resources are identified that could impact planning for Non-PTF, each PTO will take such resources into account when developing the LSP for its facilities, consistent with Good Utility Practice. Each PTO will also be responsible for addressing issues or concerns arising out of Planning Advisory Committee review of its proposed LSP and posting its LSP and the LSP Project List.

1.4 Description of LSP

The LSP shall describe the projected improvements to Non-PTF that are needed to maintain system reliability or as Local Public Policy Transmission Upgrades, and shall reflect the results of such reviews within the limited geographical areas that pertain to the LSP, as determined by each PTO ("LSP Needs Assessments"), and corresponding system planning and expansion studies. The LSP Needs Assessments will be coordinated with the RSP and include the information that the ISO-NE incorporates into the RSP plans, as applicable. The proponents of regulated transmission proposals in response to LSP Needs Assessments shall also identify any RSP plans that require coordination with their regulated transmission proposals addressing the Non-PTF system needs.

The LSP shall identify the planning process, criteria, data, and assumptions used to develop the LSP. To the extent the current LSP utilizes data, assumptions or criteria used by the ISO in the RSP, any such data, assumptions or criteria will also be identified in the LSP.

Each PTO shall consult with NESCOE and applicable states and consider their views prior to including a Local Public Policy Transmission Upgrade in its LSP.

Each PTO's LSP will be made available on a website for review by the Planning Advisory Committee, Transmission Customers and other stakeholders, subject to the ISO New England Information Policy and CEII restrictions or requirements. The ISO's posting of the RSP and the RSP Project List will include links to each PTO's specific LSP posting.

The LSP of a particular PTO shall be posted not less than 3 business days prior to its presentation by the PTO to the Planning Advisory Committee. The Planning Advisory Committee, Transmission Customers, and other stakeholders will have 30 days from the date of the PTO's presentation to the Planning Advisory Committee to provide any written comments for consideration by the PTO. The LSP shall specify the physical characteristics of the solutions that can meet the needs identified in the LSP. The LSP shall provide sufficient information to allow Market Participants to assess the quantity, general locations and operating characteristics of the type of incremental supply or demand-side resources, or merchant transmission projects, that would satisfy the identified needs or that may serve to modify, offset or defer proposed regulated transmission upgrades.

Each year's LSP shall be based upon the LSP completed in the prior year by either recertifying the results of the prior LSP or providing specific updates.

1.5 Economic Studies

To the extent that the ISO selects any Economic Studies pursuant to Section 4.1(b) of Attachment K or otherwise performs Economic Studies that will impact Non-PTF, including Local Public Policy Transmission Upgrades, the PTOs will coordinate with the ISO in the performance of such Economic Studies.

2. Posting of LSP Project List

Each PTO shall develop, maintain and make available on a website, a cumulative listing of proposed regulated transmission solutions that may meet LSP needs (the "LSP Project List"). The LSP Project List will be updated at least annually. The LSP Project List shall also provide reasons for any new Non-PTF, including Local Public Policy Transmission Upgrades, any change in status of proposed Non-PTF, including Local Public Policy Transmission Upgrades, or any removal of proposed Non-PTF, including Local Public Policy Transmission Upgrades, from the LSP Project List. Each PTO will be individually responsible for publicly posting and updating the status of its respective LSP and the transmission projects arising therefrom on a website in a format comparable to the manner in which RSP plans and projects are posted on the RSP Project List. The ISO's posting of the RSP and RSP Project List will include links to each PTO's specific LSP Project List.

3. Posting of Assumptions and Criteria

Each PTO will make available on a website the planning criteria and assumptions used in its current LSP. A link to each PTO's planning criteria and assumptions will be posted on the ISO website.

4. Cost Responsibility for Transmission Upgrades

The cost responsibility for each upgrade, modification or addition to the transmission system in New England that is included in the LSP Project List of this Appendix 1 shall be determined in accordance with Schedule 21 of this OATT.

5. LSP Dispute Resolution Procedures

5.1 Objective

Section 5 of this Appendix 1 sets forth an LSP dispute resolution process (the "LSP Dispute Resolution Process") through which LSP-related transmission planning-related disputes may be resolved as expeditiously as possible.

5.2 Confidential Information and CEII Protections

All information disclosed in the course of the LSP Dispute Resolution Process shall be subject to the protection of confidential information and CEII consistent with the ISO New England Information Policy and CEII policy.

5.3 Eligible Parties

Any member of the Planning Advisory Committee that has been adversely affected by a PTO's Reviewable Determination with respect to the LSP transmission planning process described in this Appendix 1 is eligible to raise its dispute, as appropriate, under this LSP Dispute Resolution Process ("Disputing Party").

5.4 Scope

In order to ensure that the LSP transmission planning process set forth under this Appendix 1 moves expeditiously forward, the scope of issues that may be subject to the LSP Dispute Resolution Process under this Section 5 shall be limited to certain key procedural and substantive decisions made by the applicable PTO within its authority as specified in documents on file with the Commission. That is, decisions not subject to resolution within the jurisdiction of the Commission are not within the scope of this LSP Dispute Resolution Process. Examples of matters not within the scope of the LSP Dispute Resolution Process include planning to serve retail native load or state siting issues. Additionally, the Tariff already explicitly provides specific dispute resolution procedures for various matters. To this end, any matter regarding the review and approval of applications pursuant to Section I.3.9 of the Tariff, which

is subject to the dispute resolution process under Section I.6 of the Tariff, shall not be within the scope of this LSP Dispute Resolution Process. Similarly, any matter regarding Transmission Cost Allocation shall be governed by the dispute resolution process under Schedule 12 of the OATT, and shall be outside the scope of this LSP Dispute Resolution Process.

(a) Reviewable Determinations:

The LSP determinations made by the applicable PTO that may be subject to the LSP Dispute Resolution Process under this Section 5 ("Reviewable LSP Determination") shall include certain procedural and substantive challenges at designated key decision points during the LSP transmission planning process for Non-PTF, including Local Public Policy Transmission Upgrades ("Key LSP Decision Points"). Procedural challenges will be limited to whether or not the steps taken up to a Key LSP Decision Point conform to the requirements set forth in this Appendix 1. Substantive challenges will be limited to whether or not a determination or conclusion rendered at a Key LSP Decision Point was supported by adequate basis in fact. The Key LSP Decision Points shall be limited to the following:

(i) Results of an LSP Needs Assessment conducted and communicated by a PTO to the Planning Advisory Committee as specified in this Appendix 1;

(ii) Updates to the LSP Project List, including adding, removing or revising regulated Non-PTF transmission solutions included thereunder, as presented at the Planning Advisory Committee and as specified in this Appendix 1;

(iii) Results of Non-PTF transmission solution studies, including any Local Public Policy Transmission Upgrade studies, conducted and communicated by the PTO to the Planning Advisory Committee as specified in this Appendix 1; and

(iv) Consideration of market responses in LSP Needs Assessments as specified in this Appendix 1.

(b) Material Adverse Impact

In order to prevail in a challenge to a procedural-based Reviewable LSP Determination, the Disputing Party must show that the alleged procedural error had a material adverse impact on the determination or conclusion made by the applicable PTO. In order to prevail in a challenge to a

substantive-based Reviewable LSP Determination, the Disputing Party must show that either (i) the determination is based on incorrect data or assumptions or (ii) incorrect analysis was performed by the PTO, and (iii) as a result thereof, the PTO made an incorrect decision or determination.

5.5 Notice and Comment

A Disputing Party aggrieved by a PTO's Reviewable LSP Determination shall have fifteen (15) calendar days upon learning of the Reviewable LSP Determination following the PTO's presentation of such LSP Reviewable Determination at the Planning Advisory Committee to request dispute resolution by giving notice to the Applicable PTO ("Request for LSP Dispute Resolution").

A Request for LSP Dispute Resolution shall be in writing and shall be provided to the applicable PTO and, as appropriate, other affected Transmission Owners. Within three (3) Business Days of the receipt by a PTO of a Request for Dispute Resolution, the PTO, in coordination with the ISO, shall prepare and distribute to all members of the Planning Advisory Committee a notice of the Request for Dispute Resolution including, subject to the protection of Confidential Information and CEII, the specifics of the Request for Dispute Resolution and providing the name of a PTO representative to whom any comments may be sent. Any member of the Planning Advisory Committee may submit to the PTO's designated representative, on or before the tenth (10th) Business Day following the date the PTO distributes the notice of the Request for Dispute Resolution, written comments to the PTO with respect to the Request for Dispute Resolution. The Disputing Party filing the Request for Dispute Resolution may respond to any such comments by submitting a written response to the PTO's designated representative and to the commenting party on or before the fifteenth (15th) Business Day following the date the PTO distributes the notice of the Request for Dispute Resolution. The PTO may, but is not required to, consider any written comments.

5.6 Dispute Resolution Procedure

(a) Resolution Through the Planning Advisory Committee

The Planning Advisory Committee shall discuss and resolve any LSP related dispute arising under this Appendix 1 involving a Reviewable LSP Determination, as defined in Section 5.4 of this Appendix 1, between and among the applicable PTO, the Disputing Party, and, as appropriate, other affected Transmission Owners and the ISO (collectively, "Parties") (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution).

(b) Resolution Through Informal Negotiation

To the extent that the Planning Advisory Committee is not able to resolve a dispute arising under this Appendix 1 involving a Reviewable LSP Determination, as defined in Section 5.4 of this Appendix 1, between and among the Parties, such dispute shall be the subject of good-faith negotiations among the Parties. Each Party shall designate a fully authorized senior representative for resolution on an informal basis as promptly as practicable.

(c) Resolution Through Alternative Dispute Resolution

In the event the designated representatives are unable to resolve the dispute through informal negotiations within thirty (30) days, or such other period as the Parties may agree upon, by mutual agreement of the Parties, such LSP related dispute may be submitted to mediation or any other form of alternative dispute resolution upon the agreement of all Parties to participate in such mediation or other alternative dispute resolution process. Such form of alternative dispute resolution shall not include binding arbitration.

If a Party identifies exigent circumstances reasonably requiring expedited resolution of the LSP related dispute, such Party may file a Complaint with the Commission or seek other appropriate redress before a court of competent jurisdiction

5.7 Notice of Results of Dispute Resolution

Within three (3) Business Days following the resolution of a dispute pursuant to either Section 5.6(b) or 5.6(c) of this Appendix 1, the PTO shall distribute to members of the Planning Advisory Committee a document reflecting the resolution.

5.8 Rights under the Federal Power Act:

Nothing in this Appendix 1 shall restrict the rights of any party to file a complaint with the Commission under relevant provisions of the Federal Power Act.

ATTACHMENT N

PROCEDURES FOR REGIONAL SYSTEM PLAN UPGRADES

I. INTRODUCTION

Pursuant to Part II.G of the ISO New England Open Access Transmission Tariff (Sections II.46 – II.47), Attachment K and this Attachment, the ISO shall classify upgrades as Reliability Transmission Upgrades, Market Efficiency Transmission Upgrades or Public Policy Transmission Upgrades during the Regional System Plan ("RSP") process. Pursuant to established standards, that process is designed to collect and reflect broad input from all stakeholders through the Planning Advisory Committee ("PAC"). The PAC is composed of a wide variety of regional stakeholders, including Governance Participants (such as generator owners, marketers, load serving entities, merchant transmission owners and participating transmission owners), governmental representatives, public interest groups, state agencies (including those participating in the New England Conference of Public Utilities Commissioners), retail customers, representatives of local communities, and consultants. The PAC meets regularly throughout the year.

This procedure describes the standards used by the ISO to identify Reliability Transmission Upgrades, Market Efficiency Transmission Upgrades and Public Policy Transmission Upgrades and the process for making such identifications pursuant to Part II.G and Attachment K of the OATT.

The ISO may amend these standards and procedures from time to time, as appropriate, with input from the Reliability Committee and PAC.

II. STANDARDS FOR IDENTIFYING RELIABILITY TRANSMISSION UPGRADES, MARKET EFFICIENCY TRANSMISSION UPGRADES AND PUBLIC POLICY TRANSMISSION UPGRADES

A. Identification of Reliability Transmission Upgrades

Reliability Transmission Upgrades are those upgrades necessary to ensure the continued reliability of the New England Transmission System based on applicable reliability standards. In applying the applicable reliability standards, some of the considerations that will be taken into account are as follows:

- available supply and transmission (i.e., known resource changes, which includes anticipated transmission enhancements (considering Elective Transmission Upgrades and Merchant Transmission Facilities), demand side resources, and new, retired or unavailable generators);

- load growth;
- acceptable stability response;
- acceptable short circuit capability;
- acceptable voltage levels;
- adequate thermal capability; and
- acceptable system operability and responses (e.g. automatic operations, voltage changes).

To identify the transmission system facilities required to maintain reliability and system performance consistent with the applicable reliability standards, the ISO shall:

- determine whether the above factors are met using reasonable assumptions for certain amounts of forecasted load growth, and generation and transmission facility availability (due to maintenance, forced outages, or other unavailability); and
- rely on Good Utility Practice, applicable reliability standards, and the ISO System Rules.

A Reliability Transmission Upgrade is not an upgrade required by the interconnection of a generator except to the extent determined under the terms of Schedule 11 of the OATT. A Reliability Transmission Upgrade may also provide market efficiency benefits.

B. Identification of Market Efficiency Transmission Upgrades

Market Efficiency Transmission Upgrades are upgrades designed primarily to provide a net reduction in total production cost to supply the system load. Proposed Market Efficiency Transmission Upgrades shall be identified by the ISO where the net present value of the net reduction in total cost to supply the system load, as determined by the ISO, exceeds the net present value of the carrying cost of the identified transmission upgrade.

An upgrade identified as a Reliability Transmission Upgrade may qualify for interim treatment as a Market Efficiency Transmission Upgrade if market efficiency is used to influence the schedule for the implementation of the upgrade. Such opportunities shall be identified by the ISO when the net present value of the reduction to total production cost to supply the system load, as determined by the ISO, exceeds the net present value of the Reliability Transmission Upgrade after it is advanced less the net present value of the upgrade for when it is projected to be needed for reliability.

1. Base Economic Evaluation Model

In making a determination of the net present value of bulk power system resource costs, the ISO shall take into account applicable economic factors that shall include the following projected factors:

- energy costs;
- Capacity Costs;
- cost of supplying total operating reserve;
- system losses;
- available supply and transmission (i.e., known resource changes, which includes anticipated transmission enhancements (considering Elective Transmission Upgrades and Merchant Transmission Facilities), demand side resources and new, retired or unavailable generators);
- load growth;
- fuel costs;
- fuel availability;
- generator availability;
- release of bottled generating resources;
- present worth factors for each project specific to the owner of the project;
- present worth period not to exceed ten years; and
- cost of the project.

Analysis may include utilization of historical information such as may be included in market reports as well as special studies and should report cumulative net present value annually over the study period.

2. Other Data Provided to Stakeholders

Although not used to evaluate the net economic benefit of the system upgrade, analysis may be provided to illustrate the net cost to load with and without the transmission upgrade – considering additional factors such as locational installed capacity, congestion costs, and impacts on bilateral prices for electricity.

Summary

Based on information provided through such analysis and pursuant to the factors listed in (1) above, the ISO, in consultation with the PAC, will identify Market Efficiency Transmission Upgrades to be included in the RSP. If however, during the course of their analysis, the ISO determines that without the project the

applicable reliability standards will not be met, then the project will be designated as a Reliability Transmission Upgrade and included in the RSP as such.

C. Identification of Public Policy Transmission Upgrades

Public Policy Transmission Upgrades are upgrades designed primarily to meet NESCOE-identified transmission needs driven by public policy requirements. Proposed Public Policy Transmission Upgrades shall be assessed and identified by the ISO in accordance with Section 4A of Attachment K to the OATT.

III. PROCEDURES FOR IDENTIFYING RELIABILITY TRANSMISSION UPGRADES, MARKET EFFICIENCY TRANSMISSION UPGRADES AND PUBLIC POLICY TRANSMISSION UPGRADES

A. ISO Identification of Needs for Reliability Transmission Upgrades, Market Efficiency Transmission Upgrade and Public Policy Transmission Upgrades

1. An assessment of the adequacy of the region's electric system.

On a regular and on-going basis, the ISO shall conduct studies to identify the location and nature of any potential problems on the New England Transmission System. These assessments shall be conducted to identify those factors relevant to the standards for identifying needs which might be solved or mitigated by Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, as specified in Section II of this Attachment.

The ISO will publish its identification of such relevant factors on the New England Transmission System on its website and to the PAC, thereby providing market signals for generation, merchant transmission and load responses to develop and implement market-based solutions for the relief of actual and projected system reliability concerns, transmission constraints and market inefficiencies. The ISO will also present the results of its assessments in appropriate market forums to facilitate market responses to those needs. Market responses having met appropriate milestones pursuant to Attachment K to the OATT will be included in studies to assess the effects of such market responses on the identified problems with reliability and market inefficiencies.

Based on input and feedback provided by the PAC, the ISO shall refer to the Markets Committee and Reliability Committee issues and concerns identified by the PAC for further investigations and consideration of potential changes to rules and procedures.

2. Conduct of Public Policy Transmission Studies

The ISO will conduct the public policy transmission planning process pursuant to the timelines and procedures set out in Section 4A of Attachment K to this OATT.

B. Adequacy of the market responses, and as necessary, adequacy of Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades

The ISO shall assess the adequacy of proposed market responses in addressing identified system needs. The ISO shall also ensure that there are no significant adverse effects associated with such market responses, pursuant to Section I.3.9 of the Tariff and Planning Procedure 5-3, "Guidelines for Conducting and Evaluating Proposed Plan Application Analysis".

If the market does not respond with adequate solutions to address the system needs identified by the ISO, the ISO shall present a coordinated transmission plan in the RSP that identifies appropriate projects for addressing both reliability, and market efficiency needs.

This coordinated plan is updated by the ISO as market responses to identified problems are developed. Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades are implemented only after market solutions have been given first consideration.

C. Periodic Updates to the RSP

A Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade may be added to the RSP at any time in a given year, and a Public Policy Transmission Upgrade project may be added to the RSP in accordance with Sections 3.6 and 4A of Attachment K to the OATT. In doing so, the ISO shall consult with and consider input from the PAC and the Reliability Committee, within the scope of their respective functions.

The time required to implement transmission projects, however, is often longer than that needed for market-based solutions. Thus, the RSP process recognizes that a new market response could result in a deferral or a significant change in the proposed timing and/or configuration of a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrades. Also, a needed Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade may become delayed due to other factors.

As a result, the ISO may remove or defer a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade project from the RSP at any time in a given year, if the market responds by developing credible market-based solutions, or other circumstances arise that impact the need for the Transmission Upgrade. If market-based solutions have not met appropriate milestones prior to significant sunk transmission expense being made to provide the Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade, then the ISO will assess the risks and costs associated with adding or advancing a transmission project from the RSP. The ISO may remove a Public Policy Transmission Upgrade project from the RSP in accordance with Sections 3.6 and 4A of Attachment K to the OATT. The ISO shall consult with and consider input from the PAC and the Reliability Committee with regard to such changes in the RSP. In the event that a transmission project is removed, deferred, added or advanced, the ISO shall promptly notify the affected Participating Transmission Owners and Non-Incumbent Transmission Developers.

IV. COST-EFFECTIVENESS AND COST ALLOCATION DETERMINATION OF RELIABILITY TRANSMISSION UPGRADES AND MARKET EFFICIENCY TRANSMISSION UPGRADES

The cost-effectiveness and cost allocation of identified Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades will be determined pursuant to the Tariff, Attachment K; Schedule 12; and Planning Procedure 4. The level of detail needed to fulfill the requirements of the RSP process and Planning Procedure 4 will ensure that, in addition to a determination of Pool-supported PTF costs and Localized Costs, the planning and stakeholder review processes will include a comprehensive examination of all Transmission Upgrade construction alternatives and their associated costs and will thus evaluate the cost-effectiveness of each Transmission Upgrade and its potential alternatives.

ATTACHMENT O

NON-INCUMBENT TRANSMISSION DEVELOPER OPERATING AGREEMENT

NON-INCUMBENT TRANSMISSION DEVELOPER OPERATING AGREEMENT

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NON-INCUMBENT TRANSMISSION DEVELOPER OPERATING AGREEMENT

This Operating Agreement (this "Agreement"), dated as of [date], is made and entered into by _____, a [STATE] [TYPE OF ENTITY] ("NTD"), and ISO New England Inc.("ISO"), a Delaware corporation (NTD and the ISO are collectively referred to herein as the "Parties").

WHEREAS, the ISO is a regional transmission organization ("RTO") authorized by the Federal Energy Regulatory Commission ("FERC") to exercise the functions required of RTOs pursuant to FERC's Order No. 2000 ("Order 2000") and FERC's RTO regulations;

WHEREAS, NTD has been approved as a "Qualified Transmission Project Sponsor" pursuant to the ISO Open Access Transmission Tariff (the "ISO OATT"), which is Section II of the ISO New England Inc. Transmission, Markets and Services Tariff (the "ISO Tariff");

WHEREAS, in accordance with the requirements of Order 2000, the ISO will be the transmission provider under the ISO OATT of non-discriminatory, open access transmission services over the transmission facilities of NTD, once placed in service, that become part of the New England Transmission System ("Transmission Service");

WHEREAS, the ISO OATT will be designed to provide for the payment by transmission customers for Transmission Service at rates designed to recover the revenue requirements of NTD in supporting the provision of such transmission service by the ISO under the ISO OATT;

WHEREAS, the ISO will be responsible for system planning within the ISO region subject to certain rights and obligations of NTD, all as set forth in this Agreement;

WHEREAS, the functions to be performed by the ISO and Order 2000 require that the ISO have the requisite operational authority over NTD's transmission facilities;

WHEREAS, in accordance with the terms set forth herein, NTD desires for the ISO to exercise, and the ISO desires to exercise, Operating Authority (as defined in Section 3.02 of this Agreement) over the NTD Transmission Facilities (as defined in this Agreement) consistent with the requirements of Order 2000, once those facilities are placed in service;

WHEREAS, NTD will among other things, continue to own, physically operate, and maintain its transmission facilities; and

WHEREAS, references to the PTOs in this Agreement are not intended to impose additional requirements or obligations on the PTOs in addition to those in the TOA;

NOW, THEREFORE, in consideration of the promises, and the mutual representations, warranties, covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, NTD and the ISO agree as follows:

ARTICLE I
DEFINITIONS; INTERPRETATIONS

1.01 **Definitions; Interpretations.** Each of the capitalized terms and phrases used in this Agreement (including the foregoing recitals) and not otherwise defined herein shall have the meaning specified in Schedule 1.01. In this Agreement, unless otherwise provided herein:

(a) words denoting the singular include the plural and vice versa;

(b) words denoting a gender include all genders;

(c) references to a particular part, clause, section, paragraph, article, exhibit, schedule, appendix or other attachment shall be a reference to a part, clause, section, paragraph, or article of, or an exhibit, schedule, appendix or other attachment to, this Agreement;

(d) the exhibits, schedules and appendices attached hereto are incorporated herein by reference and shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein;

(e) a reference to any statute, regulation, proclamation, ordinance or law includes all statutes, regulations, proclamations, amendments, ordinances or laws varying, consolidating or replacing the same from time to time, and a reference to a statute includes all regulations, policies, protocols, codes, proclamations and ordinances issued or otherwise applicable under that statute unless, in any such case, otherwise expressly provided in any such statute or in this Agreement;

(f) a reference to a particular section, paragraph or other part of a particular statute shall be deemed to be a reference to any other section, paragraph or other part substituted therefor from time to time;

(g) a definition of or reference to any document, instrument or agreement includes any amendment or supplement to, or restatement, replacement, modification or novation of, any such document, instrument or agreement unless otherwise specified in such definition or in the context in which such reference is used;

(h) a reference to any Person (as hereinafter defined) includes such Person's successors and permitted assigns in that designated capacity;

(i) any reference to "days" shall mean calendar days unless "Business Days" (as hereinafter defined) are expressly specified;

(j) if the date as of which any right, option or election is exercisable, or the date upon which any amount is due and payable, is stated to be on a date or day that is not a Business Day, such right, option or election may be exercised, and such amount shall be deemed due and payable, on the next succeeding Business Day with the same effect as if the same was exercised or made on such date or day (without, in the case of any such payment, the payment or accrual of any interest or other late payment or charge, provided such payment is made on such next succeeding Business Day);

(k) words such as "hereunder", "hereto", "hereof" and "herein" and other words of similar import shall, unless the context requires otherwise, refer to this Agreement as a whole and not to any particular article, section, subsection, paragraph or clause hereof;

(l) a reference to "include" or "including" means including without limiting the generality of any description preceding such term, and for purposes hereof the rule of ejusdem generis shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned; and

(m) neither this Agreement nor any other agreement, document or instrument referred to herein or executed and delivered in connection herewith shall be construed against any Person as the principal draftsperson hereof or thereof.

ARTICLE II
TRANSMISSION FACILITIES

2.01 **Transmission Facilities.** As to NTD, the transmission facilities over which the ISO shall exercise Operating Authority (as of the date the facilities are placed in service) in accordance with the terms set forth herein shall be:

(a) those facilities of NTD listed in Schedule 2.01(a) (hereinafter "NTD Category A Facilities"), as such list of facilities may be added to or deleted from in accordance with Sections 2.01(d) and 2.02 below;

(b) those facilities of NTD listed in Schedule 2.01(b) (hereinafter "NTD Category B Facilities"), as such list of facilities may be added to or deleted from, in accordance with Sections 2.01(d) and 2.02 below; and

(c) those transmission facilities of NTD within the New England Transmission System with a voltage level of less than 69 kV and all transformers that have no NTD Category A Facilities or NTD Category B Facilities connected to the lower voltage side of the transformer that are not listed on Schedule 2.01(a) and Schedule 2.01(b) (hereinafter "NTD Local Area Facilities"), provided that any excluded facilities of NTD listed on Schedule 4.01(d) shall not be NTD Local Area Facilities.

(d) The transmission facilities included on any of the lists of the NTD Category A Facilities or the NTD Category B Facilities contained in Schedule 2.01(a) and Schedule 2.01(b), respectively, may be redesignated on another of those two lists, deleted from such list, or redesignated as a NTD Local Area Facility without the necessity of an amendment to this Agreement, but only in the following manner:

(i) at the direction of a Governmental Authority with jurisdiction over the Transmission Facilities in question, provided that the ISO and NTD shall be provided prior written notice of such changes;

(ii) as agreed between the ISO and NTD; or

(iii) where the operational characteristics of a transmission facility have been materially modified (including a change from a radial transmission facility to a looped

transmission facility that contributes to the parallel carrying capability of the New England Transmission System) in accordance with Section 2.01(e); provided that any such changes shall also be subject to ISO review consistent with Section 2.06.

(e) All transmission facilities to be redesignated as NTD Category A Facilities, NTD Category B Facilities, or Local Area Facilities or deleted from the lists in Schedule 2.01(a) and Schedule 2.01(b) in accordance with Section 2.01(d)(iii), and all transmission facilities to be added to the lists in Schedule 2.01(a) and Schedule 2.01(b) in accordance with Section 2.02 shall be classified in accordance with the following standards:

(i) NTD Category A Facilities shall consist of: all transmission lines with a voltage level of 115 kV and above, except for those 115 kV transmission facilities specifically designated as NTD Category B Facilities in accordance with Section 2.01(e)(ii); all transmission interties between Control Areas; all transformers that have NTD Category A Facilities connected to the lower voltage side of the transformer; all transformers that require an NTD Category A Facility to be taken out of service when the transformer is taken out of service; and all breakers and disconnects connected to, and all shunts, relays, reclosing and associated equipment, dynamic reactive resources, FACTS controllers, special protection systems, PARS, and other equipment specifically installed to support the operation of such transmission lines, interties, and transformers.

(ii) NTD Category B Facilities shall consist of: all 115 kV radial transmission lines and all 69 kV transmission lines that are not interties between Control Areas; all transformers that have any NTD Category B Facilities and no NTD Category A Facilities connected to the lower voltage side of the transformer except to the extent such transformers are designated as NTD Category A Facilities in accordance with Section 2.01(e)(i); and all breakers and disconnects connected to, and all shunts, relays, reclosing and associated equipment, dynamic reactive resources, FACTS controllers, special protection systems, PARS, and other equipment specifically installed to support the operation of such NTD Category B Facilities.

(iii) NTD Local Area Facilities shall consist of all transmission facilities with a voltage level of less than 69 kV and all transformers that have no NTD Category A

Facilities or NTD Category B Facilities connected to the lower voltage side of the transformer.

(iv) To the extent there is any dispute between the ISO and NTD as owner of a transmission facility concerning classification of such transmission facility under these standards, such disagreement shall be subject to the dispute resolution provisions of this Agreement, provided that the ISO's classification of a transmission facility under the standards shall govern pending resolution of the dispute.

Collectively, all NTD Category A Facilities, NTD Category B Facilities, and NTD Local Area Facilities shall hereinafter be referred to as the "Transmission Facilities," provided that "Transmission Facilities" shall not include Excluded Assets as defined in Section 2.04 of this Agreement or Merchant Facilities. The ISO shall maintain on its OASIS a posting of the current versions of Schedule 2.01(a) and Schedule 2.01(b), in each instance, reflecting each such change promptly after such change is made.

(f) The classifications set forth in this Section 2.01 are for operational purposes. Rate treatment of Transmission Facilities shall be governed by the ISO OATT, provided that filings for rate treatment under the ISO OATT shall be subject to Section 3.04 of this Agreement.

2.02 **New and Acquired Transmission Facilities and Transmission Upgrades.**

(a) Any New Transmission Facility or Transmission Upgrade shall be considered a "Transmission Facility" under this Agreement once it is included as "Proposed" in the RSP Project List and, unless otherwise agreed by the ISO and NTD, shall thereafter be added to Schedule 2.01(a) and/or (b), as applicable.

(b) Any Merchant Facility interconnected to or within the New England Transmission System shall not be the subject of this Agreement. Any Merchant Facility interconnected to or within the New England Transmission System constructed and placed in commercial operation after the Operations Date shall be subject to the authority of the ISO under a separate agreement in accordance with Section 2.03 and any applicable provisions of the ISO OATT.

2.03 **Merchant Facilities.** The terms and conditions under which NTD, an Affiliate of NTD or any other entity grants authority over any Merchant Facilities to the ISO shall not be governed by this

Agreement, it being understood that NTD shall enter into operating agreements relating to its Merchant Facilities directly with the ISO in accordance with applicable provisions of the ISO OATT. Nothing in this Agreement is intended to limit or expand the right of NTD, the Affiliate of NTD, or any other entity to propose, construct, or own Merchant Facilities interconnected to the New England Transmission System. No Merchant Facility may become an Acquired Transmission Facility.

2.04 **Excluded Assets.** The "Excluded Assets" of NTD shall consist of those assets and/or facilities of NTD set forth in Section 2.04(a) and (b). These Excluded Assets are expressly excluded from the definition of Transmission Facilities under this Agreement, and the ISO shall not have Operating Authority over NTD's Excluded Assets. Nothing in this Section 2.04 is intended to address the rate treatment of the Transmission Facilities or any other asset of NTD. Rate treatment of Transmission Facilities shall be governed by the ISO OATT, provided that filings for rate treatment under the ISO OATT shall be subject to Section 3.04 of this Agreement:

(a) Excluded Assets are any assets, facilities, and/or portions of facilities owned by NTD that are connected with or associated with Transmission Facilities to the extent specifically excluded pursuant to the following items (i) through (vii) of this Section 2.04(a):

(i) proceeds from the use or disposition of Transmission Facilities;

(ii) any payment, refund or credit (1) relating to Taxes in respect of the Transmission Facilities, (2) arising under any contracts or tariffs of NTD and relating to services provided prior to the beginning of the Term, or (3) arising under any contract or tariff that provides for rates that are subject to regulation by an agency other than FERC.

(iii) any rights, ownership, title or interest NTD may have with respect to telecommunications assets and equipment, provided that the ISO shall continue to have the right to use such telecommunication assets and equipment attached to or associated with Transmission Facilities solely to the extent needed for the exercise of the ISO's Operating Authority and further provided that such use right shall not be assignable by the ISO;

(iv) any existing contracts or contract rights of NTD related in any manner to Transmission Facilities unless NTD agrees to assign or transfer such contracts to the ISO;

(v) any assets, property rights, licenses, permits or facilities that are used for or in (1) the distribution, generation, trading or marketing of electricity (except for facilities specifically defined as Transmission Facilities that are used for such activities), (2) gas transportation, gas, water, petroleum, chemical, real estate development, or cable business, or (3) any other activity unrelated to the transmission of electricity located on, or making use of, the Transmission Facilities;

(vi) any causes of action or claims related to Transmission Facilities, provided, that, upon the written agreement of NTD and the ISO to the assumption by the ISO of the management of such claims under mutually agreed terms and conditions, the ISO may manage NTD's causes of action or claims against a third party relating to such Transmission Facilities, and provided further that the ISO shall have the right to pursue causes of action or claims against third parties to the extent necessary for the ISO to fulfill its responsibilities for invoicing, collection and disbursement of customer payments in accordance with Section 3.10; and

(vii) any asset or facility for which Operating Authority may not be lawfully transferred or assigned.

(b) Excluded assets are any assets or facilities of NTD that are not specifically defined as Transmission Facilities, including without limitation the facilities or portions of facilities described in items (i) through (xii) of this Section 2.04(b):

(i) all cash, cash equivalents, bank deposits, accounts receivable, and any income, sales, payroll, property or other Tax receivables;

(ii) proceeds from the use or disposition of any facilities or assets owned by NTD;

(iii) certificates of deposit, shares of stock, securities, bonds, debentures, and evidences of indebtedness;

(iv) any rights or interest in trade names, trademarks, service marks, patents, copyrights, domain names or logos;

(v) any payment, refund or credit (1) relating to Taxes, (2) arising under any contracts or tariffs of NTD and relating to services provided prior to the beginning of the Term, or (3) arising under any contract or tariff that provides for rates that are subject to regulation by an agency other than FERC;

(vi) any facilities, including transmission facilities, located outside the New England Transmission System;

(vii) any rights, ownership, title or interest NTD may have with respect to telecommunications assets and equipment;

(viii) any existing contracts or contract rights of NTD unless NTD agrees to assign or transfer such contracts to the ISO;

(ix) any assets, property rights, licenses, permits or facilities that are used for or in (1) the distribution, generation, trading or marketing of electricity or (2) gas transportation, gas, water, petroleum, chemical, real estate development, or cable business, or (3) any other activity unrelated to the transmission of electricity whether or not located on, or making use of, the Transmission Facilities;

(x) any causes of action or claims;

(xi) any asset or facility for which Operating Authority may not be lawfully transferred or assigned; and

(xii) any interests of any kind in NTD's real property, provided that nothing in this Section 2.04 shall restrict NTD from conveying interests in real property in any future written agreement into which the ISO and NTD may, in their sole discretion, enter.

2.05 **Connection with Non-Parties.**

(a) NTD shall connect its Transmission Facilities (once placed in service) with the facilities of any entity that is not a Party, including the facilities of a current or proposed Transmission Customer, and shall install (or cause to be installed) and construct (or cause to be constructed) any transmission facilities required to connect the facilities of a non-Party to the Transmission Facilities to the

extent such connection or construction is required by applicable law, including the Federal Power Act and any applicable regulations issued by FERC and provided that the construction of any such transmission facilities shall be subject to the conditions associated with NTD's obligation to build set forth in Schedule 3.09(a). Any such connection shall be subject further to: (1) the receipt of any necessary regulatory approvals, (2) compliance with the procedures set forth in the ISO OATT for review of the reliability and operational impacts of a proposed interconnection (including the procedures for interconnection of a Generating Unit under the Interconnection Standard); and (3) execution of an Interconnection Agreement with such entity containing provisions for the safe and reliable operation of each interconnection with respect to such entity's facilities in accordance with Good Utility Practice, applicable NERC/NPCC Requirements, and applicable Law (including the Federal Power Act); provided that

(i) Except as provided in 2.05(a)(ii) below, NTD shall engage in good faith negotiations as to the terms and conditions of such Interconnection Agreement with any such non-Party, but, except as may be required pursuant to regulations issued by FERC, NTD shall not be required to enter into any Interconnection Agreement containing terms and conditions unacceptable to NTD and shall reserve the right to resolve any disputes, and/or make any filings with FERC, with respect thereto.

(ii) With respect to the interconnection of a Large Generating Facility or a Small Generating Facility to any Transmission Facility, the Interconnection Agreement shall be a three-party agreement among NTD, the ISO, and the interconnecting non-Party based on the Schedule 22 Large Generator Interconnection Agreement or Schedule 23 Small Generator Interconnection Agreement, respectively, in the ISO OATT. With respect to the interconnection of other Generating Units to any Transmission Facility of NTD, the ISO shall be a party to Interconnection Agreements if and to the extent that FERC regulations require the ISO to be a party. Either the ISO or the PTOs (working with NTD as a party to the Disbursement Agreement), may propose amendments to the Schedule 22 Large Generator Interconnection Agreement or Schedule 23 Small Generator Interconnection Agreement under Section 205 of the Federal Power Act and shall include in such proposal the views of the ISO and NTD and PTOs, as applicable, provided that the standard applicable under Section 205 of the Federal Power Act shall apply only to the NTD and/or PTOs' position on any financial obligations of the PTOs and/or NTD (as applicable) or the interconnecting non-Party, and any provisions related

to physical impacts of the interconnection on the Transmission Facilities or other assets. If NTD, the ISO and the interconnecting non-Party agree to the terms and conditions of a specific Large Generator Interconnection Agreement or Small Generator Interconnection Agreement, as applicable, or any amendments to such an Interconnection Agreement, then NTD and the ISO shall jointly file the executed Interconnection Agreement, or amendment thereto, with FERC under Section 205 of the Federal Power Act. To the extent NTD, the ISO and such interconnecting non-Party cannot agree to proposed variations from the Schedule 22 or 23 Interconnection Agreement applicable to a Large Generating Facility or Small Generating Facility, respectively, or cannot otherwise agree to the terms and conditions of the Interconnection Agreement, or any amendments to such an Interconnection Agreement, then NTD and the ISO shall jointly file an unexecuted Interconnection Agreement, or amendment thereto, with FERC under Section 205 of the Federal Power Act and shall identify the areas of disagreement in such filing, provided that, in the event of disagreement on terms and conditions of the Interconnection Agreement related to the costs of upgrades to the Transmission Facilities, the anticipated schedule for the construction of such upgrades, any financial obligations of NTD, and any provisions related to physical impacts of the interconnection on the Transmission Facilities or other assets, then the standard applicable under Section 205 of the Federal Power Act shall apply only to NTD's position on such terms and conditions.

The costs of interconnection facilities shall be allocated in the manner specified in the ISO OATT.

(b) NTD shall also connect its Transmission Facilities (once placed in service) with the facilities of any entity that is not a Party upon satisfaction of the "Elective Transmission Upgrade" provisions of the ISO OATT, provided that NTD shall only connect the facilities of such entity (the "Elective Transmission Upgrade Applicant") upon satisfaction of the following conditions:

(i) The Elective Transmission Upgrade Applicant shall enter into an Interconnection Agreement with the affected PTO(s) and NTD and, to the extent necessary and appropriate, enter into support agreements with the affected PTO(s) and NTD, provided that the Elective Transmission Upgrade Applicant may request, upon providing the security, credit assurances, and/or deposits required by the affected PTO,

the filing with the Commission by NTD and/or affected PTOs of unexecuted Interconnection Agreements and support agreements.

(ii) The Elective Transmission Upgrade Applicant shall obtain all necessary legal rights and approvals for the construction and maintenance of the upgrade and shall cooperate with NTD in obtaining all necessary legal rights and approvals for the construction and maintenance of additions or modifications, if any, required in conjunction with the upgrade.

(iii) The Elective Transmission Upgrade Applicant shall be responsible for 100% of all of the costs of said upgrade and of any additions to or modifications of the Transmission Facilities that are required to accommodate the Elective Transmission Upgrade. A request for rate treatment of an Elective Transmission Upgrade, if any, shall be determined by FERC in the appropriate proceeding.

2.06 **Review of Transmission Plans.** NTD shall submit to the ISO in such form, manner and detail as the ISO may reasonably prescribe: (i) any new or materially changed plans for retirements of or changes in the capacity of such Transmission Facilities rated 69 kV or above or plans for construction of New Transmission Facilities or Transmission Upgrades rated 69 kV or above; and (ii) any new or materially changed plan for any other action to be taken by NTD which may have a significant effect on the stability, reliability or operating characteristics of the Transmission Facilities, the facilities of any Transmission Owner, or the system of a Participant. The ISO shall provide notification of any such NTD submissions to the appropriate Technical Committee(s). Unless prior to the expiration of ninety (90) days, the ISO notifies NTD in writing that it has determined that implementation of the plan will have a significant adverse effect upon the reliability or operating characteristics of the Transmission Facilities, the facilities of any Transmission Owner, or the system of a Participant, NTD shall be free to proceed. If the ISO notifies NTD that implementation of such plan has been determined to have a significant adverse effect upon the reliability or operating characteristics of the Transmission Facilities, the facilities of any Transmission Owner, or the system of a Participant, NTD shall not proceed to implement such plan unless NTD takes such action or constructs such facilities as the ISO determines to be reasonably necessary to avoid such adverse effect.

2.07 **Condemnation.** If, at any time, any Governmental Authority commences any process to acquire any Transmission Facilities or any other interest in Transmission Facilities then held by NTD

through condemnation or otherwise through the power of eminent domain, (i) NTD shall provide the ISO with written notice of such process, (ii) NTD shall, at its cost, direct any litigation or proceeding regarding such condemnation or eminent domain matter, (iii) NTD shall have the right to settle any such proceeding without the consent of the ISO, and (iv) any award in condemnation or eminent domain shall be paid to NTD without any claim to such award by the ISO.

ARTICLE III
OPERATING AUTHORITY

3.01 **Grant of Operating Authority.** Subject to the terms set forth in this Agreement, including Article III and Article X hereof, NTD hereby authorizes the ISO, through its officers, employees, consultants, independent contractors and other personnel, to exercise Operating Authority over the Transmission Facilities once they are placed in service, including provision of Transmission Service over the Transmission Facilities under the TOA and ISO OATT, and the ISO hereby agrees to assume and exercise Operating Authority over the Transmission Facilities in accordance with the TOA once they are placed in service. Coincident with the NTD's Transmission Facilities being placed in service or the acquisition of operational Transmission Facilities, the NTD shall execute the TOA pursuant to Section 10.05 hereof, list such Transmission Facilities under the TOA and, by doing so, authorize the ISO to exercise Operating Authority over such Transmission Facilities via the TOA.

3.02 **[reserved]**

3.03 **Transmission Services and OATT Administration.**

(a) The ISO shall administer the ISO OATT in the manner specified in this Section 3.03. The ISO's OATT administration responsibilities shall include those enumerated below:

(i) The ISO shall receive, post on OASIS as required by Commission regulations, and respond to requests by Large Generating Facilities and Small Generating Facilities to be interconnected under the ISO OATT, and all Transmission Service. Except as provided in Section 3.03(a)(ii), the ISO shall perform the system impact studies and facilities studies (and execute and administer agreements for such studies) in connection with such requests to the Administered Transmission System. Notwithstanding the foregoing, (A) the ISO shall consult with NTD prior to completion

of system impact studies and facilities studies in connection with requests that affect the Transmission Facilities and distribution facilities and shall include in any such studies NTD's reasonable estimates of the costs of upgrades to the Transmission Facilities needed to implement the conclusions of such studies and NTD's reasonable anticipated schedule for the construction of such upgrades; (B) nothing in this Agreement shall preclude the ISO from entering into a separate agreement(s) with NTD for such studies, pursuant to the ISO's supervision and the ISO's authority to require modifications to such studies, to perform system impact studies and facilities studies; (C) except as provided in Section 3.03(a)(ii) with respect to interconnection of Generating Units that would not have an impact on facilities used for the provision of regional transmission service, nothing in this Agreement shall preclude the performance of studies related to the interconnection of Generating Units by a third party consultant to the extent permitted by applicable procedures in the ISO OATT (including procedures governing the treatment of confidential information) and provided that such studies performed by any third party consultant must include NTD's reasonable estimates of the costs of upgrades to such Transmission Facilities needed to implement the conclusions of such studies and NTD's reasonable anticipated schedule for the construction of such upgrades; and (D) NTD shall, upon request by the ISO, conduct any necessary studies related to the Transmission Facilities, including system impact studies and facilities studies, and shall assist in the performance of any such studies, including the provision of information and data in accordance with Section 11.07 of this Agreement.

(ii) The ISO shall review applications for Transmission Service or requests for the interconnection of Large Generating Facilities and Small Generating Facilities to be interconnected to a Transmission Facility to determine whether the service or interconnection would have an impact on facilities used for the provision of regional transmission service. If so, and the interconnection is to a Transmission Facility, the ISO will perform a system impact study and facilities study, as necessary to address the impacts on facilities used for the provision of regional transmission service.

(iii) The ISO shall operate and maintain the OASIS (or a successor system) as required by FERC. NTD shall provide updates to the NTD-specific pages on the OASIS site, subject to the ISO's review of such updates. The ISO shall have the authority to

direct any changes to such NTD-specific pages that it deems appropriate to conform to FERC requirements and the terms and conditions of the ISO OATT.

(b) Notwithstanding Section 3.03(a), retail load customers requesting to interconnect with the Transmission Facilities of NTD shall submit service requests to NTD. Such service requests submitted to the ISO shall be forwarded to NTD. NTD shall execute and administer the agreements, and shall be responsible for billing, collections, dispute resolution and the performance of system impact studies and facilities studies, in coordination with the ISO as necessary, in connection with such requests.

(c) Transmission Service Agreements. The ISO and NTD shall enter into all agreements for Transmission Service over the Transmission Facilities; provided that:

(i) A pro forma regional transmission service agreement (or service agreements) shall be attached to the ISO OATT and such pro forma service agreement(s) shall set forth the respective rights and responsibilities of the Transmission Customer, the ISO, the PTOs and NTD. The ISO shall have the authority, pursuant to Section 205 of the Federal Power Act, to amend the pro forma service agreement(s) or the Market Participant Service Agreement ("MPSA") or executed service agreements related to the terms and conditions of regional Transmission Service.

(ii) The ISO shall be responsible for filing with the FERC, or electronically reporting to the FERC as applicable, all new agreements for Transmission Service over the Transmission Facilities. In the event of any dispute between the ISO or NTD and a Transmission Customer concerning the terms and conditions of such service agreements, the ISO shall file an unexecuted copy of the pro forma service agreement set forth in the ISO OATT and shall include in such filing any statement provided by NTD, affected PTO(s) and the Transmission Customers concerning their respective positions on any proposed changes or additions to the pro forma service agreement.

3.04 **Application Authority.**

(a) NTD shall have the authority to submit filings under Section 205 of the Federal Power Act to establish and to revise (pursuant to an NTD rate schedule filed under Schedule 13 of the ISO OATT):

(i) charges for costs permitted to be recovered under Sections 4.3 and 4A of Attachment K to the ISO OATT;

(ii) once its project is listed as "Proposed" in the RSP Project List, charges for the costs of Commission-approved construction work in process; and

(iii) once its project is listed as "Proposed" in the RSP Project List, any rates, charges, terms or conditions for transmission services that are based solely on the revenue requirements of the Transmission Facilities (including Transmission Facilities leased to NTD or to which NTD has contractual entitlements).

NTD shall not have the authority to revise such rates, terms and conditions in a manner that would abridge the rights granted to the ISO in Section 3.04(b). NTD shall provide written notification to the ISO and stakeholders of any filing described in sub-paragraph (i) through (iv), above, which notification shall include a detailed description of the filing, at least 30 days in advance of a filing. NTD shall consult with interested stakeholders upon request. NTD shall retain the right to modify aspects of any filing authorized by this Section 3.04(a) after it provides written notification to the ISO and stakeholders, and shall provide notification to the ISO and stakeholders of any material modification to such filings.

With respect to any filing described in sub-paragraph (iii) above, NTD shall include in any filing a statement that, in the good faith judgment of NTD, the proposal will not be inconsistent with the design of the New England Markets, as accepted or approved by FERC. In the event the ISO believes that a proposed filing described in sub-paragraph (iii) above, would have such an inconsistency, it shall so advise NTD and NTD and the ISO shall consult in good faith to resolve any ISO concerns, but, if such disagreement cannot be resolved, NTD may submit a filing under Section 205, provided that NTD's filing (including the transmittal letter for such filing) to FERC shall include any written statement provided by the ISO setting forth the basis for the ISO's concerns.

NTD shall consult with the ISO to determine whether the ISO will need to make any software modifications in order to implement any filing authorized by this Section 3.04(a) and when any needed software modifications could reasonably be expected to be implemented. NTD's filing to FERC (and the transmittal letter for such a filing) shall include any written statement provided by the ISO setting forth the basis for any software-related implementation concerns raised by the ISO. The ISO shall make Commercially Reasonable Efforts to implement any needed software modifications by the effective date

accepted by the FERC for a filing authorized by this Section 3.04(a), provided that, if the ISO has exercised such Commercially Reasonable Efforts, a failure to implement needed software modifications by the FERC-accepted effective date shall not constitute an event of default by the ISO under this Agreement or subject the ISO to financial damages, and further provided that the ISO shall run retroactive settlements consistent with the FERC-accepted effective date for a filing authorized by this Section 3.04(a) once such software modifications have been implemented.

(b) The ISO has the authority to submit filings under Section 205 of the Federal Power Act as set forth in the TOA.

(c) NTD shall have no authority to submit a filing under Section 205 of the Federal Power Act to modify any provision of the ISO OATT that implements any of the items listed in Section 3.04(b) of the TOA.

3.05 **The ISO's Responsibilities.**

(a) In addition to its other obligations under this Agreement, in performing its obligations and responsibilities hereunder, and in accordance with Good Utility Practice, the ISO shall:

(i) maintain system reliability; and

(ii) in all material respects, act in accordance with applicable Laws and conform to, and implement, all applicable reliability criteria, policies, standards, rules, regulations, orders, license requirements and all other applicable NERC/NPCC Requirements, and other applicable reliability organizations' reliability rules, and all applicable requirements of federal or state laws or regulatory authorities.

(b) The ISO shall obtain and retain all necessary authorizations of FERC and other regulatory authorities to function as the New England RTO and shall possess the characteristics and perform the functions required for that purpose.

3.06 **NTD's Responsibilities.**

(a) NTD shall, in accordance with Good Utility Practice:

(i) collaborate with the ISO with respect to:

(A) the development of Rating Procedures,

(B) the establishment of ratings for New Transmission Facilities;

(C) the establishment of ratings for Acquired Transmission Facilities that do not have an existing rating; and

(D) the establishment of any changes to existing ratings for Transmission Facilities in effect as of the Operations Date.

To the extent there is any disagreement between the ISO and NTD concerning Rating Procedures or the rating of a Transmission Facility, such disagreement shall be the subject of good faith negotiations between NTD and the ISO, provided that (x) NTD's position concerning such Rating Procedures or Transmission Facility ratings shall govern until NTD and the ISO agree on a resolution to such disagreement; and (y) nothing in this Section 3.06(a)(iv) shall limit the rights of the ISO or of NTD to submit a filing under Section 206 of the Federal Power Act with respect to Transmission Facility ratings or Rating Procedures. During any collaboration or discussions concerning Transmission Facility ratings, NTD shall continue to provide the ISO with up-to-date ratings information in accordance with the applicable Rating Procedures.

(ii) cooperate with actions taken by PTOs' Local Control Centers with respect to the Transmission Facilities; and

(iii) in all material respects, comply with all applicable laws, regulations, orders and license requirements, and with all applicable requirements, and with all applicable NERC/NPCC Requirements, other applicable reliability organizations' local reliability rules, and all applicable requirements of federal or state laws or regulatory authorities.

3.07 **Reserved Rights of NTD.**

(a) Notwithstanding any other provision of this Agreement to the contrary, NTD shall retain all of the rights set forth in this Section 3.07; provided, however, that such rights shall be exercised in a manner consistent with applicable NERC/NPCC Requirements and applicable regulatory

standards. This Section 3.07 is not intended to reduce or limit any other rights of NTD as a signatory to this Agreement or under the ISO OATT.

(i) Nothing in this Agreement shall restrict any rights: (A) of NTD if it is a party to a merger, acquisition or other restructuring transaction to make filings under Section 205 of the Federal Power Act with respect to NTD's reallocation or redistribution of revenues or the assignment of such NTD's rights or obligations, to the extent the Federal Power Act requires such filings; or (B) of NTD to terminate its participation in this Agreement pursuant to Article X of this Agreement.

(ii) Except as expressly provided in the grant of Operating Authority to the ISO, NTD retains all rights that it otherwise has incident to its ownership of, and legal and equitable title to, its assets, including its Transmission Facilities and all land and land rights, including the right to build, acquire, sell, lease, merge, dispose of, retire, use as security, or otherwise transfer or convey all or any part of its assets, subject to NTD's compliance with Section 2.06 of this Agreement. Subject to Article X, NTD may, directly or indirectly, by merger, sale, conveyance, consolidation, recapitalization, operation of law, or otherwise, transfer all or any portion of the Transmission Facilities subject to this Agreement but only if such transferee or successors shall agree in writing to be bound by terms of this Agreement.

(iii) NTD shall have the right to adopt and implement, consistent with Good Utility Practice, procedures and to take such actions it deems necessary to protect its facilities from physical damage or to prevent injury or damage to persons or property.

(iv) NTD retains the right to take whatever actions, consistent with Good Utility Practice, it deems necessary to fulfill its obligations under applicable Law.

(v) Nothing in this Agreement shall be construed as limiting in any way the rights of NTD to make any filing with any applicable state or local regulatory authority.

(vi) NTD shall have the right to retain one or more subcontractors to perform any or all of its obligations under this Agreement. The retention of a subcontractor

pursuant to the terms of this Section 3.07 shall not relieve NTD of its primary liability for the performance of any of its obligations under this Agreement.

(b) Any and all other rights and responsibilities of NTD related to the ownership or operation of its Transmission Facilities not expressly assigned to the ISO under this Agreement will remain with NTD.

(c) Nothing in this Agreement shall be deemed to impair or infringe on any rights or obligations of NTD under the Federal Power Act and FERC's rules and regulations thereunder, provided that any such rights are not inconsistent with the express terms of this Agreement. Nothing contained in this Agreement shall be construed to limit in any way the right of NTD to take any position, including opposing positions, in any administrative or judicial proceeding or filing by NTD or the ISO, notwithstanding that such proceeding or filing may be undertaken or made, explicitly or implicitly, pursuant to this Agreement.

3.08 **[reserved]**

3.09 **[reserved]**

3.10 **Invoicing, Collection and Disbursement of Payments.**

(a) Invoicing. Except as provided in Section 3.10(a)(ii), the ISO will administer its current net settlement system, including invoicing of charges to Transmission Customers for Transmission Services on the Transmission Facilities as follows:

(i) The charges invoiced by the ISO on behalf of NTD shall include the following (each, an "Invoiced Amount"):

(A) all charges listed in NTD's Commission-accepted rate schedule under Schedule 13 of the ISO OATT; and

(B) any and all rates, charges, fees and/or penalties under interconnection agreements which have been filed with and accepted by FERC, other than amounts billed directly by NTD pursuant to Section 3.10(a)(ii) below.

(ii) Payments relating to all services provided by NTD outside of Schedule 13 that provide for payment to NTD, and any other payments shall be invoiced by NTD and shall not be invoiced by the ISO; provided that, notwithstanding the foregoing, NTD and the ISO may enter into separate agreements such that the ISO provides invoicing services for such payments.

(iii) The ISO shall remit or credit to NTD, consistent with the ISO Tariff and the net settlement system, any and all payments received or collected from Transmission Customers for Invoiced Amounts in accordance with this Agreement. NTD shall designate (and notify the ISO of the identity of) a single authorized individual to provide such directions to the ISO. This individual shall also respond to any ISO questions or requests for clarification concerning such directions; provided that the ISO shall be able to rely upon the direction of the designated individual unless and until it receives notification from NTD or from a Governmental Authority of reversal of such direction by any Governmental Authority with jurisdiction over this Agreement.

(b) The ISO's Collection Obligations and Application of Financial Assurances Policies. If a Transmission Customer defaults on any payment of any Invoiced Amount (the "Owed Amounts"), the ISO shall take all necessary actions to execute or call upon any Financial Assurances held by the ISO attributable to such Transmission Customer.

(c) No Pledge of Invoiced Amounts. The ISO shall not create, incur, assume or suffer to exist any lien, pledge, security interest or other change or encumbrance, or any other type of preferential arrangement (including a banker's right of set off) against any Invoiced Amounts, any accounts receivables representing Invoiced Amounts, the settlement account maintained by the ISO into which payments on Invoiced Amounts are made and from which remittances are made to NTD or any Financial Assurances.

3.11 **Subcontractors.** NTD acknowledges and agrees that, subject to the terms set forth herein, the ISO has the right to retain one or more subcontractors to perform any or all of its obligations under this Agreement. The retention of a subcontractor pursuant to the terms of this Section 3.11 shall not relieve the ISO of its primary liability for the performance of any of its obligations under this Agreement.

3.12 **No Impairment of the ISO's Other Legal Rights and Obligations.** Nothing in this Agreement shall be deemed to impair or infringe on any rights or obligations of the ISO under the Federal Power Act and FERC's rules and regulations thereunder, including the ISO's rights and obligations to submit filings to recover its administrative, capital, and other costs.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE PARTIES

4.01 **Representations and Warranties of NTD.** NTD represents and warrants to the ISO as follows:

(a) Organization. It is duly organized, validly existing and in good standing under the laws of the state of its organization.

(b) Authorization. It has all requisite power and authority to execute, deliver and perform this Agreement; the execution, delivery and performance by NTD of this Agreement have been duly authorized by all necessary and appropriate action on the part of NTD; and this Agreement has been duly and validly executed and delivered by NTD and constitutes the legal, valid and binding obligations of NTD, enforceable against NTD in accordance with its terms.

(c) No Breach. The execution, delivery and performance by NTD of this Agreement will not result in a breach of any terms, provisions or conditions of any agreement to which NTD is a party which breach has a reasonable likelihood of materially and adversely affecting NTD's performance under this Agreement.

4.02 **Representations and Warranties of the ISO.** The ISO represents and warrants to NTD as follows:

(a) Organization. It is duly organized, validly existing and in good standing under the laws of the state of its organization.

(b) Authorization. It has all requisite power and authority to execute, deliver and perform this Agreement; the execution, delivery and performance by the ISO of this Agreement have been duly authorized by all necessary and appropriate action on the part of the ISO; and this Agreement

has been duly and validly executed and delivered by the ISO and constitutes the legal, valid and binding obligation of the ISO, enforceable against the ISO in accordance with its terms.

(c) No Breach. The execution, delivery and performance by the ISO of this Agreement will not result in a breach of any of the terms, provisions or conditions of any agreement to which the ISO is a party which breach has a reasonable likelihood of materially and adversely affecting the ISO's performance under this Agreement.

ARTICLE V
COVENANTS OF NTD

5.01 **Covenants of NTD.** NTD covenants and agrees that during (i) the Term, or (ii) the period expressly specified herein, as applicable, NTD shall comply with all covenants and provisions of this Article V, except to the extent the ISO waives such covenants or performance is excused pursuant to Section 11.11(b).

5.02 **[reserved]**

5.03 **Expenses.** Except to the extent specifically provided herein, all costs and expenses incurred by NTD in connection with the negotiation of this Agreement shall be borne by NTD; provided that nothing herein shall prevent NTD from recovering such expenses in accordance with applicable law.

5.04 **Consents and Approvals.**

(a) NTD shall exercise Commercially Reasonable Efforts to promptly prepare and file all necessary documentation to effect all necessary applications, notices, petitions, filings and other documents, and shall exercise Commercially Reasonable Efforts to obtain (and will cooperate with each other in obtaining) any consent, acquiescence, authorization, order or approval of, or any exemption or nonopposition by, any Governmental Authority required to be obtained or made by NTD in connection with this Agreement or the taking of any action contemplated by this Agreement.

(b) NTD shall exercise Commercially Reasonable Efforts to obtain consents of all other third parties necessary to the performance of this Agreement by NTD. NTD shall promptly notify the ISO of any failure to obtain any such consents and, if requested by the ISO, shall provide copies of all such consents obtained by NTD.

(c) Nothing in this Section 5.04 shall require NTD to pay any sums to a third party, including any Governmental Authority, excluding filing fees paid to any Governmental Authority in connection with a filing necessary or appropriate to further action.

5.05 **Notice and Cure.** NTD shall notify the ISO in writing of, and contemporaneously provide the ISO with true and complete copies of any and all information or documents relating to, any event, transaction or circumstance, as soon as practicable after it becomes Known to NTD, that causes or shall cause any covenant or agreement of NTD under this Agreement to be breached or that renders or shall render untrue any representation or warranty of NTD contained in this Agreement as if the same were made on or as of the date of such event, transaction or circumstance. NTD shall use all Commercially Reasonable Efforts to cure such event, transaction or circumstance as soon as practicable after it becomes Known to NTD. No notice given pursuant to this Section 5.05 shall have any effect on the representations, warranties, covenants or agreements contained in this Agreement for purposes of determining satisfaction of any condition contained herein or shall in any way limit the ISO's right to seek indemnity under Article IX.

ARTICLE VI
COVENANTS OF THE ISO

6.01 **Covenants of the ISO.** The ISO covenants and agrees that during (i) the Term, or (ii) the period expressly specified herein, as applicable, the ISO shall comply with all covenants and provisions of this Article VI, except to the extent the Parties consent in writing to a waiver of such covenants or performance is excused pursuant to Section 11.11(b).

6.02 **[reserved]**

6.03 **Expenses.** Except to the extent specifically provided herein, all costs and expenses incurred by the ISO in connection with the negotiation of this Agreement shall be borne by the ISO; provided that nothing herein shall prevent the ISO from recovering such expenses in accordance with applicable law.

6.04 **[reserved]**

6.05 **Notice and Cure.** The ISO shall notify NTD in writing of, and contemporaneously shall provide NTD with true and complete copies of any and all information or documents relating to, any

event, transaction or circumstance, as soon as practicable after it becomes Known to the ISO, that causes or shall cause any covenant or agreement of the ISO under this Agreement to be breached or that renders or shall render untrue any representation or warranty of the ISO contained in this Agreement as if the same were made on or as of the date of such event, transaction or circumstance. The ISO shall use all Commercially Reasonable Efforts to cure such event, transaction or circumstance as soon as practicable after it becomes Known to the ISO. No notice given pursuant to this Section 6.05 shall have any effect on the representations, warranties, covenants or agreements contained in this Agreement for purposes of determining satisfaction of any condition contained herein or shall in any way limit any right of NTD to seek indemnity under Article IX.

ARTICLE VII
TAX MATTERS

7.01 **Responsibility for NTD Taxes.** NTD shall prepare and file all Tax Returns and other filings related to its Transmission Business and Transmission Facilities and pay any Tax liabilities related to its Transmission Business and Transmission Facilities. The ISO shall not be responsible for, or required to file, any Tax Returns or other reports for NTD and shall have no liability for any Taxes related to NTD's Transmission Business or Transmission Facilities. The ISO and NTD hereby agree that, for tax purposes, the Transmission Facilities shall be deemed to be owned by NTD.

7.02 **Responsibility for ISO Taxes.** The ISO shall prepare and file all Tax Returns and other filings related to its operations and pay any Tax liabilities related to its operations. NTD shall not be responsible for, or required to, file any Tax Returns or other reports for the ISO and shall have no liability for any Taxes related to the ISO's operations.

ARTICLE VIII
RELIANCE; SURVIVAL OF AGREEMENTS

8.01 **Reliance; Survival of Agreements.** Notwithstanding any right of any Party (whether or not exercised) to investigate the accuracy of any of the matters subject to indemnification by any other Party contained in this Agreement, each of the Parties has the right to rely fully upon the representations, warranties, covenants and agreements of the other Party contained in this Agreement. The provisions of Sections 11.01, 11.07, 11.11 and 11.15 and Articles VII and IX shall survive the termination of this

Agreement. With regard to Section 3.10 of this Agreement, the ISO will perform final billing consistent with Section 3.10 of this Agreement for all services provided until the Termination Date.

ARTICLE IX
INSURANCE; LIMITATION OF LIABILITIES

9.01-9.04 **[reserved]**

9.05 **Insurance.**

(a) NTD will maintain property insurance on its Transmission Facilities and liability insurance in accordance with good utility practice.

(b) All insurance required under this Section 9.05 by outside insurers shall be maintained with insurers qualified to insure the obligations or liabilities under this Agreement and having a Best's rating of at least B+ VIII (or an equivalent Best's rating from time to time of B+ VIII), or in the event that from time to time Best's ratings are no longer issued with respect to insurers, a comparable rating by a nationally recognized rating service or such other insurers as may be agreed upon by the Parties.

(c) Upon execution of this Agreement, and when requested thereafter, NTD shall furnish the ISO with certificates of all such insurance policies setting forth the amounts of coverage, policy numbers, and date of expiration for such insurance in conformity with the requirements of this Agreement.

9.06 **Liability.**

(a) Neither Party shall be liable to the other Party for any incidental, indirect, special, exemplary, punitive or consequential damages, including lost revenues or profits, even if such damages are foreseeable or the damaged Party has advised such Party of the possibility of such damages and regardless of whether any such damages are deemed to result from the failure or inadequacy of any exclusive or other remedy.

(b) Nothing in this Agreement shall be deemed to affect the right of the ISO to recover its costs due to liability under this Article IX through the ISO Participants Agreement or the ISO Administrative Tariff.

ARTICLE X
TERM; DEFAULT AND TERMINATION

10.01 **Term; Termination Date.**

(a) **Term.** Subject to the terms set forth in this Section 10.01, the term of this Agreement (the "Term") shall commence on the Effective Date and shall continue in force until terminated pursuant to Article X hereof. The date of such termination shall be referred to herein as the "Termination Date."

(b) **Termination by NTD.** NTD may terminate this Agreement:

(i) upon no less than 180 day's prior notice to the ISO; or

(ii) upon an ISO event of default in accordance with Section 10.03(a), provided that NTD shall exercise this right in accordance with Section 10.03(b)(i).

(c) **Termination By the ISO.** By notice to NTD, the ISO may terminate its obligations under this Agreement:

(i) upon the withdrawal of one or more PTOs from the Transmission Operating Agreement and the ISO has given notice to the PTOs that it is terminating the Transmission Operating Agreement pursuant to Section 10.01(c)(i) thereof;

(ii) if FERC issues an order putting into effect material changes in the liability and indemnification protections afforded to the ISO under this Agreement or the ISO Tariff;

(iii) if FERC issues an order putting into effect an amendment or modification of this Agreement that materially adversely affects the ISO's ability to carry out its responsibilities under this Agreement, unless the ISO has agreed to such changes in accordance with Section 11.04;

(iv) upon a NTD event of default in accordance with Section 10.04(a), provided that the ISO shall exercise this right in accordance with Section 10.04(b)(i); or

(v) if, within the period of ten years from the Effective Date, no NTD project has been listed by the ISO on the RSP Project List as "Proposed."

(d) Continuing Obligations. The withdrawing or terminating Party shall have the following continuing obligations following withdrawal from this Agreement: All financial obligations incurred and payments applicable to the time period prior to the Termination Date shall be honored by the terminating or withdrawing Party and the other Party in accordance with the terms of this Agreement, and each Party shall remain liable for all obligations arising hereunder prior to the Termination Date.

10.03 **[reserved]**

10.03 **Events of Default of the ISO.**

(a) Events of Default of the ISO. Subject to the terms and conditions of this Section 10.03, the occurrence of any of the following events shall constitute an event of default of the ISO under this Agreement:

(i) Failure by the ISO to perform any material obligation set forth in this Agreement and continuation of such failure for longer than thirty (30) days after the receipt by the ISO of written notice of such failure from NTD; provided, however, that if the ISO is diligently pursuing a remedy during such thirty (30) day period, said cure period shall be extended for an additional thirty (30) days or as otherwise agreed by NTD;

(ii) If there is a dispute between the ISO and NTD as to whether the ISO has failed to perform a material obligation, the cure period(s) provided in Section 10.03(a)(i) above shall run from the point at which a finding of failure to perform has been made by a Governmental Authority;

(iii) Any attempt (not including consideration of strategic options or entering into exploratory discussions) by the ISO to transfer an interest in, or assign its obligations under, this Agreement, except as otherwise permitted hereunder;

(iv) Failure of the ISO (if it has received the necessary corresponding funds from ISO customers) to pay when due any and all amounts payable to NTD by the ISO as part of the settlement process pursuant to Section 3.10 within three (3) Business Days;

(v) With respect to the ISO, (A) the filing of any petition in bankruptcy or insolvency, or for reorganization or arrangement under any bankruptcy or insolvency laws, or voluntarily taking advantage of any such laws by answer or otherwise or the commencement of involuntary proceedings under any such laws, (B) assignment by the ISO for the benefit of creditors; or (C) allowance by the ISO of the appointment of a receiver or trustee of all or a material part of its property if such receiver or trustee is not discharged within thirty (30) days after such appointment.

(b) Remedies for Default. If an event of default by the ISO occurs, NTD shall have the right to avail itself of any or all of the following remedies, all of which shall be cumulative and not exclusive:

(i) To terminate this Agreement in accordance with Section 10.01(b)(ii); provided that if the ISO contests such allegation of an ISO event of default, this Agreement shall remain in effect pending resolution of the dispute, but any applicable notice period shall run during the pendency of the dispute;

(ii) To demand that the ISO shall terminate any right of the ISO, immediately make arrangements for the orderly transfer of the ISO's invoicing and collection functions with respect to NTD and assist NTD or NTD's designee in resuming performance of the functions the later of 20 days from the date of making such demand or the start of the next billing cycle.

10.04 **Events of Default of NTD.**

(a) Events of Default of NTD. Subject to the terms and conditions of this Section 10.04, the occurrence of any of the events listed below shall constitute an event of default of NTD under this Agreement (in each instance, a "NTD Default"):

(i) Failure by NTD to perform any material obligation set forth in this Agreement and continuation of such failure for longer than thirty (30) days after the

receipt by NTD of written notice of such failure from the ISO, provided, however, that if NTD is diligently pursuing a remedy during such thirty (30) day period, said cure period shall be extended for an additional thirty (30) days or as otherwise agreed by the ISO and NTD;

(ii) If there is a dispute between NTD and the ISO as to whether NTD has failed to perform a material obligation, the cure period(s) provided in Section 10.04(a)(i) above shall run from the point at which a finding of failure to perform has been made by a Governmental Authority; or

(iii) With respect to NTD, (A) the filing of any petition in bankruptcy or insolvency, or for reorganization or arrangement under any bankruptcy or insolvency laws, or voluntarily taking advantage of any such laws by answer or otherwise or the commencement of involuntary proceedings under any such laws, (B) assignment by NTD for the benefit of creditors; or (C) allowance by NTD of the appointment of a receiver or trustee of all or a material part of its property if such receiver or trustee is not discharged within thirty (30) days after such appointment.

(b) Remedies for Default. If an event of default by NTD occurs, the ISO shall have the following remedy: to terminate this Agreement in accordance with Section 10.01(c)(iv); provided that if NTD contests such allegation of an NTD event of default, this Agreement shall remain in effect pending resolution of the dispute, but any applicable notice period shall run during the pendency of the dispute.

10.05 **Transmission Operating Agreement and Disbursement Agreement; Registration.** On the date on which (1) any of the Transmission Facilities or a New Transmission Facility is placed into service or (2) NTD's acquisition of Acquired Transmission Facilities is consummated, whichever occurs earlier:

(a) NTD shall execute and deliver to the ISO a counterpart of the Transmission Operating Agreement as an Additional PTO (as defined therein). Upon such execution and delivery, this Agreement shall terminate automatically.

(b) NTD shall promptly execute a signature page for the Disbursement Agreement and deliver it to the parties thereto and shall become a party to the Disbursement Agreement.

(c) NTD shall register with NPCC as a Transmission Owner [and Transmission Service Provider][under discussion].

ARTICLE XI
MISCELLANEOUS

11.01 **Notices.** Unless otherwise expressly specified or permitted by the terms hereof, all communications and notices provided for herein shall be in writing and any such communication or notice shall become effective (a) upon personal delivery thereof, including by overnight mail or courier service, (b) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (c) in the case of notice by facsimile, upon receipt thereof; provided that such transmission is promptly confirmed by either of the methods set forth in clauses (a) or (b) above, in each case addressed to the relevant party and copy party hereto at its address set forth in Schedule 11.01 or at such other address as such party or copy party may from time to time designate by written notice to the other party hereto; further provided that a notice given in connection with this Section 11.01 but received on a day other than a Business Day, or after business hours in the situs of receipt, will be deemed to be received on the next Business Day.

11.02 **Supersession of Prior Agreements.** With respect to the subject matter hereof, this Agreement (together with all schedules and exhibits attached hereto) constitutes the entire agreement and understanding among the Parties with respect to all subjects covered by this Agreement and supersedes all prior discussions, agreements and understandings among the Parties with respect to such matters.

11.03 **Waiver.** Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by a Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, shall be cumulative and not alternative.

11.04 **Amendment; Limitations on Modifications of Agreement.**

(a) This Agreement shall only be subject to modification or amendment by agreement of the Parties and the acceptance of any such amendment by FERC.

(b) In light of the foregoing, the Parties agree that they shall not rely to their detriment on any purported amendment, waiver or other modification of any rights under this Agreement unless the requirements of this Section 11.04 are satisfied and further agree not to assert equitable estoppel or any other equitable theory to prevent enforcement of this provision in any court of law or equity, arbitration or other proceeding.

11.05 **No Third Party Beneficiaries.** Except as provided in Article IX, it is not the intention of this Agreement or of the Parties to confer a third party beneficiary status or rights of action upon any Person or entity whatsoever other than the Parties and nothing contained herein, either express or implied, shall be construed to confer upon any Person or entity other than the Parties any rights of action or remedies either under this Agreement or in any manner whatsoever.

11.06 **No Assignment; Binding Effect.** Neither this Agreement nor any right, interest or obligation hereunder may be assigned by a Party, (including by operation of law) law (an "Assignment")-, without the prior written consent of the other Party in its sole discretion and any attempt at Assignment in contravention of this Section 11.06 shall be void, provided, however, that NTD may assign its rights and interests hereunder as security in connection with any financing for the construction or operation of NTD's Transmission Facilities (a "Collateral Assignment") without prior written consents or approvals. NTD may assign or transfer any or all of its rights, interests and obligations hereunder upon the transfer of its assets through sale, reorganization, or other transfer, provided that:

(a) NTD's successors and assigns shall agree to be bound by the terms of this Agreement except that NTD's successors and assigns shall not be required to be bound by any obligations hereunder to the extent that NTD has agreed to retain such obligations; and

(b) notwithstanding (a), NTD shall assign or transfer to any new owner of Transmission Facilities subject to this Agreement all of the rights, responsibilities and obligations associated with the physical operation of such Transmission Facilities as well as all of the rights, responsibilities and obligations associated with the ISO's Operating Authority with respect to such

Transmission Facilities, further provided that the new owner shall have the right to retain one or more subcontractors to perform any or all of its responsibilities or obligations under this Agreement.

Subject to the foregoing, this Agreement is binding upon, inures to the benefit of and is enforceable by the Parties and their respective permitted successors and assigns. No Assignment shall be effective until NTD receives all required regulatory approvals for such Assignment.

11.07 **Further Assurances; Information Policy; Access to Records.**

(a) Each Party agrees, upon the other Party's request, to make Commercially Reasonable Efforts to execute and deliver such additional documents and instruments, provide information, and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions, and conditions of this Agreement and of the transactions contemplated hereby.

(b) The ISO shall, upon NTD's request, make available to NTD any and all information within the ISO's custody or control that is necessary for NTD to perform its responsibilities and obligations or enforce its rights under this Agreement, provided that such information shall be made available to NTD only to the extent permitted under the ISO Information Policy and subject to any applicable restrictions in the ISO Information Policy, including provisions of the ISO Information Policy governing the confidential treatment of non-public information, and provided further that any NTD employee or employee of NTD's Local Control Center shall comply with such ISO Information Policy and any applicable standards of conduct to prevent the disclosure of such information to any unauthorized Person. Any dispute concerning what information is necessary for NTD to perform its responsibilities and obligations or enforce its right under this Agreement shall be subject to dispute resolution under Section 11.12 of this Agreement.

(c) NTD shall, upon the ISO's request, make available to the ISO any and all information within NTD's custody or control that is necessary for the ISO to perform its responsibilities and obligations or enforce its rights under this Agreement, provided that such information shall be shall be made available to the ISO only to the extent permitted under the ISO Information Policy and subject to any applicable restrictions in the ISO Information Policy, including provisions of the ISO Information Policy governing the confidential treatment of non-public information, and provided further that any ISO employee shall comply with such ISO Information Policy and any applicable standards of conduct to

prevent the disclosure of such information to any unauthorized Person. Any dispute concerning what information is necessary for the ISO to perform its responsibilities and obligations or enforce its right under this Agreement shall be subject to dispute resolution under Section 11.12 of this Agreement.

(d) If, in order to properly prepare its Tax Returns, other documents or reports required to be filed with Governmental Authorities or its financial statements or to fulfill its obligations hereunder, it is necessary that the ISO or NTD be furnished with additional information, documents or records not referred to specifically in this Agreement, and such information, documents or records are in the possession or control of the other Party, the other Party shall use its best efforts to furnish or make available such information, documents or records (or copies thereof) at the ISO's or NTD's request, cost and expense. Any information obtained by the ISO or NTD in accordance with this paragraph shall be subject to any applicable provisions of the ISO Information Policy

(e) Notwithstanding anything to the contrary contained in this Section 11.07:

(i) no Party shall be obligated by this Section 11.07 to undertake studies or analyses that such Party would not otherwise be required to undertake or to incur costs outside the normal course of business to obtain information that is not in such Party's custody or control at the time a request for information is made pursuant to this Section 11.07;

(ii) if NTD and the ISO are in an adversarial relationship in litigation or arbitration (other than with respect to litigation or arbitration to enforce this Section 11.07), the furnishing of information, documents or records by the ISO or NTD in accordance with this Section 11.07 shall be subject to applicable rules relating to discovery;

(iii) no Party shall be compelled to provide any privileged and/or confidential documents or information that are attorney work product or subject to the attorney/client privilege; and

(iv) no Party shall be required to take any action that impairs or diminishes its rights under this Agreement or otherwise lessens the value of this Agreement to such Party.

11.08 **Business Day.** Notwithstanding anything herein to the contrary, if the date on which any payment is to be made pursuant to this Agreement is not a Business Day, the payment otherwise payable on such date shall be payable on the next succeeding Business Day with the same force and effect as if made on such scheduled date and, provided such payment is made on such succeeding Business Day, no interest shall accrue on the amount of such payment from and after such scheduled date to the time of such payment on such next succeeding Business Day.

11.09 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware including all matters of construction, validity and performance without regard to the conflicts-of-laws provisions thereof.

11.10 **Consent to Service of Process.** Each of the Parties hereby consents to service of process by registered mail, Federal Express or similar courier at the address to which notices to it are to be given, it being agreed that service in such manner shall constitute valid service upon such Party or its successors or assigns in connection with any such action or proceeding; provided, however, that nothing in this Section 11.10 shall affect the right of any Party or its successors and permitted assigns to serve legal process in any other manner permitted by applicable Law or affect the right of any such Party or its successors and assigns to bring any action or proceeding against the other Party or its property in the courts of other jurisdictions.

11.11 **Force Majeure.** A Party shall not be considered to be in default or breach under this Agreement, and shall be excused from performance or liability for damages to any other party, if and to the extent it shall be delayed in or prevented from performing or carrying out any of the provisions of this Agreement, except the obligation to pay any amount when due, in consequence of any act of God, labor disturbance, failure of contractors or suppliers of materials (not including as a result of non-payment), act of the public enemy or terrorists, war, invasion, insurrection, riot, fire, storm, flood, ice, explosion, breakage or accident to machinery or equipment or by any other cause or causes (not including a lack of funds or other financial causes) beyond such Party's reasonable control, including any order, regulation, or restriction imposed by governmental, military or lawfully established civilian authorities. A Party claiming a force majeure event shall use reasonable diligence to remove the condition that prevents performance, except that the settlement of any labor disturbance shall be in the sole judgment of the affected Party.

11.12 **Dispute Resolution.** The Parties agree that any dispute arising under this Agreement shall be the subject of good-faith negotiations among the Parties and affected market participants, if any. Each Party and each affected market participant shall designate one or more representatives with the authority to negotiate the matter in dispute to participate in such negotiations. The Parties and affected market participants shall engage in such good-faith negotiations for a period of not less than 60 calendar days, unless: (a) a Party or market participant identifies exigent circumstances reasonably requiring expedited resolution of the dispute by FERC or a court or agency with jurisdiction over the dispute; or (b) the provisions of this Agreement otherwise provide a Party the right to submit a dispute directly to FERC for resolution. Any other dispute that is not resolved through good-faith negotiations may, by a Party or any market participant, be submitted for resolution by FERC or a court or agency with jurisdiction over the dispute upon the conclusion of such negotiations. A Party or market participant may request that any dispute submitted to FERC for resolution be subject to FERC settlement procedures. Notwithstanding the foregoing, any dispute arising under this Agreement may be submitted to arbitration or any other form of alternative dispute resolution upon the agreement of the Parties and all affected market participants to participate in such an alternative dispute resolution process.

11.13 **Invalid Provisions.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any Party under this Agreement shall not be materially and adversely affected thereby, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom, and (d) the court holding such provision to be illegal, invalid or unenforceable may in lieu of such provision add as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as it deems appropriate.

11.14 **Headings and Table of Contents.** The headings of the sections of this Agreement and the Table of Contents are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

11.15 **Liabilities; No Joint Venture.**

(a) The obligations and liabilities of the ISO and NTD arising out of or in connection with this Agreement shall be several, and not joint, and each Party shall be responsible for its own debts,

including Taxes. No Party shall have the right or power to bind any other Party to any agreement without the prior written consent of such other Party. The Parties do not intend by this Agreement to create nor does this Agreement constitute a joint venture, association, partnership, corporation or an entity taxable as a corporation or otherwise. No express or implied term, provision or condition of this Agreement shall be deemed to constitute the parties as partners or joint venturers.

(b) To the extent any Party has claims against the other Party, such Party may only look to the assets of the other Party for the enforcement of such claims and may not seek to enforce any claims against the directors, members, officers, employees, affiliates, or agents of such other Party who, each Party acknowledges and agrees, have no liability, personal or otherwise, by reason of their status as directors, members, officers, employees, affiliates, or agents of that Party, with the exception of fraud or willful misconduct.

11.16 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. The parties hereto agree that any document or signature delivered by facsimile transmission shall be deemed an original executed document for all purposes hereof.

11.17 **Effective Date.**

This Agreement shall become effective on the date of execution (the "Effective Date").

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party as of the date written below.

For ISO New England Inc.

Name:_____

Title:_____

Date:_____

For [NTD]

Name:_____

Title:_____

Date:_____

Schedule 1.01

Schedule of Definitions

Acquired Transmission Facilities. Any transmission facility acquired within the New England Control Area by NTD after the Operations Date that meets the classification standards set forth in Section 2.02(a).

Additional Term. "Additional Term" shall have the meaning ascribed thereto in Section 10.01(a) of this Agreement.

Affiliate. Any person or entity which controls, is controlled by, or is under common control by another person or entity. For purposes of this definition, "control" shall mean the possession, directly or indirectly and whether acting alone or in conjunction with others, of the authority to direct the management or policies of a person or entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

Agreement. This Operating Agreement between the ISO and NTD, as it may be amended from time to time.

Ancillary Service. Those services that are necessary to support the transmission of electric capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with Good Utility Practice.

Approved Outages. "Approved Outages" shall have the meaning ascribed thereto in Market Rule 1 of the ISO Tariff.

Best's. The A.M. Best Company.

Business Day. Any day other than a Saturday or Sunday or an ISO holiday, as posted by the ISO on its website.

Commercially Reasonable Efforts. A level of effort which, in the exercise of prudent judgment in the light of facts or circumstances known or which should reasonably be known at the time a decision is made, can be expected by a reasonable person to accomplish the desired result in a manner consistent

with Good Utility Practice and which takes the performing party's interests into consideration. "Commercially Reasonable Efforts" will not be deemed to require a Person to undertake unreasonable measures or measures that have a significant adverse economic affect on such Person, including the payment of sums in excess of amounts that would be expended in the ordinary course of business for the accomplishment of the stated purpose.

Commission. The Federal Energy Regulatory Commission.

Control Area. An electric power system or combination of electric power systems, bounded by metering, to which a common automatic generation control scheme is applied in order to:

(a) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);

(b) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

(c) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice and applicable NERC/NPCC Requirements; and

(d) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

Coordination Agreement. An agreement between the ISO and the operator(s) of one or more neighboring Control Areas addressing issues including interchange scheduling, operational arrangements, emergency procedures, energy for emergency and reliability needs, the exchange of information among Control Areas, and other aspects of the coordinated operation of the Control Areas.

Disbursement Agreement. The Rate Design and Funds Disbursement Agreement among the PTOs, as amended and restated from time to time.

Effective Date. "Effective Date" shall have the meaning ascribed thereto in Section 11.18(a) of this Agreement.

Elective Transmission Upgrade. A Transmission Upgrade constructed by any Person which is not required to be constructed pursuant to any applicable requirement of this Agreement, but which may be subject to applicable requirements set forth in the ISO OATT and this Agreement.

Elective Transmission Upgrade Applicant. "Elective Transmission Upgrade Applicant" shall have the meaning ascribed thereto in Section 2.05 of this Agreement.

Environment. Soil, land surface or subsurface strata, surface waters (including navigable waters, ocean waters, streams, ponds, drainage basins, and wetlands), groundwaters, drinking water supply, stream sediments, ambient air (including indoor air), plant and animal life, and any other environmental medium or natural resource.

Environmental Damages. "Environmental Damages" shall mean any cost, damages, expense, liability, obligation or other responsibility arising from or under Environmental Law consisting of or relating to:

(a) any environmental matters or conditions (including on-site or off-site contamination, occupational safety and health, and regulation of chemical substances or products);

(b) fines, penalties, judgments, awards, settlements, legal or administrative proceedings, damages, losses, claims, demands and response, investigative, remedial or inspection costs and expenses arising under Environmental Law;

(c) financial responsibility under Environmental Law for cleanup costs or corrective action, including any investigation, cleanup, removal, containment or other remediation or response actions ("Cleanup") required by applicable Environmental Law (whether or not such Cleanup has been required or requested by any Governmental Authority or any other Person) and for any natural resource damages; or

(d) any other compliance, corrective, investigative, or remedial measures required under Environmental Law.

Environmental Laws. Any Law now or hereafter in effect and as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of the Environment, health or safety or to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

Excluded Assets. "Excluded Assets" shall have the meaning ascribed thereto in Section 2.04 of this Agreement.

Existing Operating Procedures. "Existing Operating Procedures" shall have the meaning ascribed thereto in Section 3.02(d) of this Agreement.

External Transactions. Interchange transactions between the New England Transmission System and neighboring Control Areas.

FACTS. Flexible AC Transmission Systems.

FERC. The Federal Energy Regulatory Commission.

Final Order. An order issued by a Governmental Authority in a proceeding after all opportunities for rehearing are exhausted (whether or not any appeal thereof is pending) that has not been revised, stayed, enjoined, set aside, annulled or suspended, with respect to which any required waiting period has expired, and as to which all conditions to effectiveness prescribed therein or otherwise by law, regulation or order have been satisfied.

Financial Assurances. "Financial Assurances" shall have the meaning ascribed thereto in Section 3.10(b) of this Agreement.

FPA. The Federal Power Act.

FTR. A Financial Transmission Right, as defined in the ISO OATT.

Generally Accepted Accounting Principles. The widely accepted set of rules, conventions, standards, and procedures for reporting financial information, as established by the Financial Accounting Standards Board.

Generating Unit. A device for the production of electricity.

Good Utility Practice. Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good

business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority. The government of any nation, state or other political subdivision thereof, including any entity exercising executive, military, legislative, judicial, regulatory, or administrative functions of or pertaining to a government, not including NTD or the ISO.

Hazardous Materials. Any waste or other substance that is listed, defined, designated, or classified as, or otherwise determined to be, hazardous, radioactive, or toxic or a pollutant or a contaminant under or pursuant to any Environmental Law, including any admixture or solution thereof, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos-containing materials.

Indemnifiable Loss. "Indemnifiable Loss" shall have the meaning ascribed thereto in Section 9.01(a)(i) of this Agreement.

Indemnifying Party. "Indemnifying Party" shall have the meaning ascribed thereto in Section 9.02 of this Agreement.

Indemnitee. "Indemnitee" shall have the meaning ascribed thereto in Section 9.02 of this Agreement.

Interconnection Agreement. An agreement or agreements for the interconnection of any entity to the Transmission Facilities of NTD.

Interconnection Standard. The applicable interconnection standards set forth in the ISO OATT.

Invoiced Amount. "Invoiced Amount" shall have the meaning ascribed thereto in Section 3.10(a)(i) of the Agreement.

ISO. ISO New England Inc., the RTO for New England authorized by the Federal Energy Regulatory Commission to exercise the functions required pursuant to FERC's Order No. 2000 and FERC's corresponding regulations.

ISO Control Center. The primary control center established by the ISO for the exercise of its Operating Authority and the performance of functions as an RTO.

ISO Information Policy. The information policy set forth in the ISO OATT.

ISO-NE. ISO New England Inc.

ISO OATT. The ISO Open Access Transmission Tariff, as in effect from time to time.

ISO Participants Agreement. The agreement among the ISO and stakeholder participants addressing, inter alia, the stakeholder process for the ISO.

ISO Planning Process. The process set forth in the ISO OATT, for the coordinated planning and expansion of the New England Transmission System with provision for the participation of all state regulatory authorities with jurisdiction over retail rates in the ISO region acceptable to those authorities, which process shall be subject to certain terms and conditions set forth in Schedule 3.09(a).

ISO System Plan. The "Regional System Plan" as defined in the ISO OATT.

ISO Tariff. The ISO Transmission, Markets and Services Tariff, as amended from time to time, on file with FERC.

Large Generating Facility. "Large Generating Facility" shall have the meaning ascribed thereto in the ISO OATT.

Law. Any federal, state, local or foreign statute, law, ordinance, regulation, rule, code, order, other requirement or rule of law.

Load Shedding. The systematic reduction of system demand by temporarily decreasing load.

Market Monitoring Unit. Any market monitoring unit established by the ISO, including any internal market monitoring unit of the ISO and any independent market monitoring unit of the ISO.

Market Participant Service Agreement. The agreement among the ISO and market participants addressing, inter alia, the requirements for participating in the New England Markets.

Market Rules. The rules describing how the New England Markets are administered.

Merchant Facility. A transmission facility constructed by an entity that assumes all market risks associated with the recovery of costs for the facility and whose costs are not recovered through traditional

cost-of-service based rates, but instead are recovered either through negotiated agreements with customers or through market revenues.

NTD Category A Facilities. Those transmission facilities listed in Schedule 2.01(a) of the Agreement, as that list may be modified from time to time in accordance with the terms of this Agreement.

NTD Category B Facilities. Those transmission facilities listed in Schedule 2.01(b) of the Agreement, as that list may be modified from time to time in accordance with the terms of this Agreement.

NTD Local Area Facilities. "Local Area Facilities" shall have the meaning ascribed thereto in Section 2.01 of this Agreement.

NTD Local Restoration Plan. The restoration plan developed by NTD with respect to the Transmission Facilities.

NERC. The North American Electric Reliability Corporation.

NERC/NPCC Requirements. NPCC criteria, guides, and procedures, NERC reliability standards, and NERC operating policies and planning standards (until such time as they are replaced by NERC reliability standards) and any successor documents.

New England Control Area. The Control Area consisting of the interconnected electric power system or combination of electric power systems in the geographic region consisting of Vermont, New Hampshire, Maine, Massachusetts, Connecticut and Rhode Island.

New England Markets. Markets or programs (including congestion pricing and design and implementation of FTRs) for the purchase of energy, capacity, ancillary services, demand response services or other related products or services that are offered in the New England Control Area and that are administered by the ISO pursuant to rules, rates, or agreements on file from time to time with the Commission.

New England Transmission System. The system comprised of the transmission facilities over which the ISO has operational jurisdiction, including the Transmission Facilities of NTD and the PTOs and the transmission system of any ITC formed pursuant to Attachment M to the ISO OATT.

New Transmission Facility. Any new transmission facility constructed within the New England Transmission System that is owned by NTD and that goes into commercial operation after the Effective Date. For the avoidance of doubt, in the case of a high-voltage, direct-current system, a New Transmission Facility shall include the transmission cable and the AC/DC converter stations as a single project.

Non-PTF. "Non-PTF" shall have the meaning ascribed thereto in the ISO OATT.

NPCC. The Northeast Power Coordinating Council.

OASIS. The Open Access Same-Time Information System of the ISO.

Operating Authority. "Operating Authority" shall have the meaning ascribed thereto in the TOA.

Operating Limits. The transfer limits for a transmission interface or generation facility.

Operating Procedures. The operating manuals, procedures, and protocols relating to the exercise of Operating Authority over the Transmission Facilities, as such manuals, procedures, and protocols may be modified from time to time in accordance with this Agreement.

Order 2000. FERC's Order No. 2000, *i.e.*, *Regional Transmission Organizations*, Order No. 2000, 65 Fed. Reg. 809 (January 6, 2000), FERC Stats. & Regs. ¶31,089 (1999), *order on reh'g*, Order No. 2000-A, 65 Fed. Reg. 12,088 (March 8, 2000), FERC Stats. & Regs. ¶31,092 (2000), *petitions for review dismissed sub nom.*, Public Utility District No. 1 of Snohomish County, Washington v. FERC, 272 F.3d 607 . (D.C. Cir. 2001).

Owed Amounts. "Owed Amounts" shall have the meaning ascribed thereto in Section 3.10(c) of this Agreement.

PARS. Phase angle regulators.

Participant. A participant in the New England Markets, Transmission Customer, or other entity that has entered into the ISO Participants Agreement.

Participants Committee. "Participants Committee" shall mean the stakeholder participants committee established pursuant to the ISO Participants Agreement.

Party or Parties. A "Party" shall mean the ISO or NTD, as the context requires. "Parties" shall mean NTD and the ISO.

Person. An individual, partnership, joint venture, corporation, business trust, limited liability company, trust, unincorporated organization, government or any department or agency thereof, or any other entity.

Planned Outages. "Planned Outages" shall have the meaning ascribed thereto in Market Rule 1 of the ISO Tariff.

Planning Procedures. The manuals, procedures and protocols for planning and expansion of the New England Transmission System, as such manuals, procedures, and protocols may be modified from time to time in accordance with this Agreement.

Prime Rate. The interest rate that commercial banks charge their most creditworthy borrowers, as published in the most recent Wall Street Journal in its "Monday Rates" column.

PTF. "PTF" shall have the meaning ascribed thereto in the ISO OATT.

PTO or Participating Transmission Owner. "PTO" shall have the meaning ascribed thereto in the opening paragraph of the TOA. "Participating Transmission Owner" shall have the same meaning as "PTO."

Rating Procedures. "Rating Procedures" shall have the meaning ascribed thereto in Section 3.02(d) of this Agreement.

Regulation and Frequency Response Service. An Ancillary Service as defined in the ISO OATT.

Reliability Authority. "Reliability Authority" shall have the meaning established by NERC, as such definition may change from time to time, provided such definition of Reliability Authority shall not be inconsistent with the specific rights and responsibilities of the ISO and the PTOs under this Agreement.

Restoration Plans. The System Restoration Plan, all PTO Local Restoration Plans and the NTD Local Restoration Plan.

RSP Project List. "RSP Project List" shall have the meaning ascribed thereto in the ISO OATT.

RTO. An independent entity that complies with Order No. 2000 and FERC's corresponding regulations (or an entity that complies with all such requirements except for the scope and regional configuration requirements), as determined by the FERC.

Schedule 22 Large Generator Interconnection Agreement. The interconnection agreement included in Schedule 22 of the ISO OATT.

Schedule 23 Small Generator Interconnection Agreement. The interconnection agreement included in Schedule 23 of the ISO OATT.

Scheduled Outages. "Scheduled Outages" shall have the meaning ascribed thereto in Market Rule 1 of the ISO Tariff.

Small Generating Facility. "Small Generating Facility" shall have the meaning ascribed thereto in the ISO OATT.

System Failure. Widespread telecommunication, hardware or software failure or systemic the ISO hardware or software failures that makes it impossible to receive or process bid information, dispatch resources, or exercise Operating Authority over the Transmission Facilities.

Tax or Taxes. All taxes, charges, fees, levies, penalties or other assessments imposed by any United States federal, state or local or foreign taxing authority, including, but not limited to, income, excise, property, sales, transfer, franchise, payroll, withholding, social security or other taxes, including any interest, penalties or additions attributable thereto.

Tax Return. Any return, report, information return, or other document (including any related or supporting information) required to be supplied to any authority with respect to Taxes.

Technical Committees. "Technical Committee" shall mean the stakeholder technical committees established pursuant to the ISO Participants Agreement.

Term. "Term" shall have the meaning ascribed thereto in Section 10.01 of this Agreement.

Third Party. "Third Party" shall have the meaning ascribed thereto in Section 9.01(a) of this Agreement.

Termination Date. "Termination Date" shall have the meaning ascribed thereto in Section 10.01(a) of this Agreement.

TOA. The Transmission Operating Agreement entered into by the ISO and the PTOs, effective February 1, 2005, as it may be amended from time to time.

Transmission Business. The business activities of each PTO related to the ownership, operation and maintenance of its Transmission Facilities.

Transmission Customer. Any entity taking Transmission Service under the ISO OATT.

Transmission Facilities. "Transmission Facilities" shall have the meaning ascribed thereto in Sections 2.01 and 2.02 of this Agreement.

Transmission Owner. "Transmission Owner" shall have the meaning ascribed thereto in the ISO OATT.

Transmission Provider. The ISO, in its capacity as the provider of transmission services over the Transmission Facilities of the PTOs in accordance with FERC's Order No. 2000 and FERC's RTO regulations.

Transmission Service. The non-discriminatory, open access, wholesale transmission services provided to customers by the ISO in accordance with the ISO OATT.

Transmission Upgrade. Any upgrade to an existing Transmission Facility owned by NTD that goes into commercial operation after the Effective Date.

VAR. Volt-Amps Reactive.

Schedule 2.01(a)

Schedule 2.01(b)

Schedule 11.01

NOTICES

ISO New England Inc.

President and Chief Executive Officer

ISO New England Inc.

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General Counsel

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[NTD]

[Name

Address

Phone:

Fax:]

Contingent Version - Marked

I.2 Rules of Construction; Definitions

I.2.1. Rules of Construction:

In this Tariff, unless otherwise provided herein:

(a) words denoting the singular include the plural and vice versa;

(b) words denoting a gender include all genders;

(c) references to a particular part, clause, section, paragraph, article, exhibit, schedule, appendix or other attachment shall be a reference to a part, clause, section, paragraph, or article of, or an exhibit, schedule, appendix or other attachment to, this Tariff;

(d) the exhibits, schedules and appendices attached hereto are incorporated herein by reference and shall be construed with an as an integral part of this Tariff to the same extent as if they were set forth verbatim herein;

(e) a reference to any statute, regulation, proclamation, ordinance or law includes all statutes, regulations, proclamations, amendments, ordinances or laws varying, consolidating or replacing the same from time to time, and a reference to a statute includes all regulations, policies, protocols, codes, proclamations and ordinances issued or otherwise applicable under that statute unless, in any such case, otherwise expressly provided in any such statute or in this Tariff;

(f) a reference to a particular section, paragraph or other part of a particular statute shall be deemed to be a reference to any other section, paragraph or other part substituted therefor from time to time;

(g) a definition of or reference to any document, instrument or agreement includes any amendment or supplement to, or restatement, replacement, modification or novation of, any such document, instrument or agreement unless otherwise specified in such definition or in the context in which such reference is used;

(h) a reference to any person (as hereinafter defined) includes such person's successors and permitted assigns in that designated capacity;

(i) any reference to "days" shall mean calendar days unless "Business Days" (as hereinafter defined) are expressly specified;

(j) if the date as of which any right, option or election is exercisable, or the date upon which any amount is due and payable, is stated to be on a date or day that is not a Business Day, such right, option or election may be exercised, and such amount shall be deemed due and payable, on the next succeeding Business Day with the same effect as if the same was exercised or made on such date or day (without, in the case of any such payment, the payment or accrual of any interest or

other late payment or charge, provided such payment is made on such next succeeding Business Day);

(k) words such as "hereunder," "hereto," "hereof" and "herein" and other words of similar import shall, unless the context requires otherwise, refer to this Tariff as a whole and not to any particular article, section, subsection, paragraph or clause hereof; and a reference to "include" or "including" means including without limiting the generality of any description preceding such term, and for purposes hereof the rule of *ejusdem generis* shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned.

I.2.2. Definitions:

In this Tariff, the terms listed in this section shall be defined as described below:

Additional Resource Blackstart O&M Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Additional Resource Specified-Term Blackstart Capital Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Additional Resource Standard Blackstart Capital Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Adjusted Regulation Obligation is equal to a Market Participant's total Real-Time Load Obligation ratio share of the total amount of Regulation provided that hour, adjusted for any internal bilateral transactions for Regulation.

Administrative Costs are those costs incurred in connection with the review of Applications for transmission service and the carrying out of System Impact Studies and Facilities Studies.

Administrative Export De-List Bid is a bid that may be submitted in a Forward Capacity Auction by certain Existing Generating Capacity Resources subject to a multi-year contract to sell capacity outside of the New England Control Area during the associated Capacity Commitment Period, as described in Section III.13.1.2.3.1.4 of Market Rule 1.

Administrative Sanctions are defined in Section III.B.4.1.2 of Appendix B of Market Rule 1.

ADR Neutrals are one or more firms or individuals identified by the ISO with the advice and consent of the Participants Committee that are prepared to act as neutrals in ADR proceedings under Appendix D to Market Rule 1.

Advance is defined in Section IV.A.3.2 of the Tariff.

Affected Party, for purposes of the ISO New England Billing Policy, is defined in Section 6.3.5 of the ISO New England Billing Policy.

Affiliate is any person or entity that controls, is controlled by, or is under common control by another person or entity. For purposes of this definition, "control" means the possession, directly or indirectly, of the authority to direct the management or policies of an entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

AGC is automatic generation control.

Allocated Assessment is a Covered Entity's right to seek and obtain payment and recovery of its share in any shortfall payments under Section 3.3 or Section 3.4 of the ISO New England Billing Policy.

Alternative Capacity Price Rule is a rule potentially affecting Capacity Clearing Prices in a Forward Capacity Auction, as described in Section III.13.2.7.8 of Market Rule 1.

Alternative Dispute Resolution (ADR) is the procedure set forth in Appendix D to Market Rule 1.

Alternative Technologies Regulation Pilot Program is the pilot described in Appendix J to Market Rule 1.

Amount Interrupted is, for purposes of the Load Response Program, the calculated difference between the Customer Baseline and the actual customer load. For generating assets, metered at the generator output, the Amount Interrupted is the generator output.

Ancillary Services are those services that are necessary to support the transmission of electric capacity and energy from resources to loads while maintaining reliable operation of the New England Transmission System in accordance with Good Utility Practice.

Announced Schedule 1 EA Amount, Announced Schedule 2 EA Amount, Announced Schedule 3 EA Amount are defined in Section IV.B.2.2 of the Tariff.

Annual Transmission Revenue Requirements are the annual revenue requirements of a PTO's PTF or of all PTOs' PTF for purposes of the OATT shall be the amount determined in accordance with Attachment F to the OATT.

Annualized FCA Payment is used to determine a resource's availability penalties and is calculated in accordance with Section III.13.7.2.7.1.2(b) of Market Rule 1.

Applicants, for the purposes of the ISO New England Financial Assurance Policy, are entities applying for Market Participant status or for transmission service from the ISO.

Application is a written request by an Eligible Customer for transmission service pursuant to the provisions of the OATT.

APR-1 means the first of three Alternative Capacity Price Rule mechanisms described in Section III.13.2.7.8.

APR-2 means the second of three Alternative Capacity Price Rule mechanisms described in Section III.13.2.7.8.

APR-3 means the third of three Alternative Capacity Price Rule mechanisms described in Section III.13.2.7.8.

Asset is a generating unit, interruptible load, demand response resource or load asset.

Asset Registration Process is the ISO business process for registering a physical load, generator, or tie-line for settlement purposes. The Asset Registration Process is posted on the ISO's website.

Asset Related Demand is a physical load that has been discretely modeled within the ISO's dispatch and settlement systems, settles at a Node and, except for pumped storage load, is made up of one or more individual end-use metered customers receiving service from the same point or points of electrical supply, with an aggregate average hourly load of 1 MW or greater during the 12 months preceding its registration.

Asset Related Demand Bid Block-Hours are Block-Hours assigned to the Lead Market Participant for each Asset Related Demand bid. The daily bid Blocks in the price-based Real-Time bid will be multiplied by the number of hours in the day to determine the daily quantity of Asset Related Demand Bid Block-Hours. In the case that a Resource has a Real-Time unit status of "unavailable" for an entire day, that day will not contribute to the quantity of Asset Related Demand Bid Block-Hours. However, if the Resource has at least one hour of the day with a unit status of "available," the entire day will contribute to the quantity of Asset Related Demand Bid Block-Hours.

Asset-Specific Going Forward Costs are the net risk-adjusted going forward costs of an asset that is part of an Existing Generating Capacity Resource, calculated for the asset in the same manner as the net-risk adjusted going forward costs of Existing Generating Capacity Resources as described in Section III.13.1.2.3.2.1.2.

Assigned Meter Reader reports to the ISO the hourly and monthly MWh associated with the Asset. These MWh are used for settlement. The Assigned Meter Reader may designate an agent to help fulfill its Assigned Meter Reader responsibilities; however, the Assigned Meter Reader remains functionally responsible to the ISO.

Auction Revenue Right (ARR) is a right to receive FTR Auction Revenues in accordance with Appendix C of Market Rule 1.

Auction Revenue Right Allocation (ARR Allocation) is defined in Section 1 of Appendix C of Market Rule 1.

Auction Revenue Right Holder (ARR Holder) is an entity which is the record holder of an Auction Revenue Right (excluding an Incremental ARR) in the register maintained by the ISO.

Authorized Commission is defined in Section 3.3 of the ISO New England Information Policy.

Authorized Person is defined in Section 3.3 of the ISO New England Information Policy.

Automatic Response Rate is the response rate, in MW/Minute, at which a Market Participant is willing to have a generating unit change its output while providing Regulation between the Regulation High Limit and Regulation Low Limit.

Average Hourly Load Reduction is either: (i) the sum of the Demand Resource's electrical energy reduction during Demand Resource On-Peak Hours in the month divided by the number of Demand Resource On-Peak Hours in the month; (ii) the sum of the Demand Resource's electrical energy reduction during Demand Resource Seasonal Peak Hours in the month divided by the number of Demand Resource Seasonal Peak Hours in the month; (iii) the sum of a Critical Peak Demand Resource's electrical energy reduction during Demand Resource Critical Peak Hours in the month for that resource divided by the number of Demand Resource Critical Peak Hours less 30 minutes for each set of consecutive Real-Time Demand Resource Dispatch Hours within the same Operating Day in the month for that resource; or (iv) in each Real-Time Demand Response Event Hour, the sum of the baseline electrical energy consumption less the sum of the actual electrical energy consumption of all of the Real-Time Demand Response Assets associated with the Real-Time Demand Response Resource as registered with the ISO as of the first day of the month; or (v) in each Real-Time Emergency Generation Event Hour, the sum of the baseline electrical energy consumption less the sum of the actual electrical energy consumption of all of the Real-Time Emergency Generation Assets associated with the Real-time Emergency Generation Resource as registered with the ISO as of the first day of the month. The Demand Resource's electrical energy reduction and Average Hourly Load Reduction shall be determined consistent with the Demand Resource's Measurement and Verification Plan, which shall be reviewed by the ISO to ensure consistency with the measurement and verification requirements, as described in Section III.13.1.4.3 of Market Rule 1 and the ISO New England Manuals.

Average Hourly Output is either: (i) the sum of the Demand Resource's electrical energy output during Demand Resource On-Peak Hours in the month divided by the number of Demand Resource On-Peak Hours in the month; (ii) the sum of the Demand Resource's electrical energy output during Demand Resource Seasonal Peak Hours in the month divided by the number of Demand Resource Seasonal Peak Hours in the month; (iii) the sum of a Critical Peak Demand Resource's electrical energy output during Demand Resource Critical Peak Hours in the month for that resource divided by the number of Demand Resource Critical Peak Hours for that resource less 30 minutes for each set of consecutive Real-Time

Demand Resource Dispatch Hours within the same Operating Day in the month for that resource; or (iv) in each Real-Time Demand Response Event Hour or Real-Time Emergency Generation Event Hour, the sum of the electrical energy output of all of the Real-Time Demand Response Assets or Real-Time Emergency Generation Assets associated with the Real-Time Demand Response Resource or Real-Time Emergency Generation Resource as registered with the ISO as of the first day of the month. Electrical energy output and Average Hourly Output shall be determined consistent with the Demand Resource's Measurement and Verification Plan, which shall be reviewed by the ISO to ensure consistency with the measurement and verification requirements, as described in Section III.13.1.4.3 of Market Rule 1 and the ISO New England Manuals.

Average Monthly PER is calculated in accordance with Section III.13.7.2.7.1.1.2(a) of Market Rule 1.

Bankruptcy Code is the United States Bankruptcy Code.

Bankruptcy Event occurs when a Covered Entity files a voluntary or involuntary petition in bankruptcy or commences a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against such Covered Entity as debtor.

Bilateral Contract (BC) is any of the following types of contracts: Internal Bilateral for Load, Internal Bilateral for Market for Energy, and External Transactions.

Bilateral Contract Block-Hours are Block-Hours assigned to the seller and purchaser of an Internal Bilateral for Load, Internal Bilateral for Market for Energy and External Transactions; provided, however, that only those contracts which apply to the Real-Time Energy Market will accrue Block-Hours.

Blackstart Capability Test is the test, required by ISO New England Operating Documents, of a resource's capability to provide Blackstart Service.

Blackstart Capital Payment is the annual compensation, as calculated pursuant to Section 5.1, or as referred to in Section 5.2, of Schedule 16 to the OATT, for a Designated Blackstart Resource's Blackstart Equipment capital costs associated with the provision of Blackstart Service (excluding the capital costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Blackstart CIP Capital Payment is the annual compensation level, as calculated pursuant to Section 5.1 utilizing data from Table 6 of Appendix A to this Schedule 16, or as referred to in Section 5.2, of Schedule 16 to the OATT, for a Blackstart Station's costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service.

Blackstart CIP O&M Payment is the annual compensation level, as calculated pursuant to Section 5.1 of Schedule 16 to the OATT, utilizing data from Table 6 of Appendix A to this Schedule 16, for a Blackstart Station's operating and maintenance costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of the provision of Blackstart Service.

Blackstart Equipment is any equipment that is solely necessary to enable the Designated Blackstart Resource to provide Blackstart Service and is not required to provide other products or services under the Tariff.

Blackstart O&M Payment is the annual compensation, as calculated pursuant to Section 5.1 of Schedule 16 to the OATT, for a Designated Blackstart Resource's operating and maintenance costs associated with the provision of Blackstart Service (except for operating and maintenance costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Blackstart Owner is the Market Participant who is authorized on behalf of the Generator Owner(s) to offer or operate the resource as a Designated Blackstart Resource and is authorized to commit the resource to provide Blackstart Service.

Blackstart Service is the Ancillary Service described in Section II.47 of the Tariff and Schedule 16 of the OATT, which also encompasses "System Restoration and Planning Service" under the predecessor version of Schedule 16.

Blackstart Service Commitment is the commitment by a Blackstart Owner for its resource to provide Blackstart Service and the acceptance of that commitment by the ISO, in the manner detailed in ISO New England Operating Procedure No. 11 – Designated Blackstart Resource Administration (OP 11), and which includes a commitment to provide Blackstart Service under a "Signature Page for Schedule 16 of the NEPOOL OATT" that was executed and in effect prior to January 1, 2013 for Category A Designated Blackstart Resources or a commitment to provide Blackstart Service established under Operating

Procedure 11 – Designated Blackstart Resource Administration (OP11) for Category B Designated Blackstart Resources.

Blackstart Service Minimum Criteria are the minimum criteria that a Blackstart Owner and its resource must meet in order to establish and maintain a resource as a Designated Blackstart Resource.

Blackstart Standard Rate Payment is the formulaic rate of monthly compensation, as calculated pursuant to Section 5 of Schedule 16 to the OATT, paid to a Blackstart Owner for the provision of Blackstart Service from a Designated Blackstart Resource.

Blackstart Station is comprised of (i) a single Designated Blackstart Resource or (ii) two or more Designated Blackstart Resources that share Blackstart Equipment.

Blackstart Station-specific Rate Payment is the Commission-approved compensation, as calculated pursuant to Section 5.2 of Schedule 16 to the OATT, paid to a Blackstart Owner on a monthly basis for the provision of Blackstart Service by Designated Blackstart Resources located at a specific Blackstart Station.

Blackstart Station-specific Rate Capital Payment is a component of the Blackstart Station-specific Rate Payment that reflects a Blackstart Station's capital Blackstart Equipment costs associated with the provision of Blackstart Service (excluding the capital costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Blackstart Station-specific Rate CIP Capital Payment is a component of the Blackstart Station-specific Rate Payment that reflects a Blackstart Station's capital costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service.

Block is defined as follows: (1) With respect to Bilateral Contracts, a Bilateral Contract administered by the ISO for an hour; (2) with respect to Supply Offers administered by the ISO, a quantity with a related price for Energy (Supply Offers for Energy may contain multiple sets of quantity and price pairs for the day); (3) with respect to Demand Bids administered by the ISO, a quantity with a related price for Energy (Demand Bids for Energy may contain multiple sets of quantity and price pairs for the each hour); (4) with respect to Increment Offers administered by the ISO, a quantity with a related price for Energy (Increment Offers for Energy may contain multiple sets of quantity and price pairs for each hour); (5)

with respect to Decrement Bids administered by the ISO, a quantity with a related price for Energy (Decrement Bids for Energy may contain multiple sets of quantity and price pairs for each hour); and (6) with respect to Asset Related Demand bids administered by the ISO, a quantity with a related price for Energy (Asset Related Demand bids may contain multiple sets of quantity and price pairs for each hour).

Block-Hours are the number of Blocks administered for a particular hour.

Budget and Finance Subcommittee is a subcommittee of the Participants Committee, the responsibilities of which are specified in Section 8.4 of the Participants Agreement.

Business Day is any day other than a Saturday or Sunday or ISO holidays as posted by the ISO on its website.

Cancellation Fee is defined in Section III.1.10.2(d).

Cancelled Start Credit is a credit calculated pursuant to Section III.F.2.5 of Appendix F to Market Rule 1 as the NCPC Credit due to each Market Participant for pool-scheduled generating Resources that were scheduled by the ISO to start after the close of the Day-Ahead Energy Market and that were cancelled by the ISO prior to their assigned commitment time.

Capability Year means a year's period beginning on June 1 and ending May 31.

Capacity Acquiring Resource is a resource that is seeking to acquire a Capacity Supply Obligation through a Capacity Supply Obligation Bilateral, as described in Section III.13.5.1 of Market Rule 1.

Capacity Capability Interconnection Standard has the meaning specified in Schedule 22 and Schedule 23 of the OATT.

Capacity Carried Forward Due to Rationing is described in Section III.13.2.7.8.2.1(c)(b)(ii) of Market Rule 1.

Capacity Clearing Price is the clearing price for a Capacity Zone for a Capacity Commitment Period resulting from the Forward Capacity Auction conducted for that Capacity Commitment Period, as determined in accordance with Section III.13.2.7 of Market Rule 1.

Capacity Clearing Price Floor is described in Section III.13.2.7.

Capacity Commitment Period is the one-year period from June 1 through May 31 for which obligations are assumed and payments are made in the Forward Capacity Market.

Capacity Cost (CC) is one of four forms of compensation that may be paid to resources providing VAR Service under Schedule 2 of the OATT.

Capacity Export Through Import Constrained Zone Transaction is defined in Section III.1.10.7(f)(i) of Market Rule 1.

Capacity Load Obligation is the quantity of capacity for which a Market Participant is financially responsible, equal to that Market Participant's Capacity Requirement (if any) adjusted to account for any relevant Capacity Load Obligation Bilaterals, as described in Section III.13.7.3.1 of Market Rule 1.

Capacity Load Obligation Acquiring Participant is a load serving entity or any other Market Participant seeking to acquire a Capacity Load Obligation through a Capacity Load Obligation Bilateral, as described in Section III.13.5.2 of Market Rule 1.

Capacity Load Obligation Bilateral is a bilateral contract through which a Market Participant may transfer all or a portion of its Capacity Load Obligation to another entity, as described in Section III.13.5 of Market Rule 1.

Capacity Load Obligation Transferring Participant is an entity that has a Capacity Load Obligation and is seeking to shed such obligation through a Capacity Load Obligation Bilateral, as described in Section III.13.5.2 of Market Rule 1.

Capacity Network Resource (CNR) is defined in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Capacity Network Resource Interconnection Service is defined in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Capacity Rationing Rule addresses whether offers and bids in a Forward Capacity Auction may be rationed, as described in Section III.13.2.6 of Market Rule 1.

Capacity Requirement is described in Section III.13.7.3.1 of Market Rule 1.

Capacity Supply Obligation is an obligation to provide capacity from a resource, or a portion thereof, to satisfy a portion of the Installed Capacity Requirement that is acquired through a Forward Capacity Auction in accordance with Section III.13.2, a reconfiguration auction in accordance with Section III.13.4, or a Capacity Supply Obligation Bilateral in accordance with Section III.13.5.1 of Market Rule 1.

Capacity Supply Obligation Bilateral is a bilateral contract through which a Market Participant may transfer all or a part of its Capacity Supply Obligation to another entity, as described in Section III.13.5.1 of Market Rule 1.

Capacity-to-Service Ratio is defined in Section III.3.2.2(h) of Market Rule 1.

Capacity Transfer Right (CTR) is a financial right that entitles the holder to the difference in the Net Regional Clearing Prices between Capacity Zones for which the transfer right is defined, in the MW amount of the holder's entitlement.

Capacity Transferring Resource is a resource that has a Capacity Supply Obligation and is seeking to shed such obligation, or a portion thereof, through a Capacity Supply Obligation Bilateral, as described in Section III.13.5.1 of Market Rule 1.

Capacity Value is the value (in kW-month) of a Demand Resource for a month determined pursuant to Section III.13.7.1.5 of Market Rule 1.

Capacity Zone is a geographic sub-region of the New England Control Area as determined in accordance with Section III.12.4 of Market Rule 1.

Capital Funding Charge (CFC) is defined in Section IV.B.2 of the Tariff.

CARL Data is Control Area reliability data submitted to the ISO to permit an assessment of the ability of an external Control Area to provide energy to the New England Control Area in support of capacity offered to the New England Control Area by that external Control Area.

Carried Forward Excess Capacity is calculated as described in Section III.13.2.7.8.2.1(c) of Market Rule 1.

Carried Forward Excess Out-of-Market Capacity is calculated as described in Section III.13.2.7.8.2.1(c)(i) of Market Rule 1.

Category A Designated Blackstart Resource is a Designated Blackstart Resource that has committed to provide Blackstart Service under a "Signature Page for Schedule 16 of the NEPOOL OATT" that was executed and in effect prior to January 1, 2013 and has not been converted to a Category B Designated Blackstart Resource.

Category B Designated Blackstart Resource is a Designated Blackstart Resource that is not a Category A Designated Blackstart Resource.

Charge is a sum of money due from a Covered Entity to the ISO, either in its individual capacity or as billing and collection agent for NEPOOL pursuant to the Participants Agreement.

CLAIM10 is the generation output level, expressed in MW, which can be reached by a Resource (from an off-line state) within 10 minutes after receiving a Dispatch Instruction or the amount of reduced consumption, expressed in MW, which can be reached by a Dispatchable Asset Related Demand within 10 minutes after receiving a Dispatch Instruction. A CLAIM10 value is required as part of a Resource's or Dispatchable Asset Related Demand's Offer Data. CLAIM10 values are established pursuant to the provisions of Section III.9.5.3.

CLAIM30 is the generation output level, expressed in MW, which can be reached by a Resource (from an off-line state) within 30 minutes after receiving a Dispatch Instruction or the amount of reduced consumption, expressed in MW, which can be reached by a Dispatchable Asset Related Demand within 30 minutes after receiving a Dispatch Instruction. A CLAIM30 value is required as part of a Resource's or Dispatchable Asset Related Demand's Offer Data. CLAIM30 values are established pursuant to the provisions of Section III.9.5.3.

CNR Capability is defined in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Coincident Peak Contribution is a Market Participant's share of the New England Control Area coincident peak demand for the prior calendar year as determined prior to the start of each power year, which reflects the sum of the prior year's annual coincident peak contributions of the customers served by the Market Participant at each Load Asset in all Load Zones. Daily Coincident Peak Contribution values shall be submitted by the Assigned Meter Reader or Host Participant by the meter reading deadline to the ISO.

Cold Weather Conditions means any calendar day when that day's Effective Temperatures are forecast to be equal to or less than zero degrees Fahrenheit for any single on-peak hour and that day's total Effective Heating Degree Days are forecast to be greater than or equal to 65.

Cold Weather Event means days when Cold Weather Conditions are forecast to exist and the Seven-Day Forecast indicates a capacity margin less than or equal to 0 MW for an Operating Day. Cold Weather Events are declared by 1100 two days prior to the Operating Day. A Cold Weather Warning will be used for all future days within the Seven-Day Forecast when a capacity margin of less than or equal to 0 MW exists, until such time that the ISO declares a Cold Weather Event.

Cold Weather Warning means days when Cold Weather Conditions are forecast to exist and the Seven-Day Forecast indicates a capacity margin less than 1,000 MW. In addition, a Cold Weather Warning will be used for all future days within the Seven-Day Forecast when a capacity margin of less than or equal to 0 MW exists for days not yet declared as a Cold Weather Event.

Cold Weather Watch means days when Cold Weather Conditions are forecast to exist and the Seven-Day Forecast indicates a capacity margin greater than or equal to 1,000 MW.

Commercial Capacity, for the purposes of the ISO New England Financial Assurance Policy, is defined in Section VII.A of that policy.

Commission is the Federal Energy Regulatory Commission.

Common Costs are those costs associated with a Station that are avoided only by (1) the clearing of the Static De-List Bids or the Permanent De-List Bids of all the Existing Generating Capacity Resources comprising the Station; or (2) the acceptance of a Non-Price Retirement Request of the Station.

Completed Application is an Application that satisfies all of the information and other requirements of the OATT, including any required deposit.

Compliance Effective Date is the date upon which the changes in the predecessor NEPOOL Open Access Transmission Tariff which have been reflected herein to comply with the Commission's Order of April 20, 1998 became effective.

Composite FCM Transaction is a transaction for separate resources seeking to participate as a single composite resource in a Forward Capacity Auction in which multiple Designated FCM Participants provide capacity, as described in Section III.13.1.5 of Market Rule 1.

Conditional Qualified New Generating Capacity Resource is defined in Section III.13.1.1.2.3(f) of Market Rule 1.

Confidential Information is defined in Section 2.1 of the ISO New England Information Policy, which is Attachment D to the Tariff.

Confidentiality Agreement is Attachment 1 to the ISO New England Billing Policy.

Congestion is a condition of the New England Transmission System in which transmission limitations prevent unconstrained regional economic dispatch of the power system. Congestion is the condition that results in the Congestion Component of the Locational Marginal Price at one Location being different from the Congestion Component of the Locational Marginal Price at another Location during any given hour of the dispatch day in the Day-Ahead Energy Market or Real-Time Energy Market.

Congestion Component is the component of the nodal price that reflects the marginal cost of congestion at a given Node or External Node relative to the reference point. When used in connection with Zonal Price and Hub Price, the term Congestion Component refers to the Congestion Components of the nodal prices that comprise the Zonal Price and Hub Price weighted and averaged in the same way that nodal prices are weighted to determine Zonal Price and averaged to determine the Hub Price.

Congestion Cost is the cost of congestion as measured by the difference between the Congestion Components of the Locational Marginal Prices at different Locations and/or Reliability Regions on the New England Transmission System.

Congestion Paying LSE is, for the purpose of the allocation of FTR Auction Revenues to ARR Holders as provided for in Appendix C of Market Rule 1, a Market Participant or Non-Market Participant Transmission Customer that is responsible for paying for Congestion Costs as a Transmission Customer paying for Regional Network Service under the Transmission, Markets and Services Tariff, unless such Transmission Customer has transferred its obligation to supply load in accordance with ISO New England System Rules, in which case the Congestion Paying LSE shall be the Market Participant supplying the transferred load obligation. The term Congestion Paying LSE shall be deemed to include, but not be limited to, the seller of internal bilateral transactions that transfer Real-Time Load Obligations under the ISO New England System Rules.

Congestion Revenue Fund is the amount available for payment of target allocations to FTR Holders from the collection of Congestion Cost.

Congestion Shortfall means congestion payments exceed congestion charges during the weekly billing process in any billing period.

Control Agreement is the document posted on the ISO website that is required if a Market Participant's cash collateral is to be invested in BlackRock funds.

Control Area is an electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

(1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
(2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

(3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice and the criteria of the applicable regional reliability council or the North American Electric Reliability Corporation; and

(4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

Correction Limit means the date that is one hundred and one (101) calendar days from the last Operating Day of the month to which the data applied. As described in Section III.3.6.1 of Market Rule 1, this will be the period during which meter data corrections must be submitted unless they qualify for submission as a Requested Billing Adjustment under Section III.3.7 of Market Rule 1.

Cost of Energy Consumed (CEC) is one of four forms of compensation that may be paid to resources providing VAR Service under Schedule 2 of the OATT.

Cost of Energy Produced (CEP) is one of four forms of compensation that may be paid to resources providing VAR Service under Schedule 2 of the OATT.

Cost of New Entry (CONE) is determined in accordance with Section III.13.2.4 of Market Rule 1.

Counterparty means the status in which the ISO acts as the contracting party, in its name and own right and not as an agent, to an agreement or transaction with a Customer (including assignments involving Customers) involving sale to the ISO, and/or purchase from the ISO, of Regional Transmission Service and market and other products and services, and other transactions and assignments involving Customers, all as described in the Tariff.

Covered Entity is defined in the ISO New England Billing Policy.

Credit Coverage is third-party credit protection obtained by the ISO, in the form of credit insurance coverage, a performance or surety bond, or a combination thereof.

Credit Qualifying means a Rated Market Participant that has an Investment Grade Rating and an Unrated Market Participant that satisfies the Credit Threshold.

Credit Threshold consists of the conditions for Unrated Market Participants outlined in Section II.B.2 of the ISO New England Financial Assurance Policy.

Critical Energy Infrastructure Information (CEII) is defined in Section 3.0(j) of the ISO New England Information Policy, which is Attachment D to the Tariff.

Critical Peak Demand Resource is a type of Demand Resource, and means installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that reduce electrical usage during Demand Resource Critical Peak Hours or shift electrical usage from Demand Resource Critical Peak Hours to other hours and reduce the amount of capacity needed to deliver a comparable or acceptable level of service at those end-use customer facilities. Such measures include Energy Efficiency, Load Management, and Distributed Generation.

Current Ratio is, on any date, all of a Market Participant's or Non-Market Participant Transmission Customer's current assets divided by all of its current liabilities, in each case as shown on the most recent financial statements provided by such Market Participant or Non-Market Participant Transmission Customer to the ISO.

Curtailment is a reduction in the dispatch of a transaction that was scheduled, using transmission service, in response to a transfer capability shortage as a result of system reliability conditions.

Customer is a Market Participant, a Transmission Customer or another customer of the ISO.

Customer Baseline is the average aggregate hourly load, rounded to the nearest kWh, for each of the 24 hours in a day for each Load Response Program Asset participating in the Real-Time Price Response Program, and the average aggregated five-minute load, rounded to the nearest kWh, for each of the 24 hours in a day for Real-Time Demand Response Assets and Real-Time Emergency Generation Resource assets.

Data Reconciliation Process means the process by which meter reconciliation and data corrections that are discovered by Governance Participants after the Invoice has been issued for a particular month or that are discovered prior to the issuance of the Invoice for the relevant month but not included in that Invoice or in the other Invoices for that month and are reconciled by the ISO on an hourly basis based on data submitted to the ISO by the Host Participant Assigned Meter Reader or Assigned Meter Reader.

Day-Ahead is the calendar day immediately preceding the Operating Day.

Day-Ahead Adjusted Load Obligation is defined in Section III.3.2.1(a)(iii) of Market Rule 1.

Day-Ahead Congestion Revenue is defined in Section III.3.2.1(f) of Market Rule 1.

Day-Ahead Demand Reduction Obligation is a cleared Demand Reduction Offer multiplied by one plus the percent average avoided peak distribution losses.

Day-Ahead Energy Market means the schedule of commitments for the purchase or sale of energy, payment of Congestion Costs, and payment for losses developed by the ISO as a result of the offers and specifications submitted in accordance with Section III.1.10 of Market Rule 1.

Day-Ahead Energy Market Congestion Charge/Credit is defined in Section III.3.2.1(d) of Market Rule 1.

Day-Ahead Energy Market Energy Charge/Credit is defined in Section III.3.2.1(d) of Market Rule 1.

Day-Ahead Energy Market Loss Charge/Credit is defined in Section III.3.2.1(d) of Market Rule 1.

Day-Ahead Generation Obligation is defined in Section III.3.2.1(a)(ii) of Market Rule 1.

Day-Ahead Load Obligation is defined in Section III.3.2.1(a)(i) of Market Rule 1.

Day-Ahead Load Response Program provides a Day-Ahead aspect to the Load Response Program. The Day-Ahead Load Response Program allows Market Participants with registered Load Response Program Assets to make energy reduction offers into the Day-Ahead Load Response Program concurrent with the Day-Ahead Energy Market.

Day-Ahead Locational Adjusted Net Interchange is defined in Section III.3.2.1(a)(iv) of Market Rule 1.

Day-Ahead Loss Charges or Credits is defined in Section III.3.2.1(h) of Market Rule 1.

Day-Ahead Loss Revenue is defined in Section III.3.2.1(g) of Market Rule 1.

Day-Ahead Prices means the Locational Marginal Prices resulting from the Day-Ahead Energy Market.

Debt-to-Total Capitalization Ratio is, on any date, a Market Participant's or Non-Market Participant Transmission Customer's total debt (including all current borrowings) divided by its total shareholders' equity plus total debt, in each case as shown on the most recent financial statements provided by such Market Participant or Non-Market Participant Transmission Customer to the ISO.

Decrement Bid means a bid to purchase energy at a specified Location in the Day-Ahead Energy Market which is not associated with a physical load. An accepted Decrement Bid results in scheduled load at the specified Location in the Day-Ahead Energy Market.

Default Amount is all or any part of any amount due to be paid by any Covered Entity that the ISO, in its reasonable opinion, believes will not or has not been paid when due (other than in the case of a payment dispute for any amount due for transmission service under the OATT).

Default Period is defined in Section 3.3.h(i) of the ISO New England Billing Policy.

Delivering Party is the entity supplying capacity and/or energy to be transmitted at Point(s) of Receipt under the OATT.

Demand Bid means a request to purchase an amount of energy, at a specified Location, or an amount of energy at a specified price, that is associated with a physical load. A cleared Demand Bid in the Day-Ahead Energy Market results in scheduled load at the specified Location. Demand Bids submitted for use in the Real-Time Energy Market are specific to Dispatchable Asset Related Demands only.

Demand Bid Block-Hours are the Block-Hours assigned to the submitting Customer for each Demand Bid.

Demand Designated Entity is the entity designated by a Market Participant to receive Dispatch Instructions for Real-Time Demand Response Resources and Real-Time Emergency Generation Resources in accordance with the provisions set forth in ISO New England Operating Procedure No. 14.

Demand Reduction Offer is an offer by a Market Participant with a Real-Time Demand Response Asset to reduce demand.

Demand Reduction Threshold Price is a minimum offer price calculated pursuant to Section III.E.6.

Demand Reduction Value is the quantity of reduced demand calculated pursuant to Section III.13.7.1.5.3 of Market Rule 1.

Demand Resource is a resource defined as On-Peak Demand Resources, Seasonal Peak Demand Resources, Critical Peak Demand Resources, Real-Time Demand Response Resources, or Real-Time Emergency Generation Resources. Demand Resources are installed measures (i.e., products, equipment, systems, services, practices and/or strategies) that result in additional and verifiable reductions in end-use demand on the electricity network in the New England Control Area during Demand Resource On-Peak Hours, Demand Resource Seasonal Peak Hours, Demand Resource Critical Peak Hours, Real-Time Demand Response Event Hours, or Real-Time Emergency Generation Event Hours, respectively. A Demand Resource may include a portfolio of measures aggregated together to meet or exceed the minimum Resource size requirements of the Forward Capacity Auction.

Demand Resource Commercial Operation Audit is an audit initiated pursuant to Section III.13.6.1.5.4.4.

Demand Resource Critical Peak Hours means Demand Resource Forecast Peak Hours and Real-Time Demand Resource Dispatch Hours.

Demand Resource Financial Assurance Requirement is an amount of financial assurance required from DRP-Only Customer registering a Demand Resource in the Day-Ahead Energy Market. This amount is calculated pursuant to Section VIII.A of the ISO New England Financial Assurance Policy.

Demand Resource Forecast Peak Hours are those hours, or portions thereof, in which, absent the dispatch of Critical Peak Demand Resources and Real-Time Demand Response Resources, Dispatch Zone, Load Zone, or system-wide implementation of the action of ISO New England Operating Procedure No. 4 where the ISO would have begun to allow the depletion of Thirty-Minute Operating Reserve is forecasted in the ISO's most recent next-day forecast.

Demand Resource On-Peak Hours are hours ending 1400 through 1700, Monday through Friday on non-holidays during the months of June, July, and August and hours ending 1800 through 1900, Monday through Friday on non-holidays during the months of December and January.

Demand Resource Operable Capacity Analysis means an analysis performed by the ISO estimating the expected dispatch hours of active Demand Resources given different assumed levels of Demand Resources clearing in the primary Forward Capacity Auction.

Demand Resource Performance Incentives means the additional monthly capacity payment that a Demand Resource may earn for producing a positive Monthly Capacity Variance in a period where other Demand Resources yield a negative monthly capacity variance.

Demand Resource Performance Penalties means the reduction in the monthly capacity payment to a Demand Resource for producing a negative Monthly Capacity Variance.

Demand Resource Seasonal Peak Hours are those hours in which the actual, real-time hourly load, as measured using real-time telemetry (adjusted for transmission and distribution losses, and excluding load associated with Exports and the pumping load associated with pumped storage generators) for Monday through Friday on non-Demand Response holidays, during the months of June, July, August, December, and January, as determined by the ISO, is equal to or greater than 90% of the most recent 50/50 system peak load forecast, as determined by the ISO, for the applicable summer or winter season.

Demand Response Baseline is the expected baseline demand of an individual end-use metered customer or group of end-use metered customers or the expected output levels of the generation of an individual end-use metered customer whose asset is comprised of Distributed Generation as determined pursuant to Section III.8.

Demand Response Holiday is a holiday for which a Market Participant may not submit a Demand Reduction Offer for a Real-Time Demand Response Asset.

Designated Agent is any entity that performs actions or functions required under the OATT on behalf of the ISO, a Transmission Owner, a Schedule 20A Service Provider, an Eligible Customer, or a Transmission Customer.

Designated Blackstart Resource is a resource that meets the eligibility requirements specified in Schedule 16 of the OATT, and may be a Category A Designated Blackstart Resource or a Category B Designated Blackstart Resource.

Designated Entity is the entity designated by a Market Participant to receive Dispatch Instructions for generation and/or Dispatchable Asset Related Demand in accordance with the provisions set forth in ISO New England Operating Procedure No. 14.

Designated FCM Participant is any Lead Market Participant, including any Provisional Member or DRP-Only Customer that is a Lead Market Participant, transacting in any Forward Capacity Auction, reconfiguration auctions or Capacity Supply Obligation Bilateral for capacity that is otherwise required to provide additional financial assurance under the ISO New England Financial Assurance Policy.

Designated FTR Participant is a Market Participant, including FTR-Only Customers, transacting in the FTR Auction that is otherwise required to provide additional financial assurance under the ISO New England Financial Assurance Policy.

Desired Dispatch Point (DDP) is the Dispatch Rate expressed in megawatts.

Direct Assignment Facilities are facilities or portions of facilities that are constructed for the sole use/benefit of a particular Transmission Customer requesting service under the OATT or a Generator Owner requesting an interconnection. Direct Assignment Facilities shall be specified in a separate agreement among the ISO, Interconnection Customer and Transmission Customer, as applicable, and the Transmission Owner whose transmission system is to be modified to include and/or interconnect with the Direct Assignment Facilities, shall be subject to applicable Commission requirements, and shall be paid for by the Customer in accordance with the applicable agreement and the Tariff.

Directly Metered Assets are specifically measured by OP-18 compliant metering as currently described in Section IV (Metering and Recording for Settlements) of OP-18. Directly Metered Assets include all Tie-Line Assets, all Generator Assets, as well as some Load Assets. Load Assets for which the Host Participant is not the Assigned Meter Reader are considered Directly Metered Assets. In addition, the Host Participant Assigned Meter Reader determines which additional Load Assets are considered Directly Metered Assets and which ones are considered Profiled Load Assets based upon the Host Participant

Assigned Meter Reader reporting systems and process by which the Host Participant Assigned Meter Reader allocates non-PTF losses.

Disbursement Agreement is the Rate Design and Funds Disbursement Agreement among the PTOs, as amended and restated from time to time.

Dispatch Instruction means directions given by the ISO to Market Participants, which may include instructions to start up, shut down, raise or lower generation, curtail or restore loads from Demand Resources, change External Transactions, or change the status of a Dispatchable Asset Related Demand in accordance with the Resource's or contract's Supply Offer or Demand Bid parameters. Such instructions may also require a change to the operation of a Pool Transmission Facility. Such instructions are given through either electronic or verbal means.

Dispatch Rate means the control signal, expressed in dollars per MWh and/or megawatts, calculated and transmitted to direct the output level of each generating Resource and each Dispatchable Asset Related Demand dispatched by the ISO in accordance with the Offer Data.

Dispatch Zone means a subset of Nodes located within a Load Zone established by the ISO for each Capacity Commitment Period pursuant to Section III.13.1.4.6.1.

Dispatchable Asset Related Demand is any portion of an Asset Related Demand of a Market Participant that is capable of having its energy consumption modified in Real-Time in response to Dispatch Instructions has Electronic Dispatch Capability, and must be able to increase or decrease energy consumption between its Minimum Consumption Limit and Maximum Consumption Limit in accordance with Dispatch Instructions and must meet the technical requirements specified in the ISO New England Manuals. Pumped storage facilities may qualify as Dispatchable Asset Related Demand resources, however, such resources shall not qualify as a capacity resource for both the generating output and dispatchable pumping demand of the facility.

Dispute Representatives are defined in 6.5.c of the ISO New England Billing Policy.

Disputed Amount is a Covered Entity's disputed amount due on any fully paid monthly Invoice and/or any amount believed to be due or owed on a Remittance Advice, as defined in Section 6 of the ISO New England Billing Policy.

Disputing Party, for the purposes of the ISO New England Billing Policy, is any Covered Entity seeking to recover a Disputed Amount.

Distributed Generation means generation resources directly connected to end-use customer load and located behind the end-use customer's Retail Delivery Point for the end-use customer, which reduce the amount of energy that would otherwise have been produced by other capacity resources on the electricity network in the New England Control Area during Demand Resource On-Peak Hours, Demand Resource Seasonal Peak Hours, Demand Resource Critical Peak Hours, Real-Time Demand Response Event Hours, or Real-Time Emergency Generation Event Hours, provided that the aggregate nameplate capacity of the generation resource does not exceed 5 MW, or does not exceed the most recent annual non-coincident peak demand of the end-use metered customer at the location where the generation resource is directly connected, whichever is greater. Distributed Generation resources are not eligible for energy payments from ISO-administered energy markets. Generation resources cannot participate in the Forward Capacity Market as Demand Resources, unless they meet the definition of Distributed Generation.

Do Not Exceed Dispatch Point is a Dispatch Instruction indicating a maximum output level that a wind resource must not exceed.

DR Auditing Period is the summer DR Auditing Period or winter DR Auditing Period as defined in Section III.13.6.1.5.4.3.1.

DRP-Only Customer is a Market Participant that enrolls itself and/or one or more Demand Resources in the Load Response Program and that does not participate in other markets or programs of the New England Markets, provided, however, that a DRP-Only Customer may also be an FTR-Only Customer and/or an ODR-Only Customer. References in this Tariff to a Non-Market Participant demand response provider or similar phrases shall be deemed references to a DRP-Only Customer.

Dynamic De-List Bid is a bid that may be submitted by Existing Generating Capacity Resources, Existing Import Capacity Resources, and Existing Demand Resources in the Forward Capacity Auction at prices of 0.8 times CONE or lower, as described in Section III.13.2.3.2(d) of Market Rule 1.

EA Amount is defined in Section IV.B.2.2 of the Tariff.

Early Amortization Charge (EAC) is defined in Section IV.B.2 of the Tariff.

Early Amortization Working Capital Charge (EAWCC) is defined in Section IV.B.2 of the Tariff.

Early Payment Shortfall Funding Amount (EPSF Amount) is defined in Section IV.B.2.4 of the Tariff.

Early Payment Shortfall Funding Charge (EPSFC) is defined in Section IV.B.2 of the Tariff.

EAWW Amount is defined in Section IV.B.2.3 of the Tariff.

EBITDA-to-Interest Expense Ratio is, on any date, a Market Participant's or Non-Market Participant Transmission Customer's earnings before interest, taxes, depreciation and amortization in the most recent fiscal quarter divided by that Market Participant's or Non-Market Participant Transmission Customer's expense for interest in that fiscal quarter, in each case as shown on the most recent financial statements provided by such Market Participant or Non-Market Participant Transmission Customer to the ISO.

Economic Maximum Limit or Economic Max is the maximum available output, in MW, of a resource that a Market Participant offers to supply in the Day-Ahead Energy Market or Real-Time Energy Market, as reflected in the resource's Supply Offer. This represents the highest MW output a Market Participant has offered for a resource for economic dispatch. A Market Participant must maintain an up-to-date Economic Maximum Limit for all hours in which a resource has been offered into the Day-Ahead Energy Market or Real-Time Energy Market.

Economic Minimum Limit or Economic Min is the maximum of the following values: (i) the Emergency Minimum Limit; (ii) a level supported by environmental and/or operating permit restrictions; or (iii) a level that addresses any significant economic penalties associated with operating at lower levels that can not be adequately represented by three part bidding (Start-Up Fee, No-Load Fee and incremental energy price). In no event shall the Economic Minimum Limit submitted as part of a generating unit's Offer Data be higher than the generation level at which a generating unit's incremental heat rate is minimized (i.e., transitioning from decreasing as output increases to increasing as output increases) except that a Self-Scheduled Resource may modify its Economic Minimum Limit on an hourly basis, as part of its Supply Offer, in order to indicate the desired level of Self-Scheduled MWs.

Economic Study is defined in Section 4.1(b) of Attachment K to the OATT.

EFT is electronic funds transfer.

Effective Heating Degree Days is equal to 68 – (average of max and min Effective Temperature of the day).

Effective Temperature is equal to dry bulb temperature – [windspeed X (65-dry bulb temp)/100].

Elective Transmission Upgrade is a Transmission Upgrade that is participant-funded (i.e., voluntarily funded by an entity or entities that have agreed to pay for all of the costs of such Transmission Upgrade), and is not: (i) a Generator Interconnection Related Upgrade; (ii) a Reliability Transmission Upgrade (including a NEMA Upgrade, as appropriate); (iii) an Market Efficiency Transmission Upgrade (including a NEMA Upgrade, as appropriate); ~~or~~ (iv) initially proposed in an Elective Transmission Upgrade Application filed with the ISO in accordance with Section II.47.5 on a date after the addition or modification already has been otherwise identified in the current Regional System Plan (other than as an Elective Transmission Upgrade) in publication as of the date of that application, or (v) a Public Policy Transmission Upgrade.

Elective Transmission Upgrade Applicant is defined in Section II.47.5 of the OATT.

Electric Reliability Organization (ERO) is defined in 18 C.F.R. § 39.1.

Electronic Dispatch Capability is the ability to provide for the electronic transmission, receipt, and acknowledgment of data relative to the dispatch of generating units and Dispatchable Asset Related Demands and the ability to carry out the real-time dispatch processes from ISO issuance of Dispatch Instructions to the actual increase or decrease in output of dispatchable Resources.

Eligible Customer is: (i) Any entity that is engaged, or proposes to engage, in the wholesale or retail electric power business is an Eligible Customer under the OATT. (ii) Any electric utility (including any power marketer), Federal power marketing agency, or any other entity generating electric energy for sale or for resale is an Eligible Customer under the OATT. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal

Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Owner with which that entity is directly interconnected or the distribution company having the service territory in which that entity is located (if that entity is a retail customer) offer the unbundled transmission service or Local Delivery Service, or pursuant to a voluntary offer of such service by the Transmission Owner with which that entity is directly interconnected or the distribution company having the service territory in which that entity is located (if that entity is a retail customer). (iii) Any end user taking or eligible to take unbundled transmission service or Local Delivery Service pursuant to a state requirement that the Transmission Owner with which that end user is directly interconnected or the distribution company having the service territory in which that entity is located (if that entity is a retail customer) offer the transmission service or Local Delivery Service, or pursuant to a voluntary offer of such service by the Transmission Owner with which that end user is directly interconnected, or the distribution company having the service territory in which that entity is located (if that entity is a retail customer) is an Eligible Customer under the OATT.

Eligible FTR Bidder is an entity that has satisfied applicable financial assurance criteria, and shall not include the auctioneer, its Affiliates, and their officers, directors, employees, consultants and other representatives.

Emergency is an abnormal system condition on the bulk power systems of New England or neighboring Control Areas requiring manual or automatic action to maintain system frequency, or to prevent the involuntary loss of load, equipment damage, or tripping of system elements that could adversely affect the reliability of an electric system or the safety of persons or property; or a fuel shortage requiring departure from normal operating procedures in order to minimize the use of such scarce fuel; or a condition that requires implementation of Emergency procedures as defined in the ISO New England Manuals.

Emergency Condition means an Emergency has been declared by the ISO in accordance with the procedures set forth in the ISO New England Manuals and ISO New England Administrative Procedures.

Emergency Energy is energy transferred from one control area operator to another in an Emergency.

Emergency Minimum Limit or Emergency Min means the minimum generation amount, in MWs, that a generating unit can deliver for a limited period of time without exceeding specified limits of equipment stability and operating permits.

EMS is energy management system.

End-of-Round Price is the lowest price associated with a round of a Forward Capacity Auction, as described in Section III.13.2.3.1 of Market Rule 1.

End User Participant is defined in Section 1 of the Participants Agreement.

Energy is power produced in the form of electricity, measured in kilowatthours or megawatthours.

Energy Administration Service (EAS) is the service provided by the ISO, as described in Schedule 2 of Section IV.A of the Tariff, in order to facilitate: (1) bilateral Energy transactions; (2) self-scheduling of Energy; (3) Interchange Transactions in the Energy Market; and (4) Energy Imbalance Service under Section II of the Tariff.

Energy Component means the Locational Marginal Price at the reference point.

Energy Efficiency is installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that reduce the total amount of electrical energy needed, while delivering a comparable or improved level of end-use service. Such measures include, but are not limited to, the installation of more energy efficient lighting, motors, refrigeration, HVAC equipment and control systems, envelope measures, operations and maintenance procedures, and industrial process equipment.

Energy Imbalance Service is the form of Ancillary Service described in Schedule 4 of the OATT.

Energy Market is, collectively, the Day-Ahead Energy Market and the Real-Time Energy Market.

Energy Non-Zero Spot Market Settlement Hours are hours for which the Customer has a positive or negative Real-Time System Adjusted Net Interchange as determined by the ISO settlement process for the Energy Market.

Energy Transaction Units (Energy TUs) are the sum for the month for a Customer of Bilateral Contract Block-Hours, Demand Bid Block-Hours, Asset Related Demand Bid Block-Hours, Supply Offer Block-Hours and Energy Non-Zero Spot Market Settlement Hours.

Enrolling Participant is the Market Participant that registers Customers for the Load Response Program.

Equipment Damage Reimbursement is the compensation paid to the owner of a Designated Blackstart Resource as specified in Section 5.5 of Schedule 16 to the OATT.

Equivalent Demand Forced Outage Rate (EFORd) means the portion of time a unit is in demand, but is unavailable due to forced outages.

Estimated Capacity Load Obligation is, for the purposes of the ISO New England Financial Assurance Policy, the Capacity Requirement from the latest available month, adjusted as appropriate to account for any relevant Capacity Load Obligation Bilaterals, HQICCs, and Self-Supplied FCA Resource designations for the applicable month.

Estimated Net Regional Clearing Price (ENRCP) is calculated in accordance with Section VII.C of the ISO New England Financial Assurance Policy.

Excepted Transaction is a transaction specified in Section II.40 of the Tariff for the applicable period specified in that Section.

Exempt Real-Time Generation Obligation means that portion of a Market Participant's Real-Time Generation Obligation that is not included in the calculation of Minimum Generation Emergency Credits pursuant to Appendix F of Market Rule 1.

Existing Capacity Qualification Deadline is a deadline, specified in Section III.13.1.10 of Market Rule 1, for submission of certain qualification materials for the Forward Capacity Auction, as discussed in Section III.13.1 of Market Rule 1.

Existing Capacity Qualification Package is information submitted by certain existing resources prior to participation in the Forward Capacity Auction, as described in Section III.13.1 of Market Rule 1.

Existing Capacity Resource is any resource that does not meet any of the eligibility criteria to participate in the Forward Capacity Auction as a New Capacity Resource, and, subject to ISO evaluation, for the

Forward Capacity Auction to be conducted beginning February 1, 2008, any resource that is under construction and within 12 months of its expected commercial operations date.

Existing Demand Resource is a type of Demand Resource participating in the Forward Capacity Market, as defined in Section III.13.1.4.1.1 of Market Rule 1.

Existing Generating Capacity Resource is a type of resource participating in the Forward Capacity Market, as defined in Section III.13.1.2.1 of Market Rule 1.

Existing Import Capacity Resource is a type of resource participating in the Forward Capacity Market, as defined in Section III.13.1.3.1 of Market Rule 1.

Expedited Study Request is defined in Section II.34.7 of the OATT.

Export-Adjusted LSR is as defined in Section III.12.4(b)(ii).

Export Bid is a bid that may be submitted by certain resources in the Forward Capacity Auction to export capacity to an external Control Area, as described in Section III.13.1.2.3.1.3 of Market Rule 1.

Exports are Real-Time External Transactions, which are limited to sales from the New England Control Area, for exporting energy out of the New England Control Area.

External Market Monitor means the person or entity appointed by the ISO Board of Directors pursuant to Section III.A.1.2 of Appendix A of Market Rule 1 to carry out the market monitoring and mitigation functions specified in Appendix A and elsewhere in Market Rule 1.

External Node is a proxy bus or buses used for establishing a Locational Marginal Price for energy received by Market Participants from, or delivered by Market Participants to, a neighboring Control Area or for establishing Locational Marginal Prices associated with energy delivered through the New England Control Area by Non-Market Participants for use in calculating Non-Market Participant Congestion Costs and loss costs.

External Resource means a generation resource located outside the metered boundaries of the New England Control Area.

External Transaction is the import of external energy into the New England Control Area by a Market Participant or the export of internal energy out of the New England Control Area by a Market Participant in the Day-Ahead Energy Market and/or Real-Time Energy Market, or the wheeling of external energy through the New England Control Area by a Market Participant or a Non-Market Participant in the Real-Time Energy Market.

Facilities Study is an engineering study conducted pursuant to the OATT by the ISO (or, in the case of Local Service or interconnections to Local Area Facilities as defined in the TOA, by one or more affected PTOs) or some other entity designated by the ISO in consultation with any affected Transmission Owner(s), to determine the required modifications to the PTF and Non-PTF, including the cost and scheduled completion date for such modifications, that will be required to provide a requested transmission service or interconnection on the PTF and Non-PTF.

Failure to Maintain Blackstart Capability is a failure of a Blackstart Owner or Designated Blackstart Resource to meet the Blackstart Service Minimum Criteria or Blackstart Service obligations, but does not include a Failure to Perform During a System Restoration event.

Failure to Perform During a System Restoration is a failure of a Blackstart Owner or Designated Blackstart Resource to follow ISO or Local Control Center dispatch instructions or perform in accordance with the dispatch instructions or the Blackstart Service Minimum Criteria and Blackstart Service obligations, described within the ISO New England Operating Documents, during a restoration of the New England Transmission System.

Fast Start Generator means a generating unit that the ISO may dispatch within the hour through electronic dispatch and that meets the following criteria: (i) minimum run time does not exceed one hour; (ii) minimum down time does not exceed one hour; (iii) time to start does not exceed 30 minutes; (iv) available for dispatch and manned or has automatic remote dispatch capability; (v) capable of receiving and acknowledging a start-up or shut-down dispatch instruction electronically; and (vi) has satisfied its minimum down time.

FCA Cleared Export Transaction is defined in Section III.1.10.7(f)(ii) of Market Rule 1.

FCA Payment is the monthly capacity payment for a resource whose offer has cleared in a Forward Capacity Auction as described in Section III.13.7.2.1.1(a) of Market Rule 1.

FCM Capacity Charge Requirements are calculated in accordance with Section VII.C of the ISO New England Financial Assurance Policy.

FCM Deposit is calculated in accordance with Section VII.B.1 of the ISO New England Financial Assurance Policy.

FCM Financial Assurance Requirements are described in Section VII of the ISO New England Financial Assurance Policy.

FCM Pivotal Supplier shall mean a Lead Market Participant whose total Qualified Capacity from its Existing Capacity Resources in a Capacity Zone minus the quantity of its capacity subject to Non-Price Retirement Requests in that Capacity Zone for the current Forward Capacity Auction is greater than the difference between the total MW from qualified Existing Capacity Resources in the Capacity Zone minus the sum of the quantity of capacity subject to Non-Price Retirement Requests in that Capacity Zone plus the Local Sourcing Requirement for that Capacity Zone.

Final Forward Reserve Obligation is calculated in accordance with Section III.9.8(a) of Market Rule 1.

Financial Assurance Default results from a Market Participant or Non-Market Participant Transmission Customer's failure to comply with the ISO New England Financial Assurance Policy.

Financial Assurance Obligations relative to the ISO New England Financial Assurance Policy are determined in accordance with Section III.A(v) of the ISO New England Financial Assurance Policy.

Financial Transmission Right (FTR) is a financial instrument that evidences the rights and obligations specified in Sections III.5.2.2 and III.7 of the Tariff.

Firm Point-To-Point Service is service which is arranged for and administered between specified Points of Receipt and Delivery in accordance with Part II.C of the OATT.

Firm Transmission Service is Regional Network Service, Through or Out Service, service for Excepted Transactions, firm MTF Service, firm OTF Service, and firm Local Service.

Force Majeure - An event of Force Majeure means any act of God, labor disturbance, act of the public enemy or terrorists, war, invasion, insurrection, riot, fire, storm or flood, ice, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond the control of the ISO, a Transmission Owner, a Schedule 20A Service Provider, or a Customer, including without limitation, in the case of the ISO, any action or inaction by a Customer, a Schedule 20A Service Provider, or a Transmission Owner, in the case of a Transmission Owner, any action or inaction by the ISO, any Customer, a Schedule 20A Service Provider, or any other Transmission Owner, in the case of a Schedule 20A Service Provider, any action or inaction by the ISO, any Customer, a Transmission Owner, or any other Schedule 20A Service Provider, and, in the case of a Transmission Customer, any action or inaction by the ISO, a Schedule 20A Service Provider, or any Transmission Owner.

Forecast Hourly Demand Reduction means the estimated maximum quantity of energy reduction (MWh), measured at the end-use customer meter that can be produced by a Critical Peak Demand Resource, Real-Time Demand Response Resource, and Real-Time Emergency Generation Resource, in each hour of an Operating Day.

Formal Warning is defined in Section III.B.4.1.1 of Appendix B of Market Rule 1.

Formula-Based Sanctions are defined in Section III.B.4.1.3 of Appendix B of Market Rule 1.

Forward Capacity Auction (FCA) is the annual descending clock auction in the Forward Capacity Market, as described in Section III.13.2 of Market Rule 1.

Forward Capacity Auction Starting Price is calculated in accordance with Section III.13.2.4 of Market Rule 1.

Forward Capacity Market (FCM) is the forward market for procuring capacity in the New England Control Area, as described in Section III.13 of Market Rule 1.

Forward Reserve means TMNSR and TMOR purchased by the ISO on a forward basis on behalf of Market Participants as provided for in Section III.9 of Market Rule 1.

Forward Reserve Assigned Megawatts is the amount of Forward Reserve, in megawatts, that a Market Participant assigns to eligible Forward Reserve Resources to meet its Forward Reserve Obligation as defined in Section III.9.4.1 of Market Rule 1.

Forward Reserve Auction is the periodic auction conducted by the ISO in accordance with Section III.9 of Market Rule 1 to procure Forward Reserve.

Forward Reserve Auction Offers are offers to provide Forward Reserve to meet system and Reserve Zone requirements as submitted by a Market Participant in accordance with Section III.9.3 of Market Rule 1.

Forward Reserve Charge is a Market Participant's share of applicable system and Reserve Zone Forward Reserve costs attributable to meeting the Forward Reserve requirement as calculated in accordance with Section III.9.9 of Market Rule 1.

Forward Reserve Clearing Price is the clearing price for TMNSR or TMOR, as applicable, for the system and each Reserve Zone resulting from the Forward Reserve Auction as defined in Section III.9.4 of Market Rule 1.

Forward Reserve Credit is the credit received by a Market Participant that is associated with that Market Participant's Final Forward Reserve Obligation as calculated in accordance with Section III.9.8 of Market Rule 1.

Forward Reserve Delivered Megawatts are calculated in accordance with Section III.9.6.5 of Market Rule 1.

Forward Reserve Delivery Period is defined in Section III.9.1 of Market Rule 1.

Forward Reserve Failure-to-Activate Megawatts are calculated in accordance with Section III.9.7.2(a) of Market Rule 1.

Forward Reserve Failure-to-Activate Penalty is the penalty associated with a Market Participant's failure to activate Forward Reserve when requested to do so by the ISO and is defined in Section III.9.7.2 of Market Rule 1.

Forward Reserve Failure-to-Activate Penalty Rate is specified in Section III.9.7.2 of Market Rule 1.

Forward Reserve Failure-to-Reserve, as specified in Section III.9.7.1 of Market Rule 1, occurs when a Market Participant's Forward Reserve Delivered Megawatts for a Reserve Zone in an hour is less than that Market Participant's Forward Reserve Obligation for that Reserve Zone in that hour. Under these circumstances the Market Participant pays a penalty based upon the Forward Reserve Failure-to-Reserve Penalty Rate and that Market Participant's Forward Reserve Failure-to-Reserve Megawatts.

Forward Reserve Failure-to-Reserve Megawatts are calculated in accordance with Section III.9.7.1(a) of Market Rule 1.

Forward Reserve Failure-to-Reserve Penalty is the penalty associated with a Market Participant's failure to reserve Forward Reserve and is defined in Section III.9.7.1 of Market Rule 1.

Forward Reserve Failure-to-Reserve Penalty Rate is specified in Section III.9.7.1(b)(ii) of Market Rule 1.

Forward Reserve Fuel Index is the index or set of indices used to calculate the Forward Reserve Threshold Price as defined in Section III.9.6.2 of Market Rule 1.

Forward Reserve Heat Rate is the heat rate as defined in Section III.9.6.2 of Market Rule 1 that is used to calculate the Forward Reserve Threshold Price.

Forward Reserve Market is a market for forward procurement of two reserve products, Ten-Minute Non-Spinning Reserve (TMNSR) and Thirty-Minute Operating Reserve (TMOR).

Forward Reserve MWs are those megawatts assigned to specific eligible Forward Reserve Resources which convert a Forward Reserve Obligation into a Resource-specific obligation.

Forward Reserve Obligation is a Market Participant's amount, in megawatts, of Forward Reserve that cleared in the Forward Reserve Auction and adjusted, as applicable, to account for bilateral transactions that transfer Forward Reserve Obligations.

Forward Reserve Obligation Charge is defined in Section III.10.4 of Market Rule 1.

Forward Reserve Offer Cap is $14,000/megawatt-month.

Forward Reserve Payment Rate is defined in Section III.9.8 of Market Rule 1.

Forward Reserve Procurement Period is defined in Section III.9.1 of Market Rule 1.

Forward Reserve Qualifying Megawatts refer to all or a portion of a Forward Reserve Resource's capability offered into the Real-Time Energy Market at energy offer prices above the applicable Forward Reserve Threshold Price that are calculated in accordance with Section III.9.6.4 of Market Rule 1.

Forward Reserve Resource is a Resource that meets the eligibility requirements defined in Section III.9.5.2 of Market Rule 1 that has been assigned Forward Reserve Obligation by a Market Participant.

Forward Reserve Threshold Price is the minimum price at which assigned Forward Reserve Megawatts are required to be offered into the Real-Time Energy Market as calculated in Section III.9.6.2 of Market Rule 1.

FTR Auction is the periodic auction of FTRs conducted by the ISO in accordance with Section III.7 of Market Rule 1.

FTR Auction Revenue is the revenue collected from the sale of FTRs in FTR Auctions. FTR Auction Revenue is payable to FTR Holders who submit their FTRs for sale in the FTR Auction in accordance with Section III.7 of Market Rule 1 and to ARR Holders and Incremental ARR Holders in accordance with Appendix C of Market Rule 1.

FTR Award Financial Assurance is a required amount of financial assurance that must be maintained at all times from a Designated FTR Participant for each FTR awarded to the participant in any FTR

Auctions. This amount is calculated pursuant to Section VI.C of the ISO New England Financial Assurance Policy.

FTR Bid Financial Assurance is an amount of financial assurance required from a Designated FTR Participant for each bid submission into an FTR auction. This amount is calculated pursuant to Section VI.B of the ISO New England Financial Assurance Policy.

FTR Credit Test Percentage is calculated in accordance with Section III.B.1(b) of the ISO New England Financial Assurance Policy.

FTR Financial Assurance Requirements are described in Section VI of the ISO New England Financial Assurance Policy.

FTR Holder is an entity that acquires an FTR through the FTR Auction to Section III.7 of Market Rule 1 and registers with the ISO as the holder of the FTR in accordance with Section III.7 of Market Rule 1 and applicable ISO New England Manuals.

FTR-Only Customer is a Market Participant that transacts in the FTR Auction and that does not participate in other markets or programs of the New England Markets, provided, however, that an FTR-Only Customer may also be a DRP-Only Customer and/or an ODR-Only Customer. References in this Tariff to a "Non-Market Participant FTR Customers" and similar phrases shall be deemed references to an FTR-Only Customer.

FTR Settlement Risk Financial Assurance is an amount of financial assurance required by a Designated FTR Participant for each bid submission into an FTR Auction and for each bid awarded to the individual participant in an FTR Auction. This amount is calculated pursuant to Section VI.A of the ISO New England Financial Assurance Policy.

GADS Data means data submitted to the NERC for collection into the NERC's Generating Availability Data System (GADS).

Gap Request for Proposals (Gap RFP) is defined in Section III.11 of Market Rule 1.

Gas Day means a period of 24 consecutive hours beginning at 0900 hrs Central Time.

Generating Capacity Resource means a New Generating Capacity Resource or an Existing Generating Capacity Resource.

Generator Asset is a generator that has been registered in accordance with the Asset Registration Process.

Generator Imbalance Service is the form of Ancillary Service described in Schedule 10 of the OATT.

Generator Interconnection Related Upgrade is an addition to or modification of the New England Transmission System (pursuant to Section II.47.1, Schedule 22 or Schedule 23 of the OATT) to effect the interconnection of a new generating unit or an existing generating unit whose energy capability or capacity capability is being materially changed and increased whether or not the interconnection is being effected to meet the Capacity Capability Interconnection Standard or the Network Capability Interconnection Standard. As to Category A Projects (as defined in Schedule 11 of the OATT), a Generator Interconnection Related Upgrade also includes an upgrade beyond that required to satisfy the Network Capability Interconnection Standard (or its predecessor) for which the Generator Owner has committed to pay prior to October 29, 1998.

Generator Owner is the owner, in whole or part, of a generating unit whether located within or outside the New England Control Area.

Good Utility Practice means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act Section 215(a)(4).

Governance Only Member is defined in Section 1 of the Participants Agreement.

Governance Participant is defined in the Participants Agreement.

Governing Documents, for the purposes of the ISO New England Billing Policy, are the Transmission, Markets and Services Tariff and ISO Participants Agreement.

Governing Rating is the lowest corporate rating from any Rating Agency for that Market Participant, or, if the Market Participant has no corporate rating, then the lowest rating from any Rating Agency for that Market Participant's senior unsecured debt.

Grandfathered Agreements (GAs) is a transaction specified in Section II.45 for the applicable period specified in that Section.

Grandfathered Intertie Agreement (GIA) is defined pursuant to the TOA.

Handy-Whitman Index of Public Utility Construction Costs is the Total Other Production Plant index shown in the Cost Trends of Electric Utility Construction for the North Atlantic Region as published in the Handy-Whitman Index of Public Utility Construction Costs.

Highgate Transmission Facilities (HTF) are existing U. S.-based transmission facilities covered under the Agreement for Joint Ownership, Construction and Operation of the Highgate Transmission Interconnection dated as of August 1, 1984 including (1) the whole of a 200 megawatt high-voltage, back-to-back, direct-current converter facility located in Highgate, Vermont and (2) a 345 kilovolt transmission line within Highgate and Franklin, Vermont (which connects the converter facility at the U.S.-Canadian border to a Hydro-Quebec 120 kilovolt line in Bedford, Quebec). The HTF include any upgrades associated with increasing the capacity or changing the physical characteristics of these facilities as defined in the above stated agreement dated August 1, 1984 until the Operations Date, as defined in the TOA. The current HTF rating is a nominal 225 MW. The HTF are not defined as PTF. Coincident with the Operations Date and except as stipulated in Schedules, 9, 12, and Attachment F to the OATT, HTF shall be treated in the same manner as PTF for purposes of the OATT and all references to PTF in the OATT shall be deemed to apply to HTF as well. The treatment of the HTF is not intended to establish any binding precedent or presumption with regard to the treatment for other transmission facilities within the New England Transmission System (including HVDC, MTF, or Control Area Interties) for purposes of the OATT.

Host Participant or Host Utility is a Market Participant or a Governance Participant transmission or distribution provider that reconciles the loads within the metering domain with OP-18 compliant metering.

Hourly Calculated Demand Resource Performance Value means the performance of a Demand Resource during Real-Time Demand Response Event Hours and Real-Time Emergency Generation Event Hours for purposes of calculating a Demand Reduction Value pursuant to Sections III.13.7.1.5.7.3 and III.13.7.1.5.8.3.

Hourly Charges are defined in Section 1.3 of the ISO New England Billing Policy.

Hourly PER is calculated in accordance with Section III.13.7.2.7.1.1.1(a) of Market Rule 1.

Hourly Real-Time Demand Response Resource Deviation means the difference between the Average Hourly Load Reduction or Average Hourly Output of the Real-Time Demand Response Resource and the amount of load reduction or output that the Market Participant was instructed to produce pursuant to a Dispatch Instruction calculated pursuant to Section III.13.7.1.5.7.3.1.

Hourly Real-Time Emergency Generation Resource Deviation is calculated pursuant to Section III.13.7.1.5.8.3.1.

Hourly Requirements are determined in accordance with Section III.A(i) of the ISO New England Financial Assurance Policy.

Hub is a specific set of pre-defined Nodes for which a Locational Marginal Price will be calculated for the Day-Ahead Energy Market and Real-Time Energy Market and which can be used to establish a reference price for energy purchases and the transfer of Day-Ahead Adjusted Load Obligations and Real-Time Adjusted Load Obligations and for the designation of FTRs.

Hub Price is calculated in accordance with Section III.2.8 of Market Rule 1.

HQ Interconnection Capability Credit (HQICC) is a monthly value reflective of the annual installed capacity benefits of the Phase I/II HVDC-TF, as determined by the ISO, using a standard methodology on file with the Commission, in conjunction with the setting of the Installed Capacity Requirement. An

appropriate share of the HQICC shall be assigned to an IRH if the Phase I/II HVDC-TF support costs are paid by that IRH and such costs are not included in the calculation of the Regional Network Service rate. The share of HQICC allocated to such an eligible IRH for a month is the sum in kilowatts of (1)(a) the IRH's percentage share, if any, of the Phase I Transfer Capability times (b) the Phase I Transfer Credit, plus (2)(a) the IRH's percentage share, if any, of the Phase II Transfer Capability, times (b) the Phase II Transfer Credit. The ISO shall establish appropriate HQICCs to apply for an IRH which has such a percentage share.

Import Capacity Resource means an Existing Import Capacity Resource or a New Import Capacity Resource offered to provide capacity in the New England Control Area from an external Control Area.

Inadequate Supply is defined in Section III.13.2.8.1 of Market Rule 1.

Inadvertent Energy Revenue is defined in Section III.3.2.1(k) of Market Rule 1.

Inadvertent Energy Revenue Charges or Credits is defined in Section III.3.2.1(l) of Market Rule 1.

Inadvertent Interchange means the difference between net actual energy flow and net scheduled energy flow into or out of the New England Control Area.

Increment Offer means an offer to sell energy at a specified Location in the Day-Ahead Energy Market which is not associated with a physical supply. An accepted Increment Offer results in scheduled generation at the specified Location in the Day-Ahead Energy Market.

Incremental ARR is an ARR provided in recognition of a participant-funded transmission system upgrade pursuant to Appendix C of this Market Rule.

Incremental ARR Holder is an entity which is the record holder of an Incremental Auction Revenue Right in the register maintained by the ISO.

Incremental Cost of Reliability Service is described in Section III.13.2.5.2.5.2 of Market Rule 1.

Independent Transmission Company (ITC) is a transmission entity that assumes certain responsibilities in accordance with Section 10.05 of the Transmission Operating Agreement and Attachment M to the OATT, subject to the acceptance or approval of the Commission and a finding of the Commission that the transmission entity satisfies applicable independence requirements.

Information Request is a request from a potential Disputing Party submitted in writing to the ISO for access to Confidential Information.

Initial Market Participant Financial Assurance Requirement is calculated for new Market Participants and Returning Market Participants, other than an FTR-Only Customer, a DRP-Only Customer or a Governance Only Member, according to Section IV of the ISO New England Financial Assurance Policy.

Installed Capacity Payment (ICAP Payment) means the monthly payments made to ICAP Resources for installed capacity during the ICAP Transition Period.

Installed Capacity Requirement means the level of capacity required to meet the reliability requirements defined for the New England Control Area, as described in Section III.12 of Market Rule 1.

Installed Capacity Resource (ICAP Resource) means a resource that met the requirements to receive installed capacity payments during the ICAP Transition Period.

Installed Capacity Transition Period (ICAP Transition Period) is December 1, 2006 through May 31, 2010.

Insufficient Competition is defined in Section III.13.2.8.2 of Market Rule 1.

Interchange Transactions are transactions deemed to be effected under Market Rule 1.

Interconnecting Transmission Owner has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Interconnection Agreement is the "Large Generator Interconnection Agreement" or the "Small Generator Interconnection Agreement" pursuant to Schedules 22 and 23 of the ISO OATT or an

interconnection agreement approved by the Commission prior to the adoption of the Interconnection Procedures.

Interconnection Customer has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Interconnection Feasibility Study Agreement has the meaning specified in Section I of Schedule 22 or Attachment 1 to Schedule 23 of the OATT.

Interconnection Procedure is the "Large Generator Interconnection Procedures" or the "Small Generator Interconnection Procedures" pursuant to Schedules 22 and 23 of the ISO OATT.

Interconnection Request has the meaning specified in Section I of Schedule 22 or Attachment 1 to Schedule 23 of the OATT.

Interconnection Rights Holder(s) (IRH) has the meaning given to it in Schedule 20A to Section II of this Tariff.

Interconnection System Impact Study Agreement has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Interest is interest calculated in the manner specified in Section II.8.3.

Intermittent Power Resource is defined in Section III.13.1.2.2.2 of Market Rule 1.

Intermittent Settlement Only Resource is a Settlement Only Resource that is also an Intermittent Power Resource.

Internal Bilateral for Load is an internal bilateral transaction under which the buyer receives a reduction in Real-Time Load Obligation and the seller receives a corresponding increase in Real-Time Load Obligation in the amount of the sale, in MWs. An Internal Bilateral for Load transaction is only applicable in the Real-Time Energy Market.

Internal Bilateral for Market for Energy is an internal bilateral transaction for Energy which applies in the Day-Ahead Energy Market and Real-Time Energy Market or just the Real-Time Energy Market under which the buyer receives a reduction in Day-Ahead Adjusted Load Obligation and Real-Time Adjusted Load Obligation and the seller receives a corresponding increase in Day-Ahead Adjusted Load Obligation and Real-Time Adjusted Load Obligation in the amount of the sale, in MWs.

Internal Market Monitor means the department of the ISO responsible for carrying out the market monitoring and mitigation functions specified in Appendix A and elsewhere in Market Rule 1.

Investment Grade Rating, for a Market (other than an FTR-Only Customer or DRP-Only Customer) or Non-Market Participant Transmission Customer, is either (a) a corporate investment grade rating from one or more of the Rating Agencies, or (b) if the Market Participant or Non-Market Participant Transmission Customer does not have a corporate rating from one of the Rating Agencies, then an investment grade rating for the Market Participant's or Non-Market Participant Transmission Customer's senior unsecured debt from one or more of the Rating Agencies.

Invoice is a statement issued by the ISO for the net Charge owed by a Covered Entity pursuant to the ISO New England Billing Policy.

Invoice Date is the day on which the ISO issues an Invoice.

ISO means ISO New England Inc.

ISO Charges, for the purposes of the ISO New England Billing Policy, are both Non-Hourly Charges and Hourly Charges.

ISO Control Center is the primary control center established by the ISO for the exercise of its Operating Authority and the performance of functions as an RTO.

ISO New England Administrative Procedures means procedures adopted by the ISO to fulfill its responsibilities to apply and implement ISO New England System Rules.

ISO New England Billing Policy is Exhibit ID to Section I of the Transmission, Markets and Services Tariff.

ISO New England Filed Documents means the Transmission, Markets and Services Tariff, including but not limited to Market Rule 1, the Participants Agreement, the Transmission Operating Agreement or other documents that affect the rates, terms and conditions of service.

ISO New England Financial Assurance Policy is Exhibit IA to Section I of the Transmission, Markets and Services Tariff.

ISO New England Information Policy is the policy establishing guidelines regarding the information received, created and distributed by Market Participants and the ISO in connection with the settlement, operation and planning of the System, as the same may be amended from time to time in accordance with the provisions of this Tariff. The ISO New England Information Policy is Attachment D to the Transmission, Markets and Services Tariff.

ISO New England Manuals are the manuals implementing Market Rule 1, as amended from time to time in accordance with the Participants Agreement. Any elements of the ISO New England Manuals that substantially affect rates, terms, and/or conditions of service shall be filed with the Commission under Section 205 of the Federal Power Act.

ISO New England Operating Documents are the Tariff and the ISO New England Operating Procedures.

ISO New England Operating Procedures are the ISO New England Planning Procedures and the operating guides, manuals, procedures and protocols developed and utilized by the ISO for operating the ISO bulk power system and the New England Markets.

ISO New England Planning Procedures are the procedures developed and utilized by the ISO for planning the ISO bulk power system.

ISO New England System Rules are Market Rule 1, the ISO New England Information Policy, the ISO New England Administrative Procedures, the ISO New England Manuals and any other system rules, procedures or criteria for the operation of the New England Transmission System and administration of the New England Markets and the Transmission, Markets and Services Tariff.

ITC Agreement is defined in Attachment M to the OATT.

ITC Rate Schedule is defined in Section 3.1 of Attachment M to the OATT.

ITC System is defined in Section 2.2 of Attachment M to the OATT.

ITC System Planning Procedures is defined in Section 15.4 of Attachment M to the OATT.

Late Payment Account is a segregated interest-bearing account into which the ISO deposits Late Payment Charges due from ISO Charges and interest owed from participants for late payments that are collected and not distributed to the Covered Entities, until the Late Payment Account Limit is reached, under the ISO New England Billing Policy and penalties collected under the ISO New England Financial Assurance Policy.

Late Payment Account Limit is defined in Section 4.2 of the ISO New England Billing Policy.

Late Payment Charge is defined in Section 4.1 of the ISO New England Billing Policy.

Lead Market Participant, for purposes other than the Forward Capacity Market, is the entity authorized to submit Supply Offers or Demand Bids for a Resource and to whom certain Energy TUs are assessed under Schedule 2 of Section IV.A of the Tariff. For purposes of the Forward Capacity Market, the Lead Market Participant is the entity designated to participate in that market on behalf of an Existing Capacity Resource or a New Capacity Resource.

Limited Energy Resource means generating resources that, due to design considerations, environmental restriction on operations, cyclical requirements, such as the need to recharge or refill or manage water flow, or fuel limitations, are unable to operate continuously at full output on a daily basis.

Load Asset means a physical load that has been registered in accordance with the Asset Registration Process.

Load Management means installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that curtail electrical usage or shift electrical usage from Demand Resource On-Peak Hours, Demand Resource Seasonal Peak Hours, Demand Resource Critical

Peak Hours, or Real-Time Demand Response Event Hours to other hours and reduce the amount of capacity needed, while delivering a comparable or acceptable level of end-use service. Such measures include, but are not limited to, energy management systems, load control end-use cycling, load curtailment strategies, chilled water storage, and other forms of electricity storage.

Load Response Program means the program implemented and administered by the ISO to promote demand side response as described in Appendix E to Market Rule 1.

Load Response Program Asset means one or more individual end-use metered customers that report load reduction and consumption, or generator output as a single set of values, are assigned an identification number, that participate in the Load Response Program and which encompass assets registered in the Real-Time Price Response Program or Real-Time Demand Response Assets, and are further described in Appendix E of Market Rule 1.

Load Shedding is the systematic reduction of system demand by temporarily decreasing load.

Load Zone is a Reliability Region, except as otherwise provided for in Section III.2.7 of Market Rule 1.

Local Area Facilities are defined in the TOA**.**

Local Benefit Upgrade(s) (LBU) is an upgrade, modification or addition to the transmission system that is: (i) rated below 115kV or (ii) rated 115kV or above and does not meet all of the non-voltage criteria for PTF classification specified in the OATT.

Local Control Centers are those control centers in existence as of the effective date of the OATT (including the CONVEX, REMVEC, Maine and New Hampshire control centers) or established by the PTOs in accordance with the TOA that are separate from the ISO Control Center and perform certain functions in accordance with the OATT and the TOA.

Local Delivery Service is the service of delivering electric energy to end users. This service is subject to state jurisdiction regardless of whether such service is provided over local distribution or transmission facilities. An entity that is an Eligible Customer under the OATT is not excused from any requirements of state law, or any order or regulation issued pursuant to state law, to arrange for Local Delivery Service

with the Participating Transmission Owner and/or distribution company providing such service and to pay all applicable charges associated with such service, including charges for stranded costs and benefits.

Local Network is defined as the transmission facilities constituting a local network as identified in Attachment E, as such Attachment may be modified from time to time in accordance with the Transmission Operating Agreement.

Local Network Load is the load that a Network Customer designates for Local Network Service under Schedule 21 to the OATT.

Local Network RNS Rate is the rate applicable to Regional Network Service to effect a delivery to load in a particular Local Network, as determined in accordance with Schedule 9 to the OATT.

Local Network Service (LNS) is the network service provided under Schedule 21 and the Local Service Schedules to permit the Transmission Customer to efficiently and economically utilize its resources to serve its load.

Local Point-To-Point Service (LPTP) is Point-to-Point Service provided under Schedule 21 of the OATT and the Local Service Schedules to permit deliveries to or from an interconnection point on the PTF.

Local Public Policy Transmission Upgrade is any addition and/or upgrade to the New England Transmission System with a voltage level below 115kV that is required in connection with the construction of a Public Policy Transmission Upgrade approved for inclusion in the Regional System Plan pursuant to Attachment K to the ISO OATT or included in a Local System Plan in accordance with Appendix 1 to Attachment K.

Local Second Contingency Protection Resources are those Resources identified by the ISO on a daily basis as necessary for the provision of Operating Reserve requirements and adherence to NERC, NPCC and ISO reliability criteria over and above those Resources required to meet first contingency reliability criteria within a Reliability Region.

Local Service is transmission service provided under Schedule 21 and the Local Service Schedules thereto.

Local Service Schedule is a PTO-specific schedule to the OATT setting forth the rates, charges, terms and conditions applicable to Local Service.

Local Sourcing Requirement (LSR) is the minimum amount of capacity that must be located within an import-constrained Load Zone, calculated as described in Section III.12.2 of Market Rule 1.

Local System Planning (LSP) is the process defined in Appendix 1 of Attachment K to the OATT.

Localized Costs are the incremental costs resulting from a RTEP02 Upgrade or a Regional Benefit Upgrade that exceeds those requirements that the ISO deems reasonable and consistent with Good Utility Practice and the current engineering design and construction practices in the area in which the Transmission Upgrade is built. In making its determination of whether Localized Costs exist, the ISO will consider, in accordance with Schedule 12C of the OATT, the reasonableness of the proposed engineering design and construction method with respect to alternate feasible Transmission Upgrades and the relative costs, operation, timing of implementation, efficiency and reliability of the proposed Transmission Upgrade. The ISO, with advisory input from the Reliability Committee, as appropriate, shall review such Transmission Upgrade, and determine whether there are any Localized Costs resulting from such Transmission Upgrade. If there are any such costs, the ISO shall identify them in the Regional System Plan.

Location is a Node, External Node, Load Zone or Hub.

Locational Marginal Price (LMP) is defined in Section III.2 of Market Rule 1. The Locational Marginal Price for a Node is the nodal price at that Node; the Locational Marginal Price for an External Node is the nodal price at that External Node; the Locational Marginal Price for a Load Zone or Reliability Region is the Zonal Price for that Load Zone or Reliability Region, respectively; and the Locational Marginal Price for a Hub is the Hub Price for that Hub.

Long Lead Time Generating Facility (Long Lead Facility) has the meaning specified in Section I of Schedule 22 of the OATT.

Long-Term is a term of one year or more.

Long-Term Transmission Outage is a long-term transmission outage scheduled in accordance with ISO New England Operating Procedure No. 3.

Loss Component is the component of the nodal LMP at a given Node or External Node on the PTF that reflects the cost of losses at that Node or External Node relative to the reference point. The Loss Component of the nodal LMP at a given Node on the non-PTF system reflects the relative cost of losses at that Node adjusted as required to account for losses on the non-PTF system already accounted for through tariffs associated with the non-PTF. When used in connection with Hub Price or Zonal Price, the term Loss Component refers to the Loss Components of the nodal LMPs that comprise the Hub Price or Zonal Price, which Loss Components are averaged or weighted in the same way that nodal LMPs are averaged to determine Hub Price or weighted to determine Zonal Price.

Loss of Load Expectation (LOLE) is the probability of disconnecting non-interruptible customers due to a resource deficiency.

Lost Opportunity Cost (LOC) is one of four forms of compensation that may be paid to resources providing VAR Service under Schedule 2 of the OATT.

LSE means load serving entity.

Lump Sum Blackstart Payment is defined and calculated as specified in Section 5.4 of Schedule 16 to the OATT.

Lump Sum Blackstart Capital Payment is defined and calculated as specified in Section 5.4 of Schedule 16 to the OATT.

Lump Sum Blackstart CIP Capital Payment is defined and calculated as specified in Section 5.4 of Schedule 16 to the OATT.

Major Transmission Outage is a major transmission outage scheduled in accordance with ISO New England Operating Procedure No. 3.

Marginal Loss Revenue Load Obligation is defined in Section III.3.2.1(b)(v) of Market Rule 1.

Market Credit Limit is a credit limit for a Market Participant's Financial Assurance Obligations (except FTR Financial Assurance Requirements) established for each Market Participant in accordance with Section II.C of the ISO New England Financial Assurance Policy.

Market Credit Test Percentage is calculated in accordance with Section III.B.1(a) of the ISO New England Financial Assurance Policy.

Market Efficiency Transmission Upgrade is defined as those additions and upgrades that are not related to the interconnection of a generator, and, in the ISO's determination, are designed to reduce bulk power system costs to load system-wide, where the net present value of the reduction in bulk power system costs to load system-wide exceeds the net present value of the cost of the transmission addition or upgrade. For purposes of this definition, the term "bulk power system costs to load system-wide" includes, but is not limited to, the costs of energy, capacity, reserves, losses and impacts on bilateral prices for electricity.

Market Participant is a participant in the New England Markets (including a FTR-Only Customer and/or a DRP-Only Customer and/or an ODR-Only Customer) that has executed a Market Participant Service Agreement, or on whose behalf an unexecuted Market Participant Service Agreement has been filed with the Commission.

Market Participant Financial Assurance Requirement is defined in Section III of the ISO New England Financial Assurance Policy.

Market Participant Obligations is defined in Section III.B.1.1 of Appendix B of Market Rule 1.

Market Participant Service Agreement (MPSA) is an agreement between the ISO and a Market Participant, in the form specified in Attachment A or Attachment A-1 to the Tariff, as applicable.

Market Rule 1 is ISO Market Rule 1 and appendices set forth in Section III of this ISO New England Inc. Transmission, Markets and Services Tariff, as it may be amended from time to time.

Market Violation is a tariff violation, violation of a Commission-approved order, rule or regulation, market manipulation, or inappropriate dispatch that creates substantial concerns regarding unnecessary market inefficiencies.

Material Adverse Change is any change in financial status including, but not limited to a downgrade to below an Investment Grade Rating by any Rating Agency, being placed on credit watch with negative implication by any Rating Agency if the Market Participant or Non-Market Participant Transmission Customer does not have an Investment Grade Rating, a bankruptcy filing or other insolvency, a report of a significant quarterly loss or decline of earnings, the resignation of key officer(s), the sanctioning of the Market Participant or Non-Market Participant Transmission Customer or any of its Principles imposed by the Federal Energy Regulatory Commission, the Securities Exchange Commission, any exchange monitored by the National Futures Association, or any state entity responsible for regulating activity in energy markets; the filing of a material lawsuit that could materially adversely impact current or future financial results; a significant change in the Market Participant's or Non-Market Participant Transmission Customer's credit default spreads; or a significant change in market capitalization.

Material Adverse Impact is defined, for purposes of review of ITC-proposed plans, as a proposed facility or project will be deemed to cause a "material adverse impact" on facilities outside of the ITC System if: (i) the proposed facility or project causes non-ITC facilities to exceed their capabilities or exceed their thermal, voltage or stability limits, consistent with all applicable reliability criteria, or (ii) the proposed facility or project would not satisfy the standards set forth in Section I.3.9 of the Transmission, Markets and Services Tariff. This standard is intended to assure the continued service of all non-ITC firm load customers and the ability of the non-ITC systems to meet outstanding transmission service obligations.

Maximum Capacity Limit is the maximum amount of capacity that can be procured in an export-constrained Load Zone, calculated as described in Section III.12.2 of Market Rule 1, to meet the Installed Capacity Requirement.

Maximum Consumption Limit is the maximum amount, in MW, available from the Dispatchable Asset Related Demand for economic dispatch and is based on the physical characteristics as submitted as part of a Resource's Offer Data except that a Self-Scheduled Dispatchable Asset Related Demand may modify its Minimum Consumption Limit on an hourly basis, as part of its Demand Bid, in order to indicate the desired level of Self-Scheduled MW.

Maximum Facility Load is the most recent annual non-coincident peak demand or, if unavailable, an estimate of the annual non-coincident peak demand of a Real-Time Demand Response Asset or a Real-

Time Emergency Generation Asset, where the demand evaluated is established by adding actual metered demand and the output of all generators located behind the asset's end use customer meter in the same time intervals.

Maximum Generation is the maximum generation output of a Real-Time Demand Response Asset comprised of Distributed Generation.

Maximum Interruptible Capacity is an estimate of the maximum hourly demand reduction amount that a Real-Time Demand Response Asset can deliver.

Maximum Load is the most recent annual non-coincident peak demand or, if unavailable, an estimate of the annual non-coincident peak demand, of a Real-Time Demand Response Asset or Real-Time Emergency Generation Asset.

Measure Life is the estimated time a Demand Resource measure will remain in place, or the estimated time period over which the facility, structure, equipment or system in which a measure is installed continues to exist, whichever is shorter. Suppliers of Demand Resources comprised of an aggregation of measures with varied Measures Lives shall determine and document the Measure Life either: (i) for each type of measure with a different Measure Life and adjust the aggregate performance based on the individual measure life calculation in the portfolio; or (ii) as the average Measure Life for the aggregated measures as long as the Demand Reduction Value of the Demand Resource is greater than or equal to the amount that cleared in the Forward Capacity Auction or reconfiguration auction for the entire Capacity Commitment Period, and the Demand Reduction Value for an Existing Demand Resource is not over-stated in a subsequent Capacity Commitment Period. Measure Life shall be determined consistent with the Demand Resource's Measurement and Verification Plan, which shall be reviewed by the ISO to ensure consistency with the measurement and verification requirements of Market Rule 1 and the ISO New England Manuals.

Measurement and Verification Documents mean the measurement and verification documents described in Section 13.1.4.3.1 of Market Rule 1, which includes Measurement and Verification Plans, Updated Measurement and Verification Plans, Measurement and Verification Summary Reports, and Measurement and Verification Reference Reports.

Measurement and Verification Plan means the measurement and verification plan submitted by a Demand Resource supplier as part of the qualification process for the Forward Capacity Auction pursuant to the requirements of Section III.13.1.4.3 of Market Rule 1 and the ISO New England Manuals.

Measurement and Verification Reference Reports are optional reports submitted by Demand Resource suppliers during the Capacity Commitment Period subject to the schedule in the Measurement and Verification Plan and consistent with the schedule and reporting standards set forth in the ISO New England Manuals. Measurement and Verification Reference Reports update the prospective Demand Reduction Value of the Demand Resource project based on measurement and verification studies performed during the Capacity Commitment Period.

Measurement and Verification Summary Report is the monthly report submitted by a Demand Resource supplier with the monthly settlement report for the Forward Capacity Market, which documents the total Demand Reduction Values for all Demand Resources in operation as of the end of the previous month.

MEPCO Grandfathered Transmission Service Agreement (MGTSA) is a MEPCO long-term firm point-to-point transmission service agreement with a POR or POD at the New Brunswick border and a start date prior to June 1, 2007 where the holder has elected, by written notice delivered to MEPCO within five (5) days following the filing of the settlement agreement in Docket Nos. ER07-1289 and EL08-56 or by September 1, 2008 (whichever is later), MGTSA treatment as further described in Section II.45.1.

Merchant Transmission Facilities (MTF) are the transmission facilities owned by MTOs, defined and classified as MTF pursuant to Schedule 18 of the OATT, over which the ISO shall exercise Operating Authority in accordance with the terms set forth in a MTOA or Attachment K to the OATT, rated 69 kV or above and required to allow energy from significant power sources to move freely on the New England Transmission System.

Merchant Transmission Facilities Provider (MTF Provider) is an entity as defined in Schedule 18 of the OATT.

Merchant Transmission Facilities Service (MTF Service) is transmission service over MTF as provided for in Schedule 18 of the OATT.

Merchant Transmission Operating Agreement (MTOA) is an agreement between the ISO and an MTO with respect to its MTF.

Merchant Transmission Owner (MTO) is an owner of MTF.

Meter Data Error means an error in meter data, including an error in Coincident Peak Contribution values, on an Invoice issued by the ISO after the completion of the data reconciliation process as described in the ISO New England Manuals and in Section III.3.8 of Market Rule 1.

Meter Data Error RBA Submission Limit means the date thirty 30 calendar days after the issuance of the Invoice containing the results of the data reconciliation process as described in the ISO New England Manuals and in Section III.3.6 of Market Rule 1.

Minimum Consumption Limit is the minimum amount, in MW, available from a Dispatchable Asset Related Demand that is not available for economic dispatch and is based on the physical characteristics as submitted as part of a Resource's Offer Data.

Minimum Generation Emergency means an Emergency declared by the ISO in which the ISO anticipates requesting one or more generating Resources to operate at or below Economic Minimum Limit, in order to manage, alleviate, or end the Emergency.

Minimum Generation Emergency Charge means the charge used to allocate the cost of Minimum Generation Emergency Credits. Minimum Generation Emergency Charges are discussed in Appendix F of Market Rule 1.

Minimum Generation Emergency Credits are credits calculated pursuant to Appendix F of Market Rule 1 to compensate certain generating Resources for operation in excess of their Economic Minimum Limits during a Minimum Generation Emergency.

Monthly Blackstart Service Charge is the charge made to Transmission Customers pursuant to Section 6 of Schedule 16 to the OATT.

Monthly Capacity Variance means a Demand Resource's actual monthly Capacity Value established pursuant to Section III.13.7.1.5.1 of Market Rule 1, minus the Demand Resource's final Capacity Supply Obligation for the month.

Monthly Peak is defined in Section II.21.2 of the OATT.

Monthly PER is calculated in accordance with Section III.13.7.2.7.1.1.2(a) of Market Rule 1.

Monthly Real-Time Generation Obligation is the sum, for all hours in a month, at all Locations, of a Customer's Real-Time Generation Obligation, in MWhs.

Monthly Real-Time Load Obligation is the absolute value of a Customer's hourly Real-Time Load Obligation summed for all hours in a month, in MWhs.

Monthly Regional Network Load is defined in Section II.21.2 of the OATT.

Monthly Statement is the first weekly Statement issued on a Monday after the tenth of a calendar month that includes both the Hourly Charges for the relevant billing period and Non-Hourly Charges for the immediately preceding calendar month.

MUI is the market user interface.

Municipal Market Participant is defined in Section II of the ISO New England Financial Assurance Policy.

MW is megawatt.

MWh is megawatt-hour.

Native Load Customers are the wholesale and retail power customers of a Transmission Owner on whose behalf the Transmission Owner, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate its system to meet the reliable electric needs of such customers.

NCPC Charge means the charges to Market Participants as provided in Section III.3.2.3, Section III.6.4 and Appendix F.

NCPC Credit means the payment made to a Resource as provided in Section III.3.2.3, Section III.6.4 and Appendix F.

Needs Assessment is defined in Section 4.1 of Attachment K to the OATT.

NEMA, for purposes of Section III of the Tariff, is the Northeast Massachusetts Reliability Region.

NEMA Contract is a contract described in Appendix C of Market Rule 1 and listed in Exhibit 1 of Appendix C of Market Rule 1.

NEMA Load Serving Entity (NEMA LSE) is a Transmission Customer or Congestion Paying LSE Entity that serves load within NEMA.

NEMA or Northeast Massachusetts Upgrade, for purposes of Section II of the Tariff, is an addition to or modification of the PTF into or within the Northeast Massachusetts Reliability Region that was not, as of December 31, 1999, the subject of a System Impact Study or application filed pursuant to Section I.3.9 of the Transmission, Markets and Services Tariff; that is not related to generation interconnections; and that will be completed and placed in service by June 30, 2004. Such upgrades include, but are not limited to, new transmission facilities and related equipment and/or modifications to existing transmission facilities and related equipment. The list of NEMA Upgrades is contained in Schedule 12A of the OATT.

NEPOOL is the New England Power Pool, and the entities that collectively participated in the New England Power Pool.

NEPOOL Agreement is the agreement among the participants in NEPOOL.

NEPOOL GIS is the generation information system.

NEPOOL GIS Administrator is the entity or entities that develop, administer, operate and maintain the NEPOOL GIS.

NERC is the North American Electric Reliability Corporation or its successor organization.

NESCOE is the New England States Committee on Electricity, recognized by the Commission as the regional state committee for the New England Control Area.

Net Commitment Period Compensation (NCPC) is the compensation methodology for Resources that is described in Appendix F to Market Rule 1.

Net Regional Clearing Price is described in Section III.13.7.3 of Market Rule 1.

Network Capability Interconnection Standard has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Network Customer is a Transmission Customer receiving RNS or LNS.

Network Resource is defined as follows: (1) With respect to Market Participants, (a) any generating resource located in the New England Control Area which has been placed in service prior to the Compliance Effective Date (including a unit that has lost its capacity value when its capacity value is restored and a deactivated unit which may be reactivated without satisfying the requirements of Section II.46 of the OATT in accordance with the provisions thereof) until retired; (b) any generating resource located in the New England Control Area which is placed in service after the Compliance Effective Date until retired, provided that (i) the Generator Owner has complied with the requirements of Sections II.46 and II.47 and Schedules 22 and 23 of the OATT, and (ii) the output of the unit shall be limited in accordance with Sections II.46 and II.47 and Schedules 22 and 23, if required; and (c) any generating resource or combination of resources (including bilateral purchases) located outside the New England Control Area for so long as any Market Participant has an Ownership Share in the resource or resources which is being delivered to it in the New England Control Area to serve Regional Network Load located in the New England Control Area or other designated Regional Network Loads contemplated by Section II.18.3 of the OATT taking Regional Network Service. (2) With respect to Non-Market Participant Transmission Customers, any generating resource owned, purchased or leased by the Non-Market Participant Transmission Customer which it designates to serve Regional Network Load.

New Brunswick Security Energy is defined in Section III.3.2.6A of Market Rule 1.

New Capacity Offer is an offer in the Forward Capacity Auction to provide capacity from a New Generating Capacity Resource, New Import Capacity Resource, or New Demand Resource, as described in Section III.13.2.3.2 of Market Rule 1.

New Capacity Qualification Deadline is a deadline, specified in Section III.13.1.10 of Market Rule 1, for submission of certain qualification materials for the Forward Capacity Auction, as discussed in Section III.13.1 of Market Rule 1.

New Capacity Qualification Package is information submitted by certain new resources prior to participation in the Forward Capacity Auction, as described in Section III.13.1 of Market Rule 1.

New Capacity Required is the amount of additional capacity required to meet the Installed Capacity Requirement or a Capacity Zone's Local Sourcing Requirement, as described in Section III.13.2.4(c) of Market Rule 1.

New Capacity Resource is a resource (i) that never previously received any payment as a capacity resource (including any payment as an ICAP Resource pursuant to the market rules in effect prior to December 1, 2006 or any ICAP Payment during the ICAP Transition Period pursuant to the market rules in effect from December 1, 2006 through May 31, 2010) and that has not cleared in any previous Forward Capacity Auction; or (ii) that is otherwise eligible to participate in the Forward Capacity Auction as a New Capacity Resource.

New Capacity Show of Interest Form is described in Section III.13.1.1.2.1 of Market Rule 1.

New Capacity Show of Interest Submission Window is the period of time during which a Project Sponsor may submit a New Capacity Show of Interest Form or a New Demand Resource Show of Interest Form, as described in Section III.13.1.10 of Market Rule 1.

New Demand Resource is a type of Demand Resource participating in the Forward Capacity Market, as defined in Section III.13.1.4.1.2 of Market Rule 1.

New Demand Resource Qualification Package is the information that a Project Sponsor must submit, in accordance with Section III 13.1.4.2.3 of Market Rule 1, for each resource that it seeks to offer in the Forward Capacity Auction as a New Demand Resource.

New Demand Resource Show of Interest Form is described in Section III.13.1.4.2 of Market Rule 1.

New England Control Area is the Control Area for New England, which includes PTF, Non-PTF, MTF and OTF. The New England Control Area covers Connecticut, Rhode Island, Massachusetts, New Hampshire, Vermont, and part of Maine (i.e., excluding the portions of Northern Maine and the northern portion of Eastern Maine which are in the Maritimes Control Area).

New England Markets are markets or programs for the purchase of energy, capacity, ancillary services, demand response services or other related products or services (including Financial Transmission Rights) that are delivered through or useful to the operation of the New England Transmission System and that are administered by the ISO pursuant to rules, rates, or agreements on file from time to time with the Federal Energy Regulatory Commission.

New England System Restoration Plan is the plan that is developed by ISO, in accordance with NERC Reliability Standards, NPCC regional criteria and standards, ISO New England Operating Documents and ISO operating agreements, to facilitate the restoration of the New England Transmission System following a partial or complete shutdown of the New England Transmission System.

New England Transmission System is the system of transmission facilities, including PTF, Non-PTF, OTF and MTF, within the New England Control Area under the ISO's operational jurisdiction.

New Generating Capacity Resource is a type of resource participating in the Forward Capacity Market, as described in Section III.13.1.1.1 of Market Rule 1.

New Import Capacity Resource is a type of resource participating in the Forward Capacity Market, as defined in Section III.13.1.3.4 of Market Rule 1.

NMPTC means Non-Market Participant Transmission Customer.

NMPTC Credit Threshold is described in Section V.A.2 of the ISO New England Financial Assurance Policy.

NMPTC Financial Assurance Requirement is an amount of additional financial assurance for Non-Market Participant Transmission Customers described in Section V.D of the ISO New England Financial Assurance Policy.

Nodal Amount is node(s)-specific on-peak and off-peak proxy value to which an FTR bid or awarded FTR bid relates.

Node is a point on the New England Transmission System at which LMPs are calculated.

No-Load Fee is the amount, in dollars per hour, for a generating unit that must be paid to Market Participants with an Ownership Share in the unit for being scheduled in the New England Markets, in addition to the Start-Up Fee and price offered to supply energy, for each hour that the generating unit is scheduled in the New England Markets.

Nominated Consumption Limit is the consumption level specified by the Market Participant for a Dispatchable Asset Related Demand as adjusted in accordance with the provisions of Section III.13.7.3.1.3.

Non-Commercial Capacity, for the purposes of the ISO New England Financial Assurance Policy, is defined in Section VII.B of that policy.

Non-Commercial Capacity Cure Period is the time period described in Section VII.D of the ISO New England Financial Assurance Policy.

Non-Commercial Capacity Financial Assurance Amount (Non-Commercial Capacity FA Amount) is calculated in accordance with Section VII.B.2(i) of the ISO New England Financial Assurance Policy.

Non-Designated Blackstart Resource Study Cost Payments are the study costs reimbursed under Section 5.3 of Schedule 16 of the OATT.

Non-Hourly Charges are defined in Section 1.3 of the ISO New England Billing Policy.

Non-Hourly Requirements are determined in accordance with Section III.A(ii) of the ISO New England Financial Assurance Policy, which is Exhibit 1A of Section I of the Tariff.

Non-Incumbent Transmission Developer is a Qualified Transmission Project Sponsor that: (i) is not currently a PTO; (ii) has a transmission project listed in the RSP Project List; and (iii) has executed a Non-Incumbent Transmission Developer Operating Agreement. "Non-Incumbent Transmission Developer" also includes a PTO that proposes the development of a transmission facility not located within or connected to its existing electric system; however, because such a PTO is a party to the TOA, it is not required to enter into a Non-Incumbent Transmission Developer Operating Agreement.

Non-Incumbent Transmission Developer Operating Agreement (or NTDOA) is an agreement between the ISO and a Non-Incumbent Transmission Developer in the form specified in Attachment O to the OATT that sets forth their respective rights and responsibilities to each other with regard to proposals for and construction of certain transmission facilities.

Non-Intermittent Settlement Only Resource is a Settlement Only Resource that is not an Intermittent Power Resource.

Non-Market Participant is any entity that is not a Market Participant.

Non-Market Participant Transmission Customer is any entity which is not a Market Participant but is a Transmission Customer.

Non-Municipal Market Participant is defined in Section II of the ISO New England Financial Assurance Policy.

Non-Price Retirement Request is a binding request to retire the entire capacity of a Generating Capacity Resource as described in Section III.13.1.2.3.1.5.

Non-PTF Transmission Facilities (Non-PTF) are the transmission facilities owned by the PTOs that do not constitute PTF, OTF or MTF.

Non-Qualifying means a Market Participant that is not a Credit Qualifying Market Participant.

Notice of RBA is defined in Section 6.3.2 of the ISO New England Billing Policy.

NPCC is the Northeast Power Coordinating Council.

Obligation Month means a time period of one calendar month for which capacity payments are issued and the costs associated with capacity payments are allocated.

ODR-Only Customer is a Market Participant that registers with the ISO an Other Demand Resource (as defined in Section III.1 of this Tariff) and that does not participate in other markets or programs of the New England Markets, provided, however, that a DRP-Only Customer may also be an FTR-Only Customer and/or an DRP-Only Customer.

Offer Data means the scheduling, operations planning, dispatch, new Resource, and other data, including generating unit and Dispatchable Asset Related Demand operating limits based on physical characteristics, and information necessary to schedule and dispatch generating and Dispatchable Asset Related Demand Resources for the provision of energy and other services and the maintenance of the reliability and security of the transmission system in the New England Control Area, and specified for submission to the New England Markets for such purposes by the ISO.

On-Peak Demand Resource is a type of Demand Resource and means installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that reduce the total amount of electrical energy consumed during Demand Resource On-Peak Hours, while delivering a comparable or acceptable level of end-use service. Such measures include Energy Efficiency, Load Management, and Distributed Generation.

Open Access Same-Time Information System (OASIS) is the ISO information system and standards of conduct responding to requirements of 18 C.F.R. §37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

Open Access Transmission Tariff (OATT) is Section II of the ISO New England Inc. Transmission, Markets and Services Tariff.

Operating Authority is defined pursuant to a MTOA, an OTOA, the TOA or the OATT, as applicable.

Operating Data means GADS Data, data equivalent to GADS Data, CARL Data, metered load data, or actual system failure occurrences data, all as described in the ISO New England Operating Procedures.

Operating Day means the calendar day period beginning at midnight for which transactions on the New England Markets are scheduled.

Operating Reserve means Ten-Minute Spinning Reserve (TMSR), Ten-Minute Non-Spinning Reserve (TMNSR) and Thirty-Minute Operating Reserve (TMOR).

Operations Date is February 1, 2005.

OTF Service is transmission service over OTF as provided for in Schedule 20.

Other Demand Resource (ODR) is an installation undertaken as part of a merchant, utility, or state-sponsored program, and may include Energy Efficiency, Load Management, and Distributed Generation projects that are installed after June 16, 2006, and that result in additional and verifiable reductions in end-use customer demand on the electricity network in the New England Control Area during specified ODR performance hours of the ICAP Transition Period.

Other Transmission Facility (OTF) are the transmission facilities owned by Transmission Owners, defined and classified as OTF pursuant to Schedule 20, over which the ISO shall exercise Operating Authority in accordance with the terms set forth in the OTOA, rated 69 kV or above, and required to allow energy from significant power sources to move freely on the New England Transmission System. OTF classification shall be limited to the Phase I/II HVDC-TF.

Other Transmission Operating Agreements (OTOA) is the agreement(s) between the ISO, an OTO and/or the associated service provider(s) with respect to an OTF, which includes the HVDC Transmission Operating Agreement and the Phase I/II HVDC-TF Transmission Service Administration Agreement. With respect to the Phase I/II HVDC-TF, the HVDC Transmission Operating Agreement covers the rights and responsibilities for the operation of the facility and the Phase I/II HVDC-TF Transmission Service Administration Agreement covers the rights and responsibilities for the administration of transmission service.

Other Transmission Owner (OTO) is an owner of OTF.

Out-of-Market Capacity is certain capacity that is counted in determining whether the Alternative Capacity Price Rule applies, as described in Section III.13.2.7.8 of Market Rule 1.

Ownership Share is a right or obligation, for purposes of settlement, to a percentage share of all credits or charges associated with a generating unit asset or Load Asset, where such unit or load is interconnected to the New England Transmission System.

Participant Expenses are defined in Section 1 of the Participants Agreement.

Participant Required Balance is defined in Section 5.3 of the ISO New England Billing Policy.

Participant Vote is defined in Section 1 of the Participants Agreement.

Participants Agreement is the agreement among the ISO, the New England Power Pool and Individual Participants, as amended from time to time, on file with the Commission.

Participants Committee is the principal committee referred to in the Participants Agreement.

Participating Transmission Owner (PTO) is a transmission owner that is a party to the TOA.

Payment is a sum of money due to a Covered Entity from the ISO.

Payment Default Shortfall Fund is defined in Section 5.1 of the ISO New England Billing Policy.

Peak Energy Rent (PER) is described in Section III.13.7.2.7.1 of Market Rule 1.

PER Proxy Unit is described in Section III.13.7.2.7.1 of Market Rule 1.

Percent of Total Demand Reduction Value Complete means the delivery schedule as a percentage of a Demand Resource's total Demand Reduction Value that will be or has been achieved as of specific target dates, as described in Section III.13 of Market Rule 1.

Permanent De-list Bid is a bid that may be submitted by an Existing Generating Capacity Resource, Existing Import Capacity Resource, or Existing Demand Resource in the Forward Capacity Auction to permanently remove itself from the capacity market, as described in Section III.13.1.2.3.1.2 of Market Rule 1.

Phase I Transfer Credit is 40% of the HQICC, or such other fraction of the HQICC as the ISO may establish.

Phase I/II HVDC-TF is defined in Schedule 20A to Section II of this Tariff.

Phase I/II HVDC-TF Transfer Capability is the transfer capacity of the Phase I/II HVDC-TF under normal operating conditions, as determined in accordance with Good Utility Practice. The "Phase I Transfer Capability" is the transfer capacity under normal operating conditions, as determined in accordance with Good Utility Practice, of the Phase I terminal facilities as determined initially as of the time immediately prior to Phase II of the Phase I/II HVDC-TF first being placed in service, and as adjusted thereafter only to take into account changes in the transfer capacity which are independent of any effect of Phase II on the operation of Phase I. The "Phase II Transfer Capability" is the difference between the Phase I/II HVDC-TF Transfer Capability and the Phase I Transfer Capability. Determinations of, and any adjustment in, Phase I/II HVDC-TF Transfer Capability shall be made by the ISO, and the basis for any such adjustment shall be explained in writing and posted on the ISO website.

Phase One Proposal is a first round submission, as defined in Section 4.3 of Attachment K of the OATT, of a proposal for a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade, as applicable, by a Qualified Transmission Project Sponsor.

Phase II Transfer Credit is 60% of the HQICC, or such other fraction of the HQICC as the ISO may establish.

Phase Two Solution is a second round submission, as defined in Section 4.3 of Attachment K of the OATT, of a proposal for a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade by a Qualified Transmission Project Sponsor.

Planning Advisory Committee is the committee described in Attachment K of the OATT.

Planning and Reliability Criteria is defined in Section 3.3 of Attachment K to the OATT.

Point(s) of Delivery (POD) is point(s) of interconnection where capacity and/or energy transmitted by a Transmission Customer will be made available to the Receiving Party under the OATT.

Point(s) of Receipt (POR) is point(s) of interconnection where capacity and/or energy transmitted by a Transmission Customer will be made available by the Delivering Party under the OATT.

Point-To-Point Service is the transmission of capacity and/or energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under the OATT pursuant to Local Point-To-Point Service or OTF Service or MTF Service; and the transmission of capacity and/or energy from the Point(s) of Receipt to the Point(s) of Delivery under the OATT pursuant to Through or Out Service.

Pool-Planned Unit is one of the following units: New Haven Harbor Unit 1 (Coke Works), Mystic Unit 7, Canal Unit 2, Potter Unit 2, Wyman Unit 4, Stony Brook Units 1, 1A, 1B, 1C, 2A and 2B, Millstone Unit 3, Seabrook Unit 1 and Waters River Unit 2 (to the extent of 7 megawatts of its Summer capability and 12 megawatts of its Winter capability).

Pool PTF Rate is the transmission rate determined in accordance with Schedule 8 to the OATT.

Pool RNS Rate is the transmission rate determined in accordance with paragraph (2) of Schedule 9 of Section II of the Tariff.

Pool-Scheduled Resources are described in Section III.1.10.2 of Market Rule 1.

Pool Supported PTF is defined as: (i) PTF first placed in service prior to January 1, 2000; (ii) Generator Interconnection Related Upgrades with respect to Category A and B projects (as defined in Schedule 11), but only to the extent not paid for by the interconnecting Generator Owner; and (iii) other PTF upgrades, but only to the extent the costs therefore are determined to be Pool Supported PTF in accordance with Schedule 12.

Pool Transmission Facility (PTF) means the transmission facilities owned by PTOs which meet the criteria specified in Section II.49 of the OATT.

Poorly Performing Resource is described in Section III.13.7.1.1.5 of Market Rule 1.

Posting Entity is any Market Participant or Non-Market Participant Transmission Customer providing financial security under the provisions of the ISO New England Financial Assurance Policy.

Posture means an action of the ISO to deviate from the jointly optimized security constrained economic dispatch for Energy and Operating Reserves solution for a Resource produced by the ISO's technical software for the purpose of maintaining sufficient Operating Reserve (both online and off-line) or for the provision of voltage or VAR support.

Posturing Credit is calculated pursuant to Section III.F.2.6.2 of Appendix F to Market Rule 1.

Power Purchaser is the entity that is purchasing the capacity and/or energy to be transmitted under the OATT.

Principal is (i) the sole proprietor of a sole proprietorship; (ii) a general partner of a partnership; (iii) a president, chief executive officer, chief operating officer or chief financial officer (or equivalent position) of an organization; (iv) a manager, managing member or a member vested with the management authority for a limited liability company or limited liability partnership; (v) any person or entity that has the power to exercise a controlling influence over an organization's activities that are subject to regulation by the Federal Energy Regulatory Commission, the Securities and Exchange Commission, the Commodity Futures Trading Commission, any exchange monitored by the National Futures Association, or any state entity responsible for regulating activity in energy markets; or (vi) any person or entity that: (a) is the direct owner of 10% or more of any class of an organization's equity securities; or (b) has directly contributed 10% or more of an organization's capital.

Profiled Load Assets include all Load Assets that are not directly metered by OP-18 compliant metering as currently described in Section IV (Metering and Recording for Settlements) of OP18, and some Load Assets that are measured by OP-18 compliant metering (as currently described in Section IV of OP-18) to which the Host Participant Assigned Meter Reader allocates non-PTF losses.

Project Sponsor is an entity seeking to have a New Generating Capacity Resource or New Demand Resource participate in the Forward Capacity Market, as described in Section III.13.

Provisional Member is defined in Section I.68A of the Restated NEPOOL Agreement.

PTO Administrative Committee is the committee referred to in Section 11.04 of the TOA.

Public Policy Transmission Study is a study conducted by the ISO pursuant to the process set out in Section 4A.3 of Attachment K of the OATT, and consists of two phases: (i) an initial phase to produce a rough estimate of the costs and benefits of concepts that could meet transmission needs driven by public policy requirements; and (ii) a follow-on phase designed to produce more detailed analysis and engineering work on transmission concepts identified in the first phase.

Public Policy Transmission Upgrade is an addition and/or upgrade to the New England Transmission System that meets the voltage and non-voltage criteria for Public Policy Transmission Upgrade PTF classification specified in the OATT, and has been included in the Regional System Plan and RSP Project List as a Public Policy Transmission Upgrade pursuant to Public Policy Transmittal procedures described in Section 4A of Attachment K of the OATT.

Public Policy Transmittal is a written document sent by NESCOE or jointly by all of the participating states' utility regulatory authorities to the ISO that indicates which of the New England states support inclusion of a particular Public Policy Transmission Upgrade in the Regional System Plan and provides each state's final decision concerning such proposed Public Policy Transmission Upgrade and associated cost allocation as set forth in such state's regulatory authority decisions that is to be utilized for the project costs.

Publicly Owned Entity is defined in Section I of the Restated NEPOOL Agreement.

Qualification Process Cost Reimbursement Deposit is described in Section III.13.1.9.3 of Market Rule 1.

Qualified Capacity is the amount of capacity a resource may provide in the summer or winter in a Capacity Commitment Period, as determined in the Forward Capacity Market qualification processes.

Qualified Generator Reactive Resource(s) is any generator source of dynamic reactive power that meets the criteria specified in Schedule 2 of the OATT.

Qualified Non-Generator Reactive Resource(s) is any non-generator source of dynamic reactive power that meets the criteria specified in Schedule 2 of the OATT.

Qualified Reactive Resource(s) is any Qualified Generator Reactive Resource and/or Qualified Non-Generator Reactive Resource that meets the criteria specified in Schedule 2 of the OATT.

Qualified Transmission Project Sponsor is defined in Sections 4B.2 and 4B.3 of Attachment K of the OATT.

Queue Position has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Rated means a Market Participant that receives a credit rating from one or more of the Rating Agencies, or, if such Market Participant is not rated by one of the Rating Agencies, then a Market Participant that has outstanding unsecured debt rated by one or more of the Rating Agencies.

Rating Agencies are Standard and Poor's (S&P), Moody's, and Fitch.

RBA Decision is a written decision provided by the ISO to a Disputing Party and to the Chair of the NEPOOL Budget and Finance Subcommittee accepting or denying a Requested Billing Adjustment within twenty Business Days of the date the ISO distributes a Notice of RBA, unless some later date is agreed upon by the Disputing Party and the ISO.

Reactive Supply and Voltage Control Service is the form of Ancillary Service described in Schedule 2 of the OATT.

Real-Time is a period in the current Operating Day for which the ISO dispatches Resources for energy and Regulation, designates Resources for Regulation and Operating Reserve and, if necessary, commits additional Resources.

Real-Time Adjusted Load Obligation is defined in Section III.3.2.1(b)(iii) of Market Rule 1.

Real-Time Adjusted Load Obligation Deviation is defined in Section III.3.2.1(c)(iii) of Market Rule 1.

Real-Time Commitment Periods are periods of continuous operation bounded by a start up and the earlier to occur of a shut-down or a unit trip used to determine eligibility for Real Time NCPC Credit.

Real-Time Congestion Revenue is defined in Section III.3.2.1(f) of Market Rule 1.

Real-Time Demand Reduction Obligation is a Real-Time demand reduction amount determined pursuant to Section III.E.8.

Real-Time Demand Resource Dispatch Hours means those hours, or portions thereof, in which ISO New England Operating Procedure No. 4 is implemented and the ISO has begun to allow the depletion of Thirty-Minute Operating Reserve on a Load Zone or system-wide basis, and the ISO notifies the Market Participants with Critical Peak Demand Resources and Real-Time Demand Response Resources of such hours. Beginning on June 1, 2011, "Real-Time Demand Resource Dispatch Hours" shall be defined as those hours, or portions thereof, in which ISO New England Operating Procedure No. 4 is implemented and the ISO has begun to allow the depletion of Thirty-Minute Operating Reserve on a Dispatch Zone, Load Zone, or system-wide basis, and the ISO notifies the Market Participants with Critical Peak Demand Resources and Real-Time Demand Response Resources of such hours.

Real-Time Demand Response Asset means one or more individual end-use metered customers that are located at a single Node, report load reduction and consumption, or generator output as a single set of values, are assigned a unique asset identification number by the ISO, and that participate in the Forward Capacity Market as part of a Market Participant's Real-Time Demand Response Resource.

Real-Time Demand Response Event Hours means the hours, or portions thereof, when the ISO dispatches Real-Time Demand Response Resources in the Load Zone where a Demand Resource is located in response to Demand Resource Forecast Peak Hours and Real-Time Demand Resource Dispatch Hours. Beginning on June 1, 2011, Real-Time Demand Response Event Hours means hours when the ISO dispatches Real-Time Demand Response Resources in response to Demand Resource Forecast Peak Hours and Real-Time Demand Resource Dispatch Hours, which may include Dispatch Zone, Load Zone, or system-wide dispatch of such resources.

Real-Time Demand Response Resource is a type of Demand Resource that is comprised of installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer

facilities that: (i) curtail electrical usage in response to a Dispatch Instruction; and (ii) continue curtailing electrical usage until receiving Dispatch Instructions to restore electrical usage. Such measures include Load Management and Distributed Generation. The period of curtailment shall be consistent with Real-Time Demand Response Event Hours.

Real-Time Emergency Generation Asset means one or more individual end-use metered customers that are located at a single Node, report load reduction and consumption, or generator output as a single set of values, are assigned a unique asset identification number by the ISO, and that participate in the Forward Capacity Market as part of a Market Participant's Real-Time Emergency Generation Resource.

Real-Time Emergency Generation Event Hours means those hours, or portions thereof, between 7 a.m. and 7 p.m. Monday through Friday, non-Demand Response holidays in which the ISO dispatches Real-Time Emergency Generation Resources to curtail electric consumption. Real-Time Emergency Generation Resources would be dispatched by the ISO on a Load Zone or system-wide basis when deficient in Thirty-Minute Operating Reserve and when the ISO implements voltage reductions of five percent of normal operating voltage that require more than 10 minutes to implement. Beginning on June 1, 2011, Real-Time Emergency Generation Event Hours means those hours, or portions thereof, between 7 a.m. and 7 p.m. Monday through Friday, non-Demand Response holidays in which the ISO dispatches Real-Time Emergency Generation Resources on a Dispatch Zone, Load Zone, or system-wide basis when deficient in Thirty-Minute Operating Reserve and when the ISO implements voltage reductions of five percent of normal operating voltage that require more than 10 minutes to implement.

Real-Time Emergency Generation Resource is Distributed Generation whose federal, state and/or local air quality permits limit operation in response to requests from the ISO to the times when the ISO implements voltage reductions of five percent of normal operating voltage that require more than 10 minutes to implement. A Real-Time Emergency Generation Resource must be capable of: (i) curtailing its end-use electric consumption from the New England grid within 30 minutes of receiving a Dispatch Instruction; and (ii) continuing that curtailment until receiving a Dispatch Instruction to restore consumption.

Real-Time Energy Market means the purchase or sale of energy, payment of Congestion Costs, and payment for losses for quantity deviations from the Day-Ahead Energy Market in the Operating Day and designation of and payment for provision of Operating Reserve in Real-Time.

Real-Time Energy Market Deviation Congestion Charge/Credit is defined in Section III.3.2.1(e) of Market Rule 1.

Real-Time Energy Market Deviation Energy Charge/Credit is defined in Section III.3.2.1(e) of Market Rule 1.

Real-Time Energy Market Deviation Loss Charge/Credit is defined in Section III.3.2.1(e) of Market Rule 1.

Real-Time Generation Obligation is defined in Section III.3.2.1(b)(ii) of Market Rule 1.

Real-Time Generation Obligation Deviation is defined in Section III.3.2.1(c)(ii) of Market Rule 1.

Real-Time High Operating Limit is the maximum output, in MW, of a resource that could be achieved, consistent with Good Utility Practice, in response to an ISO request for Energy under Section III.13.6.4 of Market Rule 1, for each hour of the Operating Day, as reflected in the resource's Offer Data. This value is based on real-time operating conditions and the physical operating characteristics and operating permits of the unit.

Real-Time Load Obligation is defined in Section III.3.2.1(b)(i) of Market Rule 1.

Real-Time Load Obligation Deviation is defined in Section III.3.2.1(c)(i) of Market Rule 1.

Real-Time Locational Adjusted Net Interchange is defined in Section III.3.2.1(b)(iv) of Market Rule 1.

Real-Time Locational Adjusted Net Interchange Deviation is defined in Section III.3.2.1(c)(iv) of Market Rule 1.

Real-Time Loss Revenue is defined in Section III.3.2.1(i) of Market Rule 1.

Real-Time Loss Revenue Charges or Credits are defined in Section III.3.2.1(m) of Market Rule 1.

Real-Time NCP Load Obligation is the maximum hourly value, during a month, of a Market Participant's Real-Time Load Obligation summed over all Locations, excluding exports, in kilowatts.

Real-Time Price Response Program is the program described in Appendix E to Market Rule 1.

Real-Time Prices means the Locational Marginal Prices resulting from the ISO's dispatch of the New England Markets in the Operating Day.

Real-Time Reserve Charge is a Market Participant's share of applicable system and Reserve Zone Real-Time Operating Reserve costs attributable to meeting the Real-Time Operating Reserve requirement as calculated in accordance with Section III.10 of Market Rule 1.

Real-Time Reserve Clearing Price is the Real-Time TMSR, TMNSR or TMOR clearing price, as applicable, for the system and each Reserve Zone that is calculated in accordance with Section III.2.4 of Market Rule 1.

Real-Time Reserve Credit is a Market Participant's compensation associated with that Market Participant's Resources' Real-Time Reserve Designation as calculated in accordance with Section III.10 of Market Rule 1.

Real-Time Reserve Designation is the amount, in MW, of Operating Reserve designated to a Resource in Real-Time by the ISO as adjusted after-the-fact utilizing revenue quality meter data as described under Section III.10 of Market Rule 1.

Real-Time Reserve Opportunity Cost is defined in Section III.2.7A(b) of Market Rule 1.

Real-Time System Adjusted Net Interchange means, for each hour, the sum of Real-Time Locational Adjusted Net Interchange for a Market Participant over all Locations, in kilowatts.

Receiving Party is the entity receiving the capacity and/or energy transmitted to Point(s) of Delivery under the OATT.

Reference Level is defined in Section III.A.5.6.1 of Appendix A of Market Rule 1.

Regional Benefit Upgrade(s) (RBU) means a Transmission Upgrade that: (i) is rated 115kV or above; (ii) meets all of the non-voltage criteria for PTF classification specified in the OATT; and

(iii) is included in the Regional System Plan as either a Reliability Transmission Upgrade or an Market Efficiency Transmission Upgrade identified as needed pursuant to Attachment K of the OATT. The category of RBU shall not include any Transmission Upgrade that has been categorized under any of the other categories specified in Schedule 12 of the OATT (e.g., an Elective Transmission Upgrade shall not also be categorized as an RBU). Any upgrades to transmission facilities rated below 115kV that were PTF prior to January 1, 2004 shall remain classified as PTF and be categorized as an RBU if, and for so long as, such upgrades meet the criteria for PTF specified in the OATT.

Regional Network Load is the load that a Network Customer designates for Regional Network Service under Part II.B of the OATT. The Network Customer's Regional Network Load shall include all load designated by the Network Customer (including losses) and shall not be credited or reduced for any behind-the-meter generation. A Network Customer may elect to designate less than its total load as Regional Network Load but may not designate only part of the load at a discrete Point of Delivery. Where a Transmission Customer has elected not to designate a particular load at discrete Points of Delivery as Regional Network Load, the Transmission Customer is responsible for making separate arrangements under Part II.C of the OATT for any Point-To-Point Service that may be necessary for such non-designated load.

Regional Network Service (RNS) is the transmission service over the PTF described in Part II.B of the OATT, including such service which is used with respect to Network Resources or Regional Network Load that is not physically interconnected with the PTF.

Regional Planning Dispute Resolution Process is described in Section 12 of Attachment K to the OATT.

Regional System Plan (RSP) is the plan developed under the process specified in Attachment K of the OATT.

Regional Transmission Service (RTS) is Regional Network Service and Through or Out Service as provided over the PTF in accordance with Section II.B, Section II.C, Schedule 8 and Schedule 9 of the OATT.

Regulation is the capability of a specific generating unit with appropriate telecommunications, control and response capability to increase or decrease its output in response to a regulating control signal, in

accordance with the specifications in the ISO New England Manuals and ISO New England Administrative Procedures.

Regulation and Frequency Response Service is the form of Ancillary Service described in Schedule 3 of the OATT. The capability of performing Regulation and Frequency Response Service is referred to as automatic generation control (AGC).

Regulation Capability (REGCAP) means the amount of Regulation capability available on a Market Participant's Resource as calculated by the ISO based upon that Resource's Automatic Response Rate and the available regulating range as specified in ISO New England Manual 11 – Market Operations.

Regulation Clearing Price is defined in Section III.3.2.2(e) of Market Rule 1.

Regulation High Limit is the maximum amount of energy that a generating unit can reliably produce when that unit is providing Regulation. The Regulation High Limit may be less than or equal to the unit's Economic Maximum Limit.

Regulation Low Limit is the minimum amount of energy that a generating unit can reliably produce when that unit is providing Regulation. The Regulation Low Limit may be greater than or equal to the unit's Economic Minimum Limit.

Regulation Opportunity Cost is defined in Section III.3.2.2(i) of Market Rule 1.

Regulation Rank Price is calculated in accordance with Section III.1.11.5(b) of Market Rule 1.

Regulation Requirement is the hourly amount of Regulation MWs required by the ISO to maintain system control and reliability as calculated and posted on the ISO website.

Regulation Service Credit is the credit associated with provision of Regulation Service Megawatts and is calculated in accordance with Section III.3.2.2(c) of Market Rule 1.

Regulation Service Megawatts are calculated in accordance with Section III.3.2.2(f) of Market Rule 1.

Related Person is defined pursuant to Section 1.1 of the Participants Agreement.

Related Transaction is defined in Section III.1.4.3 of Market Rule 1.

Reliability Administration Service (RAS) is the service provided by the ISO, as described in Schedule 3 of Section IV.A of the Tariff, in order to administer the Reliability Markets and provide other reliability-related and informational functions.

Reliability Committee is the committee whose responsibilities are specified in Section 8.2.3 of the Participants Agreement.

Reliability Markets are, collectively, the ISO's administration of Regulation, the Forward Capacity Market, and Operating Reserve.

Reliability Region means any one of the regions identified on the ISO's website. Reliability Regions are intended to reflect the operating characteristics of, and the major transmission constraints on, the New England Transmission System.

Reliability Transmission Upgrade means those additions and upgrades not required by the interconnection of a generator that are nonetheless necessary to ensure the continued reliability of the New England Transmission System, taking into account load growth and known resource changes, and include those upgrades necessary to provide acceptable stability response, short circuit capability and system voltage levels, and those facilities required to provide adequate thermal capability and local voltage levels that cannot otherwise be achieved with reasonable assumptions for certain amounts of generation being unavailable (due to maintenance or forced outages) for purposes of long-term planning studies. Good Utility Practice, applicable reliability principles, guidelines, criteria, rules, procedures and standards of ERO and NPCC and any of their successors, applicable publicly available local reliability criteria, and the ISO System Rules, as they may be amended from time to time, will be used to define the system facilities required to maintain reliability in evaluating proposed Reliability Transmission Upgrades. A Reliability Transmission Upgrade may provide market efficiency benefits as well as reliability benefits to the New England Transmission System.

Remittance Advice is an issuance from the ISO for the net Payment owed to a Covered Entity where a Covered Entity's total Payments exceed its total Charges in a billing period.

Remittance Advice Date is the day on which the ISO issues a Remittance Advice.

Re-Offer Period is the period normally between 16:00 and 18:00 on the day before the Operating Day during which a Market Participant may submit revised Supply Offers, revised External Transactions, or revised Demand Bids associated with Dispatchable Asset Related Demands.

Replacement Reserve is described in Part III, Section VII of ISO New England Operating Procedure No. 8.

Request for Alternative Proposals (RFAP) is the request described in Attachment K of the OATT.

Requested Billing Adjustment (RBA) is defined in Section 6.1 of the ISO New England Billing Policy.

Required Balance is an amount as defined in Section 5.3 of the Billing Policy.

Reseller is a MGTSA holder that sells, assigns or transfers its rights under its MGTSA, as described in Section II.45.1(a) of the OATT.

Reserve Constraint Penalty Factors (RCPFs) are rates, in $/MWh, that are used within the Real-Time dispatch and pricing algorithm to reflect the value of Operating Reserve shortages and are defined in Section III.2.7A(c) of Market Rule 1.

Reserve Zone is defined in Section III.2.7 of Market Rule 1.

Reserved Capacity is the maximum amount of capacity and energy that is committed to the Transmission Customer for transmission over the New England Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II.C or Schedule 18, 20 or 21 of the OATT, as applicable. Reserved Capacity shall be expressed in terms of whole kilowatts on a sixty-minute interval (commencing on the clock hour) basis, or, in the case of Reserved Capacity for Local Point-to-Point Service, in terms of whole megawatts on a sixty-minute interval basis.

Resource means a generating unit, a Dispatchable Asset Related Demand, an External Resource or an External Transaction.

Restated New England Power Pool Agreement (RNA) is the Second Restated New England Power Pool Agreement, which restated for a second time by an amendment dated as of August 16, 2004 the New England Power Pool Agreement dated September 1, 1971, as the same may be amended and restated from time to time, governing the relationship among the NEPOOL members.

Rest-of-Pool Capacity Zone is a single Capacity Zone made up of the adjacent Load Zones that are neither export-constrained nor import-constrained.

Rest of System is an area established under Section III.2.7(d) of Market Rule 1.

Retail Delivery Point is the point on the transmission or distribution system at which the load of an end-use facility, which is metered and assigned a unique account number by the Host Participant, is measured to determine the amount of energy delivered to the facility from the transmission and distribution system. If an end-use facility is connected to the transmission or distribution system at more than one location, the Retail Delivery Point shall consist of the metered load at each connection point, summed to measure the net energy delivered to the facility in each interval.

Returning Market Participant is a Market Participant, other than an FTR-Only Customer, a DRP-Only Customer or a Governance Only Member, whose previous membership as a Market Participant was involuntarily terminated due to a Financial Assurance Default or a payment default and, since returning, has been a Market Participant for less than six consecutive months.

Revenue Requirement is defined in Section IV.A.2.1 of the Tariff.

Reviewable Action is defined in Section III.D.1.1 of Appendix D of Market Rule 1.

Reviewable Determination is defined in Section 12.4(a) of Attachment K to the OATT.

RSP Project List is defined in Section 1 of Attachment K to the OATT.

RTEP02 Upgrade(s) means a Transmission Upgrade that was included in the annual NEPOOL Transmission Plan (also known as the "Regional Transmission Expansion Plan" or "RTEP") for the year 2002, as approved by ISO New England Inc.'s Board of Directors, or the functional equivalent of such

Transmission Upgrade, as determined by ISO New England Inc. The RTEP02 Upgrades are listed in Schedule 12B of the OATT.

RTO is a regional transmission organization or comparable independent transmission organization that complies with Order No. 2000 and the Commission's corresponding regulation.

Same Reserve Zone Export Transaction is defined in Section III.1.10.7(f)(iii) of Market Rule 1.

Sanctionable Behavior is defined in Section III.B.3 of Appendix B of Market Rule 1.

Schedule, Schedules, Schedule 1, 2, 3, 4 and 5 are references to the individual or collective schedules to Section IV.A. of the Tariff.

Schedule 20A Service Provider (SSP) is defined in Schedule 20A to Section II of this Tariff.

Scheduling Service, for purposes of Section IV.A and Section IV.B of the Tariff, is the service described in Schedule 1 to Section IV.A of the Tariff.

Scheduling, System Control and Dispatch Service, for purposes of Section II of the Tariff, is the form of Ancillary Service described in Schedule 1 of the OATT.

Seasonal Claimed Capability is the summer or winter claimed capability of a generating unit or ISO-approved combination of units, and represent the maximum dependable load carrying ability of such unit or units, excluding capacity required for station use.

Seasonal DR Audit is a seasonal audit of the demand response capability of a Demand Resource initiated pursuant to Section III.13.6.1.5.4.1.

Seasonal Peak Demand Resource is a type of Demand Resource and shall mean installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that reduce the total amount of electrical energy consumed during Demand Resource Seasonal Peak Hours, while delivering a comparable or acceptable level of end-use service. Such measures include Energy Efficiency, Load Management, and Distributed Generation.

Section III.1.4 Transactions are defined in Section III.1.4.2 of Market Rule 1.

Section III.1.4 Conforming Transactions are defined in Section III.1.4.2 of Market Rule 1.

Security Agreement is Attachment 1 to the ISO New England Financial Assurance Policy.

Self-Schedule is the action of a Market Participant in committing and/or scheduling its Resource, in accordance with applicable ISO New England Manuals, to provide service in an hour, whether or not in the absence of that action the Resource would have been scheduled or dispatched by the ISO to provide the service.

Self-Scheduled MW is an amount, in megawatts, that is Self-Scheduled and is equal to the greater of: (i) the Resource's Economic Minimum Limit; or (ii) the Resource's Minimum Consumption Limit; or (iii) for a generating Resource for which the Regulation Self-Schedule flag is set for the hour and the unit was on Regulation for at least 20 minutes during the applicable hour of the Operating Day, the median value of all Regulation setpoints (Desired Dispatch Point) used by the Resource while regulating.

Self-Supplied FCA Resource is described in Section III.13.1.6 of Market Rule 1.

Senior Officer means an officer of the subject entity with the title of vice president (or similar office) or higher, or another officer designated in writing to the ISO by that office.

Service Agreement is a Transmission Service Agreement or an MPSA.

Service Commencement Date is the date service is to begin pursuant to the terms of an executed Service Agreement, or the date service begins in accordance with the sections of the OATT addressing the filing of unexecuted Service Agreements.

Services means, collectively, the Scheduling Service, EAS and RAS; individually, a Service.

Settlement Financial Assurance is an amount of financial assurance required from a Designated FTR Participant awarded a bid in an FTR Auction. This amount is calculated pursuant to Section VI.D of the ISO New England Financial Assurance Policy.

Settlement Only Resources are generators of less than 5 MW or otherwise eligible for Settlement Only Resource treatment as described in ISO New England Operating Procedure No. 14 and that have elected Settlement Only Resource treatment as described in the ISO New England Manual for Registration and Performance Auditing.

Seven-Day Forecast has the meaning specified in Section III.H.3.3(a).

Shortage Event is defined in Section III.13.7.1.1.1 of Market Rule 1.

Shortage Event Availability Score is the average of the hourly availability scores for each hour or portion of an hour during a Shortage Event, as described in Section III.13.7.1.1.1.A of Market Rule 1.

Shortfall Funding Arrangement, as specified in Section 5.1 of the ISO New England Billing Policy, is a separate financing arrangement that can be used to make up any non-congestion related differences between amounts received on Invoices and amounts due for ISO Charges in any bill issued.

Short-Term is a period of less than one year.

Significantly Reduced Congestion Costs are defined in Section III.G.2.2 of Appendix G to Market Rule 1.

SMD Effective Date is March 1, 2003.

Solutions Study is described in Section 4.2(b) of Attachment K to the OATT.

Special Constraint Resource (SCR) is a Resource that provides Special Constraint Resource Service under Schedule 19 of the OATT.

Special Constraint Resource Service is the form of Ancillary Service described in Schedule 19 of the OATT.

Specified-Term Blackstart Capital Payment is the annual compensation level, as calculated pursuant to Section 5.1 of Schedule 16 of the OATT, for a Designated Blackstart Resource's capital Blackstart Equipment costs associated with the provision of Blackstart Service (except for capital costs associated

with adhering to NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Stage One Proposal is a first round submission, as defined in Sections 4A.5 of Attachment K of the OATT, of a proposal for a Public Policy Transmission Upgrade by a Qualified Transmission Project Sponsor.

Stage Two Solution is a second round submission, as defined in Section 4A.5 of Attachment K of the OATT, of a proposal for a Public Policy Transmission Upgrade by a Qualified Transmission Project Sponsor.

Standard Blackstart Capital Payment is the annual compensation level, as calculated pursuant to Section 5.1 of Schedule 16 of the OATT, for a Designated Blackstart Resource's capital Blackstart Equipment costs associated with the provision of Blackstart Service (except for capital costs associated with adhering to NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Start-of-Round Price is the highest price associated with a round of a Forward Capacity Auction as described in Section III.13.2.3.1 of Market Rule 1.

Start-Up Fee is the amount, in dollars, that must be paid for a generating unit to Market Participants with an Ownership Share in the unit each time the unit is scheduled in the New England Markets to start-up.

State Estimator means the computer model of power flows specified in Section III.2.3 of Market Rule 1.

Statements, for the purpose of the ISO New England Billing Policy, refer to both Invoices and Remittance Advices.

Static De-List Bid is a bid that may be submitted by an Existing Generating Capacity Resource, Existing Import Capacity Resource, or Existing Demand Resource in the Forward Capacity Auction to remove itself from the capacity market for a one year period, as described in Section III.13.1.2.3.1.1 of Market Rule 1.

Station is one or more Existing Generating Capacity Resources consisting of one or more assets located within a common property boundary.

Station Going Forward Common Costs are the net risk-adjusted going forward costs associated with a Station that are avoided only by (1) the clearing of the Static De-List Bids or the Permanent De-List Bids of all the Existing Generating Capacity Resources comprising the Station; or (2) the acceptance of a Non-Price Retirement Request of the Station, calculated in the same manner as the net-risk adjusted going forward costs of Existing Generating Capacity Resources as described in Section III.13.1.2.3.2.1.2.

Station-level Blackstart O&M Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Station-level Specified-Term Blackstart Capital Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Station-level Standard Blackstart Capital Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Successful FCA is a Forward Capacity Auction in which a Capacity Zone has neither Inadequate Supply nor Insufficient Competition.

Summer ARA Qualified Capacity is described in Section III.13.4.2.1.2.1.1.1 of Market Rule 1.

Summer Capability Period means one of two time periods defined by the ISO for the purposes of rating and auditing resources. The time period associated with the Summer Capability Period is the period of June 1 through September 30.

Summer Intermittent Reliability Hours are defined in Section III.13.1.2.2.2.1(c) of Market Rule 1.

Supplemental Availability Bilateral is described in Section III.13.5.3.2 of Market Rule 1.

Supplemental Capacity Resources are described in Section III.13.5.3.1 of Market Rule 1.

Supplemented Capacity Resource is described in Section III.13.5.3.2 of Market Rule 1.

Supply Offer is a proposal to furnish energy at a Node or Regulation from a Resource that meets the applicable requirements set forth in the ISO New England Manuals submitted to the ISO by a Market Participant with authority to submit a Supply Offer for the Resource. The Supply Offer will be submitted pursuant to Market Rule 1 and applicable ISO New England Manuals, and include a price and information with respect to the quantity proposed to be furnished, technical parameters for the Resource, timing and other matters. A Supply Offer is a subset of the information required in a Market Participant's Offer Data.

Supply Offer Block-Hours are Block-Hours assigned to the Lead Market Participant for each Supply Offer. The daily bid Blocks in the price-based Real-Time offer/bid will be multiplied by the number of hours in the day to determine the quantity of Supply Offer Block-Hours for a given day. In the case that a Resource has a Real-Time unit status of "unavailable" for the entire day, that day will not contribute to the quantity of Supply Offer Block-Hours. However, if the Resource has at least one hour of the day with a unit status of "available," the entire day will contribute to the quantity of Supply Offer Block-Hours.

Synchronous Condenser is a generator that is synchronized to the grid but supplying no energy for the purpose of providing Operating Reserve or VAR or voltage support.

System Condition is a specified condition on the New England Transmission System or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm MTF or OTF Service on the MTF or the OTF using the curtailment priority pursuant to Section II.44 of the Tariff or Curtailment of Local Long-Term Firm Point-to-Point Transmission Service on the non-PTF using the curtailment priority pursuant to Schedule 21 of the Tariff. Such conditions must be identified in the Transmission Customer's Service Agreement.

System Impact Study is an assessment pursuant to Part II.B, II.C, II.G, Schedule 21, Schedule 22, or Schedule 23 of the OATT of (i) the adequacy of the PTF or Non-PTF to accommodate a request for the interconnection of a new or materially changed generating unit or a new or materially changed interconnection to another Control Area or new Regional Network Service or new Local Service or an Elective Transmission Upgrade, and (ii) whether any additional costs may be required to be incurred in order to provide the interconnection or transmission service.

System Operator shall mean ISO New England Inc. or a successor organization.

TADO is the total amount due and owing (not including any amounts due under Section 14.1 of the RNA) at such time to the ISO, NEPOOL, the PTOs, the Market Participants and the Non-Market Participant Transmission Customers, by all PTOs, Market Participants and Non-Market Participant Transmission Customers.

Tangible Net Worth is the value, determined in accordance with international accounting standards or generally accepted accounting principles in the United States, of all of that entity's assets less the following: (i) assets the ISO reasonably believes to be restricted or potentially unavailable to settle a claim in the event of a default (e.g., regulatory assets, restricted assets, and Affiliate assets), net of any matching liabilities, to the extent that the result of that netting is a positive value; (ii) derivative assets, net of any matching liabilities, to the extent that the result of that netting is a positive value; (iii) the amount at which the liabilities of the entity would be shown on a balance sheet in accordance with international accounting standards or generally accepted accounting principles in the United States; (iv) preferred stock: (v) non-controlling interest; and (vi) all of that entity's intangible assets (e.g., patents, trademarks, franchises, intellectual property, goodwill and any other assets not having a physical existence), in each case as shown on the most recent financial statements provided by such entity to the ISO.

Technical Committee is defined in Section 8.2 of the Participants Agreement.

Ten-Minute Non-Spinning Reserve (TMNSR) is the reserve capability of a generating unit that can be converted fully into energy within ten minutes from the request of the ISO, and is provided by generating units that are either electrically synchronized or not electrically synchronized to the New England Transmission System or the reserve capability of a Dispatchable Asset Related Demand that can be fully utilized within ten minutes from the request of the ISO to reduce consumption.

Ten-Minute Non-Spinning Reserve Service is the form of Ancillary Service described in Schedule 6 of the OATT.

Ten-Minute Spinning Reserve (TMSR) is the reserve capability of a generating unit that can be converted fully into energy within ten minutes from the request of the ISO or a Dispatchable Asset Related Demand pump that can reduce energy consumption to provide reserve capability within ten minutes from the request of the ISO, and is provided by generating units and Dispatchable Asset Related Demand pumps electrically synchronized to the New England Transmission System.

Ten-Minute Spinning Reserve Service is the form of Ancillary Service described in Schedule 5 of the OATT.

Third-Party Sale is any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Regional Network Load or Local Network Load under the Regional Network Service or Local Network Service, as applicable.

Thirty-Minute Operating Reserve (TMOR) means the reserve capability of a generating unit that can be converted fully into energy within thirty minutes from the request of the ISO, and is provided by generating units that are either not electrically synchronized or synchronized to the New England Transmission System or the reserve capability of a Dispatchable Asset Related Demand that can be fully utilized within thirty minutes from the request of the ISO to reduce consumption.

Thirty-Minute Operating Reserve Service is the form of Ancillary Service described in Schedule 7 of the OATT.

Through or Out Rate (TOUT Rate) is the rate per hour for Through or Out Service, as defined in Section II.25.2 of the OATT.

Through or Out Service (TOUT Service) means Point-To-Point Service over the PTF provided by the ISO with respect to a transaction that goes through the New England Control Area, as, for example, a single transaction where energy or capacity is transmitted into the New England Control Area from New Brunswick and subsequently out of the New England Control Area to New York, or a single transaction where energy or capacity is transmitted into the New England Control Area from New York through one point on the PTF and subsequently flows over the PTF prior to passing out of the New England Control Area to New York, or with respect to a transaction which originates at a point on the PTF and flows over the PTF prior to passing out of the New England Control Area, as, for example, from Boston to New York.

Tie-Line Asset is a physical transmission tie-line, or an inter-state or intra-state border arrangement created according to the ISO New England Manuals and registered in accordance with the Asset Registration Process.

Time-on-Regulation Credit is the credit associated with provision of Time-on-Regulation Megawatts and is calculated in accordance with Section III.3.2.2(b) of Market Rule 1.

Time-on-Regulation Megawatts is the amount of Regulation capability provided during one hour calculated in accordance with Section III.3.2.2(g) of Market Rule 1.

Total Available Amount is the sum of the available amount of the Shortfall Funding Arrangement and the balance in the Payment Default Shortfall Fund.

Total Blackstart Capital Payment is the annual compensation calculated under either Section 5.1 or Section 5.2 of Schedule 16 of the OATT, as applicable.

Total Blackstart O&M Payment is the annual compensation calculated under either Section 5.1 or 5.2 of Schedule 16 of the OATT, as applicable.

Total Blackstart Service Payments is monthly compensation to Blackstart Owners or Market Participants, as applicable, and as calculated pursuant to Section 5.6 of Schedule 16 to the OATT.

Total Negative Hourly Demand Response Resource Deviation means the absolute value of the sum of the negative Hourly Real-Time Demand Response Resource Deviations and negative Hourly Real-Time Emergency Generation Deviations from all Real-Time Demand Response Resources and Real-Time Emergency Generation Resources receiving Dispatch Instructions in the same hour in the same Load Zone or, starting on June 1, 2011, in the same Dispatch Zone.

Total Positive Hourly Demand Response Resource Deviation means the sum of the positive Hourly Real-Time Demand Response Resource Deviations and positive Hourly Real-Time Emergency Generation Deviations from all Real-Time Demand Response Resources and Real-Time Emergency Generation Resources receiving Dispatch Instructions in the same hour in the same Load Zone or, starting on June 1, 2011, in the same Dispatch Zone.

Total System Capacity is the aggregate capacity supply curve for the New England Control Area as determined in accordance with Section III.13.2.3.3 of Market Rule 1.

Transaction Unit (TU) is a type of billing determinant under Schedule 2 of Section IV.A of the Tariff used to assess charges to Customers.

Transition Period: The six-year period commencing on March 1, 1997.

Transmission Charges, for the purposes of the ISO New England Financial Assurance Policy and the ISO New England Billing Policy, are all charges and payments under Schedules 1, 8 and 9 of the OATT.

Transmission Congestion Credit means the allocated share of total Transmission Congestion Revenue credited to each holder of Financial Transmission Rights, calculated and allocated as specified in Section III.5.2 of Market Rule 1.

Transmission Congestion Revenue is defined in Section III.5.2.5(a) of Market Rule 1.

Transmission Credit Limit is a credit limit, not to be used to meet FTR Requirements, established for each Market Participant in accordance with Section II.D and each Non-Market Participant Transmission Customer in accordance with Section V.B.2 of the ISO New England Financial Assurance Policy.

Transmission Credit Test Percentage is calculated in accordance with Section III.B.1(c) of the ISO New England Financial Assurance Policy.

Transmission Customer is any Eligible Customer that (i) executes, on its own behalf or through its Designated Agent, an MPSA or TSA, or (ii) requests in writing, on its own behalf or through its Designated Agent, that the ISO, the Transmission Owner, or the Schedule 20A Service Provider, as applicable, file with the Commission, a proposed unexecuted MPSA or TSA containing terms and conditions deemed appropriate by the ISO (in consultation with the applicable PTO, OTO or Schedule 20A Service Provider) in order that the Eligible Customer may receive transmission service under Section II of this Tariff. A Transmission Customer under Section II of this Tariff includes a Market Participant or a Non-Market Participant taking Regional Network Service, Through or Out Service, MTF Service, OTF Service, Ancillary Services, or Local Service.

Transmission Default Amount is all or any part of any amount of Transmission Charges due to be paid by any Covered Entity that the ISO, in its reasonable opinion, believes will not or has not been paid when due.

Transmission Default Period is defined in Section 3.4.f of the ISO New England Billing Policy.

Transmission Late Payment Account is defined in Section 4.2 of the ISO New England Billing Policy.

Transmission Late Payment Account Limit is defined in Section 4.2 of the ISO New England Billing Policy.

Transmission Late Payment Charge is defined in Section 4.1 of the ISO New England Billing Policy.

Transmission, Markets and Services Tariff (Tariff) is the ISO New England Inc. Transmission, Markets and Services Tariff, as amended from time to time.

Transmission Obligations are determined in accordance with Section III.A(vi) of the ISO New England Financial Assurance Policy.

Transmission Operating Agreement (TOA) is the Transmission Operating Agreement between and among the ISO and the PTOs, as amended and restated from time to time.

Transmission Owner means a PTO, MTO or OTO.

Transmission Provider is the ISO for Regional Network Service and Through or Out Service as provided under Section II.B and II.C of the OATT; Cross-Sound Cable, LLC for Merchant Transmission Service as provided under Schedule 18 of the OATT; the Schedule 20A Service Providers for Phase I/II HVDC-TF Service as provided under Schedule 20A of the OATT; and the Participating Transmission Owners for Local Service as provided under Schedule 21 of the OATT.

Transmission Requirements are determined in accordance with Section III.A(iii) of the ISO New England Financial Assurance Policy.

Transmission Service Agreement (TSA) is the initial agreement and any amendments or supplements thereto: (A) in the form specified in either Attachment A or B to the OATT, entered into by the Transmission Customer and the ISO for Regional Network Service or Through or Out Service; (B) entered into by the Transmission Customer with the ISO and PTO in the form specified in Attachment A

to Schedule 21 of the OATT; (C) entered into by the Transmission Customer with an OTO or Schedule 20A Service Provider in the appropriate form specified under Schedule 20 of the OATT; or (D) entered into by the Transmission Customer with a MTO in the appropriate form specified under Schedule 18 of the OATT. A Transmission Service Agreement shall be required for Local Service, MTF Service and OTF Service, and shall be required for Regional Network Service and Through or Out Service if the Transmission Customer has not executed a MPSA.

Transmission Upgrade(s) means an upgrade, modification or addition to the PTF that becomes subject to the terms and conditions of the OATT governing rates and service on the PTF on or after January 1, 2004. This categorization and cost allocation of Transmission Upgrades shall be as provided for in Schedule 12 of the OATT.

UDS is unit dispatch system software.

Unconstrained Export Transaction is defined in Section III.1.10.7(f)(iv) of Market Rule 1.

Uncovered Default Amount is defined in Section 3.3(i) of the ISO New England Billing Policy.

Uncovered Transmission Default Amounts are defined in Section 3.4.f of the ISO New England Billing Policy.

Unrated means a Market Participant that is not a Rated Market Participant.

Unsecured Covered Entity is, collectively, an Unsecured Municipal Market Participant and an Unsecured Non-Municipal Covered Entity.

Unsecured Municipal Default Amount is defined in Section 3.3(i) of the ISO New England Billing Policy.

Unsecured Municipal Market Participant is defined in Section 3.3(h) of the ISO New England Billing Policy.

Unsecured Municipal Transmission Default Amount is defined in Section 3.4.f of the ISO New England Billing Policy.

Unsecured Non-Municipal Covered Entity is a Covered Entity that is not a Municipal Market Participant or a Non-Market Participant Transmission Customer and has a Market Credit Limit or Transmission Credit Limit of greater than $0 under the ISO New England Financial Assurance Policy.

Unsecured Non-Municipal Default Amount is defined in Section 3.3(i) of the ISO New England Billing Policy.

Unsecured Non-Municipal Transmission Default Amount is defined in Section 3.3(i) of the ISO New England Billing Policy.

Unsecured Transmission Default Amounts are, collectively, the Unsecured Municipal Transmission Default Amount and the Unsecured Non-Municipal Transmission Default Amount.

Updated Measurement and Verification Plan is an optional Measurement and Verification Plan that may be submitted as part of a subsequent qualification process for a Forward Capacity Auction prior to the beginning of the Capacity Commitment Period of the Demand Resource project. The Updated Measurement and Verification Plan may include updated Demand Resource project specifications, measurement and verification protocols, and performance data as described in Section III.13.1.4.3.1.2 of Market Rule 1 and the ISO New England Manuals.

VAR CC Rate is the CC rate paid to Qualified Reactive Resources for VAR Service capability under Section IV.A of Schedule 2 of the OATT.

VAR Payment is the payment made to Qualified Reactive Resources for VAR Service capability under Section IV.A of Schedule 2 of the OATT.

VAR Service is the provision of reactive power voltage support to the New England Transmission System by a Qualified Reactive Resource or by other generators that are dispatched by the ISO to provide dynamic reactive power as described in Schedule 2 of the OATT.

Virtual Requirements are determined in accordance with Section III.A(iv) of the ISO New England Financial Assurance Policy.

Volt Ampere Reactive (VAR) is a measurement of reactive power.

Volumetric Measure (VM) is a type of billing determinant under Schedule 2 of Section IV.A of the Tariff used to assess charges to Customers under Section IV.A of the Tariff.

Winter ARA Qualified Capacity is described in Section III.13.4.2.1.2.1.1.2 of Market Rule 1.

Winter Capability Period means one of two time periods defined by the ISO for the purposes of rating and auditing resources. The time period associated with the Winter Capability Period is the period October 1 through May 31.

Winter Intermittent Reliability Hours are defined in Section III.13.1.2.2.2.2(c) of Market Rule 1.

Year means a period of 365 or 366 days, whichever is appropriate, commencing on, or on the anniversary of March 1, 1997. Year One is the Year commencing on March 1, 1997, and Years Two and higher follow it in sequence.

Zonal Price is calculated in accordance with Section III.2.7 of Market Rule 1.

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II.2 Purpose of This OATT

Non-discriminatory open-access transmission service over the New England Transmission System is provided by the ISO under the terms and conditions of this OATT. Ancillary Services will be supplied by the ISO in accordance with Section II.4 of this OATT. The ISO acts as Counterparty for sales to its Customers of Regional Transmission Service and Ancillary Services, and as Counterparty with suppliers of Ancillary Services. The ISO offers Regional Transmission Service, as made available to the ISO under the terms of the TOA for provision to its Customers, at the rates established by the PTOs. Where Ancillary Services are initially supplied to the ISO by Market Participants for provision to the ISO's Customers, the ISO pays to or charges its Market Participants or Customers (as applicable) the amounts produced by the pertinent market clearing process or through the other pricing mechanisms described in the Tariff.

This OATT is intended to provide for comparable, non-discriminatory treatment of all similarly situated Transmission Owners, Qualified Transmission Project Sponsors and all Transmission Customers, and it shall be construed in the manner which best achieves this objective.

This OATT provides for a two-tier transmission arrangement integrating regional service which is provided by the ISO under this OATT, and Local Service which is provided by the PTOs under Schedule 21 of this OATT.

II.8 Billing and Invoicing; Accounting

II.8.1 Billing Procedure: Billings to Transmission Customers shall be made in accordance with this Section II.8, Schedules 18, 20 and 21 and the ISO New England Billing Policy, as applicable, and as may be supplemented by other billing procedures established pursuant to the TOA, a MTOA or an OTOA, as applicable.

II.8.2 Invoicing: Invoicing and payments are addressed in Attachments L1, L2, L3 and L4 to Section II of the Transmission, Markets and Services Tariff.

II.8.3 Interest on Unpaid Balances: Interest on any unpaid amounts (including amounts placed in escrow) will be calculated in accordance with the methodology specified for interest on refunds in 18 C.F.R. §35.19a(a)(2)(iii) of the Commission's regulations. Interest on delinquent amounts will be

calculated from the due date of the bill to the date of payment. Payments must be made by Electronic Funds Transfer or in immediately available funds.

II.8.4 Customer Default: In the event a Transmission Customer fails to make payment to the ISO for services under this OATT, other than under Schedules 18, 20 and 21 of this OATT, on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the ISO notifies the Transmission Customer to cure such failure, a default by the Transmission Customer will be deemed to exist under this OATT. Additional default provisions may apply as stated under the ISO New England Billing Policy, Exhibit ID to Section I of the Transmission, Markets and Services Tariff. Upon the occurrence of a default under this OATT, the ISO may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission approves such termination. In the event of a billing dispute between the ISO and the Transmission Customer, service will continue to be provided under a Service Agreement, and service termination proceedings will not be initiated as long as the Transmission Customer continues to make all payments invoiced by the ISO, including any disputed amounts, subject to resolution of such dispute in favor of such Transmission Customer. If the Transmission Customer fails to meet this requirement for continuation of service, then the ISO may provide notice to the Transmission Customer of the ISO's intention to suspend service in sixty days, in accordance with applicable Commission rules and regulations, and may proceed with such suspension.

II.8.5 Study Costs and Revenues: Transmission Owners shall (i) include in a separate operating revenue account or sub-account the revenues, if any, it receives from transmission service when making Third-Party Sales under Section II of the Tariff, and (ii) include in a separate transmission operating expense account or sub-account, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Owner conducts or is subcontracted to conduct to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including Third-Party Sales, if any, under this OATT; and include in a separate operating revenue account or sub-account the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in a billing under the OATT.

II.8.6 Billing and Invoicing For Other Services and Transactions: Billings and invoicing for MTF Service, OTF Service, Local Service, Excepted Transactions, Grandfathered Intertie Agreements and MEPCO Grandfathered Transmission Service Agreements will be made pursuant to the terms and conditions of Schedules 18, 20 and 21 of this OATT, Excepted Transactions, Grandfathered Intertie

Agreements or MEPCO Grandfathered Transmission Service Agreements under which service is provided.

II. 8.7 Study Costs and Revenues of a Non-Incumbent Transmission Developer: Non-Incumbent Transmission Developers that are not otherwise party to the TOA shall include in a separate transmission operating expense account or sub-account, costs properly chargeable to expenses that are incurred to perform studies for Phase One Proposals and Phase Two Solutions, and Stage One Proposals and Stage Two Solutions pursuant to Attachment K of this OATT; and include in a separate operating revenue account or sub-account the revenues received for such studies when such amounts are separately stated and identified in a billing under the OATT.

II.8.~~7~~ 8 Refund Obligations and Surcharge Rights Associated With Adjustments to Regional and Local Rates: The ISO, ~~and the~~ PTOs and Non-Incumbent Transmission Developers shall (consistent with Attachment L4 to this OATT) calculate refunds from the PTOs or Non-Incumbent Transmission Developers to the ISO and/or surcharges by the PTOs or Non-Incumbent Transmission Developers to the ISO, which will be passed through by the ISO to its Customers, attributable to adjustments associated with charges under Attachment F and Schedules 1, 8, 9, 13 and ~~9~~ 134 of this OATT resulting from: (i) an audit of the regional rates; (ii) a Commission order, including, without limitation, orders approving settlements and letter orders or (iii) a billing correction. Any recalculations shall be made as though any such adjustments had been in effect as of the effective date of the required change(s), with interest to the extent required by applicable order or contract. The affected PTO(s) or Non-Incumbent Transmission Developer(s) shall individually calculate any refunds and/or surcharges associated with any changes in the rates under their respective Local Service Schedules~~. The ISO and the PTOs~~ or other rate recovery mechanisms, as appropriate. The ISO, PTOs and Non-Incumbent Transmission Developers shall, to the extent necessary, reasonably cooperate with each other in performing such recalculations. The refund obligations to the ISO associated with such adjustments to rates under Schedules 1, 8, 9 and 21 shall be several, and not joint, obligations and rights ~~among~~ of the PTOs~~.~~; the refund obligations to the ISO associated with such adjustments to rates under Schedules 13 and 14 shall be several, and not joint, obligations and rights of the Non-Incumbent Transmission Developers.

II.8.~~8~~ 9 Creditworthiness: The creditworthiness procedures are specified in Attachments L1 through L4 to this OATT.

II.9 Regulatory Filings

Nothing contained in this OATT or any Service Agreement shall be construed as affecting in any way the right of the ISO, the Transmission Owners, ~~or~~ a Schedule 20A Service Provider, or a Non-Incumbent Transmission Developer to file (as specified in and subject to the terms of the TOA, an MTOA, ~~or~~ an OTOA or NTDOA, as applicable) with the Commission under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder for a change in any rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation.

Nothing contained in this OATT or any Service Agreement shall be construed as affecting in any way the ability of any Transmission Customer receiving service under this OATT, an Excepted Transaction, a Grandfathered Intertie Transaction or a MEPCO Grandfathered Transmission Service Agreement to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

II.21 Rates and Charges

II.21.1 Regional Network Service: Each Transmission Customer which has a load in the New England Control Area and takes Regional Network Service for a month shall be subject to the applicable provisions of Part II.B. of this OATT and shall pay to the ISO for such month an amount equal to its Monthly Regional Network Load for the month times the applicable Local Network RNS Rate, and shall pay in addition any amount which it is required to pay for the service pursuant to Section II.18.3 and Schedules 13 and 14 of this OATT. It shall also be obligated to pay for any Direct Assignment Facilities and its share of any new facilities or upgrades required to provide the requested service including applicable study costs to the extent they are consistent with Commission policy and Schedules 11 and 12, and any ancillary service charges and other charges and/or costs required to be paid pursuant to the Transmission, Markets and Services Tariff. The applicable Local Network RNS Rate shall be the rate, determined in accordance with Schedule 9 to this OATT, which is applicable to (i) a delivery to load in the particular Local Network in which the load served by the Transmission Customer is located, or (ii) to the extent that the ISO, after consultation with the affected PTOs, at the request of a PTO who owns the Local Network where the Regional Network Load is located, recognizes Regional Network Load to be the responsibility of another PTO, the applicable Local Network RNS Rate shall be the Local Network RNS Rate of the PTO responsible for such Regional Network Load. In the event the Transmission Customer serves Regional Network Load located on more than one Local Network, the amount to be paid by it shall be separately computed for the Regional Network Load located on each Local Network.

II.21.2 Determination of Network Customer's Monthly Regional Network Load: Network Customer's "Monthly Regional Network Load" is its hourly load (including its designated Regional Network Load not physically interconnected with the PTF under Section II.18.3 of this OATT) coincident with the coincident aggregate load of all Network Customers served in each Local Network in the hour in which the coincident load is at its maximum for the month ("Monthly Peak"). For Regional Network Load located within the New England Control Area, the Monthly Regional Network Load of all Network Customers within a Local Network shall be calculated by the associated PTO. For Regional Network Load located outside of the New England Control Area, the Monthly Regional Network Load of all Network Customers shall be calculated by the associated PTO (in consultation with the ISO and the associated Balancing Authority).

II.46 General

Additions to or modifications of the PTF may be required or permitted under this OATT, and be subject to related rights, obligations and procedures, in any of the following circumstances:

(a) An addition or modification may be required under Part II.B or Part II.C of the OATT in order to meet a new request for Regional Network Service or Through or Out Service. Where such an addition or modification is to be effected, the rights and obligations of the ISO, the PTOs and Transmission Customers shall be determined in accordance with the applicable provisions of Parts II.B and II.C of this OATT.

(b) An addition or modification may be required to permit the interconnection of a new or modified generating unit or the interconnection of an Elective Transmission Upgrade. Where such an addition or modification is to be effected, the rights and obligations of the ISO, the PTOs, and the Generator Owner or applicant for an Elective Transmission Upgrade, shall be determined in accordance with Section II.47 of this OATT and Schedules 11, 12, 22 and 23 to this OATT.

(c) A Reliability Transmission Upgrade, Market Efficiency Transmission Upgrade, ~~or~~ NEMA Upgrade or Public Policy Transmission Upgrade may be required or proposed pursuant to a Regional System Plan and Attachment K of this OATT. Where a Reliability Transmission Upgrade, Market Efficiency Transmission Upgrade, ~~or~~ NEMA Upgrade or Public Policy Transmission Upgrade is to be effected, the rights and

obligations of the ISO, the PTOs, Non-Incumbent Transmission Developers, and Transmission Customers shall be determined in accordance with the TOA, the NTDOA, Schedule 12 ~~of this OATT~~and Attachment K, as applicable.

(d) Consistent with reliability and safety standards, Transmission Owners, and operators of affected Local Control Centers in New England Control Area and the ISO will coordinate scheduled generation and transmission facility outages so as to minimize, to the extent practicable, Congestion Costs and Local Second Contingency Protection Resource NCPC Charges (as calculated pursuant to Market Rule 1) in accordance with the TOA, MTOA and applicable ISO New England Operating Procedures. The ISO shall provide Transmission Owners and the operators of the affected Local Control Centers with such information as is necessary to enable them to perform this function. Any information provided to Transmission Owners and the operators of the affected Local Control Centers pursuant to this provision will be subject to all the applicable requirements of the Commission's Order 889.

These provisions for PTF additions and modifications are not intended to be exclusive.
Nothing in this OATT is intended to preclude any entity from identifying and constructing Elective Transmission Upgrades on a merchant or other basis, so long as it obtains all required legal rights and approvals and satisfies applicable ISO and affected Transmission Owner requirements relating to such facilities.

An addition or modification under the TOA which constitutes PTF under the OATT shall become part of the PTF and shall be fully subject to this OATT, whether or not all or any part of the costs of the addition or modification are included in Pool Supported PTF costs. The transmission priorities, if any, with respect to the use of the addition or modification as among the owner and supporters of the addition or modification and other Transmission Customers shall be determined under Parts II.A to II.D, inclusive, of this OATT.

To the extent that a Generator Owner is responsible for the costs of a Generator Interconnection Related Upgrade or Elective Transmission Upgrade, or an entity other than a Generator Owner is responsible for costs of any other system upgrade, the Generator Owner or entity which supports part or all of the costs of the addition or modification shall be entitled to a share of any associated Incremental ARRs equivalent to the share of the total costs of such upgrade which it supports, as assigned and allocated in accordance with Appendix C of Market Rule 1. Any incremental FTRs resulting from Generator Interconnection

Related Upgrades or other upgrades shall be auctioned along with other FTRs in accordance with Section 7 of Market Rule 1.

If issues of cost allocation arise with respect to the recovery of any of the costs provided for in this Part II.G of this OATT, or in Schedules 9, 11, ~~or~~ 12, 13 or 14 to this OATT, such issues shall be subject to determination by the Commission in the appropriate proceeding.

II.49 Definition of PTF

PTF or Pool Transmission Facilities are the transmission facilities owned by PTOs, over which the ISO shall exercise Operating Authority in accordance with the terms set forth in the TOA, rated 69 kV or above required to allow energy from significant power sources to move freely on the New England Transmission System, and include:

1. All transmission lines and associated facilities owned by PTOs rated 69 kV and above, except for lines and associated facilities that (i) were not built as Public Policy Transmission Upgrades and (ii) contribute little or no parallel capability to the PTF ~~(as defined in this OATT)~~. The following do not constitute PTF:

(a) Unless they were built as part of a Public Policy Transmission Upgrade,

~~(a)~~**i.** Those lines and associated facilities which are required to serve local load only~~.~~,

~~(b)~~**ii.** Generator leads, which are defined as radial transmission from a generation bus to the nearest point on the PTF~~.~~; or

~~(c)~~**iii.** Lines that are normally operated open.

~~(d)~~**(b)** Lines and associated facilities that are classified as MTF or OTF.

2. All Public Policy Transmission Upgrades that are comprised of transmission lines rated 115 kV or above, and associated facilities rated 115kV or above, owned by PTOs, and identified pursuant to Attachment K to the OATT shall constitute PTF.

~~2~~3. Parallel linkages in network stations owned by PTOs (including substation facilities such as transformers, circuit breakers and associated equipment) interconnecting the lines which constitute PTF.

~~3~~4. If a PTOs with significant generation in its transmission and distribution system (initially 25 MW) is connected to the New England Transmission System and none of the transmission facilities owned by the PTO qualify to be included in PTF as defined in (1), (2) and (~~2~~3) above, then such PTO's connection to PTF will constitute PTF if both of the following requirements are met for this connection:

(a) The connection is rated 69 kV or above.

(b) The connection is the principal transmission link between the PTO and the remainder of the PTF network.

~~4~~5. Rights of way and land owned by PTOs required for the installation of facilities ~~which~~ that constitute PTF under (1), (2), (3) or (~~3~~4) above.

The ISO shall review at least annually the status of transmission lines and ~~related~~ associated facilities and determine whether such facilities constitute PTF and shall prepare and keep current a schedule or catalogue of PTF facilities.

The following examples indicate the intent of the above definitions:

~~Radial~~ Unless they were built as part of a Public Policy Transmission Upgrade, radial tap lines to local load are excluded.

Lines which loop, from two geographically separate points on the PTF, the supply to a load bus from the PTF are included.

Lines which loop, from two geographically separate points on the PTF, the connections between a generator bus and the PTF are included

.

Radial connections or connections from a generating station to a single substation or switching station on the PTF are excluded, unless the requirements of paragraph (~~3~~2) or (4) above are met.

Transmission facilities owned or supported by a Related Person of a PTO which are rated 69 kV or above and are required to allow Energy from significant power sources to move freely on the New England Transmission System shall also constitute PTF provided (i) such Related Person files with the ISO its consent to such treatment; and (ii) the ISO determines that treatment of the facilities as PTF will facilitate accomplishment of the ISO's objectives. If such facilities constitute PTF pursuant to this paragraph, they shall be treated as "owned" or "supported," as applicable, by a PTO for purposes of this OATT and the other provisions of the TOA, including the ability to include the cost associated with such PTF and any Transmission Support Expenses for support of PTF made by its Related Person in that PTO's Annual Transmission Revenue Requirements, pursuant to Attachment F of the OATT.

Of those transmission facilities that are upgrades, modifications or additions, on and after January 1, 2004, to the transmission system administered by the ISO under the Interim Independent System Operator Agreement, or to the New England Transmission System on or after the Operations Date, only those that: (i) are rated 115kV or above, and (ii) otherwise meet the non-voltage criteria specified in Section II.49 shall be classified as PTF. Those transmission facilities that were PTF pursuant to the Restated NEPOOL Agreement on December 31, 2003, and any upgrades to such facilities that meet the criteria specified in Section II.49, shall remain classified as PTF for all purposes under this Tariff.

SCHEDULE 12
TRANSMISSION COST ALLOCATION ON AND AFTER JANUARY 1, 2004

This Schedule 12 describes the cost allocation treatment of upgrades, modifications or additions to the transmission system in New England on and after January 1, 2004. Nothing in this Schedule 12 shall eliminate the PTF status of transmission facilities that were PTF on December 31, 2003; and any upgrades to such facilities that continue to meet the definition of PTF specified in this OATT shall be classified as PTF for all purposes under this OATT. The costs of all upgrades to the Highgate Transmission Facilities will be treated as HTF and allocated according to this schedule, as may be amended from time to time, provided that such HTF upgrades shall not be limited by Appendix B to Attachment F Implementation Rule under this OATT if classified as Regional Benefit Upgrades.

A. Process for Categorizing Upgrades for Cost Allocation:

Upgrades, modifications or additions to the New England Transmission System shall be categorized by the ISO, with advisory input from the Reliability Committee and the Planning Advisory Committee, as appropriate. A list of categorized Transmission Upgrades shall be made part of each annual and interim RSP, subject to the provisions of Attachment K of this OATT.

B. Transmission Cost Allocation By Category:

1. Generator Interconnection Related Upgrades:

The cost for all Generator Interconnection Related Upgrades shall be allocated pursuant to Schedule 11 of this OATT.

2. Elective Transmission Upgrades:

The cost for all Elective Transmission Upgrades shall not be included in the Pool-Supported PTF costs recoverable under this OATT, but shall be allocated solely to the entity or entities volunteering to make and pay for such Elective Transmission Upgrades.

3. NEMA Upgrades:

The cost for all NEMA Upgrades shall be included in the Pool-Supported PTF costs recoverable under this Tariff for so long as such Transmission Upgrades continue to meet the definition of PTF under this OATT and allocated to Transmission Customers taking service under this OATT.

4. RTEP02 Upgrades:

The costs for all RTEP02 Upgrades placed in service on or before December 20, 2007, shall be included in the Pool-Supported PTF costs recoverable under this OATT for so long as such Transmission Upgrades continue to meet the definition of PTF under this OATT and allocated to Transmission Customers taking service under this OATT.

5. Regional Benefit Upgrades:

The cost for all Regional Benefit Upgrades, as well as all transmission facilities that were PTF as of December 31, 2003 and upgrades to such facilities that meet the definition of PTF under this OATT, shall be included in the Pool-Supported PTF costs recoverable under this OATT for so long as such Transmission Upgrades and such existing PTF continue to meet the definition of PTF under this OATT and allocated to Transmission Customers taking service under this OATT. Market Efficiency Transmission Upgrades that are not RBUs shall not be included in the Pool-Supported PTF Costs recoverable under this OATT.

6. Public Policy Transmission Upgrade Costs:

The costs of Public Policy Transmission Upgrade(s) shall be allocated to the Regional Network Load for all opting-in states based on each state's respective load-ratio share of the Qualified Transmission Project Sponsors' proposal/solution costs for that project as set forth in Attachment K of the OATT. If an alternative cost allocation is specified in the NESCOE Public Policy Transmittal, costs will be allocated in accordance with mechanisms to implement such alternative cost allocation included in the Tariff and/or other documents filed with and accepted by the Commission by the applicable PTOs in accordance with the TOA or by a Qualified Transmission Project Sponsor that is not a PTO. If not already a party to the TOA, each Qualified Transmission Project Sponsor for a Public Policy Transmission Upgrade shall execute the TOA upon placing the upgrade into service. The revenue requirements for such Public Policy Transmission Upgrades shall be separately determined in accordance with the provisions of Attachment F to this OATT, subject to separate incentives or other modifications specifically approved by the Commission for such upgrades under Section 205 of the Federal Power Act.

~~6~~7. Local Benefit Upgrades:

The cost for Local Benefit Upgrades shall not be included in the Pool-Supported PTF costs recoverable under this OATT.

~~7~~8. Localized Costs:

Localized Costs shall not be included in the Pool-Supported PTF costs recoverable under this OATT, but instead the responsibility for Localized Costs related to any RTEP02 Upgrades and any Regional Benefit Upgrades shall be the responsibility of the entity or entities causing or subject to such Localized Costs. The System Operator, in accordance with Schedule 12C of this OATT, shall review RTEP02 Upgrades and Regional Benefit Upgrades and identify any Localized Costs associated with them.

~~C~~9. Merchant Transmission Facilities Cost Allocation

The cost of all Merchant Transmission Facilities, including the cost of Transmission Upgrades required to interconnect the Merchant Transmission Facilities to the PTF, shall be the responsibility of the developer of the Merchant Transmission Facilities, and shall not be included in the Pool-Supported PTF costs recoverable under this OATT.

SCHEDULE 13

RECOVERY OF PUBLIC POLICY TRANSMISSION COSTS BY NON-INCUMBENT TRANSMISSION DEVELOPERS

1. Applicability

1.1 Use by Non-Incumbent Transmission Developers

This schedule is to be utilized by Non-Incumbent Transmission Developers that: (i) are not also Participating Transmission Owners, and (ii) are Qualified Transmission Project Sponsors. This schedule is designed to enable the recovery of all prudently incurred costs, to the extent permitted in Section 4A of Attachment K to this OATT, related to preparation of Stage One Proposals and Stage Two Solutions, and the recovery of "construction work in progress" costs stemming from the PTF transmission facilities associated with a Public Policy Transmission Upgrade.

1.2 Costs Recovered Under Schedule 13 May Not Also Be Recovered Through Another Schedule

Any costs recovered by the Non-Incumbent Transmission Developer under this Schedule 13 cannot also be recovered under another Schedule to this OATT.

1.3 Transfer of Unrecovered Costs Upon Execution of the Transmission Operating Agreement

Following the execution of the Transmission Operating Agreement by the Non-Incumbent Transmission Developer, any costs approved pursuant to Section 4A of Attachment K to this OATT that are not already recovered under this Schedule 13 may be recovered under the appropriate cost recovery mechanism set forth in this OATT.

2. Stage One Proposal and Stage Two Solution Costs

2.1 Section 205 Rate Filing

Prior to recovering any Stage One Proposal or Stage Two Solution costs that are subject to recovery in accordance with Section 4A of Attachment K to this OATT, a Non-Incumbent Transmission Developer shall submit a filing with the Commission pursuant to Section 205 of the Federal Power Act requesting approval of the actual Stage One Proposal or Stage Two Solution costs and the period of time over which the costs are to be recovered. Upon approval by the Commission, such terms of recovery shall be included in discrete schedules to this Schedule 13. The Non-Incumbent Transmission Developer shall notify the ISO of the Commission-approved

Stage One Proposal and Stage Two Solution costs and the applicable recovery period recognized in the Commission Order.

2.2 Invoicing and Collection by ISO

The ISO acts as counterparty for the billing and collection agent on behalf of Non-Incumbent Transmission Developers for recovery of their Commission-approved Stage One Proposal and Stage Two Solution costs, in accordance with Section 4A of Attachment K to this OATT and the applicable NESCOE Public Policy Transmittal. Upon notification from a Non-Incumbent Transmission Developer of the Commission Order approving costs for recovery, the ISO shall allocate and invoice such costs as identified in Section 4A of Attachment K.

3. Construction Work in Progress Costs

3.1 Section 205 Rate Filing

In accordance with the terms of the Non-Incumbent Transmission Developer Operating Agreement and the applicable NESCOE Public Policy Transmittal, a Non-Incumbent Transmission Developer may submit filings to the Commission pursuant to Section 205 of the Federal Power Act for recovery of its "construction work in progress" costs of the PTF transmission facilities associated with a Public Policy Transmission Upgrade. Upon approval by the Commission, such terms of recovery shall be included in discrete schedules to this Schedule 13.

SCHEDULE 14

RECOVERY OF REGIONAL BENEFIT UPGRADE COSTS BY NON-INCUMBENT TRANSMISSION DEVELOPERS

1. Applicability

1.1 Use by Non-Incumbent Transmission Developers

This schedule is to be utilized by Non-Incumbent Transmission Developers that: (i) are not also Participating Transmission Owners, and (ii) are Qualified Transmission Project Sponsors. This schedule is designed to enable the recovery of prudently incurred costs, to the extent permitted in Section 4.3 of Attachment K to this OATT, related to Phase 2 Solutions for Reliability Transmission Upgrades or Market Efficiency Transmission Upgrades (i.e., a Regional Benefit Upgrade), and the recovery of "construction work in progress" costs stemming from a Regional Benefit Upgrade.

1.2 Costs Recovered Under Schedule 14 May Not Also Be Recovered Through Another Schedule

Any cost recovered by the Non-Incumbent Transmission Developer under this Schedule 14 cannot also be recovered under another Schedule to this OATT.

1.3 Transfer of Unrecovered Costs Upon Execution of the Transmission Operating Agreement

Following the execution of the Transmission Operating Agreement by the Non-Incumbent Transmission Developer, any costs that are not already recovered under this Schedule 14 may be recovered under the appropriate cost recovery mechanism set forth to this OATT, as appropriate.

2. Phase Two Solution Costs

2.1 Section 205 Rate Filing

Prior to recovering any Phase Two Solutions costs and in accordance with Section 4.3(g) of Attachment K to this OATT, a Non-Incumbent Transmission Developer shall submit a filing with the Commission pursuant to Section 205 of the Federal Power Act requesting approval of the actual Phase Two Solution costs and the period of time over which the costs are to be recovered. Upon approval by the Commission, such terms of recovery shall be included in discrete schedules to this Schedule 14. The Non-Incumbent Transmission Developer shall notify the ISO of the Commission-approved Phase Two Solution costs and the applicable recovery period recognized in the Commission Order.

2.2 Invoicing and Collection by ISO

The ISO acts as counterparty for the billing and collection agent for Non-Incumbent Transmission Developers for recovery of their Commission-approved Phase Two Solution costs, in accordance with Section 4.3(h) of Attachment K to this OATT. Upon notification from a Non-Incumbent Transmission Developer of the Commission Order approving costs for recovery, the ISO shall allocate and invoice such costs on a pro rata basis to Monthly Regional Network Load over the period recognized in the Commission Order. The ISO shall disburse the monthly collected amounts to the Non-Incumbent Transmission Developed, as appropriate.

3. Construction Work in Progress Costs

3.1 Section 205 Rate Filing

In accordance with the terms of the Non-Incumbent Transmission Developer Operating Agreement, a Non-Incumbent Transmission Developer may submit filings to the Commission pursuant to Section 205 of the Federal Power Act for recovery of its "construction work in progress" costs associated with a Regional Benefit Upgrade. Upon approval by the Commission, such terms of recovery shall be included in discrete schedules to this Schedule 14.

SCHEDULE 22

LARGE GENERATOR INTERCONNECTION PROCEDURES

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APPENDIX 7 INTERCONNECTION PROCEDURES FOR WIND GENERATION

SECTION I. DEFINITIONS

The definitions contained in this section are intended to apply in the context of the generator interconnection process provided for in this Schedule 22 (and its appendices). To the extent that the definitions herein are different than those contained in Section I.2.2 of the Tariff, the definitions provided below shall control only for purposes of generator interconnections under this Schedule 22. Capitalized terms in Schedule 22 that are not defined in this Section I shall have the meanings specified in Section I.2.2 of the Tariff.

Administered Transmission System shall mean the PTF, the Non-PTF, and distribution facilities that are subject to the Tariff.

Adverse System Impact shall mean any significant negative effects on the stability, reliability or operating characteristics of the electric system.

Affected System shall mean any electric system that is within the Control Area, including, but not limited to, generator owned transmission facilities, or any other electric system that is not within the Control Area that may be affected by the proposed interconnection.

Affected Party shall mean the entity that owns, operates or controls an Affected System, or any other entity that otherwise may be a necessary party to the interconnection process.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the reliability council applicable to the New England Transmission System.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the NPCC and the New England Control Area, including publicly available local reliability requirements of Interconnecting Transmission Owners or other Affected Parties.

At-Risk Expenditure shall mean money expended for the development of the Generating Facility that cannot be recouped if the Interconnection Customer were to withdraw the Interconnection Request for the Generating Facility. At-Risk Expenditure may include, but is not limited to, money expended on: (i) costs of federal, state, local, regional and town permits, (ii) Site Control, (iii) site-specific design and surveys, (iv) construction activities, and (v) non-refundable deposits for major equipment components. For purposes of this definition, At-Risk Expenditure shall not include costs associated with the Interconnection Studies.

Base Case shall have the meaning specified in Section 2.3.

Base Case Data shall mean the Base Case power flow, short circuit, and stability data bases used for the Interconnection Studies by the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Capacity Capability Interconnection Standard ("CC Interconnection Standard") shall mean the criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, and in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other Capacity Network Resources, as detailed in the ISO New England Planning Procedures.

Capacity Network Resource ("CNR") shall mean that portion of a Generating Facility that is interconnected to the Administered Transmission System under the Capacity Capability Interconnection Standard.

Capacity Network Resource Capability ("CNR Capability") shall mean: (i) in the case of a Generating Facility that is a New Generating Capacity Resource pursuant to Section III.13.1 of the Tariff or an Existing Generating Capacity Resource that is increasing its capability pursuant to Section III.13.1.2.2.5 of the Tariff, the highest megawatt amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff, and, if applicable, as specified in a filing by the System Operator with the Commission in accordance with Section III.13.8.2 of the Tariff, or (ii) in the case of a Generating Facility that meets the criteria under Section 5.2.3 of this LGIP, the total megawatt amount determined pursuant to the hierarchy established in Section 5.2.3. The CNR Capability shall not exceed the maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter. Where the Generating Facility includes multiple production devices, the CNR Capability shall not exceed the aggregate maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter.

Capacity Network Resource Group Study ("CNR Group Study") shall mean the study performed by the System Operator under Section III.13.1.1.2.3 of the Tariff to determine which resources qualify to participate in a Forward Capacity Auction.

Capacity Network Resource Interconnection Service ("CNR Interconnection Service") shall mean the Interconnection Service selected by the Interconnection Customer to interconnect its Large Generating Facility with the Administered Transmission System in accordance with the Capacity Capability Interconnection Standard. An Interconnection Customer's CNR Interconnection Service shall be for the megawatt amount of CNR Capability. CNR Interconnection Service does not in and of itself convey transmission service.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise. Confidential Information shall include, but not be limited to, information that is confidential pursuant to the ISO New England Information Policy.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Interconnecting Transmission Owner's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to the Interconnecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by the Commission or if filed unexecuted, upon the date specified by the Commission.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is likely to endanger life or property; or (2) that, in the case of the Interconnecting Transmission Owner, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the

security of, or damage to the New England Transmission System, Interconnecting Transmission Owner's Interconnection Facilities or any Affected System to which the New England Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Engineering & Procurement ("E&P") Agreement shall mean an agreement that authorizes the Interconnection Customer, Interconnecting Transmission Owner and any other Affected Party to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Interconnecting Transmission Owner's Interconnection Facilities to obtain back feed power.

Interconnecting Transmission Owner shall mean a Transmission Owner that owns, leases or otherwise possesses an interest in, ~~the portion~~or a Non-Incumbent Transmission Developer that is not a Participating Transmission Owner that is constructing, a portion of the Administered Transmission System at the Point of Interconnection and shall be a Party to the Standard Large Generator Interconnection Agreement. The term Interconnecting Transmission Owner shall not be read to include the System Operator.

Interconnecting Transmission Owner's Interconnection Facilities shall mean all facilities and equipment owned, controlled, or operated by the Interconnecting Transmission Owner from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Interconnecting Transmission Owner's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Customer shall mean any entity, including a transmission owner or its Affiliates or subsidiaries, that interconnects or proposes to interconnect its Generating Facility with the Administered Transmission System under the Standard Large Generator Interconnection Procedures.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located

between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Administered Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Interconnecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Administered Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the System Operator, Interconnecting Transmission Owner, or a third party consultant for the Interconnection Customer to determine a list of facilities (including Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Administered Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Administered Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures. The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study, or as part of the Interconnection System Impact Study. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 6 and Section 7.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to: (i) interconnect a new Generating Facility to the Administered Transmission System as either a CNR or a NR; (ii) increase the energy capability or capacity capability of an existing Generation Facility; (iii) make a Material Modification to the design or operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected with the Administered Transmission System; (iv) commence participation in the wholesale markets by an existing Generating Facility that is interconnected with the Administered Transmission System; or (v) change from NR Interconnection Service to CNR Interconnection Service for all or part of a Generating Facility's capability. Interconnection Request shall not include: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility.

Interconnection Service shall mean the service provided by the System Operator, and the Interconnecting Transmission Owner, associated with interconnecting the Interconnection Customer's Generating Facility to the Administered Transmission System and enabling the receipt of electric energy capability and/or capacity capability from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, the Interconnection Facilities Study and the Optional Interconnection Study described in the Standard Large Generator Interconnection Procedures. Interconnection Study shall not include a CNR Group Study.

Interconnection Study Agreement shall mean any of the following agreements: the Interconnection Feasibility Study Agreement, the Interconnection System Impact Study Agreement, the Interconnection Facilities Study Agreement, and the Optional Interconnection Study Agreement attached to the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of the Administered Transmission System and any other Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on Adverse System Impacts, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 6 and Section 7.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Large Generating Facility shall mean a Generating Facility having a maximum gross capability at or above zero degrees F of more than 20 MW.

Long Lead Time Generating Facility ("Long Lead Facility") shall mean a Generating Facility with an Interconnection Request for CNR Interconnection Service that has, as applicable, elected or requested long lead time treatment and met the eligibility criteria and requirements specified in Section 3.2.3.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from another Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the Indemnifying Party.

Major Permits shall be as defined in Section III.13.1.1.2.2.2(a) of the Tariff.

Material Modification shall mean: (i) except as expressly provided in Section 4.4.1, those modifications to the Interconnection Request, including any of the technical data provided by the Interconnection Customer in Attachment A to the Interconnection Request or to the interconnection configuration, requested by the Interconnection Customer, that either require significant additional study of the same Interconnection Request and could substantially change the interconnection design, or have a material impact on the cost or timing of any Interconnection Studies or upgrades associated with an Interconnection Request with a later queue priority date; (ii) a change to the design or operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected with the Administered Transmission System that may have a significant adverse effect on the reliability or operating characteristics of the New England Transmission System; (iii) a delay to the Commercial Operation Date, In-Service Date, or Initial Synchronization Date of greater than three (3) years where the reason for delay is unrelated to construction schedules or permitting which delay is beyond the Interconnection Customer's control; (iv) except as provided in Section 3.2.3.4, a withdrawal of a request for Long Lead Facility treatment; or (v) except as provided in Section 3.2.3.6, an election to participate in an earlier Forward Capacity Auction than originally anticipated.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

Network Capability Interconnection Standard ("NC Interconnection Standard") shall mean the minimum criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, as detailed in the ISO New England Planning Procedures.

Network Resource ("NR") shall mean the portion of a Generating Facility that is interconnected to the Administered Transmission System under the Network Capability Interconnection Standard.

Network Resource Capability ("NR Capability") shall mean the maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. Where the Generating Facility includes multiple energy production devices, the NR Capability shall be the aggregate maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. The NR Capability shall be equal to or greater than the CNR Capability. In the case of a Generating Facility that

meets the criteria under Section 5.2.4 of this LGIP, the NR Capability shall mean the total megawatt amount determined pursuant to Section 5.2.4.

Network Resource Interconnection Service ("NR Interconnection Service") shall mean the Interconnection Service selected by the Interconnection Customer to interconnect its Generating Facility to the Administered Transmission System in accordance with the Network Capability Interconnection Standard. An Interconnection Customer's NR Interconnection Service shall be solely for the megawatt amount of the NR Capability. NR Interconnection Service in and of itself does not convey transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the New England Transmission System required at or beyond the Point of Interconnection to accommodate the interconnection of the Large Generating Facility to the Administered Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party shall mean the System Operator, Interconnection Customer and Interconnecting Transmission Owner or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Interconnecting Transmission Owner's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Administered Transmission System.

Queue Position shall mean the order of a valid request in the New England Control Area, relative to all other pending requests in the New England Control Area, that is established based upon the date and time of receipt of such request by the System Operator. Requests are comprised of Interconnection Requests, requests for Elective Transmission Upgrades, requests for transmission service and notification of requests for interconnection to other electric systems, as notified by the other electric systems, that impact the Administered Transmission System. For purposes of this LGIP, references to a "higher-queued" Interconnection Request shall mean one that has been received by System Operator (and placed in queue order) earlier than another Interconnection Request, which is referred to as "lower-queued."

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting between representatives of the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (a) that the Interconnection Customer is the owner in fee simple of the real property for which new interconnection is sought; (b) that the Interconnection Customer holds a valid written leasehold interest in the real property for which new interconnection is sought; (c) that the Interconnection Customer holds a valid written option to purchase or leasehold property for which new interconnection is sought; (d) that the Interconnection Customer holds a duly executed written contract to purchase or leasehold the real property for which new interconnection is sought; or (e) that the Interconnection Customer has filed applications for required permits to site on federal or state property.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the New England Transmission System during their

construction. The System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement ("LGIA") shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility, that is included in this Schedule 22 to the Tariff.

Standard Large Generator Interconnection Procedures ("LGIP") shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in this Schedule 22 to the Tariff.

System Protection Facilities shall mean the equipment, including necessary signal protection communications equipment, required to protect (1) the New England Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the New England Transmission System or on other delivery systems or other generating systems to which the New England Transmission System is directly connected.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

SECTION 2. SCOPE, APPLICATION AND TIME REQUIREMENTS.

2.1 Application of Standard Large Generator Interconnection Procedures.

The LGIP and LGIA shall apply to Interconnection Requests pertaining to Large Generating Facilities. Except as expressly provided in the LGIP and LGIA, nothing in the LGIP or LGIA shall be construed to limit the authority or obligations that the Interconnecting Transmission Owner or System Operator, as applicable, has with regard to ISO New England Operating Documents.

2.2. Comparability.

The System Operator shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this LGIP. The System Operator and Interconnecting Transmission Owner will use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Generating Facilities are owned by the Interconnecting Transmission Owner, its subsidiaries or Affiliates, or others.

2.3 Base Case Data.

System Operator, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, shall provide Base Case power flow, short circuit and stability databases, including all underlying assumptions, and contingency lists upon request to any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer. The recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy as well as any other applicable requirement under Applicable Laws and Regulations regulating disclosure or confidentiality of such information. System Operator is permitted to require that the third party consultant or non-market affiliate sign a confidentiality agreement before the release of information governed by Section 13.1 or the ISO New England Information Policy, or the release of any other information that is commercially sensitive or Critical Energy Infrastructure Information. To the extent that any applicable information is not covered by any applicable confidentiality/disclosure requirements, such information may be provided directly to the Interconnection Customer. Such databases and lists, hereinafter referred to as Base Cases, shall include all generation projects and transmission projects, including merchant transmission projects that are proposed for the New England Transmission System, for which a transmission expansion plan has been submitted and approved by the applicable authority. The Interconnection Customer, where applicable, shall provide Base Case Data to the Interconnecting Transmission Owner and System Operator to facilitate required Interconnection Studies.

2.4 No Applicability to Transmission Service.

Nothing in this LGIP shall constitute a request for, nor the provision of, any service except for Interconnection Service, including, but not limited to, transmission delivery service, local delivery service, distribution service, capacity service, energy service or Ancillary Services under any applicable tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.

2.5 Time Requirements.

Parties that must perform a specific obligation under a provision of the Standard Large Generator Interconnection Procedure or Standard Large Generator Interconnection Agreement within a specified time period shall use Reasonable Efforts to complete such obligation within the applicable time period. A Party may, in the exercise of reasonable discretion and within the time period set forth by the applicable

procedure or agreement, request that the relevant Party consent to a mutually agreeable alternative time schedule, such consent not to be unreasonably withheld.

SECTION 3. INTERCONNECTION REQUESTS.

3.1 General.

To initiate an Interconnection Request, an Interconnection Customer must comply with all of the requirements set forth in Section 3.3.1. The Interconnection Customer shall submit a separate Interconnection Request for each site and may submit multiple Interconnection Requests for a single site. The Interconnection Customer must comply with the requirements specified in Section 3.3.1 for each Interconnection Request even when more than one request is submitted for a single site.

Within three (3) Business Days after its receipt of a valid Interconnection Request, System Operator shall submit a copy of the Interconnection Request to Interconnecting Transmission Owner.

At Interconnection Customer's option, System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, will identify alternative Point(s) of Interconnection and configurations at the Scoping Meeting to evaluate in this process and attempt to eliminate alternatives in a reasonable fashion given resources and information available. Interconnection Customer will select the definitive Point(s) of Interconnection to be studied no later than the execution of the Interconnection Feasibility Study Agreement, or the Interconnection System Impact Study Agreement if the Interconnection Customer elects not to pursue the Interconnection Feasibility Study.

3.2 Type of Interconnection Services and Long Lead Time Generating Facility Treatment

At the time the Interconnection Request is submitted, the Interconnection Customer must request either CNR Interconnection Service or NR Interconnection Service, as described in Sections 3.2.1 and 3.2.2 below. An Interconnection Customer that meets the requirements to obtain CNR Interconnection Service shall obtain NR Interconnection Service up to the NR Capability upon completion of all requirements for NR Interconnection Service, including all necessary upgrades. Upon completion of all requirements for the CNR Interconnection Service, the Interconnection Customer shall also receive CNR Interconnection Service for CNR Capability. An Interconnection Customer that meets the requirements to obtain NR Interconnection Service shall receive NR Interconnection Service for the Interconnection Customer's NR Capability. At the time the Interconnection Request is submitted, the Interconnection Customer may also request Long Lead Facility treatment in accordance with Section 3.2.3.

3.2.1 Capacity Network Resource Interconnection Service

3.2.1.1 The Product.

The System Operator must conduct the necessary studies in conjunction with the Interconnecting Transmission Owner, and with other Affected Parties as appropriate and in accordance with applicable codes of conduct and confidentiality requirements, and the Interconnecting Transmission Owner and other Affected Parties as appropriate must construct the Network Upgrades needed to interconnect the Large Generating Facility in a manner comparable to that in which CNRs are interconnected under the CC Interconnection Standard. CNR Interconnection Service allows the Interconnection Customer's Large Generating Facility to be designated as a CNR, and to participate in the New England Markets, in accordance with Market Rule 1, Section III of the Tariff, up to the CNR Capability or as otherwise provided in the Tariff, on the same basis as existing CNRs, and to be studied as a CNR on the assumption that such a designation will occur.

3.2.1.2 The Studies.

All Interconnection Studies for CNR Interconnection Service shall assure that the Interconnection Customer's Large Generating Facility satisfies the minimum characteristics required to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the unit. The CNR Group Study for CNR Interconnection Service shall assure that the Interconnection Customer's Large Generating Facility can be interconnected in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other CNRs, in accordance with the CC Interconnection Standard and as detailed in the ISO New England Planning Procedures. The System Operator, in coordination with the Interconnecting Transmission Owner, may also study the New England Transmission System under non-peak load conditions. However, upon request by the Interconnection Customer, the System Operator and as appropriate the Interconnecting Transmission Owner must explain in writing to the Interconnection Customer why the study of non-peak load conditions is required for reliability purposes.

3.2.1.3 Milestones for CNR Interconnection Service.

In addition to the requirements set forth in this LGIP, an Interconnection Customer with an Interconnection Request for CNR Interconnection Service shall complete the following milestones prior to receiving CNR Interconnection Service for the CNR Capability, such milestones to be specified in Appendix B of the LGIA, as either completed or to be completed: (i) submit the necessary requests for participation in the Forward Capacity Auction associated with the Generating Facility's requested Commercial Operation Date (except as modified pursuant to Sections 3.2.3 or 4.4 of this LGIP), in

accordance with the provisions of Section III.13 of the Tariff; (ii) participate in a CNR Group Study for the Forward Capacity Auction associated with the requested Generating Facility's Commercial Operation Date; (iii) qualify and receive a Capacity Supply Obligation in accordance with Section III.13 of the Tariff; and (iv) complete a re-study of the applicable Interconnection Study to determine the cost responsibility for facilities and upgrades necessary to accommodate the Interconnection Request based on the results of the Forward Capacity Auction or Reconfiguration Auction or bilateral transaction through which the Interconnection Customer received a Capacity Supply Obligation. With respect to (iv) above, if an Interconnection Study has been completed, the completed Interconnection Study shall be subject to re-study, in accordance with the re-study provisions in this LGIP. If an Interconnection Study Agreement has been executed, the Interconnection Study associated with the Interconnection Study Agreement shall include the necessary analysis that would otherwise have been performed in a re-study. If an LGIA has been either executed or filed with the Commission in unexecuted form, then the last Interconnection Study completed for the Interconnection Customer under this LGIP shall be subject to re-study. The Appendices to the LGIA shall be amended (pursuant to Article 30 of the LGIA) to reflect CNR Capability and the results of the re-study.

3.2.2 Network Resource Interconnection Service

3.2.2.1 The Product.

The System Operator must conduct the necessary studies in conjunction with the Interconnecting Transmission Owner, and with other Affected Parties as appropriate and in accordance with applicable codes of conduct and confidentiality requirements, and the Interconnecting Transmission Owner and other Affected Parties as appropriate must construct the Network Upgrades needed to interconnect the Large Generating Facility in a manner comparable to that in which Network Resources are interconnected under the NC Interconnection Standard. NR Interconnection Service allows the Interconnection Customer's Large Generating Facility to participate in the New England Markets, in accordance with the provisions of Market Rule 1, Section III of the Tariff, up to the gross and net NR Capability or as otherwise provided in Market Rule 1, Section III of the Tariff, on the same basis as other Network Resources. Notwithstanding the above, the portion of a Large Generating Facility that has been designated as a Network Resource interconnected under the NC Interconnection Standard cannot be a capacity resource under Section III.13 of the Tariff, except pursuant to a new Interconnection Request for CNR Interconnection Service.

3.2.2.2 The Studies.

The Interconnection Studies for an Network Resource shall assure that the Interconnection Customer's Large Generating Facility satisfies the minimum characteristics required to interconnect in a manner that avoids any significant adverse effect on reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the unit, in accordance with the NC Interconnection Standard and as detailed in the ISO New

England Planning Procedures. The System Operator, in coordination with the Interconnecting Transmission Owner, may also study the New England Transmission System under non-peak load conditions. However, upon request by the Interconnection Customer, the System Operator and as appropriate the Interconnecting Transmission Owner must explain in writing to the Interconnection Customer why the study of non-peak load conditions is required for reliability purposes.

3.2.2.3 Milestones for NR Interconnection Service.

An Interconnection Customer with an Interconnection Request for NR Interconnection Service shall complete the requirements in this LGIP prior to receiving NR Interconnection Service.

3.2.3 Long Lead Time Generating Facility Treatment

3.2.3.1 Treatment of Long Lead Facilities.

Long Lead Facilities receive the treatment described herein in connection with the associated request of the Interconnection Customer for CNR Interconnection Service for its Generating Facility. Long Lead Facility treatment provides for the Interconnection Customer's Generating Facility, after the completion of the Interconnection System Impact Study, to be modeled in the Base Cases for the next CNR Group Study to determine whether the Long Lead Facility would have qualified to participate in the Forward Capacity Auction associated with that CNR Group Study, in accordance with Section III.13.1.2 of the Tariff, but for its development cycle (which shall include development of required transmission upgrades). If the Long Lead Facility is deemed to qualify, the Long Lead Facility shall be included in the re-study pursuant to Section 3.2.1.3(iv) in order to determine the facilities and upgrades that would be necessary in order to accommodate the Interconnection Request of the Long Lead Facility, and for which costs the Interconnection Customer must be responsible. In order to maintain Long Lead Facility status, the Interconnection Customer must commit to the completion of these facilities and upgrades in time to allow the Long Lead Facility to achieve its Commercial Operation Date by the start of the associated Capacity Commitment Period. In addition, the Long Lead Facility will be treated as if it cleared as a New Generating Capacity Resource for the sole purpose of inclusion in the CNR Group Studies for the Forward Capacity Auctions that precede the Forward Capacity Auction for the Capacity Commitment Period by which the Long Lead Facility is expected to have achieved Commercial Operation. If an earlier-queued Generating Facility obtains a Capacity Supply Obligation in a Forward Capacity Auction prior to or simultaneous with the Forward Capacity Auction in which the Long Lead Facility obtains a Capacity Supply Obligation, the Long Lead Facility will be re-studied in order to determine whether any additional facilities and upgrades to those identified prior to the CNR Group Study must be completed, at the Interconnection Customer's cost, prior to its Commercial Operation Date. A Long Lead Facility's cost responsibility for the facilities necessary to accommodate the Interconnection Request shall not be impacted by a Generating Facility with a Queue Position lower than the Long Lead Facility that clears in a Forward Capacity Auction, in accordance with Section III.13.2 of the Tariff, prior to the clearance of the Long Lead Facility.

3.2.3.2 Request for Long Lead Facility Treatment.

An Interconnection Customer requesting CNR Interconnection Service for its proposed Generating Facility, which the Interconnection Customer projects to have a development cycle that would not be completed until after the beginning of the Capacity Commitment Period associated with the next Forward Capacity Auction (after the election for the Long Lead Facility is made) may elect or request Long Lead Facility treatment in the following manner:

(a) An Interconnection Customer proposing a Generating Facility with a requested Summer net electrical output of 100 MW or more at or above 90 degrees F may elect Long Lead Facility treatment at the time the Interconnection Request is submitted, together with the critical path schedule and deposits required in Section 3.2.3.3.

(b) An Interconnection Customer proposing a Generating Facility with a requested Summer net electrical output under 100 MW at or above 90 degrees F may request Long Lead Facility treatment by submitting a written request to the System Operator for its review and approval, explaining why the Generating Facility cannot achieve Commercial Operation by the beginning of the Capacity Commitment Period associated with the next Forward Capacity Auction (after the election for Long Lead Facility treatment is made), together with the critical path schedule and deposits required in Section 3.2.3.3. In reviewing the request, the System Operator shall evaluate the feasibility of the Generating Facility achieving Commercial Operation to meet an earlier Capacity Commitment Period based on the information provided in the request and the critical path schedule submitted pursuant to Section 3.2.3.3, in a manner similar to that performed under Section III.13.3.2 of the Tariff. Within forty-five (45) Business Days after its receipt of the request for Long Lead Facility treatment, the System Operator shall notify the Interconnection Customer in writing whether the request has been granted or denied. If the System Operator determines that the Generating Facility can achieve a Commercial Operation Date prior to the beginning of the Capacity Commitment Period associated with the next Forward Capacity Auction, the Interconnection Customer's request shall be denied. The dispute resolution provisions of this LGIP are not available for disputes or claims associated with the ISO's determination to deny an Interconnection Customer's request for Long Lead Facility Treatment.

(c) An Interconnection Customer that did not request Long Lead Facility treatment at the time the Interconnection Request was submitted, may thereafter submit a request for treatment as a Long Lead Facility, together with the critical path schedule and deposits required in Section 3.2.3.3 and, if applicable, a request for an extension of the Commercial Operation Date specified in the Interconnection Request in accordance with Sections 4.4.4 and 4.4.5. A request for Long Lead Facility treatment that is submitted after the initial Interconnection Request will not be eligible to participate in any Forward Capacity Auction prior to the Forward Capacity Auction

associated with the extended Commercial Operation Date. The Long Lead Facility will be modeled in the Base Cases for the CNR Study Group associated with the near term Forward Capacity Auction unless that CNR Study Group is underway, in which case the Long Lead Facility will be modeled in the next CNR Study Group.

3.2.3.3 Critical Path Schedule and Deposits for Long Lead Facility Treatment.

At the time an Interconnection Customer submits an election or request for Long Lead Facility treatment, the Interconnection Customer must submit, together with the request:

(1) Critical Path Schedule. A critical path schedule, in writing, for the Long Lead Facility (with a development cycle that would not be completed until after the beginning of the Capacity Commitment Period associated with the next Forward Capacity Auction (after the election for the Long Lead Facility is made)) that meets the requirements set forth in Section III.13.1.1.2.2.2 of the Tariff. The Interconnection Customer must submit annually, in writing, an updated critical path schedule to the System Operator by the closing deadline of each New Capacity Show of Interest Submission Window that precedes the Forward Capacity Auction associated with the Capacity Commitment Period by which the Long Lead Facility is expected to have achieved Commercial Operation, prior to the inclusion of the Long Lead Facility in the Base Case for the CNR Group Study associated with the corresponding New Capacity Show of Interest Submission Window. With its annual update, for each critical path schedule milestone achieved since the submission of the previous critical path schedule update, the Interconnection Customer must include in the critical path update documentation demonstrating that the milestone has been achieved by the date indicated and as otherwise described in the critical path schedule.

(2) Long Lead Facility Deposits.

(a) Deposits. In addition to the deposits required elsewhere in this LGIP, at the time of its request for Long Lead Facility treatment, in accordance with Section 3.2.3.3, and by each deadline for which a New Generating Capacity Resource is required to provide financial assurance under Section III.13.1.9.1 of the Tariff, the Interconnection Customer must provide a separate deposit in the amount of 0.25*Cost of New Entry*requested summer net capacity. For each calculation of the deposit, the System Operator shall use the CONE in effect for the upcoming Forward Capacity Auction at the time of that calculation, pursuant to Section III.13.2.4 of the Tariff. The total amount of deposits shall not exceed the total amount of financial assurance that the Long Lead Facility would be required to provide if cleared in the upcoming Forward Capacity Auction, in accordance with Section III.13.1.9.1 of the Tariff. The Long Lead Facility deposits will be fully refunded (with interest to be calculated in accordance with Section 3.6) (i) if the Interconnection Customer withdraws the Interconnection Request, pursuant to

Section 3.6, within thirty (30) Calendar Days of the Scoping Meeting or of the completion of the System Impact Study (including restudy of the System Impact Study), pursuant to Section 7, or (ii) once the Long Lead Facility clears in a Forward Capacity Auction.

(b) Reductions. Ten (10) percent of the Long Lead Facility deposits collected pursuant to Section 3.2.3.3(2)(a) shall be non-refundable if the Interconnection Customer withdraws its Interconnection Request (except as provided in Section 3.2.3.3(2)(a)) after the Long Lead Facility fails to qualify or qualifies and fails to clear in the Forward Capacity Auction that follows the first Forward Capacity Auction for which it could qualify based on the Commercial Operation Date specified in the initial critical path schedule for the Long Lead Facility. An additional five (5) percent of the Long Lead Facility deposits collected pursuant to Section 3.2.3.3(2)(a) shall be non-refundable if the Interconnection Customer withdraws its Interconnection Request (except as provided in Section 3.2.3.3(2)(a)) following each subsequent Forward Capacity Auction in which the Long Lead Facility fails to qualify or qualifies and fails to clear such Forward Capacity Auction, not to exceed the maximum period allowed under Sections 3.3.1, 4.4.4 and 4.4.5. The non-refundable portions of the deposits shall be credited to the revenue requirements under Schedule 1 of Section IV of the Tariff.

3.2.3.4 Withdrawal and Refunds After Expenditures for Upgrades.

An Interconnection Customer that provides documentation in the critical path schedule update to be submitted in accordance with Section 3.2.3.3(1), showing expenditures of the required amounts for upgrades identified in the Interconnection Studies for the Long Lead Facility, may submit a withdrawal of the Interconnection Request for the Long Lead Facility, in accordance with Section 3.6, at any time up to thirty (30) Calendar Days, after failure to clear in any Forward Capacity Auction. In such instance, the Interconnection Customer shall receive a refund from the System Operator of the Long Lead Facility deposits (with interest to be calculated in accordance with Section 3.6) as adjusted pursuant to 3.2.3.3(2), if appropriate, and from the Interconnecting Transmission Owner a refund of the payments for the upgrades that exceed the costs incurred by the Interconnecting Transmission Owner. If the Interconnection Customer withdraws only its election or request for Long Lead Facility treatment, such withdrawal will be considered a Material Modification and the Long Lead Facility will lose its Queue Position unless its withdrawal occurs within one of the thirty (30)-day periods described in Section 3.2.3.3(2) of this LGIP.

3.2.3.5 Additional Requirements to Maintain Long Lead Facility Treatment.

An Interconnection Customer with a Long Lead Facility must begin payment as required by the transmission expenditure schedule for the transmission upgrade costs that have been identified in the pertinent Interconnection Studies. The Interconnection Request for CNR Interconnection Service shall be deemed withdrawn under Section 3.6 if the Interconnection Customer fails to comply with the requirements for Long Lead Facility treatment, including the milestones specified in Section 3.2.1.4. In

this circumstance, the conditions specified in Appendix A of the LGIA for a Large Generating Facility that had an Interconnection Request of a Queue Position lower than the Long Lead Facility, but cleared in a Forward Capacity Auction prior to the Long Lead Facility, shall be removed.

3.2.3.6 Participation in Earlier Forward Capacity Auctions.

An Interconnection Customer with a Long Lead Facility may, without loss of Queue Position, elect to participate in an earlier Forward Capacity Auction than originally anticipated, but only if the election to accelerate is made to the System Operator in writing within thirty (30) Calendar Days of the Scoping Meeting or within thirty (30) Calendar Days of the completion of the System Impact Study (but before the Long Lead Facility and the results of the associated System Impact Study are incorporated into the Base Cases). Otherwise, such an election shall be considered a Material Modification.

3.3 Valid Interconnection Request.

3.3.1 Initiating an Interconnection Request.

To initiate an Interconnection Request, Interconnection Customer must submit all of the following to the System Operator: (i) an initial deposit of $50,000, (ii) a completed application in the form of Appendix 1, (iii) all information and deposits required under Section 3.2, and (iv) in the case of a request for CNR Interconnection Service, demonstration of Site Control or, in the case of a request for NR Interconnection Service, demonstration of Site Control or a posting of an additional deposit of $10,000. Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. The portions of the deposit of $50,000 that have not been applied as provided in this Section 3.3.1 shall be refundable if (i) the Interconnection Customer withdraws the Interconnection Request, pursuant to Section 3.6, within ten (10) Business Days of the Scoping Meeting, or (ii) if the Interconnection Customer executes an LGIA. Otherwise, any unused balance of the deposit of $50,000 shall be non-refundable and applied on a pro-rata basis to offset costs incurred by Interconnection Customers with lower Queue Positions that are subject to re-study, as determined by the System Operator in accordance with the provisions of this LGIP, as a result of the withdrawal of an Interconnection Request with a higher Queue Position.

The deposit of $50,000 shall be applied toward the costs incurred by the System Operator associated with the Interconnection Request and Long Lead Facility treatment, as well as, the costs of the Interconnection Feasibility Study and/or the Interconnection System Impact Study, including the cost of developing the study agreements and their attachments, and the cost of developing the LGIA.

If, in the case of a request for NR Interconnection Service, the Interconnection Customer demonstrates Site Control within the cure period specified in Section 3.3.3 after submitting its Interconnection Request, the additional deposit of $10,000 shall be refundable; otherwise, that deposit shall be applied as provided in Section 3.1, including, toward the costs of any Interconnection Studies pursuant to the Interconnection Request, the cost of developing the study agreement(s) and associated attachment(s), and the cost of developing the LGIA.

The expected Initial Synchronization Date of the new Large Generating Facility, of the increase in capacity of the existing Generating Facility, or of the implementation of the Material Modification to the existing Generating Facility shall not exceed seven (7) years from the date the Interconnection Request is received by the System Operator, unless the Interconnection

Customer demonstrates that such time required to actively engineer, permit and construct the new Large Generating Facility or increase in capacity of the existing Generating Facility or implement the Material Modification to the existing Generating Facility will take longer than the seven year period. Upon such demonstration, the Initial Synchronization Date may succeed the date the Interconnection Request is received by the System Operator by a period of greater than seven (7) years so long as the Interconnection Customer, System Operator, and Interconnecting Transmission Owner agree,; such agreement shall not be unreasonably withheld.

3.3.2 Acknowledgment of Interconnection Request.

System Operator shall acknowledge receipt of the Interconnection Request within five (5) Business Days of receipt of the request and attach a copy of the received Interconnection Request to the acknowledgement. With the System Operator's acknowledgement of a valid Interconnection Request, the System Operator shall provide to the Interconnection Customer an Interconnection Feasibility Study Agreement in the form of Appendix 2 or an Interconnection System Impact Study Agreement in the form of Appendix 3.

3.3.3 Deficiencies in Interconnection Request.

An Interconnection Request will not be considered to be a valid request until all items in Section 3.3.1 have been received by the System Operator. If an Interconnection Request fails to meet the requirements set forth in Section 3.3.1, the System Operator shall notify the Interconnection Customer within five (5) Business Days of receipt of the initial Interconnection Request of the reasons for such failure and that the Interconnection Request does not constitute a valid request. Interconnection Customer shall provide the System Operator the additional requested information needed to constitute a valid request within ten (10)

Business Days after receipt of such notice. Failure by Interconnection Customer to comply with this Section 3.3.3 shall be treated in accordance with Section 3.6.

3.3.4 Scoping Meeting.

Within ten (10) Business Days after receipt of a valid Interconnection Request, System Operator shall establish a date agreeable to Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, for a Scoping Meeting, and such date shall be no later than thirty (30) Calendar Days from receipt of the valid Interconnection Request, unless otherwise mutually agreed upon by the Parties.

The purpose of the Scoping Meeting shall be (i) to discuss the estimated timeline for completing all applicable Interconnection Studies, and alternative interconnection options, (ii) to exchange pertinent information including any transmission data that would reasonably be expected to impact such interconnection options, (iii) to analyze such information, (iv) to determine the potential feasible Points of Interconnection, and (v) to discuss any other information necessary to facilitate the administration of the Interconnection Procedures. If a PSCAD model is required, the Parties shall discuss this at the Scoping Meeting.

The Parties will bring to the meeting such technical data, including, but not limited to: (i) general facility loadings, (ii) general instability issues, (iii) information regarding general short circuit issues, (iv) general voltage issues, and (v) general reliability issues as may be reasonably required to accomplish the purpose of the meeting. The Parties will also bring to the meeting personnel and other resources as may be reasonably required to accomplish the purpose of the meeting in the time allocated for the meeting. On the basis of the meeting, Interconnection Customer shall designate its Point of Interconnection, pursuant to Section 6.1, and one or more available alternative Point(s) of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

Within five (5) Business Days following the Scoping Meeting Interconnection Customer shall notify the System Operator, in writing, (i) whether it wants the Interconnection Feasibility Study to be completed as a separate and distinct study or as part of the Interconnection System Impact Study; and (ii) the Point(s) of Interconnection and any reasonable alternative Point(s) of Interconnection for inclusion in the attachment to the Interconnection Feasibility Study Agreement, or the Interconnection System Impact Study Agreement if the Interconnection Customer elects not to pursue the Interconnection Feasibility Study.

3.4 OASIS Posting.

The System Operator will maintain on its OASIS a list of all Interconnection Requests in its Control Area. The list will identify, for each Interconnection Request: (i) the maximum summer and winter

megawatt electrical output; (ii) the location by county and state; (iii) the station or transmission line or lines where the interconnection will be made; (iv) the projected Initial Synchronization Date; (v) the status of the Interconnection Request, including Queue Position; (vi) the type of Interconnection Service being requested (i.e., CNR Interconnection Service or NR Interconnection Service); and (vii) the availability of any studies related to the Interconnection Request; (viii) the date of the Interconnection Request; (ix) the type of Generating Facility to be constructed (combined cycle, base load or combustion turbine and fuel type); and (x) for Interconnection Requests that have not resulted in a completed interconnection, an explanation as to why it was not completed. Except in the case of an Affiliate, the list will not disclose the identity of the Interconnection Customer until the Interconnection Customer executes an LGIA or requests that the System Operator and Interconnecting Transmission Owner jointly file an unexecuted LGIA with the Commission. Before participating in a Scoping Meeting with an Interconnection Customer that is also an Affiliate, the Interconnecting Transmission Owner shall post on OASIS an advance notice of its intent to do so. The System Operator shall post to its OASIS site any deviations from the study timelines set forth herein. Interconnection Study reports and Optional Interconnection Study reports shall be posted to the System Operator's OASIS site subsequent to the meeting between the System Operator, Interconnecting Transmission Owner, and Interconnection Customer to discuss the applicable study results. The System Operator shall also post any known deviations in the Large Generating Facility's Initial Synchronization Date.

3.5 Coordination with Affected Systems.

The System Operator will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected Parties and, if possible, include those results (if available) in its applicable Interconnection Study within the time frame specified in this LGIP. The System Operator will include such Affected Parties in all meetings held with the Interconnection Customer as required by this LGIP. The Interconnection Customer will cooperate with the System Operator and Interconnecting Transmission Owner in all matters related to the conduct of studies and the determination of modifications to Affected Systems. The Interconnection Customer shall be responsible for the costs associated with the studies or portions of studies associated with the Affected Systems. Payment and refunds associated with the costs of such studies will be coordinated between the Interconnection Customer and the Affected Party(ies).

The System Operator shall seek the cooperation of all Affected Parties in all matters related to the conduct of studies and the determination of modifications to Affected Systems. Nothing in the foregoing is intended to authorize the Interconnection Customer to receive interconnection, related facilities or other services on an Affected System, and provision of such services must be handled through separate arrangements with Affected Party(ies).

3.6 Withdrawal.

The Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to System Operator, which System Operator will transmit to Interconnecting Transmission Owner and any Affected Parties. In addition, if the Interconnection Customer fails to adhere to all requirements of this LGIP, except as provided in Section 13.5 (Disputes), the System Operator shall deem the Interconnection Request to be withdrawn and shall provide written notice to the Interconnection Customer of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, if the Interconnection Customer wishes to dispute the withdrawal notice, the Interconnection Customer shall have fifteen (15) Business Days, unless otherwise provided elsewhere in this LGIP, in which to either respond with information or actions that cure the deficiency or to notify the System Operator of its intent to pursue Dispute Resolution, and System Operator shall notify Interconnecting Transmission Owner and any Affected Parties of the same.

Withdrawal shall result in the loss of the Interconnection Customer's Queue Position. If an Interconnection Customer disputes the withdrawal and loss of its Queue Position, then during Dispute Resolution, the System Operator may eliminate the Interconnection Customer's Interconnection Request from the queue until such time that the outcome of Dispute Resolution would restore its Queue Position. An Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to System Operator, Interconnecting Transmission Owner, and any Affected Parties all costs prudently incurred with respect to that Interconnection Request prior to System Operator's receipt of notice described above. The Interconnection Customer must pay all monies due before it is allowed to obtain any Interconnection Study data or results.

The System Operator shall update the OASIS Queue Position posting. Except as otherwise provided elsewhere in this LGIP, the System Operator and the Interconnecting Transmission Owner shall arrange to refund to the Interconnection Customer any portion of the Interconnection Customer's deposit or study payments that exceeds the costs incurred, including interest calculated in accordance with section 35.19a(a)(2) of the Commission's regulations, or arrange to charge to the Interconnection Customer any amount of such costs incurred that exceed the Interconnection Customer's deposit or study payments, including interest calculated in accordance with section 35.19a(a)(2) of the Commission's regulations. In the event of such withdrawal, System Operator, subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information, shall provide, at Interconnection Customer's request, all information developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

SECTION 4. QUEUE POSITION.

4.1 General.

System Operator shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the

lack of required information on the application form, and Interconnection Customer provides such information in accordance with Section 3.3.3, then System Operator shall assign Interconnection Customer a Queue Position based on the date the application form was originally filed. A Material Modification pursuant to Section 4.4.2 shall be treated in accordance with Section 4.4.

Except as otherwise provided in this Section 4.4.1, the Queue Position of each Interconnection Request will be used to determine: (i) the order of performing the Interconnection Studies; (ii) the order in which CNR Interconnection Requests will be included in the CNR Group Study; and (iii) the cost responsibility for the facilities and upgrades necessary to accommodate the Interconnection Request. A higher queued Interconnection Request is one that has been placed "earlier" in the queue in relation to another Interconnection Request that is lower queued.

Where a CNR Interconnection Request with a lower Queue Position submits a New Capacity Show of Interest Form for qualification to participate in a particular Forward Capacity Auction for a Capacity Commitment Period and another CNR Interconnection Request with a higher Queue Position does not submit a New Capacity Show of Interest Form for qualification until a subsequent Forward Capacity Auction, the CNR Interconnection Request with the lower Queue Position will be included in the CNR Group Study prior to the CNR Interconnection Request with the higher Queue Position. The CNR Group Study (to be conducted in accordance with Section III.13.1.1.2.3 of the Tariff) shall include all Interconnection Requests for Capacity Network Resource Interconnection Service that have submitted a New Capacity Show of Interest Form during the New Capacity Show of Interest Submission Window for the purpose of qualification for participation in the same Forward Capacity Auction for a Capacity Commitment Period, in accordance with Section III.13.1.1.2 of the Tariff, as well as Long Lead Facilities, in accordance with Section 3.2.3. Participation in a CNR Group Study shall be a prerequisite for a Generating Facility seeking to qualify as a New Generating Capacity Resource under Section III.13.1 of the Tariff to obtain CNR Interconnection Service.

An Interconnection Customer with a CNR Interconnection Request for a Generating Facility that is treated as a Conditional Qualified New Generating Capacity Resource, in accordance with Section III.13.1.1.2.3(f) of the Tariff, may be responsible for the facilities and upgrades associated with an overlapping CNR Interconnection Request having a higher Queue Position if the Conditional Qualified New Generating Capacity Resource obtains a Capacity Supply Obligation through a Forward Capacity Auction under Section III.13.2.5 of the Tariff.

An Interconnection Customer with a lower queued CNR Interconnection Request for a Large Generating Facility that has achieved Commercial Operation and obtained a Capacity Supply Obligation through a Forward Capacity Auction may be responsible for additional facilities and upgrades if the related higher queued CNR Interconnection Request for a Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation through a Forward Capacity Auction. In such circumstance,

Appendix A to the LGIA for the lower queued CNR Interconnection Request shall specify the facilities and upgrades for which the Interconnection Customer shall be responsible if the higher queued CNR Interconnection Request for a Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation. System Operator may allocate the cost of the common upgrades for clustered Interconnection Requests, pursuant to Section 4.2, without regard to Queue Position.

4.2 Clustering.

At the System Operator's option, Interconnection Requests may be studied serially or in clusters for the purpose of the Interconnection System Impact Study.

Clustering shall be implemented on the basis of Queue Position. If the System Operator elects to study Interconnection Requests using Clustering, all Interconnection Requests received within a period not to exceed one hundred and eighty (180) Calendar Days, hereinafter referred to as the "Queue Cluster Window" shall be studied together. The deadline for completing all Interconnection System Impact Studies for which an Interconnection System Impact Study Agreement has been executed during a Queue Cluster Window shall be in accordance with Section 7.4, for all Interconnection Requests assigned to the same Queue Cluster Window. The Queue Cluster Window shall have a fixed time interval based on fixed annual opening and closing dates. Any changes to the established Queue Cluster Window interval and opening or closing dates shall be announced with a posting on System Operator's OASIS beginning at least one hundred and eighty (180) Calendar Days in advance of the change and continuing thereafter through the end date of the first Queue Cluster Window that is to be modified.

Clustering Interconnection System Impact Studies shall be conducted in such a manner to ensure the efficient implementation of the applicable regional transmission expansion plan in light of the New England Transmission System's capabilities at the time of each study. The System Operator may study an Interconnection Request separately to the extent warranted by Good Utility Practice based upon the electrical remoteness of the proposed Large Generating Facility.

4.3 Transferability of Queue Position.

An Interconnection Customer may transfer its Queue Position to another entity only if such entity acquires the specific Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change. The Interconnection Customer must notify the System Operator, in writing, of any transfers of Queue Position and must provide the System Operator with the transferee's contact information, and System Operator shall notify Interconnecting Transmission Owner and any Affected Parties of the same.

4.4 Modifications.

The Interconnection Customer shall submit to System Operator and Interconnecting Transmission Owner, in writing, modifications to any information provided in the Interconnection Request, including its attachments. The Interconnection Customer shall retain its Queue Position if the modifications are in accordance with Sections 4.4.1 or 4.4.4, or are determined not to be Material Modifications pursuant to Section 4.4.2. The System Operator will notify the Interconnecting Transmission Owner, and, when System Operator deems it appropriate in accordance with applicable codes of conduct and confidentiality requirements, it will notify any Affected Party of such modifications.

A request to: (1) increase the energy capability or capacity capability output of a Generating Facility above that specified in an Interconnection Request, an existing Interconnection Agreement (whether executed or filed in unexecuted form with the Commission), or as established pursuant to Section 5.2 of this LGIP shall require a new Interconnection Request for the incremental increase and such Interconnection Request will receive the lowest Queue Position available at that time for the purposes of cost allocation and study analysis; and (2) change from NR Interconnection Service to CNR Interconnection Service, at any time, shall require a new Interconnection Request for CNR Interconnection Service and such Interconnection Request will receive the lowest Queue Position available at that time for the purposes of cost allocation and study analysis. Notwithstanding the foregoing, in the circumstance in which the Interconnection Customer seeking New Generating Capacity Resource treatment for its Generating Facility (pursuant to Section III.13.1 of the Tariff) has offered into a Forward Capacity Auction the full megawatt amount for which the CNR Interconnection Service was requested in the original Interconnection Request (or as that amount has been modified in accordance with Section 4.4.1(a)), but the entire amount did not clear in that Auction, no new Interconnection Request will be required if the Interconnection Customer seeks to offer the uncleared amount in a subsequent Forward Capacity Auction for which the associated Capacity Commitment Period begins less than seven (7) years (or the years agreed to pursuant to Section 3.3.1 or Section 4.4.5) from the date of the original Interconnection Request.

During the course of the Interconnection Studies, either the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection, and the ability of the proposed change to accommodate the Interconnection Request. To the extent the identified changes are acceptable to the Parties, such acceptance not to be unreasonably withheld, System Operator and the Interconnecting Transmission Owner shall modify the Point of Interconnection and/or configuration in accordance with such changes and proceed with any re-studies necessary to do so in accordance with Section 6.4, Section 7.6 and Section 8.5 as applicable and Interconnection Customer shall retain its Queue Position.

4.4.1 Prior to the return of the executed Interconnection System Impact Study Agreement to System Operator, modifications permitted under this Section shall include specifically: (a) a decrease of up to 60 percent of electrical output (MW) of the proposed project; (b) modifying the technical parameters associated with the Large Generating Facility technology or the Large Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration.

4.4.2 Prior to making any modification other than those specifically permitted by Sections 4.4.1 and 4.4.4, Interconnection Customer may first request that the System Operator and Interconnecting Transmission Owner evaluate whether such modification is a Material Modification. In response to Interconnection Customer's request, the System Operator in consultation with the Interconnecting Transmission Owner, and in consultation with any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, shall evaluate, at the Interconnection Customer's cost, the proposed modifications prior to making them and the System Operator will inform the Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection, except those deemed acceptable under Sections 4.4.1, 6.1, 7.2 or so allowed elsewhere, shall constitute a Material Modification. The Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.

4.4.3 Upon receipt of Interconnection Customer's request for modification that does not constitute a Material Modification and therefore is permitted under this Section 4.4, the System Operator in consultation with the Interconnecting Transmission Owner and in consultation with any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, shall commence and perform any necessary additional studies as soon as practicable, but in no event shall the System Operator, Interconnecting Transmission Owner, or Affected Party commence such studies later than thirty (30) Calendar Days after receiving notice of Interconnection Customer's request. Any additional studies resulting from such modification shall be done at Interconnection Customer's cost.

4.4.4 Extensions of less than three (3) cumulative years in the Commercial Operation Date, In-Service Date or Initial Synchronization Date of the Large Generating Facility to which the Interconnection Request relates are not material and should be handled through construction sequencing, provided that the extension(s) do not exceed seven (7) years from the date the Interconnection Request was received by the System Operator.

4.4.5 Extensions of three (3) or more cumulative years in the Commercial Operation Date, In-Service Date or Initial Synchronization Date of the Large Generating Facility to which the Interconnection Request relates or any extension of a duration that results in the Initial Synchronization Date exceeding the date the Interconnection Request was received by the System Operator by seven (7) or more years is a

Material Modification unless the Interconnection Customer demonstrates to the System Operator due diligence, including At-Risk Expenditures, in pursuit of permitting, licensing and construction of the Large Generating Facility to meet the Commercial Operation Date, In-Service Date or Initial Synchronization Date provided in the Interconnection Request. Such demonstration shall be based on evidence to be provided by the Interconnection Customer of accomplishments in permitting, licensing, and construction in an effort to meet the Commercial Operation Date, In-Service Date or Initial Synchronization Date provided in this Interconnection Request. Such evidence may include filed documents, records of public hearings, governmental agency findings, documentation of actual construction progress or documentation acceptable to the System Operator showing At-Risk Expenditure made previously, including the previous four (4) months. If the evidence demonstrates that the Interconnection Customer did not undertake reasonable efforts to meet the Commercial Operation Date, In-Service Date or Initial Synchronization Date specified in the Interconnection Request, or demonstrates that reasonable efforts were not undertaken until four (4) months prior to the request for extension, the request for extension shall constitute a Material Modification. The Interconnection Customer may then withdraw the proposed Material Modification or proceed with a new Interconnection Request for such modification.

SECTION 5. PROCEDURES FOR TRANSITION.

5.1 Queue Position for Pending Requests.

5.1.1 Any Interconnection Customer assigned a Queue Position prior to February 1, 2009, shall retain that Queue Position subject to Section 4.4 of the LGIP.

5.1.1.1 If an Interconnection Study Agreement has not been executed prior to February 1, 2009, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with the version of this LGIP in effect on February 1, 2009 (or as revised thereafter).

5.1.1.2 If an Interconnection Study Agreement has been executed prior to February 1, 2009, such Interconnection Study shall be completed in accordance with the terms of such agreement

5.1.2 Transition Period. To the extent necessary, the System Operator, Interconnection Customers with an outstanding Interconnection Request (i.e., an Interconnection Request for which an LGIA has neither been executed nor submitted to the Commission for approval prior to February 1, 2009), Interconnecting Transmission Owner and any other Affected Parties, shall transition to proceeding under the version of the LGIP in effect as of February 1, 2009 (or as revised thereafter) within a reasonable period of time not

to exceed sixty (60) Calendar Days. The use of the term "outstanding Interconnection Request" herein shall mean any Interconnection Request, on February 1, 2009: (i) that has been submitted, together with the required deposit and attachments, but not yet accepted by the System Operator; (ii) where the related LGIA has not yet been submitted to the Commission for approval in executed or unexecuted form, (iii) where the relevant Interconnection Study Agreements have not yet been executed, or (iv) where any of the relevant Interconnection Studies are in process but not yet completed. Any Interconnection Customer with an outstanding request as of the effective date of this LGIP may request a reasonable extension of any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Interconnection Request. A reasonable extension, not to exceed sixty (60) Calendar Days, shall be granted by the System Operator to the extent consistent with the intent and process provided for under this LGIP.

5.1.3 One-Time Election for CNR Interconnection Service at Queue Position Assigned Prior to February 1, 2009.

An Interconnection Customer with an outstanding Interconnection Request will be eligible to make a one-time election to be considered for CNR Interconnection Service at the Queue Position assigned prior to February 1, 2009. The Interconnection Customer's one-time election must be made by the end of the New Generating Capacity Show of Interest Submission Window for the fourth Forward Capacity Auction. The Interconnection Customer's one-time election may also include a request for Long Lead Facility Treatment, which shall be subject to review pursuant to Section 3.2.3, and, if applicable, a request for a change of the Commercial Operation Date, in accordance with Sections 4.4.4 and 4.4.5. Interconnection Customers requesting CNR Interconnection Service will be required to comply with the requirements for CNR Interconnection Service set forth in Section 3.2.1. Interconnection Customers requesting CNR Interconnection Service that have not received a completed Interconnection System Impact Study may request a preliminary, non-binding, analysis of potential upgrades that may be necessary for the fourth Forward Capacity Auction – the prompt or near-term auction – pursuant to Sections 6.3 or 7.3, whichever is applicable.

5.2 Grandfathering.

5.2.1 An Interconnection Customer's Generating Facility that is interconnected pursuant to an Interconnection Agreement executed or submitted to the Commission for approval prior to February 1, 2009, will maintain its status as a Network Resource with Network Resource Interconnection Service eligible to participate in the New England Markets, in accordance with the requirements of Market Rule 1, Section III of the Tariff, up to the megawatt amount specified in the Interconnection Agreement, subject to the Interconnection Customer satisfying all requirements set forth in the Interconnection Agreement and this LGIP. If the Generating Facility does not meet the criteria set forth in Section 5.2.3 of this LGIP, the Interconnection Customer will be eligible to make a one-time election, pursuant to Section 5.1.3, for Capacity Network Resource treatment without submitting a new Interconnection

Request; however, the Interconnection Customer will be required to comply with the requirements for CNR Interconnection Service set forth in Section 3.2.1. Upon completion of the requirements to obtain CNR Interconnection Service, the Interconnection Customer's Interconnection Agreement shall be amended to conform to the LGIA in Appendix 6 of this LGIP.

5.2.2 An Interconnection Customer's Generating Facility governed by an Interconnection Agreement either executed or filed with the Commission in unexecuted form prior to August 1, 2008, shall maintain the Queue Position assigned as of August 1, 2008, and be eligible to participate in the New England Markets, in accordance with the requirements in Market Rule 1, Section III of the Tariff, as in effect as of August 1, 2008, so long as the Interconnection Customer complies with all of the requirements specified in the Interconnection Agreement, including achieving the milestones associated with At-Risk Expenditures, subject to Section 4.4 of this LGIP.

5.2.3 All resources that are treated as Existing Generating Capacity Resources in the fourth Forward Capacity Auction pursuant to Section III.13 of the Tariff shall receive treatment as a CNR and obtain CNR Interconnection Service, in accordance with this LGIP, up to the CNR Capability of the resource. The grandfathered CNR Capability for these resources shall be equal to the megawatt amount established pursuant to the following hierarchy:

(a) First, the megawatt amount specified in an Interconnection Agreement (whether executed or filed in unexecuted form with the Commission).

(b) Second, in the absence of an Interconnection Agreement with a specified megawatt amount, the megawatt amount specified in an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision).

(c) Third, in the absence of an Interconnection Agreement and an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) with a specified megawatt amount, as determined by the System Operator based on documented historic capability of the Generating Facility.

Where a resource has both an Interconnection Agreement and an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision), the lower megawatt amount will govern until the resource completes the applicable process(es) under the Tariff for obtaining the higher megawatt amount. The absence of an Interconnection Agreement or an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) specifying a megawatt amount shall be confirmed by an affidavit executed by a corporate officer of the resource attesting that the resource does not have an Interconnection Agreement and/or an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) that specifies a megawatt amount.

Where the governing document (as determined by the hierarchy set forth in Section 5.2.3) specifies a megawatt amount at an ambient temperature consistent with the definition of CNR Capability, the grandfathered CNR Capability shall be equal to that amount.

Where the governing document (as determined by the hierarchy set forth in Section 5.2.3) does not specify an ambient temperature, the megawatt amount will be deemed to be at the value consistent with the definition of CNR Capability.

Where the implementation of this Section 5.2.3 results in a CNR Capability that is different than previously had been identified, the revised CNR Capability will be applied commencing with the next Forward Capacity Auction qualification process (after the revised CNR Capability value is identified), which is initiated by the closing deadline of the Show of Interest Submission Window in accordance with Section III.13 of the Tariff. The revised CNR Capability will continue to govern until the resource completes the applicable process(es) for obtaining the higher megawatt amount.

5.2.4 All resources that are treated as Existing Generating Capacity Resources in the fourth Forward Capacity Auction pursuant to Section III.13 of the Tariff shall receive treatment as a NR and obtain NR Interconnection Service, in accordance with this LGIP, up to the NR Capability of the resource. The grandfathered NR Capability shall be determined pursuant to the hierarchy set forth in Section 5.2.3.

Where the governing document (as determined by the hierarchy set forth in Section 5.2.3) of a resource for which a temperature-adjustment curve is used for the claimed capability verification, as set forth in the ISO New England Manuals, specifies a megawatt amount at an ambient temperature, the grandfathered NR Capability shall be equal to a temperature-adjusted value consistent with the definition of NR Capability.

Where the governing document (as determined by the hierarchy set forth in Section 5.2.3) does not specify an ambient temperature, the megawatt amount will be deemed to be at the value consistent with the definition of NR Capability.

5.3 New System Operator or Interconnecting Transmission Owner.

If the System Operator transfers operational control of the New England Transmission System to a successor System Operator during the period when an Interconnection Request is pending, the System Operator shall transfer to the successor System Operator any amount of the deposit or payment with

interest thereon that exceeds the cost that it incurred to evaluate the request for interconnection. Any difference between such net amount and the deposit or payment required by this LGIP shall be paid by or refunded to the Interconnection Customer, as appropriate. The System Operator shall coordinate with the successor System Operator to complete any Interconnection Study, as appropriate, that the System Operator has begun but has not completed.

If the Interconnecting Transmission Owner transfers ownership of its transmission facilities to a successor transmission owner during the period when an Interconnection Request is pending, and System Operator in conjunction with Interconnecting Transmission Owner has tendered a draft LGIA to the Interconnection Customer but the Interconnection Customer has not either executed the LGIA or requested the filing of an unexecuted LGIA with the Commission, unless otherwise provided, the Interconnection Customer must complete negotiations with the successor transmission owner.

SECTION 6. INTERCONNECTION FEASIBILITY STUDY.

6.1 Interconnection Feasibility Study Agreement.

The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study under this Section 6, or as part of the Interconnection System Impact Study under Section 7. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and the System Operator shall be responsible for generating only one final report, which will include the results of both Section 6 and Section 7.

Within five (5) Business Days following the System Operator's and Interconnecting Transmission Owner's receipt from the Interconnection Customer of its designation of the Point(s) of Interconnection and of the type of study to be performed pursuant to Section 3.3.4, System Operator shall tender to Interconnection Customer the Interconnection Feasibility Study Agreement, which includes a good faith estimate of the cost for completing the Interconnection Feasibility Study. The Interconnection Feasibility Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Interconnection Feasibility Study, including the cost of developing the study agreement and its attachment(s). No later than thirty (30) Calendar Days after its receipt of the Interconnection Feasibility Study Agreement, (a) the Interconnection Customer shall execute and deliver the agreement to System Operator and the Interconnecting Transmission Owner, (b) the Interconnection Customer shall also deliver the refundable deposit for the Interconnection Feasibility Study to the System Operator, and (c)

the technical data called for in Appendix 1, Attachment B. The deposit for the study shall be 100 percent of the estimated cost of the study. The deposit shall be applied toward the cost of the Interconnection Feasibility Study, including the cost of developing the study agreement and its attachment(s). Any difference between the study deposit and the actual cost of the Interconnection Feasibility Study shall be paid by or refunded to the Interconnection Customer, except as otherwise provided in Section 13.3. In accordance with Section 13.3, the System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of the Interconnection Feasibility Study that have been incurred by the System Operator and/or the Interconnecting Transmission Owner on the Interconnection Feasibility Study, including the development of the study agreement and its attachment(s). The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold any amounts on deposit until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

On or before the return of the executed Interconnection Feasibility Study Agreement to the System Operator and Interconnecting Transmission Owner, the Interconnection Customer shall provide the technical data called for in Appendix 1, Attachment B. If the Interconnection Customer does not provide all such technical data when it delivers the Interconnection Feasibility Study Agreement, the System Operator shall notify the Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection Feasibility Study Agreement and the Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such deficiency does not include failure to deliver the executed Interconnection Feasibility Study Agreement or deposit.

If the Interconnection Feasibility Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting, a substitute Point of Interconnection identified by the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, and acceptable to the Parties, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and re-studies shall be completed pursuant to Section 6.4 as applicable. For the purpose of this Section 6.1, if the Parties cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to Section 3.3.4, shall be the substitute.

6.2 Scope of Interconnection Feasibility Study.

The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the Administered Transmission System with available data and information. The Interconnection Feasibility Study does not require detailed model development.

The Interconnection Feasibility Study will consider the base case as well as all generating facilities (and with respect to (iii), any identified Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced: (i) are directly interconnected to the New England Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the New England Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with the Commission. An Interconnection Customer with a CNR Interconnection Request may also request that the Interconnection Feasibility Study include a preliminary, non-binding, analysis to identify potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff, based on a limited set of assumptions to be specified by the Interconnection Customer and reflected in Attachment A to the Interconnection Feasibility Study Agreement. The Interconnection Feasibility Study will consist of a power flow, including thermal analysis and voltage analysis, and short circuit analysis. The Interconnection Feasibility Study report will provide (i) a list of facilities, and a non-binding good faith estimate of cost responsibility; (ii) a non-binding good faith estimated time to construct; (iii) a protection assessment to determine the required Interconnection Facilities; and may provide (iv) an evaluation of the siting of Interconnection Facilities and Network Upgrades; and (v) identification of the likely permitting and siting process including easements and environmental work. To the extent the Interconnection Customer requested a preliminary analysis as described in this Section 6.2, the Interconnection Feasibility Study report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

6.3 Interconnection Feasibility Study Procedures.

The System Operator in coordination with Interconnecting Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Interconnection Feasibility Study no later than forty-five (45) Calendar Days after System Operator and Interconnecting Transmission Owner receive the fully executed Interconnection Feasibility Study Agreement, study deposit and required technical data in accordance with Section 6.1. At the request of the Interconnection Customer or at any time the System Operator or the Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Feasibility Study, the System Operator shall notify the Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If the System Operator is unable to complete the Interconnection Feasibility Study within that time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, the System Operator with input from the Interconnecting Transmission Owner shall provide all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow and short circuit databases for the Interconnection Feasibility Study to any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer. The

recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/disclosure requirements, such information may be provided directly to the Interconnection Customer.

6.3.1 Meeting with Parties.

Within ten (10) Business Days of providing an Interconnection Feasibility Study report to the Interconnection Customer, the System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Interconnection Feasibility Study.

6.4 Re-Study.

If re-study of the Interconnection Feasibility Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project subject to Section 4.4, (iii) a re-designation of the Point of Interconnection pursuant to Section 6.1, (iv) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (v) a modification to a transmission project included in the Base Case, the System Operator shall notify the Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take not longer than sixty (60) Calendar Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection Feasibility Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection Feasibility Study Agreement.

The Interconnection Customer shall have the option to waive the re-study and elect to have the re-study performed as part of its Interconnection System Impact Study. The Interconnection Customer shall provide written notice of the waiver and election of moving directly to the Interconnection System Impact Study within five (5) Business Days of receiving notice from the System Operator of the required re-study.

SECTION 7. INTERCONNECTION SYSTEM IMPACT STUDY.

7.1 Interconnection System Impact Study Agreement.

If the Interconnection Customer did not request that the Interconnection Feasibility Study be completed as a separate and distinct study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and the System Operator shall be responsible for generating only one final report, which will include the results of both Section 6 and Section 7.

Within five (5) Business Days following the Interconnection Feasibility Study results meeting, or subsequent to the Scoping Meeting within five (5) Business Days following the receipt of designation of the Point(s) of Interconnection and type of study to be performed pursuant to Section 3.3.4, if the Interconnection Customer did not request that the Interconnection Feasibility Study be completed as a separate and distinct study, the System Operator and Interconnecting Transmission Owner shall provide to Interconnection Customer the Interconnection System Impact Study Agreement, which includes a non-binding good faith estimate of the cost and timeframe for completing the Interconnection System Impact Study. The Interconnection System Impact Study Agreement shall provide that the Interconnection Customer shall compensate the System Operator and Interconnecting Transmission Owner for the actual cost of the Interconnection System Impact Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the LGIA.

7.2 Execution of Interconnection System Impact Study Agreement.

The Interconnection Customer shall execute the Interconnection System Impact Study Agreement and deliver the executed Interconnection System Impact Study Agreement to the System Operator no later than thirty (30) Calendar Days after its receipt along with a demonstration of Site Control and the technical data called for in Appendix 1, Attachment A, and the Interconnection Customer shall also deliver simultaneously a refundable deposit. An Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. The deposit for the study shall be: (i) the greater of 100 percent of the estimated cost of the study or $250,000; or (ii) the lower of 100 percent of the estimated costs of the study or $50,000, if the Interconnection Customer can provide: (1) evidence of applications for all Major Permits, as defined in Section III.13.1.1.2.2.2(a) of the Tariff, required in support of the Interconnection Request or written certification that Major Permits are not required, or (2) evidence acceptable to the System Operator of At-Risk Expenditures (excluding Interconnection Study costs) totaling at least the amounts of money described in (i) above; or (iii) the lower of 100 percent of the estimated costs of the study or $50,000, if the Interconnection Request is for a modification to an existing Large Generating Facility that does not increase the energy capability or capacity capability of the Large Generating Facility.

The deposit shall be applied toward the cost of the Interconnection System Impact Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the LGIA. Any difference between the study deposit and the actual cost of the Interconnection System Impact Study shall be paid by or refunded to the Interconnection Customer, except as otherwise provided in Section 13.3. In accordance with Section 13.3, the System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of Interconnection System Impact Study that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the System Impact Study, including the study agreement and its attachment(s) and the LGIA. If the Interconnection Customer elects the deposit described in (ii) above, the System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection System Impact Study on each month. The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the amounts on deposit until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

On or before the return of the executed Interconnection System Impact Study Agreement to the System Operator and Interconnecting Transmission Owner, the Interconnection Customer shall provide the technical data called for in Appendix 1, Attachment A; provided that if a PSCAD model was determined to be needed at the Scoping Meeting, then the Interconnection Customer shall have ninety (90) Calendar Days from the execution of the System Impact Study Agreement to provide the PSCAD model.

If the Interconnection Customer does not provide all such technical data when it delivers the Interconnection System Impact Study Agreement, the System Operator shall notify the Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection System Impact Study Agreement and the Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such deficiency does not include failure to deliver the executed Interconnection System Impact Study Agreement or deposit.

If the Interconnection System Impact Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting or the Interconnection Feasibility Study, a substitute Point of Interconnection identified by the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, and acceptable to each Party, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and re-studies shall be completed pursuant to Section 7.6 as applicable. For the purpose of this Section 7.2, if the Parties cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement or Interconnection System Impact Study depending on whether Interconnection Customer requested that the Interconnection Feasibility Study be completed as a separate

and distinct study or as part of the Interconnection System Impact Study, as specified pursuant to Section 3.3.4, shall be the substitute.

7.3 Scope of Interconnection System Impact Study.

The Interconnection System Impact Study shall evaluate the impact of the proposed interconnection on the reliability and operation of the New England Transmission System. The Interconnection System Impact Study will consider the base case as well as all generating facilities (and with respect to (iii) below, any identified Network Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced: (i) are directly interconnected to the New England Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the New England Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with the Commission. An Interconnection Customer with a CNR Interconnection Request that elected to waive the Interconnection Feasibility Study may also request that the Interconnection System Impact Study include a preliminary, non-binding, analysis to identify potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff, based on a limited set of assumptions to be specified by the Interconnection Customer and reflected in Attachment A to the Interconnection System Impact Study Agreement.

The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, a power flow analysis, including thermal analysis and voltage analysis, a system protection analysis and any other analyses that are deemed necessary by the System Operator in consultation with the Interconnecting Transmission Owner. The Interconnection System Impact Study report will state the assumptions upon which it is based, state the results of the analyses, and provide the requirements or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study report will provide (i) a list of facilities that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility; (ii) a non-binding good faith estimated time to construct; (iii) a protection assessment to determine the required protection upgrades; and may provide (iv) an evaluation of the siting of the Interconnection Facilities and Network Upgrades; and (v) identification of the likely permitting and siting process including easements and environment work. To the extent the Interconnection Customer requested a preliminary analysis as described in this Section 7.3, the Interconnection System Impact Study report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

7.4 Interconnection System Impact Study Procedures.

The System Operator shall coordinate the Interconnection System Impact Study with the Interconnecting Transmission Owner, and with any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, that is affected by the Interconnection Request pursuant to Section 3.5 above. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Interconnection System Impact Study within ninety (90) Calendar Days after the receipt of the Interconnection System Impact Study Agreement, study deposit, demonstration of Site Control, if Site Control is required, and required technical data in accordance with Section 7.2. If System Operator or Interconnecting Transmission Owner uses Clustering, the System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to deliver a completed Interconnection System Impact Study within ninety (90) Calendar Days after the close of the Queue Cluster Window.

At the request of the Interconnection Customer or at any time the System Operator or Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection System Impact Study, the System Operator shall notify the Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If the System Operator and Interconnecting Transmission Owner are unable to complete the Interconnection System Impact Study within the time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, the System Operator and Interconnecting Transmission Owner shall provide all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases for the Interconnection System Impact Study to any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer. The recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/ disclosure requirements, such information may be provided directly to the Interconnection Customer.

7.5 Meeting with Parties.

Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer, the System Operator shall convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, to discuss the results of the Interconnection System Impact Study.

Within five (5) Business Days following the study results meeting, the Interconnection Customer shall provide to the System Operator written notice that it will either pursue the Interconnection Facilities Study or waive the Interconnection Facilities Study and elect an expedited interconnection. If the Interconnection Customer waives the Facilities Study, it shall commit to the following milestones in the LGIA: (i) Siting approval for the Generating Facility and Interconnection Facilities; (ii) Engineering of Interconnection Facilities approved by Interconnecting Transmission Owner; (iii) Ordering of long lead time material for Interconnection Facilities and system upgrades; (iv) Initial Synchronization Date; and (v) Commercial Operation Date.

Within thirty (30) Calendar Days of the Interconnection Customer receiving the Interconnection System Impact Study report, the Interconnection Customer shall provide written comments on the report or written notice that it has no comments on the report. The System Operator shall issue a final Interconnection System Impact Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving the Interconnection Customer's notice that it will not provide comments.

7.6 Re-Study.

If re-study of the Interconnection System Impact Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project subject to Section 4.4, (iii) re-designation of the Point of Interconnection pursuant to Section 7.2, (iv) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (v) a modification to a transmission project included in the Base Case, the System Operator shall notify the Interconnection Customer and Interconnecting Transmission Owner in writing.

Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take no longer than sixty (60) Calendar Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection System Impact Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection System Impact Study Agreement.

7.7 Operational Readiness.

The System Operator shall, as close to the Interconnection Customer's actual Synchronization Date as reasonably possible, ensure that current stability analyses, power flow analyses, and any other analyses deemed necessary by the System Operator, are performed or reviewed, as deemed appropriate by the System Operator, and to develop or update procedures to address the operation of the New England Transmission System with the addition of the Interconnection Customer's Generating Facility. The

operational analysis will also include tests of system performance with selected facilities out of service. Such studies shall be performed at the expense of the Interconnection Customer.

The System Operator is not obligated to perform the operational analyses described in this Section 7.7 if, in the exercise of reasonable discretion, the System Operator in consultation with Interconnecting Transmission Owner determines that interconnection of the Interconnection Customer's Generating Facility to the Administered Transmission System is remote and speculative.

SECTION 8. INTERCONNECTION FACILITIES STUDY.

8.1 Interconnection Facilities Study Agreement.

The Interconnection Customer may waive the Interconnection Facilities Study and instead elect expedited interconnection, which means that the Interconnection Customer may enter into E&P Agreements under Section 9 if it had not already done so, and shall enter into an LGIA in accordance with the requirements specified in Section 11.

If the Interconnection Customer waives the Interconnection Facilities Study, the Interconnection Customer, subject to the specific terms of the E&P Agreements, assumes all risks and shall pay all costs associated with equipment, engineering, procurement and construction work covered by the Interconnection Facilities Study as described in Section 8.2 below.

The System Operator shall provide to the Interconnection Customer an Interconnection Facilities Study Agreement in the form of Appendix 4 to this LGIP simultaneously with the delivery of the Interconnection System Impact Study to the Interconnection Customer.

The Interconnection Facilities Study Agreement shall provide that the Interconnection Customer shall compensate the System Operator and Interconnecting Transmission Owner for the actual cost of the Interconnection Facilities Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the LGIA. Within three (3) Business Days following the Interconnection System Impact Study results meeting, the System Operator and Interconnecting Transmission Owner shall provide to Interconnection Customer a non-binding good faith estimate of the cost for completing the Interconnection Facilities Study in accordance with requirements specified in Section 8.3. The Interconnection Customer shall execute the Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement to the System Operator within thirty (30) Calendar Days after its receipt, together with the required technical data and the refundable deposit

for the Interconnection Facilities Study. In accordance with Section 8.3, the Interconnection Customer shall specify in Attachment A to the Interconnection Facilities Study Agreement whether it wants no more than a +/- 20 percent or a +/- 10 percent good faith cost estimate contained in the report. The deposit for the study shall be either: (i) the greater of twenty-five percent of the estimated cost of the study or $250,000; or (ii) the greater of 100 percent of one month's estimated study cost or $100,000, if the Interconnection Customer can provide: (1) evidence of applications for all Major Permits, as defined in Section III.13.1.1.2.2.2 of the Tariff, required in support of the Interconnection Request, or provide certification that Major Permits are not required or (2) evidence acceptable to the System Operator of At-Risk Expenditures (excluding Interconnection Study costs) totaling at least the amounts of money in (i) above, not including the same At-Risk Expenditures demonstrated with the Interconnection System Impact Study Agreement, if applicable; or (iii) the greater of 100 percent of one month's estimated study cost or $100,000, if the Interconnection Request is for a modification to an existing Large Generating Facility that does not increase the energy capability or capacity capability of the Large Generating Facility.

Any difference between the study deposit and the actual cost of the Interconnection Facilities Study shall be paid by or refunded to the Interconnection Customer, except as otherwise provided in Section 13.3. In accordance with Section 13.3, the System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the cost of the Interconnection Facilities Studies that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the Interconnection Facilities Study, the study agreement and its attachment(s) and the LGIA. The System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month. The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the amounts on deposit until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

8.2 Scope of Interconnection Facilities Study.

The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Facility to the Administered Transmission System. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities. The scope and cost of the Interconnection Facilities Study shall include completion of any engineering work limited to what is reasonably required to (i) estimate such aforementioned cost to the accuracy specified by the Interconnection Customer pursuant to Section

8.3, (ii) identify, configurations of required facilities and (iii) identify time requirements for construction and installation of required facilities.

8.3 Interconnection Facilities Study Procedures.

The System Operator shall coordinate the Interconnection Facilities Study with Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, pursuant to Section 3.5 above. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the study and the System Operator shall issue a draft Interconnection Facilities Study report to the Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, within the following number of days after receipt of an executed Interconnection Facilities Study Agreement: ninety (90) Calendar Days, with no more than a +/- 20 percent good faith cost estimate contained in the report; or one hundred eighty (180) Calendar Days, if the Interconnection Customer requests a +/- 10 percent good faith cost estimate. Such cost estimates either individually or in the aggregate will be provided in the final study report.

At the request of the Interconnection Customer or at any time the System Operator or Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Facilities Study, System Operator shall notify the Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, as to the schedule status of the Interconnection Facilities Study. If the System Operator is unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, the System Operator shall notify the Interconnection Customer, Interconnecting Transmission Owner and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, and provide an estimated completion date and an explanation of the reasons why additional time is required.

The Interconnection Customer and appropriate Affected Parties may, within thirty (30) Calendar Days after receipt of the draft report, provide written comments to the System Operator and Interconnecting Transmission Owner, which the System Operator shall include in the final report. The System Operator shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving Interconnection Customer's statement that it will not provide comments. The System Operator may reasonably extend such fifteen-day period upon notice to the Interconnection Customer if the Interconnection Customer's comments require the System Operator or Interconnecting Transmission Owner to perform additional analyses or

make other significant modifications prior to the issuance of the final Interconnection Facilities Report. Upon request, the System Operator and Interconnecting Transmission Owner shall provide the Interconnection Customer and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, or any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer supporting documentation, with workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study. The recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/ disclosure requirements, such information may be provided directly to the Interconnection Customer.

8.4 Meeting with Parties.

Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, the System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Interconnection Facilities Study.

8.5 Re-Study.

If re-study of the Interconnection Facilities Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project subject to Section 4.4, (iii) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (iv) a modification to a transmission project included in the Base Case, the System Operator shall so notify The Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take no longer than sixty (60) Calendar Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection Facilities Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection Facilities Study Agreement.

SECTION 9. ENGINEERING & PROCUREMENT ("E&P") AGREEMENT.

Prior to executing an LGIA, an Interconnection Customer may request, in order to advance the implementation of its interconnection, and the Interconnecting Transmission Owner and any Affected

Party shall offer the Interconnection Customer, an E&P Agreement that authorizes the Interconnecting Transmission Owner and any Affected Party to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection. However, the Interconnecting Transmission Owner or any Affected Party shall not be obligated to offer an E&P Agreement if the Interconnection Customer is in Dispute Resolution as a result of an allegation that the Interconnection Customer has failed to meet any milestones or comply with any prerequisites specified in other parts of the LGIP. The E&P Agreement is an optional procedure and it will not alter the Interconnection Customer's Queue Position or Initial Synchronization Date. The E&P Agreement shall provide for the Interconnection Customer to pay the cost of all activities authorized by the Interconnection Customer, including a deposit of 100 percent of the estimated engineering and study costs, and to make advance payments or provide other satisfactory security for such costs.

The Interconnection Customer shall pay the cost of such authorized activities and any cancellation costs for equipment that is already ordered for its interconnection, which cannot be mitigated as hereafter described, whether or not such items or equipment later become unnecessary. If the Interconnection Customer withdraws its application for interconnection or an E&P Agreement is terminated by any Party, to the extent the equipment ordered can be canceled under reasonable terms, the Interconnection Customer shall be obligated to pay the associated cancellation costs. To the extent that the equipment cannot be reasonably canceled, the Interconnecting Transmission Owner or the Affected Party that is a party to an E&P Agreement may elect: (i) to take title to the equipment, in which event the Interconnecting Transmission Owner or relevant Affected Party shall refund the Interconnection Customer any amounts paid by the Interconnection Customer for such equipment and shall pay the cost of delivery of such equipment, or (ii) to transfer title to and deliver such equipment to the Interconnection Customer, in which event the Interconnection Customer shall pay any unpaid balance and cost of delivery of such equipment.

SECTION 10. OPTIONAL INTERCONNECTION STUDY.

10.1 Optional Interconnection Study Agreement.

On or after the date when the Interconnection Customer receives Interconnection System Impact Study report and no later than five (5) Business Days after the study results meeting to review the report, the Interconnection Customer may request in writing, and the System Operator in coordination with the Interconnecting Transmission Owner shall perform, an Optional Interconnection Study. The request shall describe the assumptions that the Interconnection Customer wishes the System Operator to study within the scope described in Section 10.2. Within five (5) Business Days after receipt of a request for an Optional Interconnection Study, the System Operator shall provide to the Interconnecting Transmission Owner and the Interconnection Customer an Optional Interconnection Study Agreement in the form of Appendix 5.

The Optional Interconnection Study Agreement shall: (i) specify the technical data that the Interconnection Customer must provide for each phase of the Optional Interconnection Study, (ii) specify the Interconnection Customer's assumptions as to which Interconnection Requests with earlier queue priority dates will be excluded from the Optional Interconnection Study case, and (iii) specify the System Operator's and Interconnecting Transmission Owner's estimate of the cost of the Optional Interconnection Study. To the extent known by the System Operator, such estimate shall include any costs expected to be incurred by any Affected System whose participation is necessary to complete the Optional Interconnection Study. The Optional Interconnection Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Optional Interconnection Study, including the cost of developing the study agreement and its attachment(s). Notwithstanding the above, the System Operator and Interconnecting Transmission Owner shall not be required as a result of an Optional Interconnection Study request to conduct any additional Interconnection Studies with respect to any other Interconnection Request.

The Interconnection Customer shall execute the Optional Interconnection Study Agreement within ten (10) Business Days of receipt and deliver the Optional Interconnection Study Agreement, the required technical data and the refundable deposit for the Optional Interconnection Study to the System Operator. The deposit for the study shall be 100 percent of the estimated cost of the study. Any difference between the study deposit and the actual cost of the Optional Interconnection Study shall be paid by or refunded to the Interconnection Customer, except as otherwise provided in Section 13.3. In accordance with Section 13.3, the System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of the Optional Interconnection Study that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the Optional Interconnection Study and the study agreement and its attachments(s). The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the amounts on deposits until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

10.2 Scope of Optional Interconnection Study.

The Optional Interconnection Study will consist of a sensitivity analysis based on the assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement. The Optional Interconnection Study will also identify the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or Interconnection Service based upon the results of the Optional Interconnection Study. The System Operator shall use Reasonable Efforts to coordinate the study with any Affected Systems that may be affected by the types of Interconnection Services that are being studied. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable in conducting the Optional Interconnection Study.

The Optional Interconnection Study will consist of a short circuit analysis, a stability analysis, a power flow analysis, including thermal analysis and voltage analysis, a system protection analysis, and any other analyses that are deemed necessary by the System Operator in consultation with the Interconnecting Transmission Owner.

10.3 Optional Interconnection Study Procedures.

The executed Optional Interconnection Study Agreement, the prepayment, and technical and other data called for therein must be provided to the System Operator and Interconnecting Transmission Owner within ten (10) Business Days of the Interconnection Customer receipt of the Optional Interconnection Study Agreement. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Optional Interconnection Study within a mutually agreed-upon time period specified within the Optional Interconnection Study Agreement. If the System Operator and Interconnecting Transmission Owner are unable to complete the Optional Interconnection Study within such time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required. Upon request, the System Operator and Interconnecting Transmission Owner shall provide the Interconnection Customer supporting documentation and workpapers and databases or data developed in the preparation of the Optional Interconnection Study to any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer. The recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/disclosure requirements, such information may be provided directly to the Interconnection Customer.

10.4 Meeting with Parties.

Within ten (10) Business Days of providing an Optional Interconnection Study report to Interconnection Customer, System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Optional Interconnection Study.

10.5 Interconnection Agreement Developed Based on Optional Interconnection Study.

If the LGIA for a Large Generating Facility is based on the results of an Optional Interconnection Study, the LGIA shall reflect the conditions studied and any obligations that may involve: (i) additional studies if such conditions change, (ii) operational limits, or (iii) financial support for transmission upgrades.

SECTION 11. STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT (LGIA).

11.1 Tender.

Interconnection Customer shall tender comments or provide notice, in writing, to the System Operator and Interconnecting Transmission Owner that the Interconnection Customer has no comments on the draft Interconnection Facilities Study report or on the draft Interconnection System Impact Study report if the Interconnection Customer waived the Interconnection Facilities Study, within thirty (30) Calendar Days of receipt of the report. Except as provided in the E&P Agreement or any mutual agreement by the entities that would be Parties to the LGIA, the System Operator shall initiate the development of the LGIA process within fifteen (15) Calendar Days after the comments are submitted or waived, by tendering to the Interconnection Customer a draft LGIA, together with draft appendices completed by the System Operator, in conjunction with the Interconnecting Transmission Owner to the extent practicable. The draft LGIA shall be in the form of the System Operator's Commission-approved standard form LGIA which is in Appendix 6 to Schedule 22. The Interconnection Customer shall return the Interconnection Customer specific information required to complete the form of LGIA, including the appendices, in Appendix 6 of Schedule 22 that the Interconnection Customer is willing to execute within thirty (30) Calendar Days after receipt of the draft from the System Operator.

11.2 Negotiation.

Notwithstanding Section 11.1, at the request of the Interconnection Customer the System Operator and Interconnecting Transmission Owner shall begin negotiations with the Interconnection Customer concerning the appendices to the LGIA at any time after the Interconnection Facilities Study is complete or after the Interconnection System Impact Study is complete if the Interconnection Customer intends to waive the Interconnection Facilities Study. The System Operator, Interconnection Customer, and Interconnecting Transmission Owner shall negotiate concerning any disputed provisions of the appendices to the draft LGIA for not more than sixty (60) Calendar Days after tender by the System Operator of the draft LGIA pursuant to Section 11. If the Interconnection Customer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the draft LGIA pursuant to Section 11.1 and request submission of the unexecuted LGIA with the Commission or initiate Dispute Resolution procedures pursuant to Section 13.5. If the Interconnection Customer requests termination of the negotiations, but within sixty (60) Calendar Days thereafter fails to request either the filing of the unexecuted LGIA or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if the Interconnection Customer has not executed the LGIA, requested filing of an unexecuted LGIA, or initiated Dispute Resolution procedures pursuant to Section 13.5 within sixty (60) Calendar Days of tender of by the System Operator of the draft LGIA pursuant to Section 11.1, it shall be deemed to have withdrawn its Interconnection Request. The System Operator and Interconnecting Transmission Owner shall provide to the Interconnection Customer a final LGIA within fifteen (15) Business Days after the mutually agreed completion of the negotiation process.

11.3 Evidence to be Provided by Interconnection Customer; Execution and Filing of LGIA.

11.3.1 Evidence to be Provided by Interconnection Customer.

11.3.1.1 Site Control. Within fifteen (15) Business Days after receipt of the final LGIA, the Interconnection Customer shall provide (A) to the System Operator, reasonable evidence of continued Site Control, or (B) to the Interconnecting Transmission Owner, posting of $250,000, non-refundable additional security, which shall be applied toward future construction costs. Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property.

11.3.1.2 Development Milestones. Within fifteen (15) Business Days after receipt of the final LGIA, the Interconnection Customer also shall provide to the System Operator reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, to be elected by the Interconnection Customer, has been achieved: (i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility; (ii) the execution of a contract for the supply of cooling water to the Large Generating Facility; (iii) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Large Generating Facility; (iv) execution of a contract for the sale of electric energy or capacity from the Large Generating Facility; (v) application for an air, water, or land use permit.

At the same time, the Interconnection Customer shall commit to a schedule for the payment of upgrades identified in the Interconnection Studies or an E&P Agreement and either: (A) provide evidence of approvals for all Major Permits, as defined in Section III.13.1.1.2.2.2(a) of the Tariff, or (B) provide a refundable deposit to the Interconnecting Transmission Owner, at execution of the LGIA, of 20 percent of the total costs for the Interconnection Facilities and other upgrades identified in the Interconnection Studies or an E&P Agreement, unless the Interconnecting Transmission Owner's expenditure schedule for the Interconnection Facilities and other upgrades calls for an initial payment of greater than 20 percent of the total upgrade costs, in which case the scheduled initial payment must instead be made at time of LGIA execution. If the Interconnection Customer selects option (B) above, it shall also commit in the LGIA to the achievement of: (i) milestones for the completion of Major Permit approvals, and (ii) in the case of a CNR Interconnection Request, milestones to align the LGIA with the fulfillment of terms outlined in Section III.13 of the Tariff for participation in the Forward Capacity Market.

11.3.2 Execution and Filing of LGIA. Within fifteen (15) Business Days after receipt of the final LGIA, the Interconnection Customer shall either: (i) execute three (3) originals of the tendered LGIA and return one to the System Operator and one to the Interconnecting Transmission Owner; or (ii) request in writing that the System Operator and Interconnecting Transmission Owner jointly file with the Commission an LGIA in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either the executed originals of the tendered LGIA (if it does not conform with a Commission-approved standard form of interconnection agreement) or the request to file an unexecuted LGIA, the System Operator and Interconnecting Transmission Owner, in accordance with Section 11.3.3 or Section 11.3.4, as appropriate , shall jointly file the LGIA with the Commission, together with its explanation of any matters as to which the System Operator, Interconnection Customer or Interconnecting Transmission Owner disagree and support for the costs that the Interconnecting Transmission Owner proposes to charge to the Interconnection Customer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by the System Operator and Interconnecting Transmission Owner for the Interconnection Request. If the Parties agree to proceed with design, procurement, and construction of facilities and upgrades under the agreed-upon terms of the unexecuted LGIA, they may proceed pending Commission action.

With respect to the interconnection of an Interconnection Customer under Schedule 22, the LGIA shall be a three-party agreement among the Interconnecting Transmission Owner, the System Operator and the Interconnection Customer. If Interconnecting Transmission Owner, System Operator and Interconnection Customer agree to the terms and conditions of a specific LGIA, or any amendments to such an LGIA, then the System Operator and Interconnecting Transmission Owner shall jointly file the executed LGIA, or amendment thereto, with the Commission under Section 205 of the Federal Power Act. To the extent the Interconnecting Transmission Owner, System Operator and Interconnection Customer cannot agree to proposed variations from the standard form of LGIA in Appendix 6 or cannot otherwise agree to the terms and conditions of the LGIA for such Large Generating Unit, or any amendments to such an LGIA, then the System Operator and Interconnecting Transmission Owner shall jointly file an unexecuted LGIA, or amendment thereto, with the Commission under Section 205 of the Federal Power Act and shall identify the areas of disagreement in such filing, provided that, in the event of disagreement on terms and conditions of the LGIA related to the costs of upgrades to such Interconnecting Transmission Owner's transmission facilities, the anticipated schedule for the construction of such upgrades, any financial obligations of the Interconnecting Transmission Owner, and any provisions related to physical impacts of the interconnection on the Interconnecting Transmission Owner's transmission facilities or other assets, then the standard applicable under Section 205 of the Federal Power Act shall apply only to the Interconnecting Transmission Owner's position on such terms and conditions.

11.3.3 The Interconnecting Transmission Owner, acting on its own or jointly with the System Operator, may initiate a filing to amend this LGIP and the standard form of LGIA in Appendix 6 under Section 205 of the Federal Power Act and shall include in such filing the views of System Operator, provided that the standard applicable under Section 205 of the Federal Power Act shall apply only to the Interconnecting Transmission Owner's position on any financial obligations of the Interconnecting Transmission Owner

or the Interconnection Customer(s), and any provisions related to physical impacts of the interconnection on the Interconnecting Transmission Owner's transmission facilities or other assets.

11.4 Commencement of Interconnection Activities.

If the Interconnection Customer executes the final LGIA, the System Operator, Interconnection Customer and Interconnecting Transmission Owner shall perform their respective obligations in accordance with the terms of the LGIA, subject to modification by the Commission. Upon submission of an unexecuted LGIA, the System Operator, Interconnection Customer and Interconnecting Transmission Owner shall promptly comply with the unexecuted LGIA, subject to modification by the Commission.

SECTION 12. CONSTRUCTION OF INTERCONNECTING TRANSMISSION OWNER INTERCONNECTION FACILITIES AND NETWORK UPGRADES.

12.1 Schedule.

The Interconnection Customer, Interconnecting Transmission Owner and any other Affected Party shall negotiate in good faith concerning a schedule for the construction of the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades.

12.2 Construction Sequencing.

12.2.1 General. In general, the Initial Synchronization Date of an Interconnection Customer seeking interconnection to the Administered Transmission System will determine the sequence of construction of Network Upgrades.

12.2.2 Advance Construction of Network Upgrades that are an Obligation of an Entity other than the Interconnection Customer. An Interconnection Customer with an executed or unexecuted, but filed with the Commission, LGIA, in order to maintain its Initial Synchronization Date, may request that the Interconnecting Transmission Owner or appropriate Affected Party advance to the extent necessary the completion of Network Upgrades that: (i) were assumed in the Interconnection Studies for such Interconnection Customer, (ii) are necessary to support such Initial Synchronization Date, and (iii) would otherwise not be completed, pursuant to a contractual obligation of an entity other than the Interconnection Customer that is seeking interconnection to the Administered Transmission System, in time to support such Initial Synchronization Date. Upon such request, the Interconnecting Transmission Owner or appropriate Affected Party will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that the Interconnection Customer commits to

pay the Interconnecting Transmission Owner or appropriate Affected Party; (i) any associated expediting costs and (ii) the cost of such Network Upgrades.

The Interconnecting Transmission Owner or appropriate Affected Party will refund to the Interconnection Customer both the expediting costs and the cost of Network Upgrades, in accordance with Article 11.4 of the LGIA. Consequently, the entity with a contractual obligation to construct such Network Upgrades shall be obligated to pay only that portion of the costs of the Network Upgrades that the Interconnecting Transmission Owner or appropriate Affected Party has not refunded to the Interconnection Customer. Payment by that entity with a contractual obligation to construct such Network Upgrades shall be due on the date that it would have been due had there been no request for advance construction. The Interconnecting Transmission Owner or appropriate Affected Party shall forward to the Interconnection Customer the amount paid by the entity with a contractual obligation to construct the Network Upgrades as payment in full for the outstanding balance owed to the Interconnection Customer. The Interconnecting Transmission Owner or appropriate Affected Party then shall refund to that entity the amount that it paid for the Network Upgrades, in accordance with Article 11.4 of the LGIA.

12.2.3 Advancing Construction of Network Upgrades that are Part of the Regional System Plan of the System Operator. An Interconnection Customer with an LGIA, in order to maintain its Initial Synchronization Date, may request that Interconnecting Transmission Owner or appropriate Affected Party advance to the extent necessary the completion of Network Upgrades that: (i) are necessary to support such Initial Synchronization Date and (ii) would otherwise not be completed, pursuant to the Regional System Plan, in time to support such Initial Synchronization Date. Upon such request, the Interconnecting Transmission Owner or appropriate Affected Party will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that the Interconnection Customer commits to pay the Interconnecting Transmission Owner or appropriate Affected Party any associated expediting costs.

12.2.4 Amended Interconnection System Impact Study. An Interconnection System Impact Study will be amended to determine the facilities necessary to support the requested Initial Synchronization Date. This amended study will include those transmission and Large Generating Facilities that are expected to be in service on or before the requested Initial Synchronization Date. The LGIA will also be amended to reflect the results of the Amended Interconnection System Impact Study and any changes in obligations, including financial support, of the Parties.

SECTION 13. MISCELLANEOUS.

13.1 Confidentiality.

Confidential Information shall include, without limitation, all information treated as confidential under the ISO New England Information Policy, all information obtained from third parties under confidentiality agreements, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by any of the Parties to the others prior to the execution of an LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by any Party, the other Party(ies) shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

13.1.1 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of the LGIA; or (6) is required, in accordance with Section 13.1.6, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Parties that it no longer is confidential.

13.1.2 Release of Confidential Information. A Party shall not release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with these procedures, unless such person has first been advised of the confidentiality provisions of this Section 13.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Section 13.1.

13.1.3 Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party(ies). The disclosure by each Party to the other Party(ies) of Confidential Information shall not be deemed a waiver by any Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

13.1.4 No Warranties. By providing Confidential Information, a Party does not make any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, a Party does not obligate itself to provide any particular information or Confidential Information to the other Party(ies) nor to enter into any further agreements or proceed with any other relationship or joint venture.

13.1.5 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party(ies) under these procedures or its regulatory requirements.

13.1.6 Order of Disclosure. If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires a Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party(ies) with prompt notice of such request(s) or requirement(s) so that the other Party(ies) may seek an appropriate protective order or waive compliance with the terms of the LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

13.1.7 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's(ies') Breach of its obligations under this Section 13.1. Each Party accordingly agrees that the other Party(ies) shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Section 13.1, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Section 13.1, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Section 13.1.

13.1.8 Disclosure to the Commission, its Staff, or a State. Notwithstanding anything in this Section 13.1 to the contrary, and pursuant to 18 CFR section 1b.20, if the Commission or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to the LGIP, the Party shall provide the requested information to the Commission or its staff, within the time provided for in the request for information. In providing the information to the Commission or its staff, the Party must, consistent with 18 CFR. section 388.112, request that the information be treated as confidential and non-public by the Commission and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party(ies) prior to the release of the Confidential Information to the Commission or its staff. The Party shall notify the other Party(ies) to the LGIA when its is notified by the Commission or its staff that a request to release Confidential Information has been received by the Commission, at which time any of the Parties may respond before such information would be made public, pursuant to 18 CFR section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner, consistent with applicable state rules, regulations and Section 13.1.

13.1.9 Subject to the exception in Section 13.1.8, any information that a Party claims is competitively sensitive, commercial or financial information ("Confidential Information") shall not be disclosed by the other Party(ies) to any person not employed or retained by the other Party(ies), except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party(ies), such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIP or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a subregional, regional or national reliability organization or planning group. The Party asserting confidentiality shall notify the other Party(ies) in writing of the information it claims is confidential. Prior to any disclosures of the other Party's(ies') Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party(ies) in writing and agrees to assert confidentiality and cooperate with the other Party(ies) in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

13.1.10 This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a Breach of this provision).

13.1.11 The System Operator and Interconnecting Transmission Owner shall, at Interconnection Customer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time when Confidential Information is no longer needed.

13.2 Delegation of Responsibility.

The System Operator and Interconnecting Transmission Owner, or any Affected Party may use the services of subcontractors as it deems appropriate to perform its obligations under this LGIP. The Party using the services of a subcontractor shall remain primarily liable to the Interconnection Customer for the performance of such subcontractors and compliance with its obligations of this LGIP. The subcontractor shall keep all information provided confidential and shall use such information solely for the performance of such obligation for which it was provided and no other purpose.

13.3 Obligation for Study Costs.

The System Operator and the Interconnecting Transmission Owner shall charge, and the Interconnection Customer shall pay, the actual costs of the Interconnection Studies. Any difference between the study deposit and the actual cost of the applicable Interconnection Study shall be paid by or refunded, except as otherwise provided herein, to the Interconnection Customer or offset against the cost of any future Interconnection Studies associated with the applicable Interconnection Request prior to beginning of any such future Interconnection Studies. Any invoices for Interconnection Studies shall include a detailed and itemized accounting of the cost of each Interconnection Study. The Interconnection Customer shall pay any such undisputed costs within thirty (30) Calendar Days of receipt of an invoice therefore. The System Operator and Interconnecting Transmission Owner shall not be obligated to perform or continue to perform any studies unless the Interconnection Customer has paid all undisputed amounts in compliance herewith.

13.4 Third Parties Conducting Studies.

If (i) at the time of the signing of an Interconnection Study Agreement there is disagreement as to the estimated time to complete an Interconnection Study, (ii) the Interconnection Customer receives notice pursuant to Sections 6.3, 7.4 or 8.3 that the System Operator or Interconnecting Transmission Owner will not complete an Interconnection Study within the applicable timeframe for such Interconnection Study, or (iii) the Interconnection Customer receives neither the Interconnection Study nor a notice under Sections 6.3, 7.4 or 8.3 within the applicable timeframe for such Interconnection Study, then the Interconnection Customer may request, which request will not be unreasonably denied, that the System Operator and Interconnecting Transmission Owner utilize a third party consultant reasonably acceptable to the System Operator, Interconnection Customer, Interconnecting Transmission Owner and any appropriate Affected Party, to perform such Interconnection Study under the direction of the System Operator or Interconnecting Transmission Owner as applicable. At other times, System Operator or Interconnecting Transmission Owner may also utilize a third party consultant to perform such Interconnection Study, either in response to a general request of the Interconnection Customer, or on its own volition.

In all cases, use of a third party consultant shall be in accord with Article 26 of the LGIA (Subcontractors) and limited to situations where the System Operator or Interconnecting Transmission Owner determines

that doing so will help maintain or accelerate the study process for the Interconnection Customer's pending Interconnection Request and not interfere with the System Operator and Interconnecting Transmission Owner's progress on Interconnection Studies for other pending Interconnection Requests. In cases where the Interconnection Customer requests use of a third party consultant to perform such Interconnection Study, the Interconnection Customer, System Operator and Interconnecting Transmission Owner shall negotiate all of the pertinent terms and conditions, including reimbursement arrangements and the estimated study completion date and study review deadline. The System Operator and Interconnecting Transmission Owner shall convey all workpapers, data bases, study results and all other supporting documentation prepared to date with respect to the Interconnection Request as soon as soon as practicable upon the Interconnection Customer's request subject to the confidentiality provision in Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. In any case, such third party contract may be entered into with the System Operator, Interconnection Customer, or Interconnecting Transmission Owner at the System Operator and Interconnecting Transmission Owner's discretion. In the case of (iii) the Interconnection Customer maintains its right to submit a claim to Dispute Resolution to recover the costs of such third party study. Such third party consultant shall be required to comply with this LGIP, Article 26 of the LGIA (Subcontractors), and the relevant Tariff procedures and protocols as would apply if the System Operator and Interconnecting Transmission Owner were to conduct the Interconnection Study and shall use the information provided to it solely for purposes of performing such services and for no other purposes.

The System Operator and Interconnecting Transmission Owner shall cooperate with such third party consultant and Interconnection Customer to complete and issue the Interconnection Study in the shortest reasonable time.

13.5 Disputes.

13.5.1 Submission. In the event a Party has a dispute, or asserts a claim, that arises out of or in connection with the LGIA, the LGIP, or their performance, such Party (the "Disputing Party") shall provide the other Party(ies) with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party(ies). In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's(ies') receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, after thirty (30) Calendar Days, then (i) in the case of disputes arising out of or in conjunction with the LGIA, the System Operator and Interconnecting Transmission Owner shall jointly file an unexecuted LGIA, or amendment thereto, with the Commission in accordance with Section 11.3.4, or (ii) in the case of disputes arising out of or in connection with any

other matter regarding the administration of the LGIP, the System Operator may terminate the Interconnection Request and the Interconnection Customer may seek relief pursuant to Section 206 of the Federal Power Act. Each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this Schedule 22.

13.5.2 External Arbitration Procedures. Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The arbitrator so chosen by the System Operator shall chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable Commission regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Section 13, the terms of this Section 13 shall prevail.

13.5.3 Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons for such decision. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the LGIA and LGIP and shall have no power to modify or change any provision of the LGIA and LGIP in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

13.5.4 Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three-member panel and one-third of any associated arbitration costs; or (2) one-third the cost of the single arbitrator jointly chosen by the Parties and one-third of any associated arbitration costs.

13.6 Local Furnishing Bonds.

13.6.1 Facilities Financed by Local Furnishing Bonds. This provision is applicable only to interconnections associated with facilities financed for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of this LGIA and LGIP, the Interconnecting Transmission Owner shall not be required to provide Interconnection Service to the Interconnection Customer pursuant to this LGIA and LGIP if the provision of such Interconnection Service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance the Interconnecting Transmission Owner's facilities that would be used in providing such Interconnection Service.

13.6.2 Alternative Procedures for Requesting Interconnection Service. If the Interconnecting Transmission Owner determines that the provision of Interconnection Service requested by the Interconnection Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such Interconnection Service, it shall advise the Interconnection Customer within thirty (30) Calendar Days of receiving notice of the Interconnection Request. The Interconnection Customer thereafter may renew its Interconnection Request using the process specified in the Tariff.

APPENDICES TO LGIP

APPENDIX 1 INTERCONNECTION REQUEST

APPENDIX 2 INTERCONNECTION FEASIBILITY STUDY AGREEMENT

APPENDIX 3 INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT

APPENDIX 4 INTERCONNECTION FACILITIES STUDY AGREEMENT

APPENDIX 5 OPTIONAL INTERCONNECTION STUDY AGREEMENT

APPENDIX 6 LARGE GENERATOR INTERCONNECTION AGREEMENT

APPENDIX 1
INTERCONNECTION REQUEST

The undersigned Interconnection Customer submits this request to interconnect its Large Generating Facility to the Administered Transmission System under Schedule 22 - Large Generator Interconnection Procedures ("LGIP") of the ISO New England Inc. Open Access Transmission Tariff (the "Tariff"). Capitalized terms have the meanings specified in the Tariff.

PROJECT INFORMATION

Proposed Project Name: _____

1. This Interconnection Request is for (check one):

_____ **A proposed new Large Generating Facility**

_____ **An increase in the generating capacity or a modification that has the potential to be a Material Modification of an existing Generating Facility**

_____ **Commencement of participation in the wholesale markets by an existing Generating Facility**

_____ **A change from Network Resource Interconnection Service to Capacity Network Resource Interconnection Service**

2. The types of Interconnection Service requested:

_____ **Network Resource Interconnection Service (energy capability only)**

_____ **Capacity Network Resource Interconnection Service (energy capability and capacity capability)**

If Capacity Network Resource Interconnection Service, does Interconnection Customer request Long Lead Facility treatment? Check: ____Yes or ___ No

If yes, provide, together with this Interconnection Request, the Long Lead Facility deposit and other required information as specified in Section 3.2.3 of the LGIP, including (if the Large Generating Facility will be less than 100 MW) a justification for Long Lead Facility treatment.

3. This Interconnection Customer requests (check one, selection is not required as part of the initial Interconnection Request):

_____ A Feasibility Study to be completed as a separate and distinct study

_____ A System Impact Study with the Feasibility Study to be performed as the first step of the study

(The Interconnection Customer shall select either option and may revise any earlier selection up to within five (5) Business Days following the Scoping Meeting.)

4. The Interconnection Customer shall provide the following information:

Address or Location of the Facility (including Town/City, County and State):

_____

_____

_____

Approximate location of the proposed Point of Interconnection (information is not required as part of the initial Interconnection Request):

_____

Type of Generating Facility to be Constructed:_____

Generating Facility Fuel Type:

_____

Generating Facility Capacity (MW):

	Maximum Net MW Electrical Output	**Maximum Gross MW Electrical Output**
At or above 90 degrees F		
At or above 50 degrees F		
At or above 20 degrees F		
At or above 0 degrees F		

General description of the equipment configuration (# of units and GSUs):

_____

_____

Requested Commercial Operations Date:

_____

Requested Initial Synchronization Date:

_____

Requested In Service Date:

_____

Evidence of Site Control (check one):

_____ If for Capacity Network Resource Interconnection Service, Site Control is provided herewith, as required.

_____ If for Network Resource Interconnection Service: (Check one)

___ Is provided herewith

___ In lieu of evidence of Site Control, a $10,000 deposit is provided herewith (refundable within the cure period as described in Section 3.3.3 of the LGIP).

_____ Site Control is not provided because the proposed modification is to the Interconnection Customer's existing Large Generating Facility and, by checking this option, the Interconnection Customer certifies that it has Site Control and that the proposed modification does not require additional real property.

The technical data specified within the applicable attachment to this form (check one):

_____ Is included with the submittal of this Interconnection Request form

_____ Will be provided on or before the execution and return of the Feasibility Study Agreement (Attachment B) or the System Impact Study Agreement (Attachment A), as applicable

The ISO will post the Project Information on the ISO web site under "New Interconnections" and OASIS.

CUSTOMER INFORMATION

Company Name:_____

ISO Customer ID# (If available):_____

(Interconnection Customer)

Company Address: **PO Box No.:**
_____

Street Address:_____

City, State ZIP:_____

Company Representative: **Name:** _____

Title: _____

Company Representative's Company and Address (if different from above):

Company Name:_____

PO Box No.:_____

Street Address:_____

City, State ZIP:_____

Phone: _____ **FAX:** _____ **email:**_____

This Interconnection Request is submitted by:

Authorized Signature:_____

Name (type or print):_____

Title:_____

Date:_____

In order for an Interconnection Request to be considered a valid request, it must:

(a) Be accompanied by a deposit of $50,000.00, which may be refundable in accordance with Section 3.3.1 of the LGIP;

(b) For Capacity Network Resource Interconnection Service, include documentation demonstrating Site Control. If for Network Resource Interconnection Service, demonstrate Site Control or post an additional deposit of $10,000.00. If the Interconnection Customer with an Interconnection Request for Network Resource Interconnection Service demonstrates Site Control within the cure period specified in Section 3.3.1 of the LGIP, the additional deposit of $10,000.00 shall be refundable (An Interconnection Customer does not need to demonstrate Site Control for an Interconnection Request for a modification to its existing Large Generating Facility where the Interconnection Customer has certified that it has Site Control and that the proposed modification does not require additional real property);

(c) Include a detailed map (2 copies), such as a map of the quality produced by the U.S. Geological Survey, which clearly indicates the site of the new facility and pertinent surrounding structures; and

(d) Include all information required on the Interconnection Request form; and

(e) Include the deposit and all information required for Long Lead Facility treatment, if such treatment is requested in accordance with Section 3.2.3 of the LGIP.

Attachment A (page 1)
To Appendix 1
Interconnection Request
Technical Data Required For
Interconnection System Impact Study

The technical data required below must be submitted no later than the date of execution of the System Impact Study Agreement pursuant to Section 7.2 of the LGIP.

LARGE GENERATING FACILITY DATA

UNIT RATINGS

Kva	°F	Voltage
Power Factor		
Speed (RPM)		Connection (e.g. Wye) _____
Short Circuit Ratio		Frequency, Hertz _____
Stator Amperes at Rated Kva		Field Volts _____
Max Turbine MW	°F	

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 90 ^{o} OR ABOVE

Gross Unit Rating (MW)	Gross Lagging (MVAR)
Net Unit Rating (MW)	Gross Leading (MVAR)
Station Service (MW)	Station Service (MVAR)
Temperature (^{o}F)	

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 50^{o} OR ABOVE

Gross Unit Rating (MW)	Gross Lagging (MVAR)

Net Unit Rating (MW) Gross Leading (MVAR)

Station Service (MW) Station Service (MVAR)

Temperature (^{o}F)

Attachment A (page 2)

To Appendix 1

Interconnection Request

Technical Data Required For

Interconnection System Impact Study

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 20^{o} OR ABOVE

Gross Unit Rating (MW) Gross Lagging (MVAR)

Net Unit Rating (MW) Gross Leading (MVAR)

Station Service (MW) Station Service (MVAR)

Temperature (^{o} F)

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 0^{o} OR ABOVE

Gross Unit Rating (MW) Gross Lagging (MVAR)

Net Unit Rating (MW) Gross Leading (MVAR)

Station Service (MW) Station Service (MVAR)

Temperature (^{o}F)

COMBINED TURBINE-GENERATOR-EXCITER INERTIA DATA

Inertia Constant, H = kW sec/kVA

Moment-of-Inertia, WR2	=	lb. ft.2

REACTANCE DATA (PER UNIT-RATED KVA)

	DIRECT AXIS	**QUADRATURE AXIS**
Synchronous – saturated	Xdv	Xqv
Synchronous – unsaturated	Xdi	Xqi
Transient – saturated	X'dv	X'qv
Transient – unsaturated	X'di	X'qi
Subtransient – saturated	X"dv	X"qv
Subtransient – unsaturated	X"di	X"qi
Negative Sequence – saturated	X2v	
Negative Sequence – unsaturated	X2i	
Zero Sequence – saturated	X0v	
Zero Sequence – unsaturated	X0i	
Leakage Reactance	Xlm	

FIELD TIME CONSTANT DATA (SEC)

Open Circuit	T'qo	T'do
Three-Phase Short Circuit Transient	T'd3	T'q
Line to Line Short Circuit Transient	T'd2	
Line to Neutral Short Circuit Transient	T'd1	

Short Circuit Subtransient	T”d	T”q
Open Circuit Subtransient	T”do	T”qo

ARMATURE TIME CONSTANT DATA (SEC)

Three Phase Short Circuit	Ta3
Line to Line Short Circuit	Ta2
Line to Neutral Short Circuit	Ta1

NOTE: If requested information is not applicable, indicate by marking “N/A.”

MW CAPABILITY AND PLANT CONFIGURATION
LARGE GENERATING FACILITY DATA
ARMATURE WINDING RESISTANCE DATA (PER UNIT)

Positive	R1		
Negative	R2		
Zero	R0		
Rotor Short Time Thermal Capacity I^2t	=		
Field Current at Rated kVA, Armature Voltage and PF	=	amps	
Field Current at Rated kVA and Armature Voltage, 0 PF		amps	
Three Phase Armature Winding Capacitance	=	microfarad	
Field Winding Resistance	=	ohms	°C
Armature Winding Resistance (Per Phase)	=	ohms	°C

CURVES

Provide Saturation, Vee, Reactive Capability, Capacity Temperature Correction curves. Designate normal and emergency Hydrogen Pressure operating range for multiple curves.

GENERATOR STEP-UP TRANSFORMER DATA RATINGS

Capacity Self-cooled/Maximum Nameplate

/ Kva

Voltage Ratio Generator side/System side/Tertiary

/ kV

Winding Connections Generator side/System Side/Tertiary (Delta or Wye)

/

Fixed Taps Available

Present Tap Setting

IMPEDANCE

Positive	Z1 (on self-cooled kVA rating)	%	X/R
Zero	Z0 (on self-cooled kVA rating)	%	X/R

EXCITATION SYSTEM DATA

Identify appropriate IEEE model block diagram of excitation system and power system stabilizer ("PSS") for computer representation in power system stability simulations and the corresponding excitation system and PSS constants for use in the model.

GOVERNOR SYSTEM DATA

Identify appropriate IEEE model block diagram of governor system for computer representation in power system stability simulations and the corresponding governor system constants for use in the model.

WIND GENERATORS

Number of generators to be interconnected pursuant to
this Interconnection Request: _____
Elevation: _____ _____ Single Phase _____ Three Phase
Inverter manufacturer, model name, number, and version:

List of adjustable set points for the protective equipment or software:

For all generator types: A completed fully functioning, non-proprietary or non-confidential Siemens PTI's ("PSSE") power flow model or other compatible formats, such as IEEE and General Electric Company Power Systems Load Flow ("PSLF") data sheet , must be supplied with this Attachment A. If additional non-proprietary or non-confidential data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

A PSCAD model shall be provided pursuant to Section 7.2 of the LGIP if deemed required at the Scoping Meeting.

INDUCTION GENERATORS:

(*) Field Volts:
(*) Field Amperes:
(*) Motoring Power (kW):
(*) Neutral Grounding Resistor (If Applicable):
(*) I_2^2t or K (Heating Time Constant):
(*) Rotor Resistance:
(*) Stator Resistance:
(*) Stator Reactance:
(*) Rotor Reactance:
(*) Magnetizing Reactance:
(*) Short Circuit Reactance:
(*) Exciting Current:
(*) Temperature Rise:
(*) Frame Size:
(*) Design Letter:
(*) Reactive Power Required In Vars (No Load):
(*) Reactive Power Required In Vars (Full Load):
(*) Total Rotating Inertia, H: Per Unit on KVA Base

Note: Please consult System Operator prior to submitting the Interconnection Request to determine if the information designated by (*) is required.

Applicant Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Attachment A to the Interconnection Request is true and accurate.

For Interconnection Customer:_____Date:_____

Attachment B (page 1)
To Appendix 1
Interconnection Request
Technical Data Required For
Interconnection Feasibility Study

The technical data required below must be submitted no later than the date of execution of the Feasibility Study Agreement pursuant to Section 6.1 of the LGIP.

LARGE GENERATING FACILITY DATA
UNIT RATING

kVA	°F	Phase to Phase Voltage, kV
Rated Power Factor		
Speed (RPM)		Connection (e.g. Wye) _____
Short Circuit Ratio		Frequency, Hertz _____
Stator Amperes at Rated, kVA		Field Volts _____
Max Turbine MW	°F	

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 50°F OR ABOVE

Gross Unit Rating (MW)	Gross Lagging (MVAR)
Net Unit Rating (MW)	Gross Leading (MVAR)
Station Service (MW)	Station Service (MVAR)
Temperature (°F)	

DATA (PER UNIT-RATED KVA AND RATED VOLTAGE)

Saturated Reactance

Direct axis positive sequence X''_{dv}

negative sequence X''_{2v} _____

zero sequence X''_{0v}

Resistance

Generator AC resistance R_a _____

negative sequence R_2 _____

zero sequence R_0 _____

Time Constant (seconds)

Three-phase short circuit armature time constant T_{a3} _____

CURVES

Provide Saturation, Vee, Reactive Capability, Capacity Temperature Correction curves. Designate normal and emergency Hydrogen Pressure operating range for multiple curves.

GENERATOR STEP-UP TRANSFORMER DATA RATINGS

Capacity Self-cooled/Maximum Nameplate

/ kVA

Voltage Ratio Generator side/System side/Tertiary

/ kV

Winding Connections Generator side/system side /Tertiary

(Delta or Wye)

/

Fixed Taps Available

Present Tap Setting

IMPEDANCE

For 2-Winding Transformers

Positive	Z1 (on self-cooled kVA rating)	%	X/R
Zero	Z0 (on self-cooled kVA rating)	%	X/R

Technical Data Required For
Interconnection Feasibility Study

IMPEDANCE

For 3-winding transformers

Positive $Z1_{H-L}$ (on self-cooled kVA rating)_____ %, X/R _____

$Z1_{H-T}$ (on self-cooled kVA rating)_____ %, X/R _____

$Z1_{L-T}$ (on self-cooled kVA rating)_____ %, X/R _____

Zero $Z0_{H-L}$ (on self-cooled kVA rating)_____ %, X/R _____

$Z0_{H-T}$ (on self-cooled kVA rating)_____ %, X/R _____

$Z0_{L-T}$ (on self-cooled kVA rating)_____ %, X/R _____

FEEDER IMPEDANCE (Per Unit)

From GSU to Point of Interconnection

Positive R1 _____ + j X1 _____ on 100 MVA base

Zero R0 _____ + j X0 _____ on 100 MVA base

WIND GENERATORS

Number of generators to be interconnected pursuant to this Interconnection Request: _____

Elevation:_____Single Phase_____Three Phase

Inverter manufacturer, model name, number, and version:

List of adjustable setpoints for the protective equipment or software:

For all generator types: A completed fully functioning, non-proprietary or non-confidential Siemens PTI's ("PSSE") power flow model or other compatible formats, such as IEEE and General Electric Company Power Systems Load Flow ("PSLF") data sheet, must be supplied with this Attachment B. If additional non-proprietary or non-confidential data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

Applicant Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Attachment B to the Interconnection Request is true and accurate.

For Interconnection Customer:_____Date:_____

APPENDIX 2
INTERCONNECTION FEASIBILITY STUDY AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State of _____ ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator, and Interconnecting Transmission Owner may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility to the Administered Transmission System; and

WHEREAS, Interconnection Customer has requested System Operator and Interconnecting Transmission Owner to perform an Interconnection Feasibility Study to assess the feasibility of interconnecting the proposed Large Generating Facility to the Administered Transmission System, and any Affected Systems.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the Commission-approved Large Generator Interconnection Procedures ("LGIP"), or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 Interconnection Customer elects and System Operator shall cause to be performed an Interconnection Feasibility Study consistent with Section 6.0 of the LGIP in accordance with the Tariff.

3.0 The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Interconnection Feasibility Study shall be based on the technical information provided by Interconnection Customer in Attachment B to the Interconnection Request, as may be modified as the result of the Scoping Meeting. System Operator and Interconnecting Transmission Owner reserve the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with Section 3.3.4 of the LGIP. If, after the designation of the Point of Interconnection pursuant to Section 3.3.4 of the LGIP, Interconnection Customer modifies its Interconnection Request pursuant to Section 4.4, the time to complete the Interconnection Feasibility Study may be extended.

5.0 The Interconnection Feasibility Study report shall provide the following information:

- preliminary identification of any circuit breaker or other facility short circuit capability limits exceeded as a result of the interconnection;
- preliminary identification of any thermal overload of any transmission facility or system voltage limit violations resulting from the interconnection;
- initial review of grounding requirements and electric system protection;

- preliminary description and non-binding estimated cost of facilities required to interconnect the Large Generating Facility to the New England Transmission System and to address the identified short circuit and power flow issues; and
- to the extent the Interconnection Customer requested a preliminary analysis as described in this Section 6.2 of the LGIP, the report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

  In accordance with the LGIP, in performing the Interconnection Feasibility Study, System Operator and Interconnecting Transmission Owner shall coordinate with each other and Affected Parties, and shall receive and incorporate input from such entities into its study, and shall provide copies of the final study report to such entities.

6.0 The Interconnection Customer is providing herewith a deposit equal to 100 percent of the estimated cost of the study. The deposit shall be applied toward the cost of the Interconnection Feasibility Study and the development of this Interconnection Feasibility Study Agreement and its attachment(s). Interconnecting Transmission Owner's and System Operator's good faith estimate for the time of completion of the Interconnection Feasibility Study Agreement is [insert date].

The total estimated cost of the performance of the Interconnection Feasibility Study consists of $_____ which is comprised of the System Operator's estimated cost of $_____ and the Interconnecting Transmission Owner's estimated cost of $_____. Any difference between the deposit and the actual cost of the Interconnection Feasibility Study shall be paid by or refunded to the Interconnection Customer, as appropriate. Upon receipt of the Interconnection Feasibility Study System Operator and Interconnecting Transmission Owner shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Feasibility Study.

Interconnection Customer shall pay any invoiced amounts within thirty (30) Calendar Days of receipt of the invoice.

7.0 Miscellaneous.

7.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

7.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection Feasibility Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection Feasibility Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection Feasibility Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection Feasibility Study, the content of the Interconnection Feasibility Study, or the conclusions of the Interconnection Feasibility Study. Interconnection Customer acknowledges that it has not relied on any

representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

7.3 Force Majeure, Liability and Indemnification.

7.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

7.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or an Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or an Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

7.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owner and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owner shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

7.4 Third-Party Beneficiaries. Without limitation of Sections 7.2 and 7.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection Feasibility Study shall be deemed third party beneficiaries of Sections 7.2 and 7.3.

7.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 7.5, shall continue in effect for a term of one year or until the Interconnection Feasibility Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 3.6 of the LGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

7.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state where the Point of Interconnection is located without regard to any choice of laws provisions.

7.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

7.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

7.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

7.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

7.11 Independent Contractor. Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

7.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect.

7.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

7.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

System Operator	Interconnecting Transmission Owner
By:	By:

Title:	Title:
Date:	Date:

[Insert name of Interconnection Customer]
By:
Title:
Date:

Attachment A to
Appendix 2
Interconnection Feasibility
Study Agreement

ASSUMPTIONS USED IN CONDUCTING THE INTERCONNECTION FEASIBILITY STUDY

The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the Scoping Meeting held on _____:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer, System Operator, and Interconnecting Transmission Owner]

APPENDIX 3
INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State of _____ ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator, and Interconnecting Transmission Owner may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility to the Administered Transmission System;

WHEREAS, System Operator and Interconnecting Transmission Owner have completed an Interconnection Feasibility Study (the "Feasibility Study") and provided the results of said study to the Interconnection Customer, or Interconnection Customer has requested that the Feasibility Study be completed as part of the System Impact Study pursuant to Section 6.1 of the LGIP, or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff")(This recital is to be omitted if Interconnection Customer has elected to forego the Interconnection Feasibility Study); and

WHEREAS, Interconnection Customer has requested System Operator and Interconnecting Transmission Owner to perform an Interconnection System Impact Study to assess the impact of

interconnecting the Large Generating Facility to the Administered Transmission System, and any Affected Systems.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the Commission-approved Large Generator Interconnection Procedure ("LGIP").

2.0 Interconnection Customer elects and System Operator and Interconnecting Transmission Owner shall cause to be performed an Interconnection System Impact Study consistent with Section 7.0 of the LGIP in accordance with the Tariff.

3.0 The scope of the Interconnection System Impact Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study, whether performed separately or as part of the Interconnection System Impact Study, and the technical information provided by Interconnection Customer in Attachment A to the Interconnection Request, subject to any modifications in accordance with Section 4.4 of the LGIP. System Operator and Interconnecting Transmission Owner reserve the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection System Impact Study. If Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the Interconnection System Impact Study may be extended.

5.0 The Interconnection System Impact Study report shall provide the following information:

- identification of any circuit breaker or other facility short circuit capability limits exceeded as a result of the interconnection;
- identification of any thermal overload of any transmission facility or system voltage limit violations resulting from the interconnection;
- initial review of grounding requirements and electric system protection;
- identification of any instability or inadequately damped response to system disturbances resulting from the interconnection;
- description and non-binding, good faith estimated cost of facilities required to interconnect the Large Generating Facility to the Administered Transmission

System and to address the identified short circuit, instability, and power flow issues; and

- to the extent the Interconnection Customer requested a preliminary analysis as described in this Section 7.4 of the LGIP, the report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

6.0 The Interconnection Customer is providing herewith a deposit equal to:

i. the greater of 100 percent of the estimated cost of the Interconnection System Impact Study or $250,000;
or

ii. the lower of 100 percent of the estimated cost of the Interconnection System Impact Study or $50,000, if the Interconnection Customer is providing herewith either:

(a) evidence of applications for all Major Permits, as defined in Section III.13.1.1.2.2.2(a) of the Tariff, required in support of the Interconnection Request, or provide certification that Major Permits are not required or

(b) evidence acceptable to the System Operator of At-Risk Expenditures (excluding study cots) totaling at least the amounts of money described in (i) above.

or

iii the lower of 100 percent of the estimated costs of the study or $50,000 if the Interconnection Request is for a modification to an existing Large Generating Facility that does not increase the energy capability or capacity capability of the Large Generating Facility.

The deposit shall be applied toward the cost of the Interconnection System Impact Study and the development of this Interconnection System Impact Study Agreement and its attachment(s) and the LGIA. Interconnecting Transmission Owner's and System Operator's good faith estimate for the time of completion of the Interconnection System Impact Study is [insert date].

The total estimated cost of the performance of the Interconnection System Impact Study consists of $_____ which is comprised of the System Operator's estimated cost of $_____ and the Interconnecting Transmission Owner's estimated cost of $_____.

Any difference between the deposit and the actual cost of the Interconnection System Impact Study shall be paid by or refunded to the Interconnection Customer, as appropriate.

Upon receipt of the Interconnection System Impact Study, System Operator and Interconnecting Transmission Owner shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection System Impact Study.
System Operator and Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection System Impact Study each month. Interconnection Customer shall pay any invoiced amounts within thirty (30) Calendar Days of receipt of the invoice.

In accordance with the LGIP, in performing the Interconnection System Impact Study, System Operator and Interconnecting Transmission Owner shall coordinate with Affected Parties, shall receive and incorporate input from such entities into its study, and shall provide copies of the final study report to such entities.

7.0 Miscellaneous.

7.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

7.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection System Impact Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection System Impact Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection System Impact Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection System Impact Study, the content of the Interconnection System Impact Study, or the conclusions of the Interconnection System Impact Study. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

7.3 Force Majeure, Liability and Indemnification.

7.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

7.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, an Interconnecting Transmission Owner or any Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

7.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owners and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owners shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

7.4 Third-Party Beneficiaries. Without limitation of Sections 7.2 and 7.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection System Impact Study shall be deemed third party beneficiaries of Sections 7.2 and 7.3.

7.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 7.5, shall continue in effect for a term of one year or until the Interconnection System Impact Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 3.6 of the LGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

7.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state where the Point of Interconnection is located without regard to any choice of laws provisions.

7.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed

severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

7.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

7.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

7.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

7.11 Independent Contractor. Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

7.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect.

7.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

7.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

System Operator	Interconnecting Transmission Owner
By:	By:
Title:	Title:
Date:	Date:

[Insert name of Interconnection Customer]
By:
Title:
Date:

Attachment A
To Appendix 3
Interconnection System Impact
Study Agreement

ASSUMPTIONS USED IN CONDUCTING THE INTERCONNECTION SYSTEM IMPACT STUDY

The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study, whether performed separately or as part of the Interconnection System Impact Study, subject to any modifications in accordance with Section 4.4 of the LGIP, and the following assumptions:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer, System Operator, and Interconnecting Transmission Owner]

APPENDIX 4
INTERCONNECTION FACILITIES STUDY AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State of _____ ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator, and Interconnecting Transmission Owner may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated ; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility to the Administered Transmission System; and

WHEREAS, System Operator and Interconnecting Transmission Owner have completed an Interconnection System Impact Study (the "System Impact Study") and provided the results of said study to the Interconnection Customer; and

WHEREAS, Interconnection Customer has requested System Operator and Interconnecting Transmission Owner to perform an Interconnection Facilities Study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the

Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Large Generating Facility to the Administered Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the Commission-approved Large Generator Interconnection Procedures ("LGIP"), or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 Interconnection Customer elects and System Operator shall cause an Interconnection Facilities Study consistent with Section 8.0 of the LGIP to be performed in accordance with the Tariff.

3.0 The scope of the Interconnection Facilities Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.

4.0 The Interconnection Facilities Study report (i) shall provide a description, estimated cost of (consistent with Attachment A), and schedule for required facilities to interconnect the Large Generating Facility to the Administered Transmission System and (ii) shall address the short circuit, instability, and power flow issues identified in the Interconnection System Impact Study.

5.0 The Interconnection Customer is providing herewith a deposit equal to:

i. the greater of 25 percent of the estimated cost of the Interconnection Facilities Study or $250,000;
or

ii. the greater of 100 percent of the estimated monthly cost of the Interconnection Facilities Study Agreement or $100,000, if the Interconnection Customer can provide either:

(a) evidence of application for all Major Permits, as defined in Section III.13.1.1.2.2.2(a) of the Tariff, required in support of the Interconnection Request, or provide certification that Major Permits are not required or

(b) evidence acceptable to the System Operator of At-Risk Expenditures (excluding Interconnection Study costs)

totaling at least the amount of the money in (i) above, not including the At-Risk Expenditures demonstrated with the Interconnection System Impact Study Agreement, if applicable.

or

iii. the greater of 100 percent of one month's estimated study cost or $100,000, if the Interconnection Request is for a modification to an existing Large Generating Facility that does not increase the energy capability or capacity capability of the Large Generating Facility.

The deposit shall be applied toward the cost of the Interconnection Facilities Study and the development of this Interconnection Facilities Study Agreement and its attachment(s) and the LGIA. The time for completion of the Interconnection Facilities Study is specified in Attachment A.

The total estimated cost of the performance of the Interconnection Facilities Study consists of $_____ which is comprised of the System Operator's estimated cost of $_____ and the Interconnecting Transmission Owner's estimated cost of $_____. Any difference between the deposit and the actual cost of the Interconnection Facilities Study shall be paid by or refunded to the Interconnection Customer, as appropriate. Upon receipt of the Interconnection Facilities Study, System Operator and Interconnecting Transmission Owner shall charge and Interconnection Customer shall pay the actual costs of the Interconnection Facilities Study. System Operator and Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month. Interconnection Customer shall pay any invoiced amounts within thirty (30) Calendar Days of receipt of the invoice. In accordance with the LGIP, in performing the Interconnection Facilities Study, Interconnecting Transmission Owner and System Operator shall coordinate with Affected Parties, shall receive and incorporate input from such entities into its study, and shall provide copies of the final study report to such entities.

6.0 Miscellaneous.

6.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

6.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection Facilities Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection Facilities Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection Facilities Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection Facilities Study, the content of the Interconnection Facilities Study, or the conclusions of the Interconnection Facilities Study. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

6.3 Force Majeure, Liability and Indemnification.

6.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

6.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission

Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or any Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

6.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owners and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owners shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

6.4 Third-Party Beneficiaries. Without limiting Sections 7.2 and 7.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, review, or to assist in the conducting, participating in, or reviewing of, an Interconnection Facilities Study shall be deemed third party beneficiaries of Sections 7.2 and 7.3.

6.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 7.5, shall continue in effect for a term of one year or until the Interconnection Facilities Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 3.6 of the LGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

6.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state where the Point of Interconnection is located without regard to any choice of laws provisions.

6.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

6.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

6.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

6.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

6.11 Independent Contractor. Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

6.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect.

6.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the

Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

6.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

System Operator	Interconnecting Transmission Owner
By:	By:
Title:	Title:
Date:	Date:

[Insert name of Interconnection Customer]
By:
Title:
Date:

Attachment A
To Appendix 4
Interconnection Facilities
Study Agreement

INTERCONNECTION CUSTOMER SCHEDULE ELECTION FOR CONDUCTING THE INTERCONNECTION FACILITIES STUDY

Interconnection Customer elects (check one):

☐ +/- 20 percent cost estimate contained in the Interconnection Facilities Study report.

☐ +/- 10 percent cost estimate contained in the Interconnection Facilities Study report.

Interconnecting Transmission Owner and System Operator shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to the Interconnection Customer within the following number of days after of receipt of an executed copy of this Interconnection Facilities Study Agreement:

- ninety (90) Calendar Days with no more than a +/- 20 percent cost estimate contained in the report, or
- one hundred eighty (180) Calendar Days with no more than a +/- 10 percent cost estimate contained in the report.

DATA FORM TO BE PROVIDED BY INTERCONNECTION CUSTOMER WITH THE INTERCONNECTION FACILITIES STUDY AGREEMENT

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

One set of metering is required for each generation connection to the new ring bus or existing New England Transmission System station. Number of generation connections:

On the one line indicate the generation capacity attached at each metering location. (Maximum load on Current Transformer/Power Transformer ("CT/PT"))

On the one line indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

Will an alternate source of auxiliary power be available during CT/PT maintenance?

Yes _____ No _____

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes _____ No _____

(Please indicate on one line).

What type of control system or Power Line Carrier ("PLC") will be located at the Interconnection Customer's Large Generating Facility?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle of the site. Sketch the plant, station, transmission line, and property line.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to Interconnecting Transmission Owner's transmission line.

Tower number observed in the field. (Painted on tower leg)*

Number of third party easements required for transmission lines*:

* To be completed in coordination with System Operator and Interconnecting Transmission Owner.

Is the Large Generating Facility in Interconnecting Transmission Owner's service area?

Yes _____ No _____ Local provider:
Please provide proposed schedule dates:
Begin Construction Date:
Generator step-up transformer Date:
Receives back feed power Date
Generation Testing Date:
Commercial Operation Date:

APPENDIX 5
OPTIONAL INTERCONNECTION STUDY AGREEMENT

THIS AGREEMENT is made and entered into this _____day of _____, 20___by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and __ _____, a _____ organized and existing under the laws of the State of _____ ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator, and Interconnecting Transmission Owner may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer is proposing to establish an interconnection to the Administered Transmission System; and

WHEREAS, Interconnection Customer has submitted to System Operator an Interconnection Request; and

WHEREAS, on or after the date when the Interconnection Customer receives the Interconnection System Impact Study results, Interconnection Customer has further requested that the System Operator and Interconnecting Transmission Owner prepare an Optional Interconnection Study.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the Commission-approved Large Generator Interconnection Procedures ("LGIP"), or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 Interconnection Customer elects and System Operator shall cause an Optional Interconnection Study consistent with Section 10.0 of the LGIP to be performed in accordance with the Tariff.

3.0 The scope of the Optional Interconnection Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Optional Interconnection Study shall be performed solely for informational purposes.

5.0 The Optional Interconnection Study report shall provide a sensitivity analysis based on the assumptions specified by the Interconnection Customer in Attachment A to this Agreement. The Optional Interconnection Study will identify Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or Interconnection Service based upon the assumptions specified by the Interconnection Customer in Attachment A.
In accordance with the LGIP, in performing the Optional Interconnection Study, the System Operator shall coordinate with Interconnecting Transmission Owner and Affected Parties, and shall receive and incorporate input from such entities into its study, and shall provide copies of the final study report to such entities.

6.0 The Interconnection Customer is providing herewith a deposit equal to 100 percent of the estimated cost of the study. Interconnecting Transmission Owner's and System Operator's good faith estimate for the time of completion of the Optional Interconnection Study is [insert date].

The total estimated cost of the performance of the Optional Interconnection Study consists of $_____ which is comprised of the System Operator's estimated cost of $_____ and the Interconnecting Transmission Owner's estimated cost of $_____.

Any difference between the initial payment and the actual cost of the study shall be paid by or refunded to the Interconnection Customer, as appropriate. Upon receipt of the Optional Interconnection Study, System Operator and Interconnecting Transmission Owner shall charge and the Interconnection Customer shall pay the actual costs of the

Optional Interconnection Study. Interconnection Customer shall pay any invoiced amounts within thirty (30) Calendar Days of receipt of invoice.

7.0 Miscellaneous.

7.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

7.2 Disclaimer of Warranty. In preparing and/or participating in the Optional Interconnection Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Optional Interconnection Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Optional Interconnection Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Optional Interconnection Study, the content of the Optional Interconnection Study, or the conclusions of the Optional Interconnection Study. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

7.3 Force Majeure, Liability and Indemnification.

7.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

7.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or any Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

7.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owners and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owners under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the

indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owners shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

7.4 Third-Party Beneficiaries. Without limitation of Sections 7.2 and 7.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Optional Interconnection Study shall be deemed third party beneficiaries of Sections 7.2 and 7.3.

7.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 7.5, shall continue in effect for a term of one year or until the Optional Interconnection Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 3.6 of the LGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

7.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state where the Point of Interconnection is located, without regard to any choice of laws provisions.

7.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

7.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

7.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

7.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

7.11 Independent Contractor. Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

7.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instances; rather, the same shall be and remain in full force and effect.

7.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

7.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

System Operator	Interconnecting Transmission Owner
By:	By:
Title:	Title:
Date:	Date:

[Insert name of Interconnection Customer]
By:
Title:
Date:

Attachment A
Appendix 5
Optional Interconnection
Study Agreement

ASSUMPTIONS USED IN CONDUCTING
THE OPTIONAL INTERCONNECTION STUDY

[To be completed by Interconnection Customer consistent with Section 10 of the LGIP.]

APPENDIX 6
LARGE GENERATOR INTERCONNECTION AGREEMENT

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THIS STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

("Agreement") is made and entered into this ____ day of _____ 20__, by and between _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnection Customer" with a Large Generating Facility), ISO New England Inc., a non-stock corporation organized and existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnecting Transmission Owner"). Under this Agreement the Interconnection Customer, System Operator, and Interconnecting Transmission Owner each may be referred to as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, System Operator is the central dispatching agency provided for under the Transmission Operating Agreement ("TOA") which has responsibility for the operation of the New England Control Area from the System Operator control center and the administration of the Tariff; and

WHEREAS, Interconnecting Transmission Owner is the owner or possessor of an interest in the Administered Transmission System; and

WHEREAS, Interconnection Customer intends to own, lease and/or control and operate the Generating Facility identified as a Large Generating Facility in Appendix C to this Agreement; and

WHEREAS, System Operator, Interconnection Customer and Interconnecting Transmission Owner have agreed to enter into this Agreement for the purpose of interconnecting the Large Generating Facility to the Administered Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

When used in this Standard Large Generator Interconnection Agreement, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used.

ARTICLE 1. DEFINITIONS

The definitions contained in this Article 1 and those definitions embedded in an Article of this Agreement are intended to apply in the context of the generator interconnection process provided for in Schedule 22 (and its appendices). To the extent that the definitions herein are different than those contained in Section I.2.2 of the Tariff, the definitions provided below shall control only for purposes of generator interconnections under Schedule 22. Capitalized terms in Schedule 22 that are not defined in this Article 1 shall have the meanings specified in Section I.2.2 of the Tariff.

Administered Transmission System shall mean the PTF, the Non-PTF, and distribution facilities that are subject to the Tariff.

Adverse System Impact shall mean any significant negative effects on the stability, reliability or operating characteristics of the electric system.

Affected Party shall mean the entity that owns, operates or controls an Affected System, or any other entity that otherwise may be a necessary party to the interconnection process.

Affected System shall mean any electric system that is within the Control Area, including, but not limited to, generator owned transmission facilities, or any other electric system that is not within the Control Area that may be affected by the proposed interconnection.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the reliability council applicable to the New England Transmission System.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the NPCC and the New England Control Area, including publicly available local reliability requirements of Interconnecting Transmission Owners or other Affected Parties.

At-Risk Expenditure shall mean money expended for the development of the Generating Facility that cannot be recouped if the Interconnection Customer were to withdraw the Interconnection Request for the Generating Facility. At-Risk Expenditure may include, but is not limited to, money expended on: (i) costs of federal, state, local, regional and town permits, (ii) Site Control, (iii) site-specific design and surveys, (iv) construction activities, and (v) non-refundable deposits for major equipment components. For purposes of this definition, At-Risk Expenditure shall not include costs associated with the Interconnection Studies.

Base Case shall have the meaning specified in Section 2.3 of the Large Generator Interconnection Procedures ("LGIP").

Base Case Data shall mean the Base Case power flow, short circuit, and stability data bases used for the Interconnection Studies by the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Capacity Capability Interconnection Standard ("CC Interconnection Standard") shall mean the criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, and in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other Capacity Network Resources, as detailed in the ISO New England Planning Procedures.

Capacity Network Resource ("CNR") shall mean that portion of a Generating Facility that is interconnected to the Administered Transmission System under the Capacity Capability Interconnection Standard.

Capacity Network Resource Capability ("CNR Capability") shall mean: (i) in the case of a Generating Facility that is a New Generating Capacity Resource pursuant to Section III.13.1 of the Tariff or an Existing Generating Capacity Resource that is increasing its capability pursuant to Section III.13.1.2.2.5 of the Tariff, the highest megawatt amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff, and, if applicable, as specified in a filing by the System Operator with the Commission in accordance with Section III.13.8.2 of the Tariff, or (ii) in the case of a Generating Facility that meets the criteria under Section 5.2.3 of this LGIP, the total megawatt amount determined pursuant to the hierarchy established in Section 5.2.3. CNR Capability shall not exceed the maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter. Where the Generating Facility includes multiple production devices, the CNR Capability shall not exceed the aggregate maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter.

Capacity Network Resource Group Study ("CNR Group Study") shall mean the study performed by the System Operator under Section III.13.1.1.2.3 of the Tariff to determine which resources qualify to participate in a Forward Capacity Auction.

Capacity Network Resource Interconnection Service ("CNR Interconnection Service") shall mean the Interconnection Service selected by the Interconnection Customer to interconnect its Large Generating Facility with the Administered Transmission System in accordance with the Capacity Capability Interconnection Standard. An Interconnection Customer's CNR Interconnection Service shall be for the megawatt amount of CNR Capability. CNR Interconnection Service does not in and of itself convey transmission service.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise. Confidential Information shall include, but not be limited to, information that is confidential pursuant to the ISO New England Information Policy.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Interconnecting Transmission Owner's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to Interconnecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect

Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by the Commission or if filed unexecuted, upon the date specified by the Commission.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is likely to endanger life or property; or (2) that, in the case of the Interconnecting Transmission Owner, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the New England Transmission System, Interconnecting Transmission Owner's Interconnection Facilities or any Affected System to which the New England Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Engineering & Procurement ("E&P") Agreement shall mean an agreement that authorizes the Interconnection Customer, Interconnecting Transmission Owner and any other Affected Party to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a *et seq.*

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Interconnecting Transmission Owner's Interconnection Facilities to obtain back feed power.

Interconnecting Transmission Owner shall mean a Transmission Owner that owns, leases or otherwise possesses an interest in, ~~the portion~~ or a Non-Incumbent Transmission Developer that is not a Participating Transmission Owner that is constructing, a portion of the Administered Transmission System at the Point of Interconnection and shall be a Party to the Standard Large Generator Interconnection Agreement. The term Interconnecting Transmission Owner shall not be read to include the System Operator.

Interconnecting Transmission Owner's Interconnection Facilities shall mean all facilities and equipment owned, controlled, or operated by Interconnecting Transmission Owner from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Interconnecting Transmission Owner's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Customer shall mean any entity, including a transmission owner or its Affiliates or subsidiaries, that interconnects or proposes to interconnect its Generating Facility with the Administered Transmission System under the Standard Large Generator Interconnection Procedures.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Administered Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Interconnecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Administered Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the System Operator, Interconnecting Transmission Owner, or a third party consultant for the Interconnection Customer to determine a list of facilities (including Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Administered Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Administered Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures. The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study, or as part of the Interconnection System Impact Study. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the

Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 6 and Section 7.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request (a) shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to: (i) interconnect a new Generating Facility to the Administered Transmission System as either a CNR or a NR; (ii) increase the energy capability or capacity capability of an existing Generating Facility; (iii) make a Material Modification to the design or operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected with the Administered Transmission System; (iv) commence participation in the wholesale markets by an existing Generating Facility that is interconnected with the Administered Transmission System; or (v) change from NR Interconnection Service to CNR Interconnection Service. Interconnection Request shall not include: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility.

Interconnection Service shall mean the service provided by System Operator and the Interconnecting Transmission Owner, associated with interconnecting the Interconnection Customer's Generating Facility to the Administered Transmission System and enabling the receipt of electric energy capability and/or capacity capability from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, the Interconnection Facilities Study and the Optional Interconnection Study described in the Standard Large Generator Interconnection Procedures. Interconnection Study shall not include a CNR Group Study.

Interconnection Study Agreement shall mean any of the following agreements: the Interconnection Feasibility Study Agreement, the Interconnection System Impact Study Agreement, the Interconnection Facilities Study Agreement, and the Optional Interconnection Study Agreement attached to the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of the Administered Transmission System and any other Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on Adverse System Impacts, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 6 and Section 7.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Large Generating Facility shall mean a Generating Facility having a maximum gross capability at or above zero degrees F of more than 20 MW.

Long Lead Time Generating Facility ("Long Lead Facility") shall mean a Generating Facility with an Interconnection Request for CNR Interconnection Service that has, as applicable, elected or requested long lead time treatment and met the eligibility criteria and requirements specified in Section 3.2.3 of the LGIP.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from another Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the Indemnifying Party.

Major Permits shall be as defined in Section III.13.1.1.2.2.2(a) of the Tariff.

Material Modification shall mean (i) except as expressly provided in Section 4.4.1, those modifications to the Interconnection Request, including any of the technical data provided by the Interconnection Customer in Attachment A to the Interconnection Request or to the interconnection configuration, requested by the Interconnection Customer that either require significant additional study of the same Interconnection Request and could substantially change the interconnection design, or have a material impact on the cost or timing of any Interconnection Studies or upgrades associated with an Interconnection Request with a later queue priority date; (ii) a change to the design or operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected with the Administered Transmission System that may have a significant adverse effect on the reliability or operating characteristics of the New England Transmission System; (iii) a delay to the

Commercial Operation Date, In-Service Date, or Initial Synchronization Date of greater than three (3) years where the reason for delay is unrelated to construction schedules or permitting which delay is beyond the Interconnection Customer's control; or (iv) except as provided in Section 3.2.3.4 of the LGIP, a withdrawal of a request for Long Lead Facility treatment; or (v) except as provided in Section 3.2.3.6 of the LGIP, an election to participate in an earlier Forward Capacity Auction than originally anticipated.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

Network Capability Interconnection Standard ("NC Interconnection Standard") shall mean the criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, as detailed in the ISO New England Planning Procedures.

Network Resource ("NR") shall mean the portion of a Generating Facility that is interconnected to the Administered Transmission System under the Network Capability Interconnection Standard.

Network Resource Capability ("NR Capability") shall mean the maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. Where the Generating Facility includes multiple energy production devices, the NR Capability shall be the aggregate maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. NR Capability shall be equal to or greater than the CNR Capability. In the case of a Generating Facility that meets the criteria under Section 5.2.4 of this LGIP, the NR Capability shall equal the total megawatt amount determined pursuant to Section 5.2.4.

Network Resource Interconnection Service ("NR Interconnection Service") shall mean the Interconnection Service selected by the Interconnection Customer to interconnect its Generating Facility to the Administered Transmission System in accordance with the Network Capability Interconnection Standard. An Interconnection Customer's NR Interconnection Service shall be solely for the megawatt amount of the NR Capability. NR Interconnection Service in and of itself does not convey transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the New England Transmission System required at or beyond the Point of Interconnection to accommodate the interconnection of the Large Generating Facility to the Administered Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party shall mean the System Operator, Interconnection Customer and Interconnecting Transmission Owner or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to Interconnecting Transmission Owner's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Administered Transmission System.

Queue Position shall mean the order of a valid request in the New England Control Area, relative to all other pending requests in the New England Control Area, that is established based upon the date and time of receipt of such request by the System Operator. Requests are comprised of Interconnection Requests, requests for Elective Transmission Upgrades, requests for transmission service and notification of requests for interconnection to other electric systems, as notified by the other electric systems, that impact the Administered Transmission System. For purposes of this LGIA, references to a "higher-queued" Interconnection Request shall mean one that has been received by the System Operator (and placed in queue order) earlier than another Interconnection Request, which is referred to as "lower-queued."

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting between representatives of the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (a) that the Interconnection Customer is the owner in fee simple of the real property for which new interconnection is sought; (b) that the Interconnection Customer holds a valid written leasehold interest in the real property for which new interconnection is sought; (c) that the Interconnection Customer holds a valid written option to purchase or leasehold property for which new interconnection is sought; (d) that the Interconnection Customer holds a duly executed written contract to purchase or leasehold the real property for which new interconnection is sought; or (e) that the Interconnection Customer has filed applications for required permits to site on federal or state property.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the New England Transmission System during their construction. The System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by System Operator in accordance with applicable codes of conduct and confidentiality requirements, must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement ("LGIA") shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility, that is included in this Schedule 22 to the Tariff.

Standard Large Generator Interconnection Procedures ("LGIP") shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in this Schedule 22 to the Tariff.

System Protection Facilities shall mean the equipment, including necessary signal protection communications equipment, required to protect (1) the New England Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the New England Transmission System or on

other delivery systems or other generating systems to which the New England Transmission System is directly connected.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION

2.1 Effective Date. This LGIA shall become effective upon execution by the Parties subject to acceptance by the Commission (if applicable), or if filed unexecuted, upon the date specified by the Commission. System Operator and Interconnecting Transmission Owner, shall promptly and jointly file this LGIA with the Commission upon execution in accordance with Section 11.3 of the LGIP and Article 3.1, if required.

2.2 Term of Agreement. This LGIA, subject to the provisions of Article 2.3, and by mutual agreement of the Parties, shall remain in effect for a period of _____ years from the Effective Date (*term to be specified in individual Agreement, but in no case should the term be less than ten (10) years from the Effective Date or such other longer period as the Interconnection Customer may request)* and shall be automatically renewed for each successive one-year period thereafter.

2.3 Termination Procedures.

2.3.1 Written Notice. This LGIA may be terminated by the Interconnection Customer, subject to continuing obligations of this LGIA and the Tariff, after giving the System Operator and Interconnecting Transmission Owner ninety (90) Calendar Days advance written notice, or by System Operator or Interconnecting Transmission Owner notifying the Commission after a Generating Facility retires pursuant to the Tariff, provided that if an Interconnection Customer exercises its right to terminate on ninety (90) Calendar Days, any reconnection would be treated as a new interconnection request; or this LGIA may be terminated by Interconnecting Transmission Owner or System Operator by notifying the Commission after the Generating Facility permanently ceases Commercial Operation.

2.3.2 Default. Each Party may terminate this LGIA in accordance with Article 17. Notwithstanding Articles 2.3.1 and 2.3.2, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing, if applicable, with the Commission of a notice of

termination of this LGIA, which notice has been accepted for filing by the Commission. Termination of the LGIA shall not supersede or alter any requirements for deactivation or retirement of a generating unit under ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

2.4 Termination Costs. If a Party elects to terminate this LGIA pursuant to Article 2.3 above, each Party shall pay all costs incurred (including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment) or charges assessed by the other Party(ies), as of the date of such Party's(ies') receipt of such notice of termination, that are the responsibility of such Party(ies) under this LGIA. In the event of termination by a Party, all Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. Upon termination of this LGIA, unless otherwise ordered or approved by the Commission:

2.4.1 With respect to any portion of the Interconnecting Transmission Owner's Interconnection Facilities, Network Upgrades, or Distribution Upgrades to the extent covered by this LGIA, that have not yet been constructed or installed, the Interconnecting Transmission Owner shall to the extent possible and with Interconnection Customer's authorization cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, such facilities; provided that in the event Interconnection Customer elects not to authorize such cancellation, Interconnection Customer shall assume all payment obligations with respect to such materials, equipment, and contracts, and the Interconnecting Transmission Owner shall deliver such material and equipment, and, if necessary, and to the extent possible, assign such contracts, to Interconnection Customer as soon as practicable, at Interconnection Customer's expense. To the extent that Interconnection Customer has already paid Interconnecting Transmission Owner for any or all such costs of materials or equipment not taken by Interconnection Customer, either (i) in the case of overpayment, Interconnecting Transmission Owner shall promptly refund such amounts to Interconnection Customer, less any costs, including penalties incurred by the Interconnecting Transmission Owner to cancel any pending orders of or return such materials, equipment, or contracts, or (ii) in the case of underpayment, Interconnection Customer shall promptly pay such amounts still due plus any costs, including penalties incurred by Interconnecting Transmission Owner to cancel any pending orders of or return such materials, equipment, or contracts.
If an Interconnection Customer terminates this LGIA, it shall be responsible for all costs incurred in association with that Interconnection Customer's interconnection, including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment, and other expenses including any Network Upgrades for which the Interconnecting Transmission Owner has incurred expenses and has not been reimbursed by the Interconnection Customer.

2.4.2 Interconnecting Transmission Owner may, at its option, retain any portion of such materials, equipment, or facilities that Interconnection Customer chooses not to accept

delivery of, in which case Interconnecting Transmission Owner shall be responsible for all costs associated with procuring such materials, equipment, or facilities.

2.4.3 With respect to any portion of the Interconnection Facilities, and any other facilities already installed or constructed pursuant to the terms of this LGIA, Interconnection Customer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.

2.5 Disconnection. Upon termination of this LGIA, Interconnection Service shall terminate and, the Parties will take all appropriate steps to disconnect the Large Generating Facility from the Interconnecting Transmission Owner's Interconnection Facilities. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from a non-terminating Party's Default of this LGIA or such non-terminating Party otherwise is responsible for these costs under this LGIA.

2.6 Survival. This LGIA shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder, including billings and payments pursuant to this LGIA; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this LGIA was in effect; and to permit each Party to have access to the lands of the other Party(ies) pursuant to this LGIA or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

ARTICLE 3. REGULATORY FILINGS

3.1 Filing. The System Operator and Interconnecting Transmission Owner shall jointly file this LGIA (and any amendment hereto) with the appropriate Governmental Authority, if required, in accordance with Section 11.3 of the LGIP. Interconnection Customer may request that any information so provided be subject to the confidentiality provisions of Article 22. If the Interconnection Customer has executed this LGIA, or any amendment thereto, the Interconnection Customer shall reasonably cooperate with the System Operator and Interconnecting Transmission Owner with respect to such filing and to provide any information reasonably requested by the System Operator and/or the Interconnecting Transmission Owner needed to comply with applicable regulatory requirements.

ARTICLE 4. SCOPE OF SERVICE

4.1 Interconnection Product Options. Interconnection Customer has selected the following (checked) type(s) of Interconnection Service:

Check: ___ NR for NR Interconnection Service (NR Capability Only)

___ CNR for CNR Interconnection Service (CNR Capability and NR Capability)

4.1.1 Capacity Network Resource Interconnection Service (CNR Interconnection Service).

4.1.1.1 The Product. The System Operator and Interconnecting Transmission Owner must conduct the necessary studies and the Interconnecting Transmission Owner and Affected Parties must construct the Network Upgrades needed to interconnect the Large Generating Facility in a manner comparable to that in which all other Capacity Network Resources are interconnected under the CNR Interconnection Standard. CNR Interconnection Service allows the Interconnection Customer's Large Generating Facility to be designated as a Capacity Network Resource, to participate in the New England Markets, in accordance with Market Rule 1, Section III of the Tariff, up to the net CNR Capability, or as otherwise provided in Market Rule 1, Section III of the Tariff, on the same basis as all other existing Capacity Network Resources, and to be studied as a Capacity Network Resource on the assumption that such a designation will occur.

4.1.2 Network Resource Interconnection Service (NR Interconnection Service).

4.1.2.1 The Product. The System Operator and Interconnecting Transmission Owner must conduct the necessary studies and Interconnecting Transmission Owner and Affected Parties must construct the Network Upgrades needed to interconnect the Large Generating Facility in a manner comparable to that in which all other Network Resources are interconnected under the NC Interconnection Standard. NC Interconnection Service allows the Interconnection Customer's Large Generating Facility to participate in the New England Markets, in accordance with Market Rule 1, Section III of the Tariff, up to the gross and net NR Capability or as otherwise provided in Market Rule l, Section III of the Tariff. Notwithstanding the above, the portion of a Large Generating Facility that has been designated as a Network Resource interconnected under the NC Interconnection Standard cannot be a capacity resource under Section III.13 of the Tariff, unless pursuant to a new Interconnection Request for CNR Interconnection Service.

4.2 **Provision of Service**. System Operator and Interconnecting Transmission Owner shall provide Interconnection Service for the Large Generating Facility at the Point of Interconnection.

4.3 **Performance Standards**. Each Party shall perform all of its obligations under this LGIA in accordance with Applicable Laws and Regulations, the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such requirements and standards, such Party shall not be deemed to be in Breach of this LGIA for its compliance therewith. If such Party is the Interconnecting Transmission Owner, then that Party shall amend the LGIA and System Operator, in conjunction with the Interconnecting Transmission Owner, shall submit the amendment to the Commission for approval.

4.4 **No Transmission Delivery Service**. The execution of this LGIA does not constitute a request for, nor the provision of, any service except for Interconnection Service, including, but not limited to, transmission delivery service, local delivery service, distribution service, capacity service, energy service, or Ancillary Services under any applicable tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.

4.5 **Transmission Delivery Service Implications**. CNR Interconnection Service and NR Interconnection Service allow the Interconnection Customer's Large Generating Facility to be designated by any Network Customer under the Tariff on the New England Transmission System as a Capacity Network Resource or Network Resource, up to the net CNR Capability or NR Capability, respectively, on the same basis as all other existing Capacity Network Resources and Network Resources interconnected to the New England Transmission System, and to be studied as a Capacity Network Resource or a Network Resource on the assumption that such a designation will occur. Although CNR Interconnection Service and NR Interconnection Service do not convey a reservation of transmission service, any Network Customer can utilize its network service under the Tariff to obtain delivery of capability from the Interconnection Customer's Large Generating Facility in the same manner as it accesses Capacity Network Resources and Network Resources. A Large Generating Facility receiving CNR Interconnection Service or NR Interconnection Service may also be used to provide Ancillary Services, in accordance with the Tariff and Market Rule 1, after technical studies and/or periodic analyses are performed with respect to the Large Generating Facility's ability to provide any applicable Ancillary Services, provided that such studies and analyses have been or would be required in connection with the provision of such Ancillary Services by any existing Capacity Network Resource or Network Resource. However, if an Interconnection Customer's Large Generating Facility has not been designated as a Capacity Network Resource or as a Network Resource by any load, it cannot be required to provide Ancillary Services except to the extent such requirements extend to all Generating Facilities that are similarly situated.

CNR Interconnection Service and NR Interconnection Service do not necessarily provide the Interconnection Customer with the capability to physically deliver the output of its Large Generating Facility to any particular load on the New England Transmission System without incurring congestion costs. In the event of transmission constraints on the New England Transmission System, the Interconnection Customer's Large Generating Facility shall be subject to the applicable congestion management procedures for the New England Transmission System in the same manner as other Capacity Network Resources or Network Resources.

There is no requirement either at the time of study or interconnection, or at any point in the future, that the Interconnection Customer's Large Generating Facility be designated as a Capacity Network Resource or as a Network Resource by a Network Service Customer under the Tariff or that the Interconnection Customer identify a specific buyer (or sink). To the extent a Network Customer does designate the Large Generating Facility as either a Capacity Network Resource or a Network Resource, it must do so pursuant to the Tariff.

Once an Interconnection Customer satisfies the requirements for obtaining CNR Interconnection Service or NR Interconnection Service, as long as the Large Generating Facility has not been deemed to be retired, any future transmission service request for delivery from the Large Generating Facility on the New England Transmission System of any amount of capacity capability and/or energy capability will not require that any additional studies be performed or that any further upgrades associated with such Large Generating Facility be undertaken, regardless of whether or not such Large Generating Facility is ever designated by a Network Customer as a Capacity Network Resource or Network Resource, and regardless of changes in ownership of the Large Generating Facility. To the extent the Interconnection Customer enters into an arrangement for long-term transmission service for deliveries from the Large Generating Facility outside the New England Transmission System, or if the unit has been deemed to be retired, such request may require additional studies and upgrades in order for Interconnecting Transmission Owner to grant such request.

4.6 Interconnection Customer Provided Services. The services provided by Interconnection Customer under this LGIA are set forth in Article 9.6 and Article 13.4. Interconnection Customer shall be paid for such services in accordance with Article 11.6.

ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION

5.1 Options. Unless otherwise mutually agreed to between the Parties, Interconnection Customer shall specify the In-Service Date, Initial Synchronization Date, and Commercial Operation Date as specified in the Interconnection Request or as subsequently revised pursuant to Section 4.4 of the LGIP; and select either Standard Option or Alternate Option set forth below for completion of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as set forth in Appendix A, and such dates and selected option shall be set forth in Appendix B (Milestones). In accordance with Section 8 of the LGIP and unless otherwise mutually agreed, the Alternate Option is not an available option if the Interconnection Customer waived the Interconnection Facilities Study.

5.1.1 Standard Option. The Interconnecting Transmission Owner shall design, procure, and construct the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades, using Reasonable Efforts to complete the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades by the dates set forth in Appendix B (Milestones). The Interconnecting Transmission Owner shall not be required to undertake any action which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. In the event the Interconnecting Transmission Owner reasonably expects that it will not be able to complete the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades by the specified dates, the Interconnecting Transmission Owner shall promptly provide written notice to the Interconnection Customer and shall undertake Reasonable Efforts to meet the earliest dates thereafter.

5.1.2 Alternate Option. If the dates designated by Interconnection Customer are acceptable to Interconnecting Transmission Owner, the Interconnecting Transmission Owner shall so notify Interconnection Customer within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities by the designated dates.
If Interconnecting Transmission Owner subsequently fails to complete Interconnecting Transmission Owner's Interconnection Facilities by the In-Service Date, to the extent necessary to provide back feed power; or fails to complete Network Upgrades by the Initial Synchronization Date to the extent necessary to allow for Trial Operation at full power output, unless other arrangements are made by the Parties for such Trial Operation; or fails to complete the Network Upgrades by the Commercial Operation Date, as such dates are reflected in Appendix B (Milestones); Interconnecting Transmission Owner shall pay Interconnection Customer liquidated damages in

accordance with Article 5.3, Liquidated Damages, provided, however, the dates designated by Interconnection Customer shall be extended day for day for each day that the applicable System Operator refuses to grant clearances to install equipment.

5.1.3 Option to Build. If the dates designated by Interconnection Customer are not acceptable to Interconnecting Transmission Owner, the Interconnecting Transmission Owner shall so notify the Interconnection Customer within thirty (30) Calendar Days, and unless the Parties agree otherwise, Interconnection Customer shall have the option to assume responsibility for the design, procurement and construction of Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades on the dates specified in Article 5.1.2. The System Operator, Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by System Operator in accordance with applicable codes of conduct and confidentiality requirements must agree as to what constitutes Stand Alone Network Upgrades and identify such Stand Alone Network Upgrades in Appendix A to the LGIA. Except for Stand Alone Network Upgrades, Interconnection Customer shall have no right to construct Network Upgrades under this option.

5.1.4 Negotiated Option. If the Interconnection Customer elects not to exercise its option under Article 5.1.3 (Option to Build), Interconnection Customer shall so notify Interconnecting Transmission Owner within thirty (30) Calendar Days, and the Parties shall in good faith attempt to negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives or the procurement and construction of a portion of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades by Interconnection Customer) pursuant to which Interconnecting Transmission Owner is responsible for the design, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades. If the Parties are unable to reach agreement on such terms and conditions, Interconnecting Transmission Owner shall assume responsibility for the design, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades pursuant to 5.1.1 (Standard Option).

5.2 General Conditions Applicable to Option to Build. If Interconnection Customer assumes responsibility for the design, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades,

(1) the Interconnection Customer shall engineer, procure equipment, and construct the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by the Interconnecting Transmission Owner;

(2) Interconnection Customer's engineering, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network

Upgrades shall comply with all requirements of law to which Interconnecting Transmission Owner would be subject in the engineering, procurement or construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades;

(3) Interconnecting Transmission Owner shall review and approve the engineering design, equipment acceptance tests, and the construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades;

(4) prior to commencement of construction, Interconnection Customer shall provide to Interconnecting Transmission Owner a schedule for construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades, and shall promptly respond to requests for information from Interconnecting Transmission Owner;

(5) at any time during construction, Interconnecting Transmission Owner shall have the right to gain unrestricted access to the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades and to conduct inspections of the same;

(6) at any time during construction, should any phase of the engineering, equipment procurement, or construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades not meet the standards and specifications provided by Interconnecting Transmission Owner, the Interconnection Customer shall be obligated to remedy deficiencies in that portion of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades;

(7) the Interconnection Customer shall indemnify the Interconnecting Transmission Owner for claims arising from the Interconnection Customer's construction of Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades under the terms and procedures applicable to Article 18.1 (Indemnity);

(8) the Interconnection Customer shall transfer control of Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades to the Interconnecting Transmission Owner;

(9) Unless Parties otherwise agree, Interconnection Customer shall transfer ownership of Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades to Interconnecting Transmission Owner;

(10) Interconnecting Transmission Owner shall approve and accept for operation and maintenance the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades to the extent engineered, procured, and constructed in accordance with this Article 5.2; and

(11) Interconnection Customer shall deliver to Interconnecting Transmission Owner "as built" drawings, information, and any other documents that are reasonably required by Interconnecting

Transmission Owner to assure that the Interconnection Facilities and Stand Alone Network Upgrades are built to the standards and specifications required by Interconnecting Transmission Owner.

5.3 Liquidated Damages. The actual damages to the Interconnection Customer, in the event the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades are not completed by the dates designated by the Interconnection Customer and accepted by the Interconnecting Transmission Owner pursuant to subparagraphs 5.1.2 or 5.1.4, above, may include Interconnection Customer's fixed operation and maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. Because of such uncertainty, any liquidated damages paid by the Interconnecting Transmission Owner to the Interconnection Customer in the event that Interconnecting Transmission Owner does not complete any portion of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades by the applicable dates, shall be an amount equal to ½ of 1 percent per day of the actual cost of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades, in the aggregate, for which Interconnecting Transmission Owner has assumed responsibility to design, procure and construct.

However, in no event shall the total liquidated damages exceed 20 percent of the actual cost of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades for which the Interconnecting Transmission Owner has assumed responsibility to design, procure, and construct. The foregoing payments will be made by the Interconnecting Transmission Owner to the Interconnection Customer as just compensation for the damages caused to the Interconnection Customer, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this LGIA. Liquidated damages, when the Parties agree to them, are the exclusive remedy for the Interconnecting Transmission Owner's failure to meet its schedule.

No liquidated damages shall be paid to Interconnection Customer if: (1) Interconnection Customer is not ready to commence use of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades to take the delivery of power for the Large Generating Facility's Trial Operation or to export power from the Large Generating Facility on the specified dates, unless the Interconnection Customer would have been able to commence use of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades to take the delivery of power for Large Generating Facility's Trial Operation or to export power from the Large Generating Facility, but for Interconnecting Transmission Owner's delay; (2) the Interconnecting Transmission Owner's failure to meet the specified dates is the result of the action or inaction of the Interconnection Customer or any other Interconnection Customer who has entered into an LGIA with the Interconnecting Transmission Owner or any cause beyond Interconnecting Transmission Owner's reasonable control or reasonable ability to cure, including, but not limited to, actions by the System Operator that cause delays and/or delays in licensing, permitting or consents where the Interconnecting Transmission Owner has pursued such licenses, permits or consents in good faith; (3) the Interconnection Customer has assumed responsibility for the design, procurement and construction of the Interconnecting Transmission Owner's

Interconnection Facilities and Stand Alone Network Upgrades; or (4) the Parties have otherwise agreed.

5.4 **Power System Stabilizers**. If a Power System Stabilizer is required to be installed on the Large Generating Facility for the purpose of maintaining system stability, the Interconnection Customer shall procure, install, maintain and operate Power System Stabilizers in accordance with the guidelines and procedures established by the System Operator and Interconnecting Transmission Owner, and consistent with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. The System Operator and Interconnecting Transmission Owner reserve the right to reasonably establish minimum acceptable settings for any installed Power System Stabilizers, subject to the design and operating limitations of the Large Generating Facility. If the Large Generating Facility's Power System Stabilizers are removed from service or not capable of automatic operation, the Interconnection Customer shall immediately notify the System Operator and Interconnecting Transmission Owner, or their designated representative. The requirements of this paragraph shall not apply to non-synchronous power production equipment.

5.5 **Equipment Procurement**. If responsibility for construction of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades is to be borne by the Interconnecting Transmission Owner, then the Interconnecting Transmission Owner shall commence design of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades and procure necessary equipment as soon as practicable after all of the following conditions are satisfied, unless the Parties otherwise agree in writing:

5.5.1 The Interconnecting Transmission Owner has completed the Facilities Study pursuant to the Facilities Study Agreement;

5.5.2 The Interconnecting Transmission Owner has received written authorization to proceed with design and procurement from the Interconnection Customer by the date specified in Appendix B (Milestones); and

5.5.3 The Interconnection Customer has provided security to the Interconnecting Transmission Owner in accordance with Article 11.5 by the dates specified in Appendix B (Milestones).

5.6 **Construction Commencement**. The Interconnecting Transmission Owner shall commence construction of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:

5.6.1 Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;

5.6.2 Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of a discrete aspect of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades;

5.6.3 The Interconnecting Transmission Owner has received written authorization to proceed with construction from the Interconnection Customer by the date specified in Appendix B (Milestones); and

5.6.4 The Interconnection Customer has provided security to Interconnecting Transmission Owner in accordance with Article 11.5 by the dates specified in Appendix B (Milestones).

5.7 Work Progress. The Interconnection Customer and the Interconnecting Transmission Owner shall keep each Party informed, by written quarterly progress reports, as to the progress of their respective design, procurement and construction efforts in order to meet the dates specified in Appendix B (Milestones). Any Party may also, at any other time, request a written progress report from the other Parties. If, at any time, the Interconnection Customer determines that the completion of the Interconnecting Transmission Owner's Interconnection Facilities will not be required until after the specified In-Service Date, the Interconnection Customer, upon the System Operator's approval that the change in the In-Service Date will not constitute a Material Modification pursuant to Section 4.4 of the LGIP, will provide written notice to the Interconnecting Transmission Owner of such later date upon which the completion of the Interconnecting Transmission Owner's Interconnection Facilities will be required.

5.8 Information Exchange. As soon as reasonably practicable after the Effective Date, the Parties shall exchange information regarding the design and compatibility of the Parties' Interconnection Facilities and compatibility of the Interconnection Facilities with the New England Transmission System, and shall work diligently and in good faith to make any necessary design changes.

5.9 Limited Operation. If any of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of the Large Generating Facility, System Operator and the Interconnecting Transmission Owner shall, upon the request and at the expense of Interconnection Customer, perform operating studies on a timely basis to determine the extent to which the Large Generating Facility and the Interconnection Customer's Interconnection Facilities may operate prior to the completion of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades consistent with Applicable Laws and Regulations, Applicable Reliability Standards, Good Utility Practice, and this LGIA. System Operator and Interconnecting Transmission Owner shall permit Interconnection Customer to operate the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in accordance with the results of such studies.

5.10 Interconnection Customer's Interconnection Facilities ("ICIF"). Interconnection Customer shall, at its expense, design, procure, construct, own and install the ICIF, as set forth in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades).

5.10.1 Large Generating Facility Specifications. Interconnection Customer shall submit initial specifications for the ICIF, including System Protection Facilities, to Interconnecting Transmission Owner at least one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date; and final specifications for review and comment at least ninety (90) Calendar Days prior to the Initial Synchronization Date. Interconnecting Transmission Owner shall review such specifications to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of the Interconnecting Transmission Owner and comment on such specifications within thirty (30) Calendar Days of Interconnection Customer's submission. All specifications provided hereunder shall be deemed confidential.

5.10.2 Interconnecting Transmission Owner's Review. Interconnecting Transmission Owner's review of Interconnection Customer's final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Large Generating Facility, or the ICIF. Interconnection Customer shall make such changes to the ICIF as may reasonably be required by Interconnecting Transmission Owner, in accordance with Good Utility Practice, to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of the Interconnecting Transmission Owner.

5.10.3 ICIF Construction. The ICIF shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, the Interconnection Customer shall deliver to the Interconnecting Transmission Owner "as-built" drawings, information and documents for the ICIF, such as: a one-line diagram, a site plan showing the Large Generating Facility and the ICIF, plan and elevation drawings showing the layout of the ICIF, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with the Interconnection Customer's step-up transformers, the facilities connecting the Large Generating Facility to the step-up transformers and the ICIF, and the impedances (determined by factory tests) for the associated step-up transformers and the Large Generating Facilities. The Interconnection Customer shall provide Interconnecting Transmission Owner specifications for the excitation system, automatic voltage regulator, Large Generating Facility control and protection settings, transformer tap settings, and communications, if applicable.

5.11 Interconnecting Transmission Owner's Interconnection Facilities Construction. The Interconnecting Transmission Owner's Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Upon request, within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another

mutually acceptable deadline, the Interconnecting Transmission Owner shall deliver to the Interconnection Customer the following "as-built" drawings, information and documents for the Interconnecting Transmission Owner's Interconnection Facilities. The appropriate drawings and relay diagrams shall be included in Appendix A of this LGIA.
The System Operator will obtain operational control of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades upon completion of such facilities pursuant to the TOA.

5.12 Access Rights. Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party ("Granting Party") shall furnish at the incremental cost to another Party ("Access Party") any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents if allowed under the applicable agency agreement, that are necessary to enable the Access Party solely to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Large Generating Facility with the Administered Transmission System; (ii) operate and maintain the Large Generating Facility, the Interconnection Facilities and the New England Transmission System; and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this LGIA. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party.

5.13 Lands of Other Property Owners. If any part of the Interconnecting Transmission Owner's Interconnection Facilities and/or Network Upgrades is to be installed on property owned by persons other than Interconnection Customer or Interconnecting Transmission Owner, the Interconnecting Transmission Owner shall at Interconnection Customer's expense use Reasonable Efforts, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove the Interconnecting Transmission Owner's Interconnection Facilities and/or Network Upgrades upon such property. Notwithstanding the foregoing, the Interconnecting Transmission Owner shall not be obligated to exercise eminent domain authority in a manner inconsistent with Applicable Laws and Regulations or when an Interconnection Customer is authorized under Applicable Laws and Regulations to exercise eminent domain on its own behalf.

5.14 Permits. System Operator, Interconnecting Transmission Owner and Interconnection Customer shall cooperate with each other in good faith in obtaining all permits, licenses, and authorizations that are necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. With respect to this paragraph, Interconnecting Transmission Owner shall provide permitting assistance to the Interconnection Customer comparable to that provided to the Interconnecting Transmission Owner's own, or an Affiliate's generation.

5.15 Early Construction of Base Case Facilities. Interconnection Customer may request Interconnecting Transmission Owner to construct, and Interconnecting Transmission Owner shall construct, using Reasonable Efforts to accommodate Interconnection Customer's In-Service Date, all or any portion of any Network Upgrades required for Interconnection Customer to be interconnected to the Administered Transmission System, which are included in the Base Case of the Facilities Study for the Interconnection Customer, and which also are required to be constructed for another Interconnection Customer, but where such construction is not scheduled to be completed in time to achieve Interconnection Customer's In-Service Date. The Interconnection Customer shall reimburse the Interconnecting Transmission Owner for all costs incurred related to early construction to the extent such costs are not recovered from other Interconnection Customers included in the base case.

5.16 Suspension. Interconnection Customer reserves the right, upon written notice to Interconnecting Transmission Owner and System Operator, to suspend at any time all work by Interconnecting Transmission Owner associated with the construction and installation of Interconnecting Transmission Owner's Interconnection Facilities and/or Network Upgrades required under this LGIA with the condition that the New England Transmission System shall be left in a safe and reliable condition in accordance with Good Utility Practice and the System Operator's and Interconnecting Transmission Owner's safety and reliability criteria. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which Interconnecting Transmission Owner (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the New England Transmission System during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Interconnecting Transmission Owner cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, Interconnecting Transmission Owner shall obtain Interconnection Customer's authorization to do so. Interconnecting Transmission Owner shall invoice Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work by Interconnecting Transmission Owner required under this LGIA pursuant to this Article 5.16, and has not requested Interconnecting Transmission Owner to recommence the work required under this LGIA on or before the expiration of three (3) years following commencement of such suspension, this LGIA shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to Interconnecting Transmission Owner and System Operator, if no effective date is specified. A suspension under this Article 5.16 does not automatically permit an extension of the In-Service Date, the Initial Synchronization Date or the Commercial Operation Date. A request for extension of such dates is subject to Section 4.4.5 of the LGIP. Notwithstanding the extensions permitted under Section 4.4.5 of the LGIP, the three-year period shall in no way result in an extension of the In-Service Date, the Initial Synchronization Date or the Commercial Operation Date that exceeds seven (7) years from the date of the Interconnection Request; otherwise, this LGIA shall be deemed terminated.

5.17 Taxes.

5.17.1 Payments Not Taxable. The Parties intend that all payments or property transfers made by any Party for the installation of the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.

5.17.2 Representations and Covenants. In accordance with IRS Notice 2001-82 and IRS Notice 88-129, Interconnection Customer represents and covenants that (i) ownership of the electricity generated at the Large Generating Facility will pass to another party prior to the transmission of the electricity on the New England Transmission System, (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to the Interconnecting Transmission Owner for the Interconnecting Transmission Owner's Interconnection Facilities will be capitalized by Interconnection Customer as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of the Interconnecting Transmission Owner's Interconnection Facilities that is a "dual-use intertie," within the meaning of IRS Notice 88-129, is reasonably expected to carry only a de minimis amount of electricity in the direction of the Large Generating Facility. For this purpose, "de minimis amount" means no more than 5 percent of the total power flows in both directions, calculated in accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At Interconnecting Transmission Owner's request, Interconnection Customer shall provide Interconnecting Transmission Owner with a report from an independent engineer confirming its representation in clause (iii), above. Interconnecting Transmission Owner represents and covenants that the cost of the Interconnecting Transmission Owner's Interconnection Facilities paid for by Interconnection Customer will have no net effect on the base upon which rates are determined.

5.17.3 Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon Interconnecting Transmission Owner. Notwithstanding Article 5.17.1, Interconnection Customer shall protect, indemnify and hold harmless Interconnecting Transmission Owner from the cost consequences of any current tax liability imposed against Interconnecting Transmission Owner as the result of payments or property transfers made by Interconnection Customer to Interconnecting Transmission Owner under this LGIA, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Interconnecting Transmission Owner.

The Interconnecting Transmission Owner shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Interconnection Customer under this LGIA unless (i) Interconnecting Transmission Owner has determined, in good faith, that the payments or property transfers made by Interconnection Customer to Interconnecting Transmission Owner should be reported as income subject to taxation or (ii) any Governmental Authority directs Interconnecting Transmission Owner to report payments or property as income subject to taxation; provided, however, that Interconnecting Transmission Owner may require Interconnection Customer to provide security, in a form reasonably acceptable to Interconnecting Transmission Owner (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17. Interconnection Customer shall reimburse Interconnecting Transmission Owner for such costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from Interconnecting Transmission Owner of the amount due, including detail about how the amount was calculated.

The indemnification obligation shall terminate at the earlier of (1) the expiration of the ten year testing period, and the applicable statute of limitation, as it may be extended by the Interconnecting Transmission Owner upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.17.

5.17.4 Tax Gross-Up Amount. Interconnection Customer's liability for the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Interconnection Customer will pay Interconnecting Transmission Owner, in addition to the amount paid for the Interconnection Facilities and Network Upgrades, an amount equal to (1) the current taxes imposed on Interconnecting Transmission Owner ("Current Taxes") on the excess of (a) the gross income realized by Interconnecting Transmission Owner as a result of payments or property transfers made by Interconnection Customer to Interconnecting Transmission Owner under this LGIA (without regard to any payments under this Article 5.17) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit the Interconnecting Transmission Owner to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).For this purpose, (i) Current Taxes shall be computed based on Interconnecting Transmission Owner composite federal and state tax rates at the time the payments or property transfers are received and Interconnecting Transmission Owner will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting Interconnecting Transmission Owner's anticipated tax depreciation deductions as a result of such payments or property transfers by Interconnecting Transmission Owner current weighted average cost of capital. Thus, the formula for

calculating Interconnection Customer's liability to Transmission Owner pursuant to this Article 5.17.4 can be expressed as follows: (Current Tax Rate x (Gross Income Amount – Present Value of Tax Depreciation))/(1-Current Tax Rate). Interconnection Customer's estimated tax liability in the event taxes are imposed shall be stated in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades).

5.17.5 Private Letter Ruling or Change or Clarification of Law. At Interconnection Customer's request and expense, Interconnecting Transmission Owner shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Interconnection Customer to Interconnecting Transmission Owner under this LGIA are subject to federal income taxation. Interconnection Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Interconnection Customer's knowledge. Interconnecting Transmission Owner and Interconnection Customer shall cooperate in good faith with respect to the submission of such request.

Interconnecting Transmission Owner shall keep Interconnection Customer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Interconnection Customer to participate in all discussions with the IRS regarding such request for a private letter ruling. Interconnecting Transmission Owner shall allow Interconnection Customer to attend all meetings with IRS officials about the request and shall permit Interconnection Customer to prepare the initial drafts of any follow-up letters in connection with the request.

5.17.6 Subsequent Taxable Events. If, within ten (10) years from the date on which the relevant Interconnecting Transmission Owner's Interconnection Facilities are placed in service, (i) Interconnection Customer Breaches the covenant contained in Article 5.17.2, (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (iii) this LGIA terminates and Interconnecting Transmission Owner retains ownership of the Interconnection Facilities and Network Upgrades, the Interconnection Customer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on Interconnecting Transmission Owner, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.

5.17.7 Contests. In the event any Governmental Authority determines that Interconnecting Transmission Owner's receipt of payments or property constitutes income that is subject to taxation, Interconnecting Transmission Owner shall notify Interconnection Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Interconnection Customer and at Interconnection Customer's sole expense, Interconnecting Transmission Owner may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Interconnection Customer's written request and sole expense, Interconnecting Transmission Owner may file a claim for refund with

respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. Interconnecting Transmission Owner reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but Interconnecting Transmission Owner shall keep Interconnection Customer informed, shall consider in good faith suggestions from Interconnection Customer about the conduct of the contest, and shall reasonably permit Interconnection Customer or an Interconnection Customer representative to attend contest proceedings.

Interconnection Customer shall pay to Interconnecting Transmission Owner on a periodic basis, as invoiced by Interconnecting Transmission Owner, documented reasonable costs of prosecuting such appeal, protest, abatement or other contest. At any time during the contest, Interconnecting Transmission Owner may agree to a settlement either with Interconnection Customer's consent or after obtaining written advice from nationally-recognized tax counsel, selected by Interconnecting Transmission Owner, but reasonably acceptable to Interconnection Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Interconnection Customer's obligation shall be based on the amount of the settlement agreed to by Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally recognized tax counsel selected under the terms of the preceding sentence. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. Any settlement without Interconnection Customer's consent or such written advice will relieve Interconnection Customer from any obligation to indemnify Interconnecting Transmission Owner for the tax at issue in the contest.

5.17.8 Refund. In the event that (a) a private letter ruling is issued to Interconnecting Transmission Owner which holds that any amount paid or the value of any property transferred by Interconnection Customer to Interconnecting Transmission Owner under the terms of this LGIA is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to Interconnecting Transmission Owner in good faith that any amount paid or the value of any property transferred by Interconnection Customer to Interconnecting Transmission Owner under the terms of this LGIA is not taxable to Interconnecting Transmission Owner, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Interconnection Customer to Interconnecting Transmission Owner are not subject to federal income tax, or (d) if Interconnecting Transmission Owner receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Interconnection Customer to Interconnecting Transmission Owner pursuant to this LGIA, Interconnecting Transmission Owner shall promptly refund to Interconnection Customer the following:

(i) any payment made by Interconnection Customer under this Article 5.17 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,

(ii) interest on any amounts paid by Interconnection Customer to Interconnecting Transmission Owner for such taxes which Interconnecting Transmission Owner did not submit to the taxing authority, interest calculated in accordance with the methodology set forth in the Commission's regulations at 18 CFR §35.19a(a)(2)(iii) from the date payment was made by Interconnection Customer to the date Interconnecting Transmission Owner refunds such payment to Interconnection Customer, and

(iii) with respect to any such taxes paid by Interconnecting Transmission Owner, any refund or credit Interconnecting Transmission Owner receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to the Interconnecting Transmission Owner for such overpayment of taxes (including any reduction in interest otherwise payable by Interconnecting Transmission Owner to any Governmental Authority resulting from an offset or credit); provided, however, that Interconnecting Transmission Owner will remit such amount promptly to Interconnection Customer only after and to the extent that Interconnecting Transmission Owner has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to the Interconnecting Transmission Owner's Interconnection Facilities.

The intent of this provision is to leave Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for Interconnection Facilities and Network Upgrades hereunder, in the same position they would have been in had no such tax payments been made.

5.17.9 Taxes Other Than Income Taxes. Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, Interconnecting Transmission Owner shall appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against Interconnecting Transmission Owner for which Interconnection Customer may be required to reimburse Interconnecting Transmission Owner under the terms of this LGIA. Interconnection Customer shall pay to Interconnecting Transmission Owner on a periodic basis, as invoiced by Interconnecting Transmission Owner, Interconnecting Transmission Owner's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer and Interconnecting Transmission Owner shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer to Interconnecting Transmission Owner for such

taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by Interconnecting Transmission Owner.

5.18 Tax Status. Each Party shall cooperate with the others to maintain the other Party's(ies') tax status. Nothing in this LGIA is intended to adversely affect any Interconnecting Transmission Owner's tax-exempt status with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds.

5.19 Modification.

5.19.1 General. Either Interconnection Customer or Interconnecting Transmission Owner may undertake modifications to its facilities. If a Party plans to undertake a modification that reasonably may be expected to affect the other Party's facilities,the facilities of any Affected Parties, or the New England Transmission System, that Party shall provide to the other Parties and any Affected Party: (i) sufficient information regarding such modification so that the other Party(ies) may evaluate the potential impact of such modification prior to commencement of the work; and (ii) such information as may be required by the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Such information shall be deemed to be confidential hereunder and shall include information concerning the timing of such modifications and whether such modifications are expected to interrupt the flow of electricity from the Large Generating Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party(ies) at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed. Notwithstanding the foregoing, no Party shall be obligated to proceed with a modification that would constitute a Material Modification and therefore require an Interconnection Request under the LGIP, except as provided under and pursuant to the LGIP.

In the case of Large Generating Facility or Interconnection Customer's Interconnection Facility modifications that do not require Interconnection Customer to submit an Interconnection Request, Interconnecting Transmission Owner shall provide, within thirty (30) Calendar Days (or such other time as the Parties may agree), an estimate of any additional modifications to the New England Transmission System, Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades necessitated by such Interconnection Customer modification and a good faith estimate of the costs thereof.

5.19.2 Standards. Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this LGIA and Good Utility Practice.

5.19.3 Modification Costs. Interconnection Customer shall not be directly assigned for the costs of any additions, modifications, or replacements that Interconnecting Transmission Owner makes to the Interconnecting Transmission Owner's Interconnection Facilities or the New England Transmission System to facilitate the interconnection of a third party to the Interconnecting Transmission Owner's Interconnection Facilities or the New England Transmission System, or to provide transmission service to a third party under the Tariff, except as provided for under the Tariff or any other applicable tariff. Interconnection Customer shall be responsible for the costs of any additions, modifications, or replacements to the Large Generating Facility or Interconnection Customer's Interconnection Facilities that may be necessary to maintain or upgrade such Interconnection Customer's Interconnection Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

ARTICLE 6. TESTING AND INSPECTION

6.1 Pre-Commercial Operation Date Testing and Modifications. Prior to the Commercial Operation Date, the Interconnecting Transmission Owner shall test Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades and Interconnection Customer shall test the Large Generating Facility and the Interconnection Customer's Interconnection Facilities to ensure their safe and reliable operation. Similar testing may be required after initial operation. Each Party shall make any modifications to its facilities that are found to be necessary as a result of such testing. Interconnection Customer shall bear the cost of all such testing and modifications. Interconnection Customer shall generate test energy at the Large Generating Facility only if it has arranged for the delivery of such test energy.

6.2 Post-Commercial Operation Date Testing and Modifications. Each Interconnection Customer and Interconnecting Transmission Owner shall at its own expense perform routine inspection and testing of its facilities and equipment in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, as may be necessary to ensure the continued interconnection of the Large Generating Facility to the Administered Transmission System in a safe and reliable manner. The Interconnection Customer and Interconnecting Transmission Owner each shall have the right, upon advance written notice, to require reasonable additional testing of the other Party's(ies') facilities, at the requesting Party's expense, as may be in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. The System Operator shall also have the right to require reasonable additional testing of the other Party's (ies') facilities in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

6.3 Right to Observe Testing. Each Party shall notify the System Operator and other Party(ies) in advance of its performance of tests of its Interconnection Facilities. The other Party(ies) has the right, at its own expense, to observe such testing.

6.4 Right to Inspect. Each Party shall have the right, but shall have no obligation to: (i) observe the other Party's(ies') tests and/or inspection of any of its System Protection Facilities and other protective equipment, including Power System Stabilizers; (ii) review the settings of the other Party's(ies') System Protection Facilities and other protective equipment; and (iii) review the other Party's(ies') maintenance records relative to the Interconnection Facilities, the System Protection Facilities and other protective equipment. Each Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Parties. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Interconnection Facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 6.4 shall be governed by Article 22.

ARTICLE 7. METERING

7.1 General. Each Party shall comply with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, regarding metering. Interconnection Customer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment. Unless the System Operator otherwise agrees, the Interconnection Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under this Tariff and to communicate the information to the System Operator. Unless otherwise agreed, such equipment shall remain the property of the Interconnecting Transmission Owner.

7.2 Check Meters. Interconnection Customer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more check meters to check Interconnecting Transmission Owner's meters. Such check meters shall be for check purposes only and shall not be used for the measurement of power flows for purposes of this LGIA, except as provided in Article 7.4 below. The check meters shall be subject at all reasonable times to inspection and examination by Interconnecting Transmission Owner or its designee. The installation, operation and maintenance thereof shall be performed entirely by Interconnection Customer in accordance with Good Utility Practice.

7.3 Standards. Interconnecting Transmission Owner shall install, calibrate, and test revenue quality Metering Equipment in accordance with applicable ANSI standards and the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

7.4 Testing of Metering Equipment. Interconnecting Transmission Owner shall inspect and test all Interconnecting Transmission Owner-owned Metering Equipment upon installation and thereafter as specified in the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Interconnecting Transmission Owner shall give reasonable notice of the time when any inspection or test shall take place, and Interconnection Customer may have representatives present at the test or inspection. If at any time Metering Equipment is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at Interconnection Customer's expense, in order to provide accurate metering. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies by more than the values specified within ISO New England Operating Documents, or successor documents, from the measurement made by the standard meter used in the test, the Interconnecting Transmission Owner shall adjust the measurements, in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

7.5 Metering Data. At Interconnection Customer's expense, metered data shall be telemetered to one or more locations designated by System Operator and Interconnecting Transmission Owner. The hourly integrated metering, established in accordance with ISO New England Operating

Documents, Applicable Reliability Standards, or successor documents, used to transmit Megawatt hour ("MWh") per hour data by electronic means and the Watt-hour meters equipped with kilowatt-hour ("kwh") or MWh registers to be read at month's end shall be the official measurement of the amount of energy delivered from the Large Generating Facility to the Point of Interconnection. Instantaneous metering is required for all Generators in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

ARTICLE 8. COMMUNICATIONS

8.1 **Interconnection Customer Obligations.** Interconnection Customer shall maintain satisfactory operating communications with the System Operator and Interconnecting Transmission Owner in accordance with applicable provisions of ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

8.2 **Remote Terminal Unit.** Prior to the Initial Synchronization Date of the Large Generating Facility, a Remote Terminal Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by Interconnection Customer or Interconnecting Transmission Owner at Interconnection Customer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by System Operator and Interconnecting Transmission Owner through use of a dedicated point-to-point data circuit(s). The communication protocol for the data circuit(s) shall be specified by System Operator and Interconnecting Transmission Owner. All information required by the ISO New England Operating Documents, or successor documents, must be telemetered directly to the location(s) specified by System Operator and Interconnecting Transmission Owner.
Each Party will promptly advise the other Party(ies) if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by the other Party(ies). The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

8.3 **No Annexation.** Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

ARTICLE 9. OPERATIONS

9.1 **General.** Each Party shall comply with applicable provisions of ISO New England Operating Documents, Reliability Standards, or successor documents, regarding operations. Each Party shall provide to the other Party(ies) all information that may reasonably be required by the other Party(ies) to comply with Applicable Laws and Regulations and Applicable Reliability Standards.

9.2 Control Area Notification. Before Initial Synchronization Date, the Interconnection Customer shall notify the System Operator and Interconnecting Transmission Owner in writing in accordance with ISO New England Operating Documents, Reliability Standards, or successor documents. If the Interconnection Customer elects to have the Large Generating Facility dispatched and operated from a remote Control Area other than the Control Area in which the Large Generating Facility is physically located, and if permitted to do so by the relevant transmission tariffs and ISO New England Operating Documents, Reliability Standards, or successor documents, all necessary arrangements, including but not limited to those set forth in Article 7 and Article 8 of this LGIA, and remote Control Area generator interchange agreements, if applicable, and the appropriate measures under such agreements, shall be executed and implemented prior to the placement of the Large Generating Facility in the other Control Area for dispatch and operations.

9.3 Interconnecting Transmission Owner and System Operator Obligations. Interconnecting Transmission Owner and System Operator shall cause the Interconnecting Transmission Owner's Interconnection Facilities to be operated, maintained and controlled in a safe and reliable manner and in accordance with this LGIA and ISO New England Operating Documents, Reliability Standards, or successor documents. Interconnecting Transmission Owner or System Operator may provide operating instructions to Interconnection Customer consistent with this LGIA, ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, and Interconnecting Transmission Owner's and System Operator's operating protocols and procedures as they may change from time to time. Interconnecting Transmission Owner and System Operator will consider changes to their operating protocols and procedures proposed by Interconnection Customer.

9.4 Interconnection Customer Obligations. Interconnection Customer shall at its own expense operate, maintain and control the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA and ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.5 Start-Up and Synchronization. The Interconnection Customer is responsible for the proper start-up and synchronization of the Large Generating Facility to the New England Transmission System in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.6 Reactive Power.

9.6.1 Power Factor Design Criteria. Interconnection Customer shall design the Large Generating Facility and all generating units comprising the Large Generating Facility, as applicable, to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the System Operator or Interconnecting Transmission Owner has established different requirements that apply to all generators in the Control Area on a

comparable basis and in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. The requirements of this paragraph shall not apply to wind generators.

9.6.2 Voltage Schedules. Once the Interconnection Customer has synchronized the Large Generating Facility to the New England Transmission System, Interconnection Customer shall operate the Large Generating Facility at the direction of System Operator and Interconnecting Transmission Owner in accordance with applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, regarding voltage schedules in accordance with such requirements.

9.6.2.1 Voltage Regulators. The Interconnection Customer must keep and maintain a voltage regulator on all generating units comprising a Large Generating Facility in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. All Interconnection Customers that have, or are required to have, automatic voltage regulation shall normally operate the Large Generating Facility with its voltage regulators in automatic operation.

It is the responsibility of the Interconnection Customer to maintain the voltage regulator in good operating condition and promptly report to the System Operator and Interconnecting Transmission Owner any problems that could cause interference with its proper operation.

9.6.2.2 Governor Control. The Interconnection Customer is obligated to provide and maintain a functioning governor on all generating units comprising the Large Generating Facility in accordance with applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.6.2.3 System Protection. The Interconnection Customer shall install and maintain protection systems in accordance with applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.6.3 Payment for Reactive Power.

Interconnection Customers shall be compensated for Reactive Power service in accordance with Schedule 2 of the Section II of the Tariff.

9.7 Outages and Interruptions.

9.7.1 Outages.

9.7.1.1 Outage Authority and Coordination. The System Operator shall have the authority to coordinate facility outages in accordance with the ISO New England

Operating Documents, Applicable Reliability Standards, or successor documents. Each Party may in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, in coordination with the other Party(ies), remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact the other Party's(ies') facilities as necessary to perform maintenance or testing or to install or replace equipment, subject to the oversight of System Operator in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.1.2 Outage Schedules. Outage scheduling, and any related compensation, shall be in accordance with the applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.2 Interruption of Service. In accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, the System Operator or Interconnecting Transmission Owner may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect System Operator's or Interconnecting Transmission Owner's ability to perform such activities as are necessary to safely and reliably operate and maintain the New England Transmission System.

9.7.3 Under-Frequency and Over Frequency Conditions. Interconnection Customer shall implement under-frequency and over-frequency relay set points for the Large Generating Facility as required by the applicable provisions of ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Large Generating Facility response to frequency deviations of pre-determined magnitudes, both under-frequency and over-frequency deviations, shall be studied and coordinated with System Operator and Interconnecting Transmission Owner in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.4 System Protection and Other Control Requirements.

9.7.4.1 System Protection Facilities. Interconnection Customer shall, at its expense, install, operate and maintain System Protection Facilities as a part of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Interconnecting Transmission Owner shall install at Interconnection Customer's expense, in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, any System Protection Facilities that may be required on the Interconnecting Transmission Owner Interconnection Facilities or the New England Transmission System as a result of the interconnection of the Large

Generating Facility and the Interconnection Customer's Interconnection Facilities.

9.7.4.2 Each Party's protection facilities shall be designed and coordinated with other systems in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.4.3 Each Party shall be responsible for protection of its facilities consistent with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.4.4 Each Party's protective relay design shall allow for tests required in Article 6.

9.7.4.5 Each Party will test, operate and maintain System Protection Facilities in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.5 Requirements for Protection. In accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, and compliance with Good Utility Practice , Interconnection Customer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of the Large Generating Facility to any short circuit occurring on the New England Transmission System not otherwise isolated by Interconnecting Transmission Owner's equipment, such that the removal of the fault contribution shall be coordinated with the protective requirements of the New England Transmission System. Such protective equipment shall include, without limitation, a disconnecting device or switch with load-interrupting capability located between the Large Generating Facility and the New England Transmission System at a site selected upon mutual agreement (not to be unreasonably withheld, conditioned or delayed) of the Parties. Interconnection Customer shall be responsible for protection of the Large Generating Facility and Interconnection Customer's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field. Interconnection Customer shall be solely responsible to disconnect the Large Generating Facility and Interconnection Customer's other equipment if conditions on the New England Transmission System could adversely affect the Large Generating Facility.

9.7.6 Power Quality. A Party's facilities shall not cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, or any applicable superseding electric industry standard.

9.8 Switching and Tagging Rules. Each Party shall provide the other Party(ies) with a copy of its switching and tagging rules that are applicable to the other Party's activities. Such switching and tagging rules shall be developed on a non-discriminatory basis. The Parties shall comply with

applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.

9.9 Use of Interconnection Facilities by Third Parties.

9.9.1 Purpose of Interconnection Facilities. Except as may be required by Applicable Laws and Regulations, or as otherwise agreed to among the Parties, the Interconnection Facilities shall be constructed for the sole purpose of interconnecting the Large Generating Facility to the Administered Transmission System and shall be used for no other purpose.

9.9.2 Third Party Users. If required by Applicable Laws and Regulations or if the Parties mutually agree, such agreement not to be unreasonably withheld, to allow one or more third parties to use the Interconnecting Transmission Owner's Interconnection Facilities, or any part thereof, Interconnection Customer will be entitled to compensation for the capital expenses it incurred in connection with the Interconnection Facilities based upon the pro rata use of the Interconnection Facilities by Interconnecting Transmission Owner, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed-upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Interconnection Facilities, will be allocated between Interconnection Customer and any third party users based upon the pro rata use of the Interconnection Facilities by Interconnecting Transmission Owner, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed-upon methodology. If the issue of such compensation or allocation cannot be resolved through such negotiations, it shall be submitted to the Commission for resolution.

9.10 Disturbance Analysis Data Exchange. The Parties will cooperate with one another in the analysis of disturbances to either the Large Generating Facility or the New England Transmission System by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

ARTICLE 10. MAINTENANCE

10.1 Interconnecting Transmission Owner and Customer Obligations. Interconnecting Transmission Owner and Interconnection Customer shall each maintain that portion of its respective facilities that are part of the New England Transmission System and the Interconnecting Transmission Owner's Interconnection Facilities in a safe and reliable manner and in accordance with the applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

10.2 Operating and Maintenance Expenses. Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Interconnection Customer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Interconnection Customer's Interconnection Facilities; and (2) operation, maintenance, repair and replacement of Interconnecting Transmission Owner's Interconnection Facilities, Stand Alone Network Upgrades, Network Upgrades and Distribution Upgrades.

ARTICLE 11. PERFORMANCE OBLIGATION

11.1 Interconnection Customer's Interconnection Facilities. Interconnection Customer shall design, procure, construct, install, own and/or control the Interconnection Customer's Interconnection Facilities described in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades) at its sole expense.

11.2 Interconnecting Transmission Owner's Interconnection Facilities. Interconnecting Transmission Owner shall design, procure, construct, install, own and/or control the Interconnecting Transmission Owner's Interconnection Facilities described in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades) at the sole expense of the Interconnection Customer.

11.3 Network Upgrades and Distribution Upgrades. Interconnecting Transmission Owner shall design, procure, construct, install, and own the Network Upgrades, and to the extent provided by Article 5.1, Stand Alone Network Upgrades, and Distribution Upgrades described in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades). The Interconnection Customer shall be responsible for all costs related to Distribution Upgrades. Unless the Interconnecting Transmission Owner elects to fund the capital for the Network Upgrades, they shall be solely funded by the Interconnection Customer.

11.4 Cost Allocation; Compensation; Rights; Affected Systems

11.4.1 Cost Allocation. Cost allocation of Generator Interconnection Related Upgrades shall be in accordance with Schedule 11 of Section II of the Tariff.

11.4.2 Compensation. Any compensation due to the Interconnection Customer for increases in transfer capability to the PTF resulting from its Generator Interconnection Related Upgrade shall be determined in accordance with Sections II and III of the Tariff.

11.4.3 Rights. Notwithstanding any other provision of this LGIA, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission

credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades.

11.4.4 Special Provisions for Affected Systems. The Interconnection Customer shall enter into separate related facilities agreements to address any upgrades to the Affected System(s) that are necessary for safe and reliable interconnection of the Interconnection Customer's Generating Facility.

11.5 Provision of Security. At least thirty (30) Calendar Days prior to the commencement of the procurement, installation, or construction of a discrete portion of an Interconnecting Transmission Owner's Interconnection Facilities, Network Upgrades, or Distribution Upgrades, Interconnection Customer shall provide Interconnecting Transmission Owner a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Interconnecting Transmission Owner in accordance with Section 7 of Schedule 11 of the Tariff. In addition:

11.5.1 The guarantee must be made by an entity that meets the creditworthiness requirements of Interconnecting Transmission Owner, and contain terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.

11.5.2 The letter of credit must be issued by a financial institution reasonably acceptable to Interconnecting Transmission Owner and must specify a reasonable expiration date.

11.5.3 The surety bond must be issued by an insurer reasonably acceptable to Interconnecting Transmission Owner and must specify a reasonable expiration date.

11.6 Interconnection Customer Compensation. If System Operator or Interconnecting Transmission Owner requests or directs Interconnection Customer to provide a service pursuant to Articles 9.6.3 (Payment for Reactive Power), or 13.4.1 of this LGIA, Interconnection Customer shall be compensated pursuant to the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition. Interconnection Customer shall be compensated for its provision of real and reactive power and other Emergency Condition services that Interconnection Customer provides to support the New England Transmission System during an Emergency Condition in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

ARTICLE 12. INVOICE

12.1 General. Each Party shall submit to the other Party(ies), on a monthly basis, invoices of amounts due for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. The Parties may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts a Party owes to the other Party(ies) under this LGIA, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.

12.2 Final Invoice. Within six months after completion of the construction of the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades, Interconnecting Transmission Owner shall provide an invoice of the final cost of the construction of the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades and shall set forth such costs in sufficient detail to enable Interconnection Customer to compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates. Interconnecting Transmission Owner shall refund to Interconnection Customer any amount by which the actual payment by Interconnection Customer for estimated costs exceeds the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice. Interconnection Customer shall pay to Interconnecting Transmission Owner any amount by which the actual payment by Interconnection Customer for estimated costs falls short of the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice.

12.3 Payment. Invoices shall be rendered to the paying Party at the address specified in Appendix F. The Party receiving the invoice shall pay the invoice within thirty (30) Calendar Days of receipt. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party. Payment of invoices by any Party will not constitute a waiver of any rights or claims the other Party(ies) may have under this LGIA.

12.4 Disputes. In the event of a billing dispute between Interconnecting Transmission Owner and Interconnection Customer, Interconnecting Transmission Owner shall continue to provide Interconnection Service under this LGIA as long as Interconnection Customer: (i) continues to make all payments not in dispute; and (ii) pays to Interconnecting Transmission Owner or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Interconnection Customer fails to meet these two requirements for continuation of service, then Interconnecting Transmission Owner may provide notice to Interconnection Customer of a Default pursuant to Article 17. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accord with the methodology set forth in the Commission's Regulations at 18 CFR § 35.19a(a)(2)(iii).

ARTICLE 13. EMERGENCIES

13.1 Obligations. Each Party shall comply with the Emergency Condition procedures of the System Operator in accordance with the applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

13.2 Notice. Interconnecting Transmission Owner or System Operator as applicable shall notify Interconnection Customer and System Operator or Interconnecting Transmission Owner as applicable, promptly when it becomes aware of an Emergency Condition that affects the Interconnecting Transmission Owner's Interconnection Facilities or the New England Transmission System that may reasonably be expected to affect Interconnection Customer's operation of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities. Interconnection Customer shall notify Interconnecting Transmission Owner and System Operator promptly when it becomes aware of an Emergency Condition that affects the Large Generating Facility or the Interconnection Customer's Interconnection Facilities that may reasonably be expected to affect the New England Transmission System or the Interconnecting Transmission Owner's Interconnection Facilities. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of Interconnection Customer's or Interconnecting Transmission Owner's facilities and operations, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice.

13.3 Immediate Action. Unless, in Interconnection Customer's reasonable judgment, immediate action is required, Interconnection Customer shall obtain the consent of Interconnecting Transmission Owner and System Operator, such consent to not be unreasonably withheld, prior to performing any manual switching operations at the Large Generating Facility or the Interconnection Customer's Interconnection Facilities in response to an Emergency Condition either declared by the Interconnecting Transmission Owner or the System Operator or otherwise regarding the New England Transmission System.

13.4 System Operator's and Interconnecting Transmission Owner's Authority.

13.4.1 General. System Operator or Interconnecting Transmission Owner may take whatever actions or inactions with regard to the New England Transmission System or the Interconnecting Transmission Owner's Interconnection Facilities it deems necessary during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the New England Transmission System or Interconnecting Transmission Owner's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service.

System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Large Generating Facility or the Interconnection Customer's Interconnection Facilities. System Operator and Interconnecting Transmission Owner may, on the basis of technical considerations, require the Large Generating Facility to mitigate an Emergency Condition by taking

actions necessary and limited in scope to remedy the Emergency Condition, including, but not limited to, directing Interconnection Customer to shut-down, start-up, increase or decrease the real or reactive power output of the Large Generating Facility; implementing a reduction or disconnection pursuant to Article 13.4.2; directing the Interconnection Customer to assist with black start (if available) or restoration efforts; or altering the outage schedules of the Large Generating Facility and the Interconnection Customer's Interconnection Facilities. Interconnection Customer shall comply with all of System Operator's and Interconnecting Transmission Owner's operating instructions concerning Large Generating Facility real power and reactive power output within the manufacturer's design limitations of the Large Generating Facility's equipment that is in service and physically available for operation at the time, in compliance with Applicable Laws and Regulations.

13.4.2 Reduction and Disconnection. System Operator and Interconnecting Transmission Owner may reduce Interconnection Service or disconnect the Large Generating Facility or the Interconnection Customer's Interconnection Facilities when such reduction or disconnection is necessary in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. These rights are separate and distinct from any right of curtailment of the System Operator and Interconnecting Transmission Owner pursuant to the Tariff. When the System Operator and Interconnecting Transmission Owner can schedule the reduction or disconnection in advance, System Operator and Interconnecting Transmission Owner shall notify Interconnection Customer of the reasons, timing and expected duration of the reduction or disconnection. System Operator and Interconnecting Transmission Owner shall coordinate with the Interconnection Customer in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents to schedule the reduction or disconnection during periods of least impact to the Interconnection Customer and the System Operator and Interconnecting Transmission Owner. Any reduction or disconnection shall continue only for so long as reasonably necessary in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. The Parties shall cooperate with each other to restore the Large Generating Facility, the Interconnection Facilities, and the New England Transmission System to their normal operating state as soon as practicable in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

13.5 Interconnection Customer Authority. In accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents and the LGIA and the LGIP, the Interconnection Customer may take whatever actions or inactions with regard to the Large Generating Facility or the Interconnection Customer's Interconnection Facilities during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service. Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the New England

Transmission System and the Interconnecting Transmission Owner's Interconnection Facilities. System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to assist Interconnection Customer in such actions.

13.6 Limited Liability. Except as otherwise provided in Article 11.6.1 of this LGIA, a Party shall not be liable to another Party for any action it takes in responding to an Emergency Condition so long as such action is made in good faith and in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

ARTICLE 14. REGULATORY REQUIREMENTS AND GOVERNING LAW

14.1 Regulatory Requirements. Each Party's obligations under this LGIA shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this LGIA shall require Interconnection Customer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 1935, as amended. To the extent that a condition arises that could result in Interconnection Customer's inability to obtain, or its loss of, status or exemption under the Federal Power Act, the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978, the Parties shall engage in good faith negotiations to address the condition so that such result will not occur and so that this LGIA can be performed.

14.2 Governing Law.

14.2.1 The validity, interpretation and performance of this LGIA and each of its provisions shall be governed by the laws of the state where the Point of Interconnection is located, without regard to its conflicts of law principles.

14.2.2 This LGIA is subject to all Applicable Laws and Regulations.

14.2.3 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

ARTICLE 15. NOTICES

15.1 General. Unless otherwise provided in this LGIA, any notice, demand or request required or permitted to be given by a Party to another Party and any instrument required or permitted to be

tendered or delivered by a Party in writing to another Party shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix F (Addresses for Delivery of Notices and Billings).
A Party may change the notice information in this LGIA by giving five (5) Business Days written notice prior to the effective date of the change.

15.2 Billings and Payments. Billings and payments shall be sent to the addresses set out in Appendix F.

15.3 Alternative Forms of Notice. Any notice or request required or permitted to be given by a Party to another Party and not required by this Agreement to be given in writing may be so given by telephone, facsimile or email to the telephone numbers and email addresses set out in Appendix F.

15.4 Operations and Maintenance Notice. Each Party shall notify the other Party(ies) in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10.

ARTICLE 16. FORCE MAJEURE

16.1 Force Majeure.

16.1.1 Economic hardship is not considered a Force Majeure event.

16.1.2 A Party shall not be considered to be in Default with respect to any obligation hereunder (including obligations under Article 4), other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party(ies) in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

ARTICLE 17. DEFAULT

17.1 Default.

17.1.1 General. No Breach shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this LGIA or the result of an act or omission of the other Party(ies). Upon a Breach, the non-Breaching Party shall give written notice of such Breach to the breaching Party. Except as provided in Article 17.1.2, the Breaching Party shall have thirty (30) Calendar Days from receipt of the Breach notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the Breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Breach notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

17.1.2 Right to Terminate. If a Breach is not cured as provided in this Article, or if a Breach is not capable of being cured within the period provided for herein, the non-Breaching Party(ies) shall have the right to terminate this LGIA by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not those Parties terminate this LGIA, to recover from the Breaching Party all amounts due hereunder, plus all other damages and remedies to which they are entitled at law or in equity. The provisions of this Article will survive termination of this LGIA.

ARTICLE 18. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE

Notwithstanding any other provision of this Agreement, the liability, indemnification and insurance provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner and the liability, indemnification and insurance provisions of the Tariff apply to the relationship between the System Operator and the Interconnection Customer and between the Interconnecting Transmission Owner and the Interconnection Customer.

18.1 Indemnity. Each Party shall at all times indemnify, defend, and save the other Party(ies) harmless from any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's(ies') action or inactions of their obligations under this LGIA on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by an indemnified Party.

18.1.1 Indemnified Person. If an Indemnified Person is entitled to indemnification under this Article 18 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 18.1, to assume the defense of such claim, such Indemnified Person may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

18.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Article 18, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual Loss, net of any insurance or other recovery.

18.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 18.1 may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses.

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in which event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

18.2 Consequential Damages. Other than the Liquidated Damages heretofore described, in no event shall a Party be liable under any provision of this LGIA for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

18.3 Insurance. The Interconnecting Transmission Owner and the Interconnection Customer shall, at their own expense, maintain in force throughout the period of this LGIA, and until released by the other Party(ies), the following minimum insurance coverages, with insurers authorized to do business in the state where the Point of Interconnection is located:

18.3.1 Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located.

18.3.2 Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars ($1,000,000) per occurrence/One Million Dollars ($1,000,000) aggregate combined single limit for personal injury, bodily injury, including death, and property damage.

18.3.3 Comprehensive Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars ($1,000,000) per occurrence for bodily injury, including death, and property damage.

18.3.4 Excess Public Liability Insurance over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars ($20,000,000) per occurrence/Twenty Million Dollars ($20,000,000) aggregate.

18.3.5 The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Public Liability Insurance policies shall name the other Party(ies), its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall

contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this LGIA against the Other Party Group and provide thirty (30) Calendar Days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.

18.3.6 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.

18.3.7 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this LGIA, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.

18.3.8 The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this LGIA.

18.3.9 Within ten (10) days following execution of this LGIA, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, each Party shall provide certification of all insurance required in this LGIA, executed by each insurer or by an authorized representative of each insurer.

18.3.10 Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 18.3.2 through 18.3.8 to the extent it maintains a self-insurance program, provided that such Party's senior secured debt is rated at investment grade, or better, by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.2 through 18.3.8. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 18.3.2 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this Article, it shall notify the other Party(ies) that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.

18.3.11 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this LGIA.

ARTICLE 19. ASSIGNMENT

19.1 Assignment. This LGIA may be assigned by any Party only with the written consent of the other Parties; provided that the Parties may assign this LGIA without the consent of the other Parties to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this LGIA; and provided further that the Interconnection Customer shall have the right to assign this LGIA, without the consent of the Interconnecting Transmission Owner or System Operator, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that the Interconnection Customer will promptly notify the Interconnecting Transmission Owner and System Operator of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the Interconnecting Transmission Owner and System Operator of the date and particulars of any such exercise of assignment right(s), including providing the Interconnecting Transmission Owner with proof that it meets the requirements of Articles 11.5 and 18.3. Any attempted assignment that violates this Article is void and ineffective. Any assignment under this LGIA shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

ARTICLE 20. SEVERABILITY

20.1 Severability. If any provision in this LGIA is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this LGIA; provided that if the Interconnection Customer (or any third party, but only if such third party is not acting at the direction of the Interconnecting Transmission Owner) seeks and obtains such a final determination with respect to any provision of the Alternate Option (Article 5.1.2), or the Negotiated Option (Article 5.1.4), then none of these provisions shall thereafter have any force or effect and the Parties' rights and obligations shall be governed solely by the Standard Option (Article 5.1.1).

ARTICLE 21. COMPARABILITY

21.1 Comparability. The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

ARTICLE 22. CONFIDENTIALITY

22.1 Confidentiality. Confidential Information shall include, without limitation, all information governed by the ISO New England Information Policy, all information obtained from third parties under confidentiality agreements, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by a Party to another prior to the execution of this LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by a Party, the other Party(ies) shall provide, in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

22.1.1 Term. During the term of this LGIA, and for a period of three (3) years after the expiration or termination of this LGIA, except as otherwise provided in this Article 22, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

22.1.2 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this LGIA; or (6) is required, in accordance with Article 22.1.7 of the LGIA, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be

disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party(ies) that it no longer is confidential.

22.1.3 Release of Confidential Information. A Party shall not release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), subcontractors, employees, consultants, or to parties who may be or are considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with this LGIA, unless such person has first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 22.

22.1.4 Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party(ies). The disclosure by each Party to the other Party(ies) of Confidential Information shall not be deemed a waiver by a Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

22.1.5 No Warranties. By providing Confidential Information, a Party does not make any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, a Party does not obligate itself to provide any particular information or Confidential Information to the other Party(ies) nor to enter into any further agreements or proceed with any other relationship or joint venture.

22.1.6 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party(ies) under this LGIA or its regulatory requirements.

22.1.7 Order of Disclosure. If a court or a Governmental Authority or entity with the right, power, and apparent authority to do so requests or requires a Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party(ies) with prompt notice of such request(s) or requirement(s) so that the other Party(ies) may seek an appropriate protective order or waive compliance with the terms of this LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

22.1.8 Termination of Agreement. Upon termination of this LGIA for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from the other Party(ies), use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party(ies)) or return to the other Party(ies), without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party(ies).

22.1.9 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's(ies') Breach of its obligations under this Article 22. Each Party accordingly agrees that the other Party(ies) shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 22, which equitable relief shall be granted without bond or proof of damages, and the receiving Parties shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 22, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 22.

22.1.10 Disclosure to the Commission, its Staff, or a State. Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 CFR. section 1b.20, if the Commission or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this LGIA, the Party shall provide the requested information to the Commission or its staff, within the time provided for in the request for information. In providing the information to the Commission or its staff, the Party must, consistent with 18 CFR section 388.112, request that the information be treated as confidential and non-public by the Commission and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party(ies) to this LGIA prior to the release of the Confidential Information to the Commission or its staff. The Party shall notify the other Party(ies) to the LGIA when it is notified by the Commission or its staff that a request to release Confidential Information has been received by the Commission, at which time any of the Parties may respond before such information would be made public, pursuant to 18 CFR section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

22.1.11 Subject to the exception in Article 22.1.10, any information that a Party claims is competitively sensitive, commercial or financial information under this LGIA ("Confidential Information") shall not be disclosed by the other Party(ies) to any person not employed or retained by the other Party(ies), except to the extent disclosure

is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party(ies), such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIA or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Party(ies) in writing of the information it claims is confidential. Prior to any disclosures of the other Parties' Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party(ies) in writing and agrees to assert confidentiality and cooperate with the other Party(ies) in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

ARTICLE 23. ENVIRONMENTAL RELEASES

23.1 Each Party shall notify the other Party(ies), first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Large Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party(ies). The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four (24) hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Party(ies) copies of any publicly available reports filed with any Governmental Authorities addressing such events.

ARTICLE 24. INFORMATION REQUIREMENTS

24.1 **Information Acquisition.** Subject to any applicable confidentiality restrictions, including, but not limited to, codes of conduct, each Party shall submit specific information regarding the electrical characteristics of their respective facilities to each other as described below and in accordance with Applicable Reliability Standards.

24.2 **Information Submission by System Operator and Interconnecting Transmission Owner.** The initial information submission by System Operator and Interconnecting Transmission Owner shall occur no later than one hundred eighty (180) Calendar Days prior to the Initial

Synchronization Date and shall include information necessary to allow the Interconnection Customer to select equipment and meet any system protection and stability requirements, unless otherwise mutually agreed to by the Parties. On a monthly basis Interconnecting Transmission Owner shall provide Interconnection Customer a status report on the construction and installation of Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.

24.3 Updated Information Submission by Interconnection Customer. The updated information submission by the Interconnection Customer, including manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date. Interconnection Customer shall submit a completed copy of the Large Generating Facility data requirements contained in Appendix 1 to the LGIP. It shall also include any additional information provided to Interconnecting Transmission Owner and System Operator for the Interconnection Feasibility Study, Interconnection System Impact Study and Interconnection Facilities Study. Information in this submission shall be the most current Large Generating Facility design or expected performance data. Information submitted for stability models shall be compatible with Interconnecting Transmission Owner and System Operator standard models. If there is no compatible model, the Interconnection Customer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If the Interconnection Customer's data is different from what was originally provided to Interconnecting Transmission Owner pursuant to the Interconnection Study Agreement between Interconnecting Transmission Owner and Interconnection Customer, then the System Operator will review it and conduct appropriate studies, as needed, at the Interconnection Customer's cost, to determine the impact on the New England Transmission System based on the actual data submitted pursuant to this Article 24.3. The Interconnection Customer shall not begin Trial Operation until such studies are completed.

24.4 Information Supplementation. Prior to the Commercial Operation Date, the Parties shall supplement their information submissions described above in this Article 24 with any and all "as-built" Large Generating Facility information and "as-tested" performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. The Interconnection Customer shall conduct tests on the Large Generating Facility as required by Good Utility Practice such as an open circuit "step voltage" test on the Large Generating Facility to verify proper operation of the Large Generating Facility's automatic voltage regulator.

Unless otherwise agreed, the test conditions shall include: (1) Large Generating Facility at synchronous speed; (2) automatic voltage regulator on and in voltage control mode; and (3) a five percent change in Large Generating Facility terminal voltage initiated by a change in the voltage regulators reference voltage. Interconnection Customer shall provide validated test recordings showing the responses of Large Generating Facility terminal and field voltages. In the event that

direct recordings of these voltages is impractical, recordings of other voltages or currents that mirror the response of the Large Generating Facility's terminal or field voltage are acceptable if information necessary to translate these alternate quantities to actual Large Generating Facility terminal or field voltages is provided. Large Generating Facility testing shall be conducted and results provided to the Interconnecting Transmission Owner for each individual generating unit in a station.

The Interconnection Customer shall provide the Interconnecting Transmission Owner and System Operator with any information changes due to proposed equipment replacement, repair, or adjustment. Interconnecting Transmission Owner shall provide the Interconnection Customer and System Operator with any information changes due to proposed equipment replacement, repair or adjustment in the directly connected substation or any adjacent Interconnecting Transmission Owner-owned substation that may affect the Interconnection Customer's Interconnection Facilities equipment ratings, protection or operating requirements. The Parties shall provide such information in accordance with Article 5.19 of this Agreement.

ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS

25.1 Information Access. Each Party (the "disclosing Party") shall make available to the other Parties information that is in the possession of the disclosing Party and is necessary in order for the other Party(ies) to: (i) verify the costs incurred by the disclosing Party for which the other Party(ies) are responsible under this LGIA; and (ii) carry out its obligations and responsibilities under this LGIA. The Parties shall not use such information for purposes other than those set forth in this Article 25.1 and to enforce their rights under this LGIA.

25.2 Reporting of Non-Force Majeure Events. Each Party (the "notifying Party") shall notify the other Party(ies) when the notifying Party becomes aware of its inability to comply with the provisions of this LGIA for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this Article shall not entitle the Party receiving such notification to allege a cause for anticipatory Breach of this LGIA.

25.3 Audit Rights. Subject to the requirements of confidentiality under Article 22 of this LGIA, each Party shall have the right, during normal business hours, and upon prior reasonable notice to the other Party(ies), to audit at its own expense the other Party's(ies') accounts and records pertaining to a Party's performance or a Party's satisfaction of obligations under this LGIA. Such audit rights shall include audits of the other Party's(ies') costs, calculation of invoiced amounts, the efforts to allocate responsibility for the provision of reactive support to the New England Transmission System, the efforts to allocate responsibility for interruption or reduction of generation on the New England Transmission System, and each Party's actions in an Emergency Condition. Any audit authorized by this Article shall be performed at the offices where such

accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to each Party's performance and satisfaction of obligations under this LGIA. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 25.4.

25.4 Audit Rights Periods.

25.4.1 Audit Rights Period for Construction-Related Accounts and Records. Accounts and records related to the design, engineering, procurement, and construction of Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades shall be subject to audit for a period of twenty-four (24) months following Interconnecting Transmission Owner's issuance of a final invoice in accordance with Article 12.2.

25.4.2 Audit Rights Period for All Other Accounts and Records. Accounts and records related to a Party's performance or satisfaction of all obligations under this LGIA other than those described in Article 25.4.1 shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four (24) months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four (24) months after the event for which the audit is sought.

25.5 Audit Results. If an audit by a Party determines that an overpayment or an underpayment has occurred, a notice of such overpayment or underpayment shall be given to the other Party(ies) together with those records from the audit which support such determination.

ARTICLE 26. SUBCONTRACTORS

26.1 General. Nothing in this LGIA shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this LGIA; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this LGIA in providing such services and each Party shall remain primarily liable to the other Party(ies) for the performance of such subcontractor.

26.2 Responsibility of Principal. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this LGIA. The hiring Party shall be fully responsible to the other Party(ies) for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under Article 5 of this LGIA. Any applicable obligation imposed by this LGIA upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

26.3 No Limitation by Insurance. The obligations under this Article 26 will not be limited in any way by any limitation of subcontractor's insurance.

ARTICLE 27. DISPUTES

27.1 Submission. In the event a Party has a dispute, or asserts a claim, that arises out of or in connection with this LGIA or its performance, such Party (the "disputing Party") shall provide the other Party(ies) with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party(ies). In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's(ies') receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this LGIA.

27.2 External Arbitration Procedures. Any arbitration initiated under this LGIA shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The arbitrator so chosen by the System Operator shall chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable Commission regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail

27.3 Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this LGIA and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

27.4 Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel; or (2) a pro rata share of the cost of a single arbitrator chosen by the Parties.

ARTICLE 28. REPRESENTATIONS, WARRANTIES AND COVENANTS

28.1 General. Each Party makes the following representations, warranties and covenants:

28.1.1 Good Standing. Such Party is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Large Generating Facility, Interconnection Facilities and Network Upgrades owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this LGIA and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this LGIA.

28.1.2 Authority. Such Party has the right, power and authority to enter into this LGIA, to become a Party hereto and to perform its obligations hereunder. This LGIA is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

28.1.3 No Conflict. The execution, delivery and performance of this LGIA does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

28.1.4 Consent and Approval. Such Party has sought or obtained, or, in accordance with this LGIA will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this LGIA, and it will provide to any Governmental Authority notice of any actions under this LGIA that are required by Applicable Laws and Regulations.

ARTICLE 29. [OMITTED]

ARTICLE 30. MISCELLANEOUS

30.1 Binding Effect. This LGIA and the rights and obligations hereof shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

30.2 Conflicts. In the event of a conflict between the body of this LGIA and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this LGIA shall prevail and be deemed the final intent of the Parties.

30.3 Rules of Interpretation. This LGIA, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this LGIA, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this LGIA), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this LGIA or such Appendix of this LGIA, or such Section of the LGIP or such Appendix of the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this LGIA as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

30.4 Entire Agreement. Except for the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, this LGIA, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this LGIA. Except for the ISO New England Operating Documents, Applicable Reliability Standards, any applicable tariffs, related facilities agreements, or successor documents, there are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this LGIA.

30.5 No Third Party Beneficiaries. This LGIA is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

30.6 Waiver. The failure of a Party to this LGIA to insist, on any occasion, upon strict performance of any provision of this LGIA will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by a Party of its rights with respect to this LGIA shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this LGIA. Termination or Default of this LGIA for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Interconnecting Transmission Owner. Any waiver of this LGIA shall, if requested, be provided in writing.

30.7 Headings. The descriptive headings of the various Articles of this LGIA have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this LGIA.

30.8 Multiple Counterparts. This LGIA may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

30.9 Amendment. The Parties may by mutual agreement amend this LGIA by a written instrument duly executed by the Parties.

30.10 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this LGIA by a written instrument duly executed by all of the Parties. Such amendment shall become effective and a part of this LGIA upon satisfaction of all Applicable Laws and Regulations.

30.11 Reservation of Rights. Consistent with Section 11.3 of the LGIP, Interconnecting Transmission Owner and System Operator shall have the right to make unilateral filings with the Commission to modify this LGIA with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this LGIA pursuant to section 206 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Parties and to participate fully in any proceeding before the Commission in which such modifications may be considered. In the event of disagreement on terms and

conditions of the LGIA related to the costs of upgrades to such Interconnecting Transmission Owner's transmission facilities, the anticipated schedule for the construction of such upgrades, any financial obligations of Interconnecting Transmission Owner, and any provisions related to physical impacts of the interconnection on Interconnecting Transmission Owner's transmission facilities or other assets, then the standard applicable under Section 205 of the Federal Power Act shall apply only to Interconnecting Transmission Owner's position on such terms and conditions. Nothing in this LGIA shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

30.12 No Partnership. This LGIA shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Parties.

IN WITNESS WHEREOF, the Parties have executed this LGIA in triplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

ISO New England Inc. (System Operator)
By:
Title:
Date:

[*Insert Name of*] (Interconnecting Transmission Owner)
By:
Title:
Date:

[*Insert name of*] (Interconnection Customer)
By:
Title:
Date:

APPENDICES TO LGIA

Appendix A	Interconnection Facilities, Network Upgrades and Distribution Upgrades
Appendix B	Milestones
Appendix C	Interconnection Details
Appendix D	Security Arrangements Details
Appendix E	Commercial Operation Date
Appendix F	Addresses for Delivery of Notices and Billings
Appendix G	Interconnection Requirements for a Wind Generating Plant

APPENDIX A TO LGIA

Interconnection Facilities, Network Upgrades and Distribution Upgrades

1. Interconnection Facilities:

a. **Point of Interconnection and Point of Change of Ownership**. The Point of Interconnection shall be at the point where [*insert description of location*]. See Appendix A-[*insert*], which drawing is attached hereto and made part hereof.

The Point of Change of Ownership shall be at the point where *[insert description of location]*. See Appendix A – [*insert*], which drawing is attached hereto and made part hereof.

If not located at the Point of Interconnection, the metering point(s) shall be located at: [*insert location*].

b. **Interconnection Customer's Interconnection Facilities (including metering equipment)**. The Interconnection Customer shall construct [*insert Interconnection Customer's Interconnection Facilities*]. See Appendix A-[*insert*].

c. **Interconnecting Transmission Owner's Interconnection Facilities (including metering equipment)**. The Interconnecting Transmission Owner shall construct [*insert Interconnecting Transmission Owner's Interconnection Facilities*]. See Appendix – [*insert*].

2. Network Upgrades:

a. **Stand Alone Network Upgrades**. [*insert Stand Alone Network Upgrades*].

b. **Other Network Upgrades**. [*insert Other Network Upgrades*].

3. Distribution Upgrades. [*insert Distribution Upgrades*]

4. Affected System Upgrades. [insert Affected System Upgrades]

5. Contingency Upgrades List:

a. Long Lead Facility-Related Upgrades. The Interconnection Customer's Large Generating Facility is associated with a Long Lead Facility, in accordance with Section 3.2.3 of the LGIP. Pursuant to Section 4.1 of the LGIP, the Interconnection Customer shall be responsible for the following upgrades in the event that the Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation in accordance with Section III.13.1 of the Tariff:

[*insert list of upgrades*]

If the Interconnection Customer fails to cause these upgrades to be in-service prior to the commencement of the Long Lead Facility's Capacity Commitment Period, the Interconnection Customer shall be deemed to be in Breach of this LGIA in accordance with Article 17.1, and the System Operator will initiate all necessary steps to terminate this LGIA, in accordance with Article 2.3.

b. Other Contingency Upgrades. [*e.g*., list of upgrades associated with higher queued Interconnection Requests with LGIAs prior to this LGIA and any other contingency upgrades that the Parties may deem necessary for the interconnection of the Large Generating Facility.]

6. Post-Forward Capacity Auction Re-study Upgrade Obligations. [*insert any change in upgrade obligations that result from re-study conducted post receiving a Capacity Supply Obligation through a Forward Capacity Auction.*]

APPENDIX B TO LGIA

Milestones

1. **Selected Option Pursuant to Article 5.1:** Interconnection Customer selects the [*insert*]. Options as described in Articles 5.1.[*insert*], 5.1.[*insert*], and 5.1.[*insert*] shall not apply to this LGIA.

2. **Milestones and Other Requirements for all Large Generating Facilities:** The description and entries listed in the following table establish the required Milestones in accordance with the provisions of the LGIP and this LGIA. The referenced section of the LGIP or article of the LGIA should be reviewed by each Party to understand the requirements of each milestone.

Item No.	Milestone Description	Responsible Party	Date	LGIP/LGIA Reference
1	Provide evidence of continued Site Control to System Operator, or $250,000 non-refundable deposit to Interconnecting Transmission Owner	Interconnection Customer	Within 15 BD of final LGIA receipt	§ 11.3.1.1 of LGIP
2	Provide evidence of one or more milestones specified in § 11.3 of LGIP	Interconnection Customer	Within 15 BD of final LGIA receipt	§ 11.3.1.2 of LGIP
3	Commit to a schedule for payment of upgrades	Interconnection Customer	Within 15 BD of final LGIA receipt	§ 11.3.1.2 of LGIP
4	Provide either (1) evidence of Major Permits or (2) refundable deposit to Interconnecting Transmission Owner	Interconnection Customer	If (1) Within 15 BD of final LGIA receipt or if (2) At time of LGIA execution	§ 11.3.1.2 of LGIP
5	Provide certificate of insurance	Interconnection Customer and Interconnecting Transmission Owner	Within 10 Calendar Days of execution of LGIA	§ 18.3.9 of LGIA
6	Provide siting approval for	Interconnection	As may be agreed	§ 7.5 of LGIP

	Generating Facility and Interconnection Facilities to Interconnecting Transmission Owner	Customer	to by the Parties	
7A	Receive Governmental Authority approval for any facilities requiring regulatory approval	Interconnection Customer and/or Interconnecting Transmission Owner	If needed, as may be agreed to by the Parties	§ 5.6.1 of LGIA
7B	Obtain necessary real property rights and rights-of-way for the construction of a discrete aspect of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades	Interconnection Customer and/or Interconnecting Transmission Owner	If needed, as may be agreed to by the Parties	§ 5.6.2 of LGIA
7C	Provide to Interconnecting Transmission Owner written authorization to proceed with design, equipment procurement and construction	Interconnection Customer	As may be agreed to by the Parties	§ 5.5.2 and § 5.6.3 of LGIA
7D	Provide quarterly written progress reports	Interconnection Customer and Interconnecting Transmission Owner	15 Calendar Days after the end of each quarter beginning the quarter that includes the date for Milestone 7C and ending when the entire Large Generating Facility and all required Interconnection Facilities and Network Upgrades are in place	§ 5.7 of LGIA
8	Provision of Security to	Interconnection	At least 30	§§ 5.5.3 and 5.6.4

	Interconnecting Transmission Owner pursuant to Section 11.5 of LGIA	Customer	Calendar Days prior to design, procurement and construction	of LGIA
9	Provision of Security Associated with Tax Liability to Interconnecting Transmission Owner pursuant to Section 5.17.3 of LGIA	Interconnection Customer	As may be agreed to by the Parties	§ 5.17.3 of LGIA
10	Commit to the ordering of long lead time material for Interconnection Facilities and Network Upgrades	Interconnection Customer	As may be agreed to by the Parties	§ 7.5 of LGIP
11A	Provide initial design, engineering and specification for Interconnection Customer's Interconnection Facilities to Interconnecting Transmission Owner	Interconnection Customer	180 Calendar Days prior to Initial Synchronization Date	§ 5.10.1 of LGIA § 7.5 of LGIP
11B	Provide comments on initial design, engineering and specification for Interconnection Customer's Interconnection Facilities	Interconnecting Transmission Owner	Within 30 Calendar Days of receipt	§ 5.10.1 of LGIA § 7.5 of LGIP
12A	Provide final design, engineering and specification for Interconnection Customer's Interconnection Facilities to Interconnecting Transmission Owner	Interconnection Customer	90 Calendar Days prior to Initial Synchronization Date	§ 5.10.1 of LGIA § 7.5 of LGIP
12B	Provide comments on final design, engineering and specification for Interconnection Customer's Interconnection Facilities	Interconnecting Transmission Owner	Within 30 Calendar Days of receipt	§ 5.10.1 of LGIA § 7.5 of LGIP
13	Deliver to Transmission Owner "as built" drawings, information and documents	Interconnection Customer	Within 120 Calendar Days of Commercial	§ 5.10.3 of LGIA

	regarding Interconnection Customer's Interconnection Facilities		Operation date	
14	Provide protective relay settings to Interconnecting Transmission Owner for coordination and verification	Interconnection Customer	At least 90 Calendar Days prior to Initial Synchronization Date	§§ 5.10.1 of LGIA
15	Commencement of construction of Interconnection Facilities	Interconnecting Transmission Owner	As may be agreed to by the Parties	§ 5.6 of LGIA
16	Submit updated data "as purchased"	Interconnection Customer	No later than 180 Calendar Days prior to Initial Synchronization Date	§ 24.3 of LGIA
17	In Service Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	§ 3.3.1 and 4.4.5 of LGIP, § 5.1 of LGIA
18	Initial Synchronization Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	§ 3.3.1, 4.4.4, 4.4.5, and 7.5 of LGIP
19	Submit supplemental and/or updated data – "as built/as-tested"	Interconnection Customer	Prior to Commercial Operation Date	§ 24.4 of LGIA
20	Commercial Operation Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	§ 3.3.1, 4.4.4, 4.4.5, and 7.5 of LGIP
21	Deliver to Interconnection Customer "as built" drawings, information and documents regarding	Interconnecting Transmission Owner	If requested, within 120 Calendar Days after Commercial	§ 5.11 of LGIA

	Interconnecting Transmission Owner's Interconnection Facilities		Operation Date	
22	Provide Interconnection Customer final cost invoices	Interconnecting Transmission Owner	Within 6 months of completion of construction of Interconnecting Transmission Owner Interconnection Facilities and Network Upgrades	§ 12.2 of LGIA

3. **Milestones Applicable Solely for CNR Interconnection Service and Long Lead Facility Treatment.** In addition to the Milestones above, the following Milestones apply to Interconnection Customers requesting CNR Interconnection Service and/or Long Lead Facility Treatment:

Item No.	Milestone Description	Responsible Party	Date	LGIP/LGIA Reference
1	If Long Lead Facility, all dates by which Critical Path Schedule upgrades will be submitted to System Operator (end date for New Capacity Show of Interest Submission)	Interconnection Customer		§ 3.2.3 of LGIP
2	If Long Lead Facility, dates by which Long Lead Facility Deposits will be provided to System Operator (each deadline for which New Generating Capacity Resource would be required to provide financial assurance under § III.13.1.9 of the Tariff)	Interconnection Customer		§ 3.2.3 of LGIP
3	If Long Lead Facility, Capacity Commitment Period (not to exceed the Commercial Operation Date)	Interconnection Customer		§ 1 and 3.2 of LGIP
4	Submit necessary requests for participation in the Forward Capacity	Interconnection		§ 3.2.1.3 of LGIP

	Auction associated with the Generating Facility's requested Commercial Operation Date, in accordance with Section III.13 of the Tariff	Customer		
5	Participate in a CNR Group Study	Interconnection Customer		§ 3.2.1.3 of LGIP
6	Qualify and receive a Capacity Supply Obligation in accordance with Section III.13 of the Tariff	Interconnection Customer		§ 3.2.1.3 of LGIP
7	Complete a re-study of the applicable Interconnection Study to determine the cost responsibility for facilities and upgrades necessary to accommodate the Interconnection Request based on the results of the Forward Capacity Auction or Reconfiguration Auction or bilateral transaction through which the Interconnection Customer received a Capacity Supply Obligation	System Operator		§ 3.2.1.3 of LGIP

APPENDIX C TO LGIA

Interconnection Details

1. Description of Interconnection:

Interconnection Customer shall install a [*insert*] MW facility, rated at [*insert*]MW gross and [*insert*] MW net, with all studies performed at or below these outputs. The Generating Facility is comprised of [*insert*] units in a [*insert description of facility type - combined cycle, wind farm, etc*.] rated at: [*insert*] MW each, and will located at [*insert location*].

The Large Generating Facility shall receive:

Network Resource Interconnection Service for the NR Capability at a level not to exceed [*insert gross and net*] MW for Summer, and [*insert gross and net*] MW for Winter.

Capacity Network Resource Interconnection Service for: (i) the NR Capability at a level not to exceed [*insert gross and net at or above 50 degrees F*] MW for Summer and [*insert gross and net at or above 0 degrees F*] MW for Winter; and (ii) the CNR Capability at [*insert net*] MW for Summer and [*insert net*] MW for Winter, which shall not exceed [*insert the maximum net MW electrical output of the Generating Facility at an ambient temperature at or above 90 degrees F for summer and at or above 20 degrees F for winter*.] The CNR Capability shall be the highest amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff and, if applicable, as specified in filings by the System Operator with the Commission pursuant to Section III.13 of the Tariff.

2. Detailed Description of Generating Facility and Generator Step-Up Transformer, if applicable:

Generator Data	
Number of Generators	
Manufacturer	

Model	
Designation of Generator(s)	
Excitation System Manufacturer	
Excitation System Model	
Voltage Regulator Manufacturer	
Voltage Regulator Model	
Generator Ratings	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 90 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 50 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 20 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above zero Degrees F	
Station Service Load For Each Unit	
Overexcited Reactive Power at Rated MVA and Rated Power Factor	
Underexcited Reactive Power at Rated MVA and Rated Power Factor	
Generator Short Circuit and Stability Data	
Generator MVA rating	
Generator AC Resistance	
Subtransient Reactance (saturated)	
Subtransient Reactance (unsaturated)	

Transient Reactance (saturated)	
Negative sequence reactance	
Transformer Data	
Number of units	
Self Cooled Rating	
Maximum Rating	
Winding Connection (LV/LV/HV)	
Fixed Taps	
Z1 primary to secondary at self cooled rating	
Z1 primary to tertiary at self cooled rating	
Z1 secondary to tertiary at self cooled rating	
Positive Sequence X/R ratio primary to secondary	
Z0 primary to secondary at self cooled rating	
Z0 primary to tertiary at self cooled rating	
Z0 secondary to tertiary at self cooled rating	
Zero Sequence X/R ratio primary to tertiary	

3. Other Description of Interconnection Plan and Facilities:

[*Insert any other description relating to the Generating Facility, including, but not limited to switchyard, protection equipment, step-up transformer to the extent not described in Appendix A.*]

APPENDIX D TO LGIA

Security Arrangements Details

Infrastructure security of the New England Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day New England Transmission System reliability and operational security. The Commission will expect System Operator, Interconnecting Transmission Owners, market participants, and Interconnection Customers interconnected to the New England Transmission System to comply with the recommendations offered by the Critical Infrastructure Protection Committee and, eventually, best practice recommendations from NERC. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

APPENDIX E TO LGIA

Commercial Operation Date

This Appendix E is a part of the LGIA between System Operator Interconnecting, Transmission Owner and Interconnection Customer.

[*Date*]

[*Interconnecting Transmission Owner; Address*]
[to be supplied]

Generator Interconnections
Transmission Planning Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

Re: _____ Large Generating Facility

Dear _____:

On [Date] [Interconnection Customer] has completed Trial Operation of Unit No. ___. This letter confirms that [Interconnection Customer] commenced commercial operation of Unit No. ___ at the Large Generating Facility, effective as of [Date plus one day].

Thank you.

[*Signature*]
[*Interconnection Customer Representative*]

APPENDIX F TO LGIA

Addresses for Delivery of Notices and Billings Notices:

System Operator:

Generator Interconnections
Transmission Planning Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

With copy to:
Billing Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

Interconnecting Transmission Owner:

[To be supplied.]

Interconnection Customer:

[*To be supplied*.]

Billings and Payments:

System Operator:

Generator Interconnections
Transmission Planning Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

With copy to:
Billing Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

Interconnecting Transmission Owner:

[*To be supplied*.]

Interconnection Customer:
[*To be supplied.*]

Alternative Forms of Delivery of Notices (telephone, facsimile or email):

System Operator:
Facsimile: (413) 540-4203
E-mail: geninterconn@iso-ne.com

With copy to:
Facsimile: (413) 535-4024

E-mail: billingdept@iso-ne.com
Interconnecting Transmission Owner:
[*To be supplied.*]

Interconnection Customer:
[*To be supplied.*]

DUNS Numbers:
Interconnection Customer: [To be supplied]

Interconnecting Transmission Owner: [To be supplied]

APPENDIX G TO LGIA

Interconnection Requirements For A Wind Generating Plant

Appendix G sets forth requirements and provisions specific to a wind generating plant. All other requirements of this LGIA continue to apply to wind generating plant interconnections.

A. Technical Standards Applicable to a Wind Generating Plant

i. Low Voltage Ride-Through (LVRT) Capability

A wind generating plant shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The LVRT standard provides for a transition period standard and a post-transition period standard.

Transition Period LVRT Standard

The transition period standard applies to wind generating plants subject to FERC Order 661 that have either: (i) interconnection agreements signed and filed with the Commission, filed with the Commission in unexecuted form, or filed with the Commission as non-conforming agreements between January 1, 2006 and December 31, 2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generating turbines subject to a wind turbine procurement contract executed prior to December 31, 2005, for delivery through 2007.

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the System Operator and Interconnecting Transmission Owner. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15 p.u., as measured at the high side of the wind generating plant step-up transformer (i.e. the transformer that steps the voltage up to the transmission interconnection voltage or "GSU"), after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU or to faults that would result in a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.

3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.

4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAr Compensator, etc.) within the wind generating plant or by a combination of generator performance and additional equipment.

5. Existing individual wind generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT. Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual wind generator units that are replaced are required to meet the Appendix G LVRT Standard.

Post-transition Period LVRT Standard

All wind generating plants subject to FERC Order No. 661 and not covered by the transition period described above must meet the following requirements:

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the System Operator and Interconnecting Transmission Owner. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system. A wind generating plant shall remain interconnected during such a fault on the transmission system for a voltage level as low as zero volts, as measured at the high voltage side of the wind GSU.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU.

3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.

4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAr Compensator) within the wind generating plant or by a combination of generator performance and additional equipment.

5. Existing individual wind generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual wind generator units that are replaced are required to meet the Appendix G LVRT Standard.

ii. Power Factor Design Criteria (Reactive Power)

A wind generating plant shall maintain a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this LGIA, if the Interconnection System Impact Study shows that such a requirement is necessary to ensure safety or reliability. The power factor range standard can be met by using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors if agreed to by the System Operator and Interconnecting Transmission Owner, or a combination of the two. The Interconnection Customer shall not disable power factor equipment while the wind generating plant is in operation. Wind generating plants shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the Interconnection System Impact Study shows this to be required for system safety or reliability.

iii. Supervisory Control and Data Acquisition (SCADA) Capability

The wind generating plant shall provide SCADA capability to transmit data and receive instructions from the System Operator and Local Control Center to protect system reliability. The System Operator, Interconnecting Transmission Owner and the wind generating plant Interconnection Customer shall determine what SCADA information is essential for the proposed wind generating plant, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

APPENDIX 7
INTERCONNECTION PROCEDURES FOR WIND GENERATION

Appendix 7 sets forth procedures specific to a wind generating plant. All other requirements of this LGIP continue to apply to wind generating plant interconnections.

A. Special Procedures Applicable to Wind Generating Plants

The wind generating plant Interconnection Customer, in completing the Interconnection Request required by Section 3.3 of this LGIP, may provide to the System Operator a set of preliminary electrical design specifications depicting the wind generating plant as a single equivalent generator. Upon satisfying these and other applicable Interconnection Request conditions, the wind generating plant may enter the queue and receive the base case data as provided for in this LGIP.

No later than six months after submitting an Interconnection Request completed in this manner, the wind generating plant Interconnection Customer must submit completed detailed electrical design specifications and other data (including collector system layout data) needed to allow the System Operator to complete the Interconnection System Impact Study.

SCHEDULE 23

SMALL GENERATOR
INTERCONNECTION PROCEDURES

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EXHIBIT 1 - Small Generator Interconnection Agreement (SGIA)

SECTION 1. APPLICATION

1.1 Applicability

1.1.1 The Small Generator Interconnection Procedures ("SGIP") and Small Generator Interconnection Agreement ("SGIA") shall apply to Interconnection Requests, as defined in Attachment 1, pertaining to Small Generating Facilities, except that the SGIP and SGIA shall not apply to: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility. In the event the SGIP and SGIA do not apply, the Interconnection Customer shall follow the applicable state tariff, rules or procedures regarding generator interconnections.

A request to interconnect a certified Small Generating Facility (See Attachments 3 and 4 for description of certification criteria) no larger than 2 MW shall be evaluated under the section 2 Fast Track Process. A request to interconnect a certified inverter-based Small Generating Facility no larger than 10 kW (solely as a Network Resource) shall be evaluated under the Attachment 5 10 kW Inverter Process. A request to interconnect a Small Generating Facility larger than 2 MW but no larger than 20 MW or a Small Generating Facility that does not pass the Fast Track Process or the 10 kW Inverter Process, shall be evaluated under the section 3 Study Process.

1.1.2 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of these procedures. To the extent that the definitions herein are different than those contained in Section I.2.2 of the Tariff, the definitions provided below shall control only for the

purposes of generator interconnections under this Schedule 23. Capitalized terms in Schedule 23 that are not defined in Attachment 1 or the body of these procedures shall have the meanings specified in Section I.2.2 of the Tariff.

1.1.3 Neither these procedures nor the requirements included hereunder apply to Small Generating Facilities interconnected or approved for interconnection prior to May 9, 2006.

1.1.4 Prior to submitting its Interconnection Request (Attachment 2), the Interconnection Customer may ask the System Operator's interconnection contact employee or office whether the proposed interconnection is subject to these procedures. The System Operator shall respond within fifteen (15) Business Days.

1.1.5 Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Commission expects all ISOs/RTOs, Interconnecting Transmission Owners, market participants, and Interconnection Customers interconnected with electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices.

1.1.6 References in these procedures to interconnection agreement are to the SGIA.

1.2 Pre-Application

The System Operator shall designate an employee or office from which information on the application process and on an Affected System can be obtained through informal requests from the Interconnection Customer presenting a proposed project for a specific site. The names, telephone numbers, and e-mail addresses of the System Operator's contact employees or offices shall be made available on the System Operator's Internet web site. Electric system information provided to the Interconnection Customer

should include relevant system studies, interconnection studies, and other materials useful to an understanding of an interconnection at a particular point on the Administered Transmission System, to the extent such provision does not violate confidentiality provisions of prior agreements or critical infrastructure requirements. The System Operator shall comply with reasonable requests for such information.

1.3 Interconnection Request

To initiate an Interconnection Request, the Interconnection Customer shall submit its Interconnection Request to the System Operator, together with the processing fee or deposit specified in the Interconnection Request. The Interconnection Request shall be date- and time-stamped upon receipt. The original date- and time-stamp applied to the Interconnection Request at the time of its original submission shall be accepted as the qualifying date- and time-stamp for the purposes of any timetable in these procedures. The Interconnection Customer shall be notified of receipt by the System Operator within three (3) Business Days of receiving the Interconnection Request. The System Operator shall notify the Interconnection Customer within ten (10) Business Days of the receipt of the Interconnection Request as to whether the Interconnection Request is complete or incomplete. If the Interconnection Request is incomplete, the System Operator shall provide along with the notice that the Interconnection Request is incomplete, a written list detailing all information that must be provided to complete the Interconnection Request. The Interconnection Customer will have ten (10) Business Days after receipt of the notice to submit the listed information or to request an extension of time to provide such information. If the Interconnection Customer does not provide the listed information or a request for an extension of time within the deadline, the Interconnection Request will be deemed withdrawn. An Interconnection Request will be deemed complete upon submission of the listed information to the System Operator.

The Interconnection Customer must submit a separate Interconnection Request for each site. The Interconnection Customer must comply with the requirements specified in this Section 1.3 for each Interconnection Request even when more than one request is submitted for a single site.

1.3.1 Within three (3) Business Days of receiving the Interconnection Request, the System Operator shall provide a copy of the Interconnection Request to the Interconnecting Transmission Owner. The System

Operator, in consultation with the Interconnecting Transmission Owner, shall determine whether the Interconnection Request is complete or incomplete. If such request is to interconnect to a distribution facility, the Interconnecting Transmission Owner shall be responsible for determining whether the distribution facility is subject to the Tariff.

1.4 Site Control

Documentation of site control must be submitted with the Interconnection Request. Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. Site control may be demonstrated through:

1.4.1 Ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Small Generating Facility;

1.4.2 An option to purchase or acquire a leasehold site for such purpose; or

1.4.3 An exclusivity or other business relationship between the Interconnection Customer and the entity having the right to sell, lease, or grant the Interconnection Customer the right to possess or occupy a site for such purpose; or

1.4.4 Filed applications for required permits to site on federal or state property.

1.5 Queue Position

1.5.1 **General**. The System Operator shall assign a Queue Position based upon the date- and time-stamp of the Interconnection Request. Except as otherwise provided in this Section 1.5, the Queue Position of each Interconnection Request will be used to determine: (i) the order of performing the Interconnection Studies; (ii) the order in which CNR Interconnection Requests will be included in the CNR Group Study; and (iii) the cost responsibility for the interconnection facilities and upgrades necessary to accommodate the Interconnection Request. The System Operator shall maintain a single queue. At the System Operator's option, Interconnection Requests may be studied serially or in clusters for the purpose of the Interconnection System Impact Study.

1.5.2 **Implications**. Where a CNR Interconnection Request with a lower Queue Position submits a New Capacity Show of Interest Form for qualification to participate in a particular Forward Capacity Auction for a Capacity Commitment Period and another CNR Interconnection Request with a higher Queue Position does not submit a New Capacity Show of Interest Form for qualification until a subsequent Forward Capacity Auction, the CNR Interconnection Request with the lower Queue Position will be included in the CNR Group Study prior to the CNR Interconnection Request with the higher Queue Position. The CNR Group Study (to be conducted in accordance with Section III.13.1.1.2.3 of the Tariff) shall include all Interconnection Requests for CNR Interconnection Service that have submitted a New Capacity Show of Interest Form during the New Capacity Show of Interest Submission Window for the purpose of qualification for participation in the same Forward Capacity Auction for a Capacity Commitment Period, in accordance with Section III.13.1.1.2 of the Tariff, as well as Long Lead Facilities, in accordance with Section 3.2.3 of Schedule 22 of Section II of the Tariff. Participation in a CNR Group Study shall be a prerequisite for a Generating Facility seeking to qualify as a New Generating Capacity Resource under Section III.13.1 of the Tariff to obtain CNR Interconnection Service. An Interconnection Customer with a CNR Interconnection Request for a Generating Facility that is treated as a Conditional Qualified New Generating Capacity Resource, in accordance with Section III.13.1.1.2.3(f) of the Tariff, may be responsible for the facilities and upgrades associated with an overlapping CNR Interconnection Request having a higher Queue Position if the Conditional Qualified New Generating Capacity Resource obtains a Capacity Supply Obligation through a Forward Capacity Auction under Section III.13.2.5 of the Tariff. An Interconnection Customer with a lower queued CNR Interconnection Request for a Generating Facility that has achieved Commercial Operation and obtained a Capacity Supply Obligation through a Forward Capacity Auction may be responsible for additional facilities and upgrades if the related higher queued Generating Facility with a CNR Interconnection Request for a Long Lead Facility (as defined in Schedule 22 of Section II of the Tariff) achieves Commercial Operation and obtains a Capacity Supply

Obligation through a Forward Capacity Auction. In such circumstance, Attachment 2 to the SGIA for the lower queued CNR Interconnection Request shall specify the facilities and upgrades for which the Interconnection Customer shall be responsible if the higher queued CNR Interconnection Request for a Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation.

1.5.3 **Transferability of Queue Position.** An Interconnection Customer may transfer its Queue Position to another entity only if such entity acquires the specific Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change. The Interconnection Customer must notify the System Operator, in writing, of any transfers of Queue Position and must provide the System Operator with the transferee's contact information, and System Operator shall notify Interconnecting Transmission Owner and any Affected Parties of the same.

1.5.4 **Modifications**. Any modification to the Interconnection Request, including the information provided in the attachments, and to the machine data or equipment configuration or to the interconnection site of the Small Generating Facility not agreed to in writing by the System Operator, in consultation with the Interconnecting Transmission Owner, and the Interconnection Customer may be deemed a withdrawal of the Interconnection Request and may require submission of a new Interconnection Request, unless proper notification of each Party by the other and a reasonable time to cure the problems created by the change are undertaken. A request to: (1) increase the energy capability or capacity capability output of the Small Generating Facility above that specified in an Interconnection Request, an existing Interconnection Agreement (whether executed or filed in unexecuted form with the Commission), or as established pursuant to 1.6.4 of this SGIP shall require a new Interconnection Request for the incremental increase and such Interconnection Request will receive the lowest Queue Position available at that time for the purposes of cost allocation and study analysis; and (2) change from NR Interconnection Service to CNR Interconnection Service, at any time, shall require a new Interconnection Request for CNR Interconnection Service and such Interconnection Request will receive the lowest Queue Position available at that time for the purposes of cost allocation and study analysis.

Notwithstanding the foregoing, in the circumstance in which the Interconnection Customer seeking New Generating Capacity Resource treatment for its Generating Facility (pursuant to Section III.13.1 of the Tariff) has offered into a Forward Capacity Auction the full megawatt amount for which the CNR Interconnection Service was requested in the original Interconnection Request (or as that amount has been

modified in accordance with this Section 1.5.4), but the entire amount did not clear in that Auction, no new Interconnection Request will be required if the Interconnection Customer seeks to offer the uncleared amount in a subsequent Forward Capacity Auction for which the associated Capacity Commitment Period begins less than seven (7) years from the date of the original Interconnection Request.

1.6 Procedures for Transition

1.6.1 **Queue Position for Pending Requests.** Any Interconnection Customer assigned a Queue Position prior to February 1, 2009 shall retain that Queue Position subject to Section 1.6 of the SGIP.

1.6.1.1 If an Interconnection Study Agreement has not been executed prior to February 1, 2009, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with the version of this SGIP in effect on February 1, 2009 (or as revised thereafter).

1.6.1.2 If an Interconnection Study Agreement has been executed prior to February 1, 2009, such Interconnection Study shall be completed in accordance with the terms of such agreement.

1.6.2 **Transition Period**. To the extent necessary, the System Operator, Interconnection Customers with an outstanding Interconnection Request (i.e., an Interconnection Request for which an SGIA has neither been executed nor submitted to the Commission for approval prior to February 1, 2009), Interconnecting Transmission Owner and any other Affected Parties, shall transition to proceeding under the version of the SGIP in effect as of February 1, 2009 (or as revised thereafter) within a reasonable period of time not to exceed sixty (60) Calendar Days. The use of the term "outstanding Interconnection Request" herein shall mean any Interconnection Request, on February 1, 2009: (i) that has been submitted, together with the required deposit and attachments, but not yet accepted by the System Operator; (ii) where the related SGIA has not yet been submitted to the Commission for approval in executed or unexecuted form, (iii) where the relevant Interconnection Study Agreements have not yet been executed, or (iv) where any of the relevant Interconnection Studies are in process but not yet completed. Any Interconnection Customer with an outstanding request as of the effective date of this SGIP may request a reasonable extension of

any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Interconnection Request. A reasonable extension shall be granted by the System Operator to the extent consistent with the intent and process provided for under this SGIP.

1.6.3 **One-Time Election for CNR Interconnection Service at Queue Position Assigned Prior to February 1, 2009**. An Interconnection Customer with an outstanding Interconnection Request will be eligible to make a one-time election to be considered for CNR Interconnection Service at the Queue Position assigned prior to February 1, 2009. The Interconnection Customer's one-time election must be made by the end of the New Generating Capacity Show of Interest Submission Window for the fourth Forward Capacity Auction. Interconnection Customers requesting CNR Interconnection Service will be required to comply with the requirements for CNR Interconnection Service set forth in Section 1.7.1. Interconnection Customers requesting CNR Interconnection Service that have not received a completed Interconnection System Impact Study may request a preliminary, non-binding, analysis of potential upgrades that may be necessary for the fourth Forward Capacity Auction – the prompt or near-term auction – pursuant to Sections 3.3.2 or 3.4.3, whichever is applicable.

1.6.4 **Grandfathering.**

1.6.4.1 An Interconnection Customer's Generating Facility that is interconnected pursuant to an Interconnection Agreement executed or submitted to the Commission for approval prior to February 1, 2009, will maintain its status as a Network Resource with Network Resource Interconnection Service eligible to participate in the New England Markets, in accordance with the requirements of Market Rule 1, Section III of the Tariff, up to the megawatt amount specified in the Interconnection Agreement, subject to the Interconnection Customer satisfying all requirements set forth in the Interconnection Agreement and this SGIP. If the Generating Facility does not meet the criteria set forth in Section 1.6.4.3 of this SGIP, the Interconnection Customer will be eligible to make a one-time election, pursuant to Section 1.6.3, for Capacity Network Resource treatment without submitting a new Interconnection Request; however, the Interconnection Customer will be required to comply with the requirements for CNR Interconnection Service set forth in Section 1.7.1. Upon completion of the requirements to obtain CNR Interconnection Service, the Interconnection Customer's Interconnection Agreement shall be amended to conform to the SGIA in Exhibit 1 of this SGIP.

1.6.4.2 An Interconnection Customer's Generating Facility governed by an Interconnection Agreement either executed or filed with the Commission in unexecuted form prior to August 1, 2008, shall maintain the Queue Position assigned as of August 1, 2008, and be eligible to participate in the New England Markets, in accordance with the requirements in Market Rule 1, Section III of the Tariff, as in effect as of August 1, 2008, so long as the Interconnection Customer complies with all of the requirements specified in the Interconnection Agreement, including achieving the milestones associated with At-Risk Expenditures, subject to Section 1.5.4 of this SGIP.

1.6.4.3 All resources that are treated as Existing Generating Capacity Resources in the fourth Forward Capacity Auction pursuant to Section III.13 of the Tariff shall receive treatment as a CNR and obtain CNR Interconnection Service, in accordance with this SGIP, up to the CNR Capability of the resource. The grandfathered CNR Capability for these resources shall be equal to the megawatt amount established pursuant to the following hierarchy:

(a) First, the megawatt amount specified in an Interconnection Agreement (whether executed or filed in unexecuted form with the Commission).

(b) Second, in the absence of an Interconnection Agreement with a specified megawatt amount, the megawatt amount specified in an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision).

(c) Third, in the absence of an Interconnection Agreement and an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) with a specified megawatt amount, as determined by the System Operator based on the documented historic capability of the Generating Facility.

Where a resource has both an Interconnection Agreement and an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision), the lower megawatt amount will govern until the resource completes the applicable process(es) under the Tariff for obtaining the higher megawatt amount. The absence of an Interconnection Agreement or an approval pursuant to Section I.3.9 (or its predecessor provision) specifying a megawatt amount shall be confirmed by an affidavit executed by a corporate officer of the

resource attesting that the resource does not have an Interconnection Agreement and/or an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) that specifies a megawatt amount.

Where the governing document (as determined by the hierarchy set forth in 1.6.4.3) specifies a megawatt amount at an ambient temperature consistent with the definition of CNR Capability, the grandfathered CNR Capability shall be equal to that amount.

Where the governing document (as determined by the hierarchy set forth in Section 1.6.4.3) does not specify an ambient temperature, the megawatt amount will be deemed to be at the value consistent with the definition of CNR Capability.

Where the implementation of this Section 1.6.4.3 results in a CNR Capability that is different than previously had been identified, the revised CNR Capability will be applied commencing with the next Forward Capacity Auction qualification process (after the revised CNR Capability value is identified), which is initiated by the Show of Interest Window in accordance with Section III.13 of the Tariff. The revised CNR Capability will continue to govern until the resource completes the applicable process(es) for obtaining the higher megawatt amount.

1.6.4.4 All resources that are treated as Existing Generating Capacity Resources in the fourth Forward Capacity Auction pursuant to Section III.13 of the Tariff shall receive treatment as a NR and obtain NR Interconnection Services in accordance with this SGIP, up to the NR Capability of the resource. The grandfathered NR Capability shall be determined pursuant to the hierarchy set forth in Section 1.6.4.3.

Where the governing document (as described by the hierarchy set forth in Section 1.6.4.3) of a resource for which a temperature-adjustment curve is used for the claimed capability verification, as set forth in the ISO New England Manuals, specifies a megawatt amount at an ambient temperature, the grandfathered NR Capability shall be equal to a temperature-adjusted value consistent with the definition of NR Capability.

Where the governing document (as determined by the hierarchy set forth in Section 1.6.4.3) does not specify an ambient temperature, the megawatt amount will be deemed to be at the value consistent with the definition of NR Capability.

1.7 Type of Interconnection Services

At the time the Interconnection Request is submitted, the Interconnection Customer must request either CNR Interconnection Service or NR Interconnection Service, as described in Sections 1.7.1 and 1.7.2 below. An Interconnection Customer that meets the requirements to obtain CNR Interconnection Service shall obtain NR Interconnection Service up to the NR Capability upon completion of all requirements for NR Interconnection Service, including all necessary upgrades. Upon completion of all requirements for the CNR Interconnection Service, the Interconnection Customer shall also receive CNR Interconnection Service for CNR Capability. An Interconnection Customer that meets the requirements to obtain NR Interconnection Service shall receive NR Interconnection Service for the Interconnection Customer's Generating Facility NR Capability.

1.7.1 Capacity Network Resource Interconnection Service

1.7.1.1 **The Product**. The System Operator must conduct the necessary studies in conjunction with the Interconnecting Transmission Owner, and with other Affected Parties as appropriate and in accordance with applicable codes of conduct and confidentiality requirements, and the Interconnecting Transmission Owner and other Affected Parties as appropriate must construct the Network Upgrades needed to interconnect the Small Generating Facility in a manner comparable to that in which CNRs are interconnected under the CC Interconnection Standard. CNR Interconnection Service allows the Interconnection Customer's Small Generating Facility to be designated as a CNR, and to participate in the New England Markets, in accordance with the Tariff, up to the CNR Capability or as otherwise provided in the Tariff, on the same basis as existing CNRs, and to be studied as a CNR on the assumption that such a designation will occur.

1.7.1.2 **The Studies**. All Interconnection Studies for CNR Interconnection Service shall assure that the Interconnection Customer's Small Generating Facility satisfies the minimum characteristics required to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System. The CNR Group Study for CNR Interconnection Service shall assure that the Interconnection Customer's Small Generating Facility can be interconnected in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other CNRs, in accordance with the CC Interconnection Standard and as detailed in the ISO New England Planning Procedures. The Interconnection Request may also be studied with the New England Transmission System under non-peak load conditions. However, upon request by the Interconnection Customer, the System Operator and as appropriate the Interconnecting Transmission Owner must explain in writing to the Interconnection Customer why the study of non-peak load conditions is required for reliability purposes.

1.7.1.3 **Milestones for CNR Interconnection Service**. In addition to the requirements set forth in this SGIP, an Interconnection Customer with an Interconnection Request for CNR Interconnection Service shall complete the following milestones prior to receiving CNR Interconnection Service for the CNR Capability, such milestones to be specified in Attachment 4 of the SGIA as either completed or to be completed: (i) submit the necessary requests for participation in the Forward Capacity Auction associated with the Generating Facility's requested Commercial Operation Date (except as modified by Agreement with the System Operator pursuant to Section 1.5.4 of this SGIP), in accordance with the provisions of Section III.13 of the Tariff; (ii) participate in a CNR Group Study for the Forward Capacity Auction associated with the requested Generating Facility's Commercial Operation Date; (iii) qualify and receive a Capacity Supply Obligation in accordance with Section III.13 of the Tariff; and (iv) complete a re-study of the applicable Interconnection Study to determine the cost responsibility for facilities and upgrades necessary to accommodate the Interconnection Request based on the results of the Forward Capacity Auction or Reconfiguration Auction or bilateral transaction, as applicable, through which the Interconnection Customer received a Capacity Supply Obligation. With respect to (iv) above, if an Interconnection Study has been completed, the completed Interconnection Study shall be subject to re-study, in accordance with the re-study provisions in this SGIP. If an Interconnection Study Agreement has been executed, the Interconnection Study associated with the Interconnection Study Agreement shall include the necessary analysis that would otherwise have been performed in a re-study. If an SGIA has been either executed or filed with the Commission in unexecuted form, then the last Interconnection Study completed for the Interconnection Customer under this SGIP shall be subject to re-study. The

Attachments to the SGIA shall be amended (pursuant to Article 12.2 of the SGIA) to reflect CNR Capability and the results of the re-study.

1.7.2 Network Resource Interconnection Service

1.7.2.1 **The Product.** The System Operator must conduct the necessary studies in conjunction with the Interconnecting Transmission Owner, and with other Affected Parties as appropriate and in accordance with applicable codes of conduct and confidentiality requirements, and the Interconnecting Transmission Owner and other Affected Parties as appropriate must construct the Network Upgrades needed to interconnect the Small Generating Facility in a manner comparable to that in which Network Resources are interconnected under the NC Interconnection Standard. NR Interconnection Service allows the Interconnection Customer's Small Generating Facility to participate in the New England Markets in accordance with the provisions of Market Rule 1, Section III of the Tariff, up to the gross and net NR Capability or as otherwise provided in Market Rule 1, Section III of the Tariff, on the same basis as other Network Resources. Notwithstanding the above, the portion of a Small Generating Facility that has been designated solely as a Network Resource interconnected under the NC Interconnection Standard cannot be a capacity resource under Section III.13 of the Tariff, except pursuant to a new Interconnection Request for CNR Interconnection Service.

1.7.2.2 **The Studies**. The Interconnection Studies for an Network Resource shall assure that the Interconnection Customer's Small Generating Facility satisfies the minimum characteristics required to interconnect in a manner that avoids any significant adverse effect on reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the unit, in accordance with the NR Interconnection Standard and as detailed in the ISO New England Planning Procedures. The System Operator, in coordination with the Interconnecting Transmission Owner, may also study the New England Transmission System under non-peak load conditions.

However, upon request by the Interconnection Customer, the System Operator and as appropriate the Interconnecting Transmission Owner must explain in writing to the Interconnecting Transmission Owner why the study of non-peak load conditions is required for reliability purposes.

1.7.2.3 Milestones for NR Interconnection Service. An Interconnection Customer with an Interconnection Request for NR Interconnection Service shall complete the requirements in this SGIP prior to receiving NR Interconnection Service.

1.8 Withdrawal

1.8.1 The Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to System Operator, which System Operator will transmit to the Interconnecting Transmission Owner and any Affected Parties. In addition, if the Interconnection Customer fails to adhere to all requirements of this SGIP, except as provided in Section 4.2 (Disputes), the System Operator shall deem the Interconnection Request to be withdrawn and shall provide written notice to the Interconnection Customer of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, if the Interconnection Customer wishes to dispute the withdrawal notice, the Interconnection Customer shall have fifteen (15) Business Days, unless otherwise provided elsewhere in this SGIP, in which to either respond with information or actions that cure the deficiency or to notify the System Operator of its intent to pursue dispute resolution, and the System Operator shall notify the Interconnecting Transmission Owner and any Affected Parties of the same.

1.8.2 Withdrawal shall result in the loss of the Interconnection Customer's Queue Position. If an Interconnection Customer disputes the withdrawal and loss of its Queue Position, then during dispute resolution, the System Operator may eliminate the Interconnection Customer's Interconnection Request from the queue until such time that the outcome of dispute resolution would restore its Queue Position. An Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to System Operator, Interconnecting Transmission Owner, and any Affected Parties all costs prudently incurred with respect to that Interconnection Request prior to the System Operator's receipt of

notice described above. The Interconnection Customer must pay all monies due before it is allowed to obtain any interconnection study data or results.

1.8.3 The System Operator shall update the OASIS Queue Position posting. The System Operator and Interconnecting Transmission Owner shall: (i) arrange to refund to the Interconnection Customer any portion of the Interconnection Customer's deposit or study payments that exceeds the costs incurred; or (ii) arrange to charge to the Interconnection Customer any amount of such costs incurred that exceed the Interconnection Customer's deposit or study payments. In the event of such withdrawal, the System Operator, subject to the confidentiality provisions of Section 4.5 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information, shall provide, at Interconnection Customer's request, all information developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

SECTION 2. FAST TRACK PROCESS

2.1 Applicability

The Fast Track Process is available to an Interconnection Customer proposing to interconnect its Small Generating Facility with the Administered Transmission System if the Small Generating Facility is no larger than 2 MW and if the Interconnection Customer's proposed Small Generating Facility meets the codes, standards, and certification requirements of Attachments 3 and 4 of these procedures, or the System Operator in conjunction with the Interconnecting Transmission Owner has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

2.2 Initial Review

Within fifteen (15) Business Days after the System Operator notifies the Interconnection Customer it has received a complete Interconnection Request, the System Operator in conjunction with the Interconnecting Transmission Owner shall perform an initial review using the screens set forth below,

shall notify the Interconnection Customer of the results, and include with the notification copies of the analysis and data underlying the determinations under the screens.

2.2.1 Screens

2.2.1.1 The proposed Small Generating Facility's Point of Interconnection must be on a portion of the Interconnecting Transmission Owner's Distribution System that is subject to the Tariff.

2.2.1.2 For interconnection of a proposed Small Generating Facility to a radial distribution circuit, the aggregated generation, including the proposed Small Generating Facility, on the circuit shall not exceed 15 % of the line section annual peak load as most recently measured at the substation. A line section is that portion of an Interconnecting Transmission Owner's electric system connected to a customer bounded by automatic sectionalizing devices or the end of the distribution line.

2.2.1.3 For interconnection of a proposed Small Generating Facility to the load side of spot network protectors, the proposed Small Generating Facility must utilize an inverter-based equipment package and, together with the aggregated other inverter-based generation, shall not exceed the smaller of 5 % of a spot network's maximum load or 50 kW.

2.2.1.4 The proposed Small Generating Facility, in aggregation with other generation on the distribution circuit, shall not contribute more than 10 % to the distribution circuit's maximum fault current at the point on the high voltage (primary) level nearest the proposed point of change of ownership.

2.2.1.5 The proposed Small Generating Facility, in aggregate with other generation on the distribution circuit, shall not cause any distribution protective devices and equipment (including, but not limited to, substation breakers, fuse cutouts, and line reclosers), or Interconnection Customer equipment on the system to exceed 87.5 % of the short circuit interrupting capability; nor shall the interconnection be proposed for a circuit that already exceeds 87.5 % of the short circuit interrupting capability.

2.2.1.6 Using the table below, determine the type of interconnection to a primary distribution line. This screen includes a review of the type of electrical service provided to the Interconnecting Customer, including line configuration and the transformer connection to limit the potential for creating over-voltages on the Interconnecting Transmission Owner's electric power system due to a loss of ground during the operating time of any anti-islanding function.

Primary Distribution Line Type	Type of Interconnection to Primary Distribution Line	Result/Criteria
Three-phase, three wire	3-phase or single phase, phase-to-phase	Pass screen
Three-phase, four wire	Effectively-grounded 3 phase or Single-phase, line-to-neutral	Pass screen

2.2.1.7 If the proposed Small Generating Facility is to be interconnected on single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed Small Generating Facility, shall not exceed 20 kW.

2.2.1.8 If the proposed Small Generating Facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20 % of the nameplate rating of the service transformer.

2.2.1.9 The Small Generating Facility, in aggregate with other generation interconnected to the transmission side of a substation transformer feeding the circuit where the Small Generating Facility proposes to interconnect shall not exceed 10 MW in an area where there are known, or posted, transient stability limitations to generating units located in the general electrical vicinity (e.g., three or four transmission busses from the point of interconnection).

2.2.1.10 No construction of facilities by the Interconnecting Transmission Owner on its own system shall be required to accommodate the Small Generating Facility.

2.2.2 If the proposed interconnection passes the screens, the Interconnection Request shall be approved for Network Resource interconnection Service and the System Operator in conjunction with the Interconnecting Transmission Owner will provide the Interconnection Customer an executable SGIA within five (5) Business Days after the determination.

2.2.3 If the proposed interconnection fails the screens, but the System Operator in conjunction with the Interconnecting Transmission Owner determines that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards, the System Operator in conjunction with the Interconnecting Transmission Owner shall provide the Interconnection Customer an executable SGIA within five (5) Business Days after the determination. If the Interconnection Request is for Capacity Network Resource Interconnection Service, the Interconnection Customer must also comply with the milestones for CNR Interconnection Service specified in Section 1.7.1.3 of the SGIP.

2.2.4 If the proposed interconnection fails the screens, but the System Operator in conjunction with the Interconnecting Transmission Owner, does not or cannot determine from the initial review that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards unless the Interconnection Customer is willing to consider minor modifications or further study, the System Operator in conjunction with the Interconnecting Transmission Owner shall provide the Interconnection Customer with the opportunity to attend a customer options meeting.

2.3 Customer Options Meeting

If the System Operator in conjunction with the Interconnecting Transmission Owner determines the Interconnection Request cannot be approved without minor modifications at minimal cost; or a supplemental study or other additional studies or actions; or at significant cost to address safety, reliability, or power quality problems, within the five (5) Business Day period after the determination, the

System Operator shall notify the Interconnection Customer and provide copies of all data and analyses underlying its conclusion. Within ten (10) Business Days of such determination, the System Operator shall offer to convene a customer options meeting with the Interconnection Customer and Interconnecting Transmission Owner to review possible Interconnection Customer facility modifications or the screen analysis and related results, to determine what further steps are needed to permit the Small Generating Facility to be connected safely and reliably. At the time of notification of the determination, or at the customer options meeting:

2.3.1 The Interconnecting Transmission Owner shall offer to perform facility modifications or minor modifications to the Interconnecting Transmission Owner's electric system (e.g., changing meters, fuses, relay settings) and provide a non-binding good faith estimate of the limited cost to make such modifications to the Interconnecting Transmission Owner's electric system; or

2.3.2 The System Operator shall offer to perform a supplemental review if the System Operator in conjunction with the Interconnecting Transmission Owner concludes that the supplemental review might determine that the Small Generating Facility could continue to qualify for interconnection pursuant to the Fast Track Process, and provide a non-binding good faith estimate of the costs of such review; or

2.3.3 The System Operator shall obtain the Interconnection Customer's agreement to continue evaluating the Interconnection Request under the section 3 Study Process.

2.4 Supplemental Review

If the Interconnection Customer agrees to a supplemental review, the Interconnection Customer shall agree in writing within fifteen (15) Business Days of the offer, and submit a deposit to the System Operator for the estimated costs. The Interconnection Customer shall be responsible for the System Operator's and the Interconnecting Transmission Owner's actual costs for conducting the supplemental review. The Interconnection Customer must pay any review costs that exceed the deposit within twenty (20) Business Days of receipt of the invoice or resolution of any dispute. If the deposit exceeds the

invoiced costs, the System Operator and Interconnecting Transmission Owner will return such excess within twenty (20) Business Days of the invoice without interest.

2.4.1 Within ten (10) Business Days following receipt of the deposit for a supplemental review, the System Operator in conjunction with the Interconnecting Transmission Owner will determine if the Small Generating Facility can be interconnected safely and reliably.

2.4.1.1 If so, the System Operator in conjunction with the Interconnecting Transmission Owner, shall forward an executable SGIA to the Interconnection Customer within five (5) Business Days.

2.4.1.2 If so, and Interconnection Customer facility modifications are required to allow the Small Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under these procedures, the System Operator in conjunction with the Interconnecting Transmission Owner, shall forward an executable SGIA to the Interconnection Customer within five (5) Business Days after confirmation that the Interconnection Customer has agreed to make the necessary changes at the Interconnection Customer's cost. The Interconnection Customer shall provide written notice to the System Operator and the Interconnecting Transmission Owner of whether the Interconnection Customer agrees to make the necessary Interconnection Customer facility modifications at the Interconnection Customer's cost within thirty (30) Business Days of receiving notice that such modifications are required.

2.4.1.3 If so, and minor modifications to the Interconnecting Transmission Owner's electric system are required to allow the Small Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under the Fast Track Process, the System Operator in conjunction with the Interconnecting Transmission Owner, shall forward an executable SGIA to the Interconnection Customer within ten (10) Business Days that requires the Interconnection Customer to pay the costs of such system modifications prior to interconnection.

2.4.1.4.If not, the Interconnection Request will continue to be evaluated under the section 3 Study Process.

SECTION 3. STUDY PROCESS

3.1 Applicability

The Study Process shall be used by an Interconnection Customer proposing to interconnect its Small Generating Facility with the Administered Transmission System if the Small Generating Facility (1) is larger than 2 MW but no larger than 20 MW, (2) is 2 MW or less and is not certified, or (3) is 2 MW or less and is certified but did not pass the Fast Track Process or the 10 kW Inverter Process.

3.2 Scoping Meeting

3.2.1 A scoping meeting will be held within ten (10) Business Days after the Interconnection Request is deemed complete, or as otherwise mutually agreed to by the Parties. The System Operator, the Interconnecting Transmission Owner, the Interconnection Customer and the Affected Party(ies) will bring to the meeting personnel, including system engineers and other resources as may be reasonably required to accomplish the purpose of the meeting. Before participating in a scoping meeting with an Interconnection Customer that is also an Affiliate, the Interconnecting Transmission Owner shall post on the OASIS an advance notice of its intent to do so.

3.2.2 The purpose of the scoping meeting is to discuss the Interconnection Request and review existing studies relevant to the Interconnection Request, including: (i) the estimated timeline for completing all applicable Interconnection Studies, (ii) exchange pertinent information including any transmission data that would reasonably be expected to impact interconnection options, (iii) analyze such information, and (iv) determine the potential feasible Points of Interconnection, and (v) to discuss any other information necessary to facilitate the administration of the Interconnection Procedures. If a PSCAD model is required, the Parties shall discuss this at the Scoping Meeting. The Parties shall discuss whether the System Operator should perform an Interconnection Feasibility Study or proceed directly to an Interconnection System Impact Study, or an Interconnection Facilities Study, or an SGIA.

Within five (5) Business Days following the scoping meeting, the Interconnection Customer shall notify the System Operator, in writing: (i) whether it wants the Interconnection Feasibility Study to be

completed, as a separate and distinct study or as part of the Interconnection System Impact Study, and (ii) the Point(s) of Interconnection and any reasonable alternative Point(s) of Interconnection for inclusion in the attachment to the Interconnection Feasibility Study Agreement (Attachment 6), or the Interconnection System Impact Study Agreement (Attachment 7) if the Interconnection Customer elects not to pursue the Interconnection Feasibility Study.

3.2.3 The scoping meeting may be omitted by mutual agreement. In order to remain in consideration for interconnection, an Interconnection Customer who has requested an Interconnection Feasibility Study must return the executed Interconnection Feasibility Study Agreement (or Interconnection System Impact Study Agreement if the Interconnection Customer elected not to pursue the Interconnection Feasibility Study), within fifteen (15) Business Days.

3.3 Interconnection Feasibility Study

3.3.1 **Interconnection Feasibility Study Agreement**. Within five (5) Business Days following the Interconnection Customer's request for an Interconnection Feasibility Study, the System Operator shall tender to Interconnection Customer the Interconnection Feasibility Study Agreement signed by the System Operator and Interconnecting Transmission Owner, including an outline of the scope of the Interconnection Feasibility Study and a non-binding good faith estimate of the cost to perform the Interconnection Feasibility Study. The Interconnection Feasibility Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Interconnection Feasibility Study, including the cost of developing the study agreement and its attachment(s). No later than fifteen (15) Business Days after its receipt of the Interconnection Feasibility Study Agreement, the Interconnection Customer shall execute and deliver the agreement, including completed attachments, to System Operator and the Interconnecting Transmission Owner, together with the refundable deposit of the lesser of 50 percent of the good faith estimated Interconnection Feasibility Study costs or earnest money of $1,000. The deposit shall be applied toward the cost of the Interconnection Feasibility Study, including the cost of developing the study agreement and its attachment(s). Any difference between the study deposit and the actual cost of the Interconnection Feasibility Study shall be paid by or refunded to the Interconnection Customer. The System Operator and/or Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of the Interconnection Feasibility Study that have been

incurred by the System Operator and/or the Interconnecting Transmission Owner on the Interconnection Feasibility Study, including the development of the study agreement and its attachment(s). The System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Feasibility Study on each month. The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. System Operator shall continue to hold any amounts on deposits until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

3.3.2 **Scope of Interconnection Feasibility Study**. The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the Administered Transmission System with available data and information. The Interconnection Feasibility Study does not require detailed model development. The Interconnection Feasibility Study will consider the Base Cases as well as all generating facilities (and with respect to (iii), any identified Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced: (i) are directly interconnected to the New England Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the New England Transmission System; and (iv) have no Queue Position but have executed a SGIA or requested that an unexecuted SGIA be filed with the Commission. An Interconnection Customer with a CNR Interconnection Request may also request that the Interconnection Feasibility Study include a preliminary, non-binding, analysis to identify potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff, based on a limited set of assumptions to be specified by the Interconnection Customer and reflected in Attachment A to the Interconnection Feasibility Study Agreement. The Interconnection Feasibility Study will consist of a power flow, including thermal analysis and voltage analysis, and short circuit analysis. The Interconnection Feasibility Study report will provide (i) a list of facilities and a non-binding good faith estimate of cost responsibility; (ii) a non-binding good faith estimated time to construct; (iii) a protection assessment to determine the required Interconnection Facilities; and may provide (iv) an evaluation of the siting of Interconnection Facilities and Network Upgrades; and (v) identification of the likely permitting and siting process including easements and environmental work. To the extent the Interconnection Customer requested a preliminary analysis as described in this Section 3.3, the Interconnection Feasibility Study report will also provide a

list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

3.3.3 **Interconnection Feasibility Study Procedures**. The System Operator in coordination with Interconnecting Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Interconnection Feasibility Study no later than thirty (30) Business Days after System Operator and Interconnecting Transmission Owner receive the fully executed Interconnection Feasibility Study Agreement, study deposit and required technical data in accordance with Section 3.3.1. At the request of the Interconnection Customer or at any time the System Operator or the Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Feasibility Study, the System Operator shall notify the Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If the System Operator is unable to complete the Interconnection Feasibility Study within that time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

3.3.4 **Meeting with Parties.** Within ten (10) Business Days of providing an Interconnection Feasibility Study report to the Interconnection Customer, the System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Interconnection Feasibility Study.

If the feasibility study shows no potential for adverse system impacts, the System Operator shall send the Interconnection Customer an Interconnection Facilities Study Agreement (Attachment 8), including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study. If no additional facilities are required, an executable SGIA shall be tendered to the Interconnection Customer within five (5) Business Days of the provision of the Interconnection Feasibility Study report. If no Interconnection System Impact Study of the Administered Transmission System is required, as a result of the Interconnection Feasibility Study, but potential electric power Distribution System adverse system impacts are identified in the scoping meeting or shown in the Interconnection Feasibility Study, a

distribution system impact study must be performed. The System Operator shall send the Interconnection Customer a distribution system impact study agreement within fifteen (15) Business Days of transmittal of the feasibility study report, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or following the scoping meeting if no Interconnection Feasibility Study is to be performed.

3.3.5 **Re-Study**. If re-study of the Interconnection Feasibility Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project, (iii) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (iv) a modification to a transmission project included in the Base Case, the System Operator shall notify the Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take not longer than thirty (30) Business Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection Feasibility Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection Feasibility Study Agreement. The Interconnection Customer shall have the option to waive the re-study and elect to have the re-study performed as part of its Interconnection System Impact Study. The Interconnection Customer shall provide written notice of the waiver and election of moving directly to the Interconnection System Impact Study within five (5) Business Days of receiving notice from the System Operator of the required re-study.

3.4 Interconnection System Impact Study

3.4.1 **Interconnection System Impact Study Agreement**. Within five (5) Business Days following the Interconnection Feasibility Study results meeting, the System Operator and Interconnecting Transmission Owner shall provide to Interconnection Customer the Interconnection System Impact Study Agreement, which includes a non-binding good faith estimate of the cost and timeframe to perform the Interconnection System Impact Study. The Interconnection System Impact Study Agreement shall provide that the Interconnection Customer shall compensate the System Operator and Interconnecting

Transmission Owner for the actual cost of the Interconnection System Impact Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the SGIA.

3.4.2 **Execution of Interconnection System Impact Study Agreement.** The Interconnection Customer shall execute the Interconnection System Impact Study Agreement and deliver the executed Interconnection System Impact Study Agreement, including completed attachments, to the System Operator no later than fifteen (15) Business Days after its receipt along with (1) demonstration of Site Control, (2) a refundable deposit of 50 percent of the good faith estimated cost for the transmission portion of the Interconnection System Impact Study and 100 percent of the good faith estimated cost for the distribution portion of the Interconnection System Impact Study and (3) a PSCAD model if one was determined to be needed at the Scoping Meeting; provided that if a PSCAD model was determined to be needed at the Scoping Meeting, then the Interconnection Customer shall have ninety (90) Calendar Days from the execution of the System Impact Study Agreement to provide the PSCAD model. Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. The deposit shall be applied toward the cost of the Interconnection System Impact Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the SGIA. Any difference between the study deposit and the actual cost of the Interconnection System Impact Study shall be paid by or refunded to the Interconnection Customer. The System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of Interconnection System Impact Study that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the System Impact Study, including the study agreement and its attachment(s) and the SGIA.

The System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the transmission portion of the Interconnection System Impact Study on each month. The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the

amounts on deposit until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

3.4.3 **Scope of Interconnection System Impact Study**. The Interconnection System Impact Study shall evaluate the impact of the proposed interconnection on the reliability and operation of the New England Transmission System. The Interconnection System Impact Study will consider the Base Case as well as all generating facilities (and with respect to (iii) below, any identified Network Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced: (i) are directly interconnected to the New England Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the New England Transmission System; and (iv) have no Queue Position but have executed a SGIA or requested that an unexecuted SGIA be filed with the Commission. An Interconnection Customer with a CNR Interconnection Request that elected to waive the Interconnection Feasibility Study may also request that the Interconnection System Impact Study include a preliminary, non-binding, analysis to identify potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff, based on a limited set of assumptions to be specified by the Interconnection Customer and reflected in Attachment A to the Interconnection System Impact Study Agreement. The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, a power flow analysis, including thermal analysis and voltage analysis, a system protection analysis and any other analyses that are deemed necessary by the System Operator in consultation with the Interconnecting Transmission Owner. The Interconnection System Impact Study report will state the assumptions upon which it is based, state the results of the analyses, and provide the requirements or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study report will provide (i) a list of facilities that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility, (ii) a non-binding good faith estimated time to construct, (iii) a protection assessment to determine the required protection upgrades; and may provide (iv) an evaluation of the siting of the Interconnection Facilities and Network Upgrades; and (v) identification of the likely permitting and siting process including easements and environmental work. To the extent the Interconnection Customer requested a preliminary analysis as described in this Section 3.4.3, the Interconnection System Impact Study report will also provide a list of potential upgrades that

may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

3.4.4 **Interconnection System Impact Study Procedures.** The System Operator shall coordinate the Interconnection System Impact Study with the Interconnecting Transmission Owner, and with any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, that is affected by the Interconnection Request. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Interconnection System Impact Study within forty-five (45) Business Days after the receipt of the Interconnection System Impact Study Agreement, study deposit, demonstration of Site Control, if Site Control is required, and required technical data in accordance with Section 3.4.2. At the request of the Interconnection Customer or at any time the System Operator or Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection System Impact Study, the System Operator shall notify the Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If the System Operator and Interconnecting Transmission Owner are unable to complete the Interconnection System Impact Study within the time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

3.4.5 **Meeting with Parties.** Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer, the System Operator shall convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, to discuss the results of the Interconnection System Impact Study. Within five (5) Business Days following the study results meeting, the Interconnection Customer shall provide to the System Operator written notice that it will either pursue the Interconnection Facilities Study or waive the Interconnection Facilities Study and elect an expedited interconnection.

If the Interconnection Customer waives the Facilities Study, it shall commit to the following milestones in the SGIA: (i) Siting approval for the Generating Facility and Interconnection Facilities; (ii) Engineering of Interconnection Facilities approved by Interconnecting Transmission Owner; (iii) Ordering of long lead time material for Interconnection Facilities and system upgrades; (iv) Initial Synchronization Date; and (v) Commercial Operation Date. Within thirty (30) Calendar Days of the Interconnection Customer receiving the Interconnection System Impact Study report, the Interconnection Customer shall provide written comments on the report or written notice that it has no comments on the report. The System Operator shall issue a final Interconnection System Impact Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving the Interconnection Customer's notice that it will not provide comments.

3.4.6 **Re-Study.** If re-study of the Interconnection System Impact Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project, (iii) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (iv) a modification to a transmission project included in the Base Case, the System Operator shall notify the Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take no longer than thirty (30) Business Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection System Impact Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection System Impact Study Agreement.

3.4.7 **Operational Readiness.** The System Operator shall, as close to the Interconnection Customer's actual Synchronization Date as reasonably possible, ensure that current stability analyses, power flow analyses, and any other analyses deemed necessary by the System Operator, are performed or reviewed, as deemed appropriate by the System Operator, and to develop or update procedures to address the operation of the New England Transmission System with the addition of the Interconnection Customer's Generating Facility. The operational analysis will also include tests of system performance with selected facilities out of service. Such studies shall be performed at the expense of the Interconnection Customer. The System Operator is not obligated to perform the operational analyses described in this Section 3.4.7 if, in the exercise of reasonable discretion, the System Operator in consultation with Interconnecting

Transmission Owner determines that interconnection of the Interconnection Customer's Generating Facility to the Administered Transmission System is remote and speculative.

3.5 Interconnection Facilities Study

3.5.1 **Interconnection Facilities Study Agreement**. The Interconnection Customer may waive the Interconnection Facilities Study and instead elect expedited interconnection and proceed with a SGIA in accordance with the requirements specified in Section 4.8. If the Interconnection Customer elects to proceed with an Interconnection Facilities Study, the System Operator shall provide to the Interconnection Customer an Interconnection Facilities Study Agreement in the form of Attachment 8 to this SGIP simultaneously with the delivery of the Interconnection System Impact Study report to the Interconnection Customer. The Interconnection Facilities Study Agreement shall provide that the Interconnection Customer shall compensate the System Operator and Interconnecting Transmission Owner for the actual cost of the Interconnection Facilities Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the SGIA. Within five (5) Business Days following the Interconnection Customer's Interconnection System Impact Study results meeting, the System Operator and Interconnecting Transmission Owner shall provide to the Interconnection Customer the Interconnection Facilities Study Agreement along with a non-binding good faith estimate of the cost to perform the Interconnection Facilities Study. The Interconnection Customer shall execute the Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement, including completed attachments, to the System Operator within thirty (30) Business Days after its receipt, together with the required refundable deposit of the non-binding good faith estimated costs for the Interconnection Facilities Study. The Interconnection Customer may request an extension of the deadline, not to exceed sixty (60) Business Days, by which to return the executed Interconnection Facilities Study Agreement. Any difference between the study deposit and the actual cost of the Interconnection Facilities Study shall be paid by or refunded to the Interconnection Customer. The System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the cost of the Interconnection Facilities Studies that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the Interconnection Facilities Study, the study agreement and its attachment(s) and the SGIA. The System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study on each month.

The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the amounts on deposits until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

3.5.2 **Scope of Interconnection Facilities Study**. The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Facility to the Administered Transmission System. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Interconnecting Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities. The scope and cost of the Interconnection Facilities Study shall include completion of any engineering work limited to what is reasonably required to (i) estimate such aforementioned cost, (ii) identify configurations of required facilities, and (iii) identify time requirements for construction and installation of required facilities. Design for any required Interconnection Facilities and/or Network Upgrades shall also be performed under the Interconnection Facilities Study. The Interconnection Customer, the System Operator, the Interconnecting Transmission Owner, and the Affected Party(ies), if any, may agree to allow the Interconnection Customer to separately arrange for the design of some of the Interconnection Facilities. In such cases, facilities design shall be reviewed and may be modified prior to acceptance by the Interconnecting Transmission Owner, under the provisions of the Interconnection Facilities Study Agreement. If the Parties agree to separately arrange for design and construction, and provided security and confidentiality requirements can be met, the System Operator and/or the Interconnecting Transmission Owner shall make sufficient information available to the Interconnection Customer in accordance with confidentiality and critical infrastructure requirements to permit the Interconnection Customer to obtain any independent design and cost estimates for any necessary facilities.

3.5.3 **Interconnection Facilities Study Procedures**. The System Operator shall coordinate the Interconnection Facilities Study with Interconnecting Transmission Owner, and any Affected Party as

deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the study and the System Operator shall issue a draft Interconnection Facilities Study report to the Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, within the following number of days after receipt of an executed Interconnection Facilities Study Agreement: forty-five (45) Business Days if upgrades are necessary, or thirty (30) Business Days if upgrades are not necessary. At the request of the Interconnection Customer or at any time the System Operator or Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Facilities Study, System Operator shall notify the Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, as to the schedule status of the Interconnection Facilities Study. If the System Operator is unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, the System Operator shall notify the Interconnection Customer, Interconnecting Transmission Owner and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, and provide an estimated completion date and an explanation of the reasons why additional time is required. The Interconnection Customer and appropriate Affected Parties may, within thirty (30) Business Days after receipt of the draft report, provide written comments to the System Operator and Interconnecting Transmission Owner, which the System Operator shall include in the final report. The System Operator shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving Interconnection Customer's statement that it will not provide comments. The System Operator may reasonably extend such fifteen-day period upon notice to the Interconnection Customer if the Interconnection Customer's comments require the System Operator or Interconnecting Transmission Owner to perform additional analyses or make other significant modifications prior to the issuance of the final Interconnection Facilities report. Upon request, the System Operator and Interconnecting Transmission Owner shall provide the Interconnection Customer and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, or any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer supporting documentation, with workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study. The

recipient(s) of such information shall be subject to the confidentiality provisions of this SGIP and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/ disclosure requirements, such information may be provided directly to the Interconnection Customer.

3.5.4 **Meeting with Parties.** Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, the System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Interconnection Facilities Study. Within thirty (30) Business Days of receipt of the study results, the Interconnection Customer shall provide written notice whether it agrees to pay for the Interconnection Facilities and upgrades identified in the Interconnection Facilities Study. An executable SGIA shall be tendered by the System Operator in conjunction with the Interconnecting Transmission Owner to the Interconnection Customer within five (5) Business Days of receipt of such agreement.

3.5.5 **Re-Study.** If re-study of the Interconnection Facilities Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project, (iii) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (iv) a modification to a transmission project included in the Base Case, the System Operator shall so notify the Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take no longer than thirty (30) Business Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection Facilities Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection Facilities Study Agreement.

SECTION 4. PROVISIONS THAT APPLY TO ALL INTERCONNECTION REQUESTS

4.1 Reasonable Efforts

The System Operator and Interconnecting Transmission Owner shall make Reasonable Efforts to meet all time frames provided in these procedures unless the System Operator, the Interconnecting Transmission Owner and the Interconnection Customer agree to a different schedule. If the System Operator or Interconnecting Transmission Owner cannot meet a deadline provided herein, it shall notify the other Parties, explain the reason for the failure to meet the deadline, and provide an estimated time by which it will complete the applicable interconnection procedure in the process.

4.2 Disputes

4.2.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.

4.2.2 In the event of a dispute, the Party initiating the dispute resolution process shall provide the other Party(ies) with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.

4.2.3 If the dispute has not been resolved within two (2) Business Days after receipt of the Notice, any Party may contact the Commission's Dispute Resolution Service (DRS) for assistance in resolving the dispute.

4.2.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at http://www.ferc.gov/legal/adr.asp.

4.2.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for its own costs and its pro rata share of any costs paid to the neutral party and any associated common negotiating costs.

4.2.6 If none of the Parties elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then each Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of these procedures.

4.3 Interconnection Metering

Any metering necessitated by the use of the Small Generating Facility shall be installed at the Interconnection Customer's expense in accordance with Commission, state, or local regulatory requirements and with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

4.4 Commissioning

Commissioning tests of the Interconnection Customer's installed equipment shall be performed pursuant to applicable codes and standards.

4.4.1 The System Operator and the Interconnecting Transmission Owner must be given at least five (5) Business Days written notice, or as otherwise mutually agreed to by the Parties, of the tests and may be present to witness the commissioning tests.

4.5 Confidentiality

4.5.1 Confidential information shall mean any confidential and/or proprietary information provided by one Party to the other Party(ies) that is clearly marked or otherwise designated "Confidential." For purposes of these procedures all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed confidential information regardless of whether it is clearly marked or otherwise designated as such. Confidential information shall include, without limitation, all

information treated as confidential under the ISO New England Information Policy, all information obtained from third parties under confidentiality agreements, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by any of the Parties to the others prior to the execution of an SGIA.

4.5.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party(ies) and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce these procedures. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under these procedures, or to fulfill legal or regulatory requirements.

4.5.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party(ies) as it employs to protect its own Confidential Information.

4.5.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

4.5.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if the Commission, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to these procedures, the Party shall provide the requested information to the Commission, within the time provided for in the request for information. In providing the information to the Commission, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by the Commission and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party(ies) prior to the release of the Confidential Information to the Commission. The Party shall notify the other Party(ies) when it is notified by the Commission that a request to release Confidential Information has been received by the Commission, at which time any of the Parties may respond before

such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

4.6 Comparability

The System Operator shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this document. The System Operator and Interconnecting Transmission Owner shall use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Small Generating Facility is owned or operated by the Interconnecting Transmission Owner, its subsidiaries or affiliates, or others.

4.7 Record Retention

The System Operator shall maintain for three years records, subject to audit, of all Interconnection Requests received under these procedures, the times required to complete Interconnection Request approvals and disapprovals, and justification for the actions taken on the Interconnection Requests.

4.8 SGIA

In accordance with Section 3, the System Operator and the Interconnecting Transmission Owner shall tender to the Interconnection Customer a draft SGIA, together with draft attachments completed to the extent practicable. The Interconnection Customer shall return the Interconnection Customer specific information required to complete the form SGIA, including the attachments, within fifteen (15) Business Days. Within five (5) Business Days, the System Operator and the Interconnecting Transmission Owner shall issue a final draft of the SGIA to the Interconnection Customer. The Interconnection Customer shall have fifteen (15) Business Days or another mutually agreeable timeframe to sign and return the SGIA, or request that an unexecuted SGIA be filed with the Commission. If the Interconnection Customer does not sign the SGIA, or ask that it be filed unexecuted within thirty (30) Business Days after its receipt of the final draft of the SGIA, the Interconnection Request shall be deemed withdrawn. After the SGIA is signed by the Parties, the interconnection of the Small Generating Facility shall proceed under the provisions of the SGIA.

The Interconnection Customer, the Interconnecting Transmission Owner and the System Operator shall be Parties to the SGIA.

4.9 Coordination with Affected Systems

The System Operator shall coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System operators and, if possible, include those results (if available) in its applicable interconnection study within the time frame specified in these procedures. The System Operator will include such Affected System operators in all meetings held with the Interconnection Customer as required by the SGIP. The Interconnection Customer will cooperate with the System Operator and the Interconnecting Transmission Owner in all matters related to the conduct of studies and the determination of modifications to Affected Systems. The Interconnection Customer shall be responsible for the costs associated with the studies or portions of studies associated with the Affected Systems. Payment and refunds associated with the costs of such studies will be coordinated between the Interconnection Customer and the Affected Party(ies). The System Operator shall seek the cooperation of all Affected Parties in all matters related to the conduct of studies and the determination of modifications to Affected Systems. Nothing in the foregoing is intended to authorize the Interconnection Customer to receive interconnection, related facilities or other services on an Affected System, and provision of such services must be handled through separate arrangements with Affected Parties.

4.10 Evaluation of a Small Generating Facility Interconnection Request

4.10.1 If the Interconnection Request is for an increase in capacity for an existing Small Generating Facility, the Interconnection Request shall be evaluated on the basis of the new total energy capability or capacity capability of the Small Generating Facility.

4.10.2 If the Interconnection Request is for a Small Generating Facility that includes multiple energy production devices at a site for which the Interconnection Customer seeks a single Point of

Interconnection, the Interconnection Request shall be evaluated on the basis of the aggregate capacity of the multiple devices.

4.10.3 The Interconnection Request shall be evaluated using the maximum rated energy capability and capacity capability of the Small Generating Facility.

Attachment 1

Glossary of Terms

10 kW Inverter Process – The procedure for evaluating an Interconnection Request for a certified inverter-based Small Generating Facility no larger than 10 kW that uses the section 2 screens. The application process uses an all-in-one document that includes a simplified Interconnection Request, simplified procedures, and a brief set of terms and conditions. See SGIP Attachment 5.

Administered Transmission System – The PTF, the Non-PTF, and distribution facilities that are subject to the Tariff.

Affected Party– The entity that owns, operates or controls an Affected System, or any other entity that otherwise may be a necessary party to the interconnection process.

Affected System – Any electric system that is within the Control Area, including, but not limited to, generator owned transmission facilities, or any other electric system that is not within the Control Area that may be affected by the proposed interconnection.

Affiliate – With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

At-Risk Expenditure – Money expended for the development of the Generating Facility that cannot be recouped if the Interconnection Customer were to withdraw the Interconnection Request for the Generating Facility. At-Risk Expenditure may include, but is not limited to, money expended on: (i) costs of federal, state, local, regional and town permits, (ii) Site Control, (iii) site-specific design and surveys, (iv) construction activities, and (v) non-refundable deposits for major equipment components. For purposes of this definition, At-Risk Expenditure shall not include costs associated with the Interconnection Studies.

Base Case – Base power flow, short circuit and stability databases, including all underlying assumptions, and contingency lists provided by System Operator, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements; such databases and lists shall include all generation projects and transmission projects, including merchant transmission projects, that are proposed for the New England Transmission System for which a transmission expansion plan has been submitted and approved by the applicable authority. Base Cases also include data provided by the Interconnection Customer, where applicable, to the Interconnecting Transmission Owner and System Operator to facilitate required Interconnection Studies.

Business Day – Monday through Friday, excluding Federal Holidays.

Capacity Capability Interconnection Standard ("CC Interconnection Standard") – The criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, and in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other Capacity Network Resources, as detailed in the ISO New England Planning Procedures.

Capacity Network Resource ("CNR") – That portion of a Generating Facility that is interconnected to the Administered Transmission System under the Capacity Capability Interconnection Standard.

Capacity Network Resource Capability ("CNR Capability") – (i) In the case of a Generating Facility that is a New Generating Capacity Resource pursuant to Section III.13.1 of the Tariff or an Existing Generating Capacity Resource that is increasing its capability pursuant to Section III.13.1.2.2.5 of the Tariff, the highest megawatt amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff, and, if applicable, as specified in a filing by the System Operator with the Commission in accordance with Section III.13.8.2 of the Tariff, or (ii) in the case of a Generating Facility that meets the criteria under Section 1.6.4.3 of this SGIP, the total megawatt amount determined pursuant to the hierarchy established in Section 1.6.4.3. The CNR Capability shall not exceed the maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter. Where the Generating Facility includes multiple production devices, the CNR Capability shall not exceed the aggregate maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter.

Capacity Network Resource Group Study ("CNR Group Study") – The study performed by the System Operator under Section III.13.1.1.2.3 of the Tariff to determine which resources qualify to participate in a Forward Capacity Auction.

Capacity Network Resource Interconnection Service ("CNR Interconnection Service") – The Interconnection Service selected by the Interconnection Customer to interconnect its Small Generating Facility with the Administered Transmission System in accordance with the Capacity Capability Interconnection Standard. An Interconnection Customer's CNR Interconnection Service shall be for the megawatt amount of CNR Capability. CNR Interconnection Service does not in and of itself convey transmission service.

Commercial Operation – The status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date – For a unit, the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Standard Small Generator Interconnection Agreement.

Distribution System – The Interconnecting Transmission Owner's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Interconnecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Fast Track Process – The procedure for evaluating an Interconnection Request for a certified Small Generating Facility no larger than 2 MW that includes the section 2 screens, customer options meeting, and optional supplemental review.

Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Initial Synchronization Date – The date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date – The date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Interconnecting Transmission Owner's Interconnection Facilities to obtain back feed power.

Interconnecting Transmission Owner – A Transmission Owner that owns, leases or otherwise possesses an interest in, ~~the portion~~or a Non-Incumbent Transmission Developer that is constructing, a portion of the Administered Transmission System at the Point of Interconnection and shall be a Party to the Standard Small Generator Interconnection Agreement. The term Interconnecting Transmission Owner shall not be read to include the System Operator.

Interconnection Customer – Any entity, including a transmission owner or its Affiliates or subsidiaries, that interconnects or proposes to interconnect its Small Generating Facility with the Administered Transmission System under the Standard Small Generator Interconnection Procedures.

Interconnection Facilities – The Interconnecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Administered Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study – A study conducted by the System Operator, Interconnecting Transmission Owner, or a third party consultant for the Interconnection Customer to determine a list of facilities (including Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Administered Transmission System. The scope of the study is defined in Section 3.5.2 of the Standard Small Generator Interconnection Procedures.

Interconnection Facilities Study Agreement – The form of agreement contained in Attachment 8 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study – A preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Administered Transmission System, the scope of which is described in Section 3.3 of the Standard Small Generator Interconnection Procedures. The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study, or as part of the Interconnection System Impact Study. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 3.3 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 3.3 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 3.3 and Section 3.4.

Interconnection Feasibility Study Agreement – The form of agreement contained in Attachment 6 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request – The Interconnection Request shall mean an Interconnection Customer's request, in accordance with the Tariff, to: (i) interconnect a new Generating Facility to the Administered Transmission System as either a CNR or a NR; (ii) increase the energy capability or capacity capability of an existing Generating Facility; (iii) make a modification to the operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected to the Administered Transmission System; (iv) commence participation in the wholesale markets by, an existing Generating Facility that is interconnected with the Administered Transmission System; or (v) change from NR Interconnection Service to CNR Interconnection Service for all or part of a Generating Facility's capability. Interconnection Request shall not include: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies

Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility.

Interconnection Service – The service provided by the System Operator and the Interconnecting Transmission Owner, associated with interconnecting the Interconnection Customer's Generating Facility to the Administered Transmission System and enabling the receipt of electric energy capability and/or capacity capability from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Small Generator Interconnection Agreement and, if applicable, the Tariff.

Interconnection Study – Any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Small Generator Interconnection Procedures. Interconnection Study shall not include a CNR Group Study.

Interconnection Study Agreement – Any of the following agreements: The Interconnection Feasibility Study Agreement, the Interconnection System Impact Study Agreement, and the Interconnection Facilities Study Agreement attached to the Standard Small Generator Interconnection Procedures.

Interconnection System Impact Study – An engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of the Administered Transmission System and any other Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on Adverse System Impacts, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Small Generator Interconnection Procedures. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 3.3 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 3.3 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the

Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 3.3 and Section 3.4.

Interconnection System Impact Study Agreement – The form of agreement contained in Attachment 7 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

Network Capability Interconnection Standard ("NC Interconnection Standard") – The minimum criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, as detailed in the ISO New England Planning Procedures.

Network Resource ("NR") – The portion of a Generating Facility that is interconnected to the Administered Transmission System under the Network Capability Interconnection Standard.

Network Resource Capability ("NR Capability") – The maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. Where the Generating Facility includes multiple energy production devices, the NR Capability shall be the aggregate maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. The NR Capability shall be equal to or greater than the CNR Capability. In the case of a Generating Facility that meets the criteria under Section 1.6.4.4 of this SGIP, the NR Capability shall equal the total megawatt amount determined pursuant to Section 1.6.4.4.

Network Resource Interconnection Service ("NR Interconnection Service") – The Interconnection Service selected by the Interconnection Customer to interconnect its Generating Facility to the Administered Transmission System in accordance with the Network Capability Interconnection Standard.

An Interconnection Customer's NR Interconnection Service shall be solely for the megawatt amount of the NR Capability. NR Interconnection Service in and of itself does not convey transmission service.

Network Upgrades – Additions, modifications, and upgrades to the New England Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the Administered Transmission System to accommodate the interconnection with the Small Generating Facility to the Administered Transmission System. Network Upgrades do not include Distribution Upgrades.

Notice of Dispute – A written notice of a dispute or claim that arises out of or in connection with the Standard Small Generator Interconnection Agreement or its performance.

Party– The System Operator, Interconnecting Transmission Owner, Interconnection Customer or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Administered Transmission System.

Queue Position – The order of a valid request in the New England Control Area, relative to all other pending valid requests in the New England Control Area, that is established based upon the date and time of receipt of the valid Interconnection Request by the System Operator. Requests are comprised of Interconnection Requests, requests for Elective Transmission Upgrades, requests for transmission service and notification of requests for interconnection to other electric systems, as notified by the other electric systems, that impact the Administered Transmission System. For purposes of this SGIP, references to a "higher-queued" Interconnection Request shall mean one that has been received by System Operator (and placed in queue order) earlier than another Interconnection Request, which is referred to as "lower-queued."

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the SGIP or SGIA, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Small Generating Facility – A Generating Facility having a maximum gross capability at or above zero degrees F of 20 MW or less.

Stand Alone Network Upgrades – Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the New England Transmission System during their construction. The System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, must agree as to what constitutes Stand Alone Network Upgrades and identify them in Attachment 2 to the Standard Small Generator Interconnection Agreement.

Study Process – The procedure for evaluating an Interconnection Request that includes the section 3 scoping meeting, Interconnection Feasibility Study, Interconnection System Impact Study, and Interconnection Facilities Study.

Trial Operation – The period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

Upgrades – The required additions and modifications to the Administered Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Attachment 2

SMALL GENERATOR INTERCONNECTION REQUEST

(Application Form)

An Interconnection Request is considered complete when it provides all applicable and correct information required below. Per SGIP Section 1.4, documentation of Site Control must be submitted with the Interconnection Request, except where the Interconnection Request is for a modification to the Interconnection Customer's existing Small Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the proposed modifications do not require additional real property.

_____Site Control is not provided because the proposed modification is to the Interconnection Customer's existing Small Generating Facility and, by checking this option, the Interconnection Customer certifies that it has Site Control and that the proposed modification does not require additional real property.

Preamble and Instructions

An Interconnection Customer who requests a Federal Energy Regulatory Commission jurisdictional interconnection must submit this Interconnection Request by hand delivery, mail, e-mail, or fax to the System Operator.

Processing Fee or Deposit:

If the Interconnection Request is submitted under the Fast Track Process, the non-refundable processing fee is $500. The Fast Track Process is limited to a Small Generating Facility that is no larger than 2 MW that meets certain codes, standards and certification requirements.

If the Interconnection Request is submitted under the Study Process, whether a new submission or an Interconnection Request that did not pass the Fast Track Process, the Interconnection Customer shall submit to the System Operator a non-refundable deposit of $1,000 towards the cost of the scoping meeting and the interconnection studies.

Interconnection Customer Information

Proposed Project Name:_____

Legal Name of the Interconnection Customer (or, if an individual, individual's name)

Name: _____

ISO Customer ID# (if available):_____

Contact Person: _____

Mailing Address: _____

City: _____ County:_____ State: _____ Zip: _____

Facility Location (if different from above): _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address:_____

Alternative Contact Information (if different from the Interconnection Customer)

Contact Name: _____

Title: _____

Address: _____

_____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Application is for: _____New Small Generating Facility

_____Capacity addition to or modification of an Existing Small Generating Facility

_____Commencement of participation in the wholesale markets by an Existing Small Generating Facility

_____A change from Network Resource Interconnection Service to Capacity Network Resource Interconnection Service

If capacity addition to or modification of an existing facility, please describe: _____

_____

If the capacity addition increases the maximum gross megawatt electrical output at an ambient temperature of 20 degrees F of the Generating Facility to more than 20 MW, the Interconnection Customer shall apply under Schedule 22.

Will the Small Generating Facility be used for any of the following?

Net Metering? Yes ___ No ___

To Supply Power to the Interconnection Customer? Yes ___No ___

To Supply Power to Others? Yes ____ No ____

Is the Interconnection Request for:

Service Type (check one):

_____Capacity Network Resource Interconnection Service (energy capability and capacity capability)
or

_____Network Resource Interconnection Service (energy capability only)

A retail customer interconnecting a new Small Generating Facility that will produce electric energy to be consumed only on the retail customer's site? Yes_____No_____

A Qualifying Facility where 100% of the output will be sold to its host utility?

Yes_____No_____

An Interconnection Customer interconnecting a new Small Generating Facility that plans to participate in the wholesale markets? Yes_____No_____

An existing Small Generating Facility commencing participation in the wholesale markets? Yes_____No_____

For installations at locations with existing electric service to which the proposed Small Generating Facility will interconnect, provide:

_____ _____

(Local Electric Service Provider) (Existing Account Number)

Contact Name: _____

Title: _____

Address: _____

_____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Small Generating Facility Information

Interconnection Customer's Requested Initial Synchronization Date: _____

Interconnection Customer's Requested In-Service Date: _____

Interconnection Customer's Requested Commercial Operation Date:_____

Proposed Point of Interconnection:_____

Data apply only to the Small Generating Facility, not the Interconnection Facilities.

Energy Source: ___ Solar ___ Wind ___ Hydro ___ Hydro Type (e.g. Run-of-River):_____

Diesel ___ Natural Gas ___ Fuel Oil ___ Other (state type) _____

Prime Mover: ___Fuel Cell ___Recip Engine ___Gas Turb ___Steam Turb

___Microturbine ___PV ___Other

Type of Generator: ____Synchronous ____Induction ____ Inverter

Generator Nameplate Rating: _____kW (Typical) Generator Nameplate kVAR: _____

Interconnection Customer or Customer-Site Load: _____kW (if none, so state)

Typical Reactive Load (if known): _____

Maximum Physical Export Capability Requested: _____ kW

Generating Facility Capacity (MW):

	Maximum Net MW Electrical Output	**Maximum Gross MW Electrical Output**
At 90 degrees F or higher		
At 50 degrees F or higher		
At 20 degrees F or higher		
At zero degrees F or higher		

List components of the Small Generating Facility equipment package that are currently certified:

	Equipment Type	Certifying Entity
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

Is the prime mover compatible with the certified protective relay package? ___Yes ___No

Generator (or solar collector)

Manufacturer, Model Name & Number: _____

Version Number: _____

Nameplate Output Power Rating in kW: (Summer) _____ (Winter) _____

Nameplate Output Power Rating in kVA: (Summer) _____ (Winter) _____

Individual Generator Power Factor

Rated Power Factor: Leading: _____Lagging: _____

Total Number of Generators in wind farm to be interconnected pursuant to this

Interconnection Request: _____ Elevation: _____ ___Single phase ___Three phase

Inverter Manufacturer, Model Name & Number (if used): _____

List of adjustable set points for the protective equipment or software: _____

For all generation types: A completed fully functioning, non-proprietary or non-confidential Siemens PTI's ("PSSE") power flow model or other compatible formats, such as IEEE and General Electric Company Power Systems Load Flow ("PSLF") data sheet, must be supplied with this Interconnection Request. If additional non-proprietary or non-confidential data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

Small Generating Facility Characteristic Data (for inverter-based machines)

Max design fault contribution current: _____ Instantaneous ___ or RMS? _____

Harmonics Characteristics: _____

Start-up requirements: _____

Small Generating Facility Characteristic Data (for rotating machines)

RPM Frequency: _____

Neutral Grounding Resistor (If Applicable): _____

Synchronous Generators:

Generator AC resistance Ra_____

Direct Axis Synchronous Reactance, Xd: _____ P.U.

Direct Axis Transient Reactance, X'_d: _____P.U.

Direct Axis Subtransient Reactance, X''_d: _____P.U.

Negative Sequence Reactance, X_2: _____ P.U.

Zero Sequence Reactance, X_0: _____ P.U.

KVA Base: _____

Field Volts: _____

Field Amperes: _____

Induction Generators:

Motoring Power (kW): _____

I_2^2t or K (Heating Time Constant): _____

Rotor Resistance, Rr: _____

Stator Resistance, Rs: _____

Stator Reactance, Xs: _____

Rotor Reactance, Xr: _____

Magnetizing Reactance, Xm: _____

Short Circuit Reactance, Xd": _____

Exciting Current: _____

Temperature Rise: _____

Frame Size: _____

Design Letter: _____

Reactive Power Required In Vars (No Load): _____

Reactive Power Required In Vars (Full Load): _____

Total Rotating Inertia, H: _____ Per Unit on kVA Base

Note: Please contact the System Operator prior to submitting the Interconnection Request to determine if the specified information above is required.

Excitation and Governor System Data for Synchronous Generators Only

Provide appropriate IEEE model block diagram of excitation system, governor system and power system stabilizer (PSS) in accordance with the regional reliability council criteria. A PSS may be determined to be required by applicable studies. A copy of the manufacturer's block diagram may not be substituted.

Interconnection Facilities Information

Will a transformer be used between the generator and the point of common coupling? ___Yes ___No

Will the transformer be provided by the Interconnection Customer? ____Yes ____No

Transformer Data (If Applicable, for Interconnection Customer-Owned Transformer):

Is the transformer: ____single phase _____three phase? Size: _____kVA

Transformer Impedance: _____% on _____kVA Base

If Three Phase:

Transformer Primary: _____ Volts _____ Delta _____Wye _____ Wye Grounded

Transformer Secondary: _____ Volts _____ Delta _____Wye _____ Wye Grounded

Transformer Tertiary: _____ Volts _____ Delta _____Wye _____ Wye Grounded

Transformer Fuse Data (If Applicable, for Interconnection Customer-Owned Fuse):

(Attach copy of fuse manufacturer's Minimum Melt and Total Clearing Time-Current Curves)

Manufacturer: _____ Type: _____ Size: _____Speed: _____

Interconnecting Circuit Breaker (if applicable):

Manufacturer: _____ Type: _____

Load Rating (Amps): _____ Interrupting Rating (Amps): _____ Trip Speed (Cycles): _____

Interconnection Protective Relays (If Applicable):

If Microprocessor-Controlled:

List of Functions and Adjustable Setpoints for the protective equipment or software:

	Setpoint Function	Minimum	Maximum
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

4. _____ _____ _____

5. _____ _____ _____

6. _____ _____ _____

If Discrete Components:

(Enclose Copy of any Proposed Time-Overcurrent Coordination Curves)

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Current Transformer Data (If Applicable):

(Enclose Copy of Manufacturer's Excitation and Ratio Correction Curves)

Manufacturer: _____

Type: _____ Accuracy Class: ___ Proposed Ratio Connection: ____

Manufacturer: _____

Type: _____ Accuracy Class: ___ Proposed Ratio Connection: ____

Potential Transformer Data (If Applicable):

Manufacturer: _____

Type: _____ Accuracy Class: ___ Proposed Ratio Connection: ____

Manufacturer: _____

Type: _____ Accuracy Class: ___ Proposed Ratio Connection: ____

General Information

Enclose two copies of site electrical one-line diagram showing the configuration of all Small Generating Facility equipment, current and potential circuits, and protection and control schemes. This one-line diagram must be signed and stamped by a licensed Professional Engineer if the Small Generating Facility is larger than 50 kW. Are two copies of One-Line Diagram Enclosed? ____Yes ____No

Enclose copy of any site documentation that indicates the precise physical location of the proposed Small Generating Facility (e.g., USGS topographic map or other diagram or documentation).

Proposed location of protective interface equipment on property (include address if different from the Interconnection Customer's address) _____

Enclose copy of any site documentation that describes and details the operation of the protection and control schemes. Is Available Documentation Enclosed? ___Yes ____No

Enclose copies of schematic drawings for all protection and control circuits, relay current circuits, relay potential circuits, and alarm/monitoring circuits (if applicable).

Are Schematic Drawings Enclosed? ___Yes ____No

Applicant Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Interconnection Request is true and correct.

For Interconnection Customer: _____ Date: _____

In order for a Small Generator Interconnection Request to be considered a valid request, it must:

(a) Be accompanied by the applicable deposit, which shall be non-refundable;

(b) Include documentation of Site Control, if applicable;

(c) Include a detailed map (2 copies), such as a map of the quality produced by the U.S. Geological Survey, which clearly indicates the site of the new facility and pertinent surrounding structures;

(d) Include two copies, signed and stamped by a licensed Professional Engineer, of the site electrical one-line diagram; and

(e) Include all information and data required on the Interconnection Request form.

Attachment 3

Certification Codes and Standards

IEEE1547 Standard for Interconnecting Distributed Resources with Electric Power Systems (including use of IEEE 1547.1 testing protocols to establish conformity)

UL 1741 Inverters, Converters, and Controllers for Use in Independent Power Systems

IEEE Std 929-2000 IEEE Recommended Practice for Utility Interface of Photovoltaic (PV) Systems

NFPA 70 (2002), National Electrical Code

IEEE Std C37.90.1-1989 (R1994), IEEE Standard Surge Withstand Capability (SWC) Tests for Protective Relays and Relay Systems

IEEE Std C37.90.2 (1995), IEEE Standard Withstand Capability of Relay Systems to Radiated Electromagnetic Interference from Transceivers

IEEE Std C37.108-1989 (R2002), IEEE Guide for the Protection of Network Transformers

IEEE Std C57.12.44-2000, IEEE Standard Requirements for Secondary Network Protectors

IEEE Std C62.41.2-2002, IEEE Recommended Practice on Characterization of Surges in Low Voltage (1000V and Less) AC Power Circuits

IEEE Std C62.45-1992 (R2002), IEEE Recommended Practice on Surge Testing for Equipment Connected to Low-Voltage (1000V and Less) AC Power Circuits

ANSI C84.1-1995 Electric Power Systems and Equipment – Voltage Ratings (60 Hertz)

IEEE Std 100-2000, IEEE Standard Dictionary of Electrical and Electronic Terms

NEMA MG 1-1998, Motors and Small Resources, Revision 3

IEEE Std 519-1992, IEEE Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems

NEMA MG 1-2003 (Rev 2004), Motors and Generators, Revision 1

Attachment 4

Certification of Small Generator Equipment Packages

1.0 Small Generating Facility equipment proposed for use separately or packaged with other equipment in an interconnection system shall be considered certified for interconnected operation if (1) it has been tested in accordance with industry standards for continuous utility interactive operation in compliance with the appropriate codes and standards referenced below by any Nationally Recognized Testing Laboratory (NRTL) recognized by the United States Occupational Safety and Health Administration to test and certify interconnection equipment pursuant to the relevant codes and standards listed in SGIP Attachment 3, (2) it has been labeled and is publicly listed by such NRTL at the time of the interconnection application, and (3) such NRTL makes readily available for verification all test standards and procedures it utilized in performing such equipment certification, and, with consumer approval, the test data itself. The NRTL may make such information available on its website and by encouraging such information to be included in the manufacturer's literature accompanying the equipment.

2.0 The Interconnection Customer must verify that the intended use of the equipment falls within the use or uses for which the equipment was tested, labeled, and listed by the NRTL.

3.0 Certified equipment shall not require further type-test review, testing, or additional equipment to meet the requirements of this interconnection procedure; however, nothing herein shall preclude the need for an on-site commissioning test by the parties to the interconnection nor follow-up production testing by the NRTL.

4.0 If the certified equipment package includes only interface components (switchgear, inverters, or other interface devices), then an Interconnection Customer must show that the generator or other electric source being utilized with the equipment package is compatible with the equipment package and is consistent with the testing and listing specified for this type of interconnection equipment.

5.0 Provided the generator or electric source, when combined with the equipment package, is within the range of capabilities for which it was tested by the NRTL, and does not violate the interface

components' labeling and listing performed by the NRTL, no further design review, testing or additional equipment on the customer side of the point of common coupling shall be required to meet the requirements of this interconnection procedure.

6.0 An equipment package does not include equipment provided by the utility.

7.0 Any equipment package approved and listed in a state by that state's regulatory body for interconnected operation in that state prior to the effective date of these small generator interconnection procedures shall be considered certified under these procedures for use in that state.

Attachment 5

10 kW Inverter Process

Solely applicable for Network Resource Interconnection Service

1.0 The Interconnection Customer ("Customer") completes the Interconnection Request ("Application") and submits it to the System Operator.

2.0 The System Operator acknowledges to the Customer receipt of the Application within three Business Days of receipt.

3.0 The System Operator in conjunction with the Interconnecting Transmission Owner evaluates the Application for completeness and notifies the Customer within ten Business Days of receipt that the Application is or is not complete and, if not, advises what material is missing.

4.0 The System Operator in conjunction with the Interconnecting Transmission Owner verifies that the Small Generating Facility can be interconnected safely and reliably using the screens contained in the Fast Track Process in the Small Generator Interconnection Procedures (SGIP). The System Operator has 15 Business Days to complete this process. Unless the System Operator in conjunction with the Interconnecting Transmission Owner determines and demonstrates that the Small Generating Facility cannot be interconnected safely and reliably, the System Operator approves the Application and returns it to the Customer. Note to Customer: Please check with the System Operator before submitting the Application if disconnection equipment is required.

5.0 After installation, the Customer returns the Certificate of Completion to the System Operator. Prior to parallel operation, the System Operator and Interconnecting Transmission Owner may inspect the Small Generating Facility for compliance with standards which may include a witness test, and may schedule appropriate metering replacement, if necessary.

6.0 The System Operator in conjunction with the Interconnecting Transmission Owner notifies the Customer in writing that interconnection of the Small Generating Facility is authorized. If the witness test is not satisfactory, the Interconnecting Transmission Owner has the right to disconnect the Small Generating Facility. The Customer has no right to operate in parallel until a witness test has been performed, or previously waived on the Application. The Interconnecting Transmission Owner is obligated to complete this witness test within ten Business Days of the receipt of the Certificate of Completion. If the Interconnecting Transmission Owner does not inspect within ten Business Days or by mutual agreement of the Parties, the witness test is deemed waived.

7.0 Contact Information – The Customer must provide the contact information for the legal applicant (i.e., the Interconnection Customer). If another entity is responsible for interfacing with the System Operator and the Interconnecting Transmission Owner, that contact information must be provided on the Application.

8.0 Ownership Information – Enter the legal names of the owner(s) of the Small Generating Facility. Include the percentage ownership (if any) by any utility or public utility holding company, or by any entity owned by either.

9.0 UL1741 Listed – This standard ("Inverters, Converters, and Controllers for Use in Independent Power Systems") addresses the electrical interconnection design of various forms of generating equipment. Many manufacturers submit their equipment to a Nationally Recognized Testing Laboratory (NRTL) that verifies compliance with UL1741. This "listing" is then marked on the equipment and supporting documentation.

Application for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10kW

This Application is considered complete when it provides all applicable and correct information required below. Per SGIP section 1.4, documentation of Site Control must be submitted with the Interconnection Request, except where the Interconnection Request is for a modification to the Interconnection Customer's existing Small Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. Additional information to evaluate the Application may be required.

Processing Fee

A non-refundable processing fee of $100 must accompany this Application.

Interconnection Customer

Name: _____

Contact Person: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Contact (if different from Interconnection Customer)

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Owner of the facility (include % ownership by any electric utility): _____

Small Generating Facility Information

Location (if different from above): _____

Electric Service Company: _____

Account Number: _____

Is the Interconnection Request for:

A retail customer interconnecting a new Small Generating Facility that will produce electric energy to be consumed only on the retail customer's site? Yes_____No_____

A Qualifying Facility where 100% of the output will be sold to its host utility?

Yes_____No_____

An Interconnection Customer interconnecting a new Small Generating Facility that plans to participate in the wholesale markets? Yes_____No_____

An existing Small Generating Facility commencing participation in the wholesale markets? Yes_____No_____

Inverter Manufacturer:_____Model_____

Nameplate Rating: _____ (kW) _____ (kVA) _____ (AC Volts)

Single Phase _____ Three Phase_____

System Design Capacity: _____ (kW) _____ (kVA)

Prime Mover: Photovoltaic □ Reciprocating Engine □ Fuel Cell□

Turbine□ Other _____

Energy Source: Solar □ Wind □ Hydro □ Diesel □ Natural Gas □

Fuel Oil □ Other (describe) _____

Is the equipment UL1741 Listed? Yes_____ No ___

If Yes, attach manufacturer's cut-sheet showing UL1741 listing

Estimated Installation Date: _____ Estimated In-Service Date: _____

The 10 kW Inverter Process is available only for inverter-based Small Generating Facilities no larger than 10 kW that meet the codes, standards, and certification requirements of Attachments 3 and 4 of the Small Generator Interconnection Procedures (SGIP), or the Interconnecting Transmission Owner has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

List components of the Small Generating Facility equipment package that are currently certified:

Equipment Type	Certifying Entity
1. _____	_____
2. _____	_____

3. _____ _____

4. _____ _____

5. _____ _____

Interconnection Customer Signature

I hereby certify that, to the best of my knowledge, the information provided in this Application is true. I agree to abide by the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return the Certificate of Completion when the Small Generating Facility has been installed.

Signed: _____

Title: _____ Date: _____

Contingent Approval to Interconnect the Small Generating Facility

(For Internal use only)

Interconnection of the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return of the Certificate of Completion.

Interconnecting Transmission Owner Signature: _____

Title: _____ Date: _____

Application ID number: _____

Interconnecting Transmission Owner waives inspection/witness test? Yes___No___

System Operator Signature:_____

Title: _____ Date: _____

Application ID number: _____

Small Generating Facility Certificate of Completion

Is the Small Generating Facility owner-installed? Yes_____ No _____

Interconnection Customer: _____

Contact Person:_____

Address: _____

Location of the Small Generating Facility (if different from above):

_____

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Electrician:

Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

License number: _____

Date Approval to Install Facility granted by the Interconnecting Transmission Owner: _____

Application ID number: _____

Inspection:

The Small Generating Facility has been installed and inspected in compliance with the local

building/electrical code of _____

Signed (Local electrical wiring inspector, or attach signed electrical inspection):

_____

Print Name: _____

Date: _____

As a condition of interconnection, you are required to send/fax a copy of this form along with a copy of the signed electrical permit to (insert System Operator and Interconnecting Transmission Owner information below):

Name: _____

System Operator: _____

Address:_____

_____

City, State ZIP: _____

Fax: _____

Name: _____

Interconnecting Transmission Owner:

_____

Address:_____

_____

City, State ZIP: _____

Fax: _____

Approval to Energize the Small Generating Facility

(For Internal use only)

Energizing the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

Interconnecting Transmission Owner Signature: _____

Title: _____ Date: _____

System Operator Signature: _____

Title: _____ Date: _____

Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

1.0 **Construction of the Facility**

The Interconnection Customer (the "Customer") may proceed to construct (including operational testing not to exceed two hours) the Small Generating Facility when the System Operator approves the Interconnection Request (the "Application") and returns it to the Customer.

2.0 **Interconnection and Operation**

The Customer may operate Small Generating Facility and interconnect with the Interconnecting Transmission Owner's (the "Company") electric system once all of the following have occurred:

2.1 Upon completing construction, the Customer will cause the Small Generating Facility to be inspected or otherwise certified by the appropriate local electrical wiring inspector with jurisdiction, and

2.2 The Customer returns the Certificate of Completion to the System Operator and the Company, and

2.3 The Company has either:

2.3.1 Completed its inspection of the Small Generating Facility to ensure that all equipment has been appropriately installed and that all electrical connections have been made in accordance with applicable codes. All inspections must be conducted by the Company, at its own expense, within ten Business Days after receipt of the Certificate of Completion and shall take place at a time agreeable to the Parties. The Company shall provide a written statement that the Small Generating Facility has passed inspection or shall notify the Customer of what steps it must take to pass inspection as soon as practicable after the inspection takes place; or

2.3.2 If the Company does not schedule an inspection of the Small Generating Facility within ten business days after receiving the Certificate of Completion, the witness test is deemed waived (unless the Parties agree otherwise); or

2.3.3 The Company waives the right to inspect the Small Generating Facility.

2.4 The Company has the right to disconnect the Small Generating Facility in the event of improper installation or failure to return the Certificate of Completion.

2.5 Revenue quality metering equipment must be installed and tested in accordance with applicable ANSI standards.

3.0 **Safe Operations and Maintenance**

The Customer shall be fully responsible to operate, maintain, and repair the Small Generating Facility as required to ensure that it complies at all times with the interconnection standards to which it has been certified.

4.0 **Access**

The Company shall have access to the disconnect switch (if the disconnect switch is required) and metering equipment of the Small Generating Facility at all times. The Company shall provide reasonable notice to the Customer when possible prior to using its right of access.

5.0 **Disconnection**

The Company may temporarily disconnect the Small Generating Facility upon the following conditions:

5.1 For scheduled outages upon reasonable notice.

5.2 For unscheduled outages or emergency conditions.

5.3 If the Small Generating Facility does not operate in the manner consistent with these Terms and Conditions.

5.4 The Company shall inform the Customer in advance of any scheduled disconnection, or as is reasonable after an unscheduled disconnection.

6.0 **Indemnification**

The Parties shall at all times indemnify, defend, and save the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.0 **Insurance**

The Parties agree to follow all applicable insurance requirements imposed by the state in which the Point of Interconnection is located. All insurance policies must be maintained with insurers authorized to do business in that state.

8.0 **Limitation of Liability**

Each party’s liability to the other party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney’s fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either party be liable to the other party for any indirect, incidental, special, consequential, or punitive damages of any kind whatsoever, except as allowed under paragraph 6.0.

9.0 **Termination**

The agreement to operate in parallel may be terminated under the following conditions:

9.1 By the Customer

9.2 By providing written notice to the Company and the System Operator.

9.3 By the Company or the System Operator

9.4 If the Small Generating Facility fails to operate for any consecutive 12 month period or the Customer fails to remedy a violation of these Terms and Conditions.

10.0 **Permanent Disconnection**

In the event this Agreement is terminated, the Company shall have the right to disconnect its facilities or direct the Customer to disconnect its Small Generating Facility.

11.0 **Survival Rights**

This Agreement shall continue in effect after termination to the extent necessary to allow or require any Party to fulfill rights or obligations that arose under the Agreement.

12. **Assignment/Transfer of Ownership of the Facility**

This Agreement shall survive the transfer of ownership of the Small Generating Facility to a new owner when the new owner agrees in writing to comply with the terms of this Agreement and so notifies the System Operator and the Company.

Attachment 6

Interconnection Feasibility Study Agreement

THIS AGREEMENT is made and entered into this_____day of_____ 20___ by and between_____, a_____organized and existing under the laws of the State of _____, ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and_____, a_____ existing under the laws of the State of_____, ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator and Interconnecting Transmission Owner each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by Interconnection Customer on_____; and

WHEREAS, Interconnection Customer desires to interconnect the Small Generating Facility with the Administered Transmission System; and

WHEREAS, Interconnection Customer has requested the System Operator and Interconnecting Transmission Owner to perform an Interconnection Feasibility Study to assess the feasibility of interconnecting the proposed Small Generating Facility with the facilities that are part of the Interconnecting Transmission Owner's Administered Transmission System, and of any Affected Systems.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures ("SGIP"), or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 The Interconnection Customer elects and the System Operator and Interconnecting Transmission Owner shall cause to be performed an Interconnection Feasibility Study consistent the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.

3.0 The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Interconnection Feasibility Study shall be based on the technical information provided by the Interconnection Customer in the Interconnection Request, as may be modified as the result of the scoping meeting. The System Operator and Interconnecting Transmission Owner reserve the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with the standard Small Generator Interconnection Procedures. If the Interconnection Customer modifies its Interconnection Request, the time to complete the Interconnection Feasibility Study may be extended by agreement of the Parties.

5.0 In performing the study, the System Operator and Interconnecting Transmission Owner shall rely, to the extent reasonably practicable, on existing studies of recent vintage. The Interconnection Customer shall not be charged for such existing studies; however, the Interconnection Customer shall be responsible for charges associated with any new study or modifications to existing studies that are reasonably necessary to perform the Interconnection Feasibility Study.

6.0 The Interconnection Feasibility Study report shall provide the following analyses for the purpose of identifying any potential adverse system impacts that would result from the interconnection of the Small Generating Facility as proposed:

6.1 Initial identification of any circuit breaker or other facility short circuit capability limits exceeded as a result of the interconnection;

6.2 Initial identification of any thermal overload or voltage limit violations resulting from the interconnection;

6.3 Initial review of grounding requirements and electric system protection; and

6.4 Description and non-binding estimated cost of facilities required to interconnect the proposed Small Generating Facility and to address the identified short circuit and power flow issues.

6.5 To the extent the Interconnection Customer requested a preliminary analysis as described in Section 3.3.2 of the SGIP, the report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer’s Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

7.0 The Interconnection Feasibility Study shall model the impact of the Small Generating Facility regardless of purpose in order to avoid the further expense and interruption of operation for reexamination of feasibility and impacts if the Interconnection Customer later changes the purpose for which the Small Generating Facility is being installed.

8.0 The study shall include the feasibility of any interconnection at a proposed project site where there could be multiple potential Points of Interconnection, as requested by the Interconnection Customer and at the Interconnection Customer's cost.

9.0 A deposit, paid to the System Operator, of the lesser of 50 percent of good faith estimated Interconnection Feasibility Study costs or earnest money of $1,000 shall be required from the Interconnection Customer.

10.0 Once the Interconnection Feasibility Study is completed, an Interconnection Feasibility Study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the Interconnection Feasibility Study must be completed and the Interconnection Feasibility Study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct an Interconnection Feasibility Study.

11.0 The total estimated cost of the performance of the Interconnection Feasibility Study consists of $ [insert], which is comprised of the System Operator's cost of $[insert] and the Interconnecting Transmission Owner's cost of $[insert]. The Interconnection Customer may be invoiced on a monthly basis for work to be conducted. 12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days of receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the System Operator shall refund such excess within 30 calendar days of the invoice without interest.

13.0 Miscellaneous.

13.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

13.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection Feasibility Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection Feasibility Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection Feasibility Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection Feasibility Study, the content of the Interconnection Feasibility Study, or the conclusions of the Interconnection Feasibility Study. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

13.3 Force Majeure, Liability and Indemnification.

13.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all Reasonable Efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

13.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

13.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owner and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or

Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owner shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

13.4 Third-Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns. Notwithstanding the foregoing, and without limitation of Sections 13.2 and 13.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection Feasibility Study shall not be deemed third party beneficiaries of Sections 13.2 and 13.3.

13.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 13.5, shall continue in effect for a term of one year or until the Interconnection Feasibility Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 1.8 of the SGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

13.6 Governing Law, Regulatory Authority, and Rules. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

13.7 Severability. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority: (1) such portion or provision shall be deemed separate and independent; (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling; and (3) the remainder of this Agreement shall remain in full force and effect.

13.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

13.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

13.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

13.11 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

13.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect. Any waiver at any time by any Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the System Operator and the Interconnecting Transmission Owner. Any waiver of this Agreement shall, if requested, be provided in writing.

13.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

13.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

13.15 Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

13.15.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the System Operator or Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

13.15.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

13.16 Reservation of Rights. Subject to the TOA, the System Operator and the Interconnecting Transmission Owner shall have the right to make a unilateral filing with the Commission to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this Agreement under any applicable provision of the Federal Power Act and the Commission's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before the Commission in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of System Operator] **[Insert name of Interconnection Customer]**

_____ _____

Signed_____ Signed_____

Name (Printed): Name (Printed):

_____ _____

Title_____ Title_____

[Insert name of Interconnecting Transmission Owner]

_____

Signed_____

Name (Printed):

_____

Title_____

Attachment A to

Interconnection Feasibility Study Agreement

Assumptions Used in Conducting the Interconnection Feasibility Study

The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the scoping meeting held on _____:

1) Designation of Point of Interconnection and configuration to be studied.

2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer, System Operator and Interconnecting Transmission Owner.

Attachment 7

Interconnection System Impact Study Agreement

THIS AGREEMENT is made and entered into this_____day of_____

20___ by and between_____,

a_____organized and existing under the laws of the State of

_____, ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and

_____, a_____

existing under the laws of the State of_____,

("Interconnecting Transmission Owner"). Interconnection Customer, System Operator and Interconnecting Transmission Owner each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by the Interconnection Customer on_____; and

WHEREAS, the Interconnection Customer desires to interconnect the Small Generating Facility with the Administered Transmission System;

WHEREAS, the System Operator and Interconnecting Transmission Owner have completed an Interconnection Feasibility Study and provided the results of said study to the Interconnection Customer (This recital to be omitted if the Parties have agreed to forego the Interconnection Feasibility Study.); and

WHEREAS, the Interconnection Customer has requested the System Operator and Interconnecting

Transmission Owner to perform an Interconnection System Impact Study(s) to assess the impact of interconnecting the Small Generating Facility with the facilities that are part of the Interconnecting Transmission Owner's Administered Transmission System, and of any Affected Systems.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.

2.0 The Interconnection Customer elects and the System Operator and Interconnecting Transmission Owner shall cause to be performed an Interconnection System Impact Study(s) consistent with the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.

3.0 The scope of an Interconnection System Impact Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 An Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study and the technical information provided by Interconnection Customer in the Interconnection Request. The System Operator and Interconnecting Transmission Owner reserve the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection System Impact Study. If the Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the Interconnection System Impact Study may be extended.

5.0 An Interconnection System Impact Study shall consist of a short circuit analysis, a stability analysis, a power flow analysis, voltage drop and flicker studies, protection and set point coordination studies, and grounding reviews, as necessary. An Interconnection System Impact Study shall state the assumptions upon which it is based, state the results of the analyses, and provide the requirement or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. An Interconnection System Impact Study shall provide a list of facilities that are required as a result

of the Interconnection Request and non-binding good faith estimates of cost responsibility and time to construct.

6.0 A distribution Interconnection System Impact Study shall incorporate a distribution load flow study, an analysis of equipment interrupting ratings, protection coordination study, voltage drop and flicker studies, protection and set point coordination studies, grounding reviews, and the impact on electric system operation, as necessary.

7.0 Affected Systems may participate in the preparation of an Interconnection System Impact Study, with a division of costs among such entities as they may agree. All Affected Systems shall be afforded an opportunity to review and comment upon an Interconnection System Impact Study that covers potential adverse system impacts on their electric systems, and the System Operator and Interconnecting Transmission Owner have 20 additional Business Days to complete an Interconnection System Impact Study requiring review by Affected Systems.

8.0 If the System Operator uses a queuing procedure for sorting or prioritizing projects and their associated cost responsibilities for any required Network Upgrades, the Interconnection System Impact Study shall consider all generating facilities (and with respect to paragraph 8.3 below, any identified Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced.

8.1 Are directly interconnected with the Administered Transmission System; or

8.2 Are interconnected with Affected Systems and may have an impact on the proposed interconnection; and

8.3 Have a pending higher queued Interconnection Request to interconnect with the Administered Transmission System.

9.0 A distribution Interconnection System Impact Study, if required, shall be completed and the results transmitted to the Interconnection Customer within 30 Business Days after this Agreement is signed by the Parties. A transmission Interconnection System Impact Study, if required, shall be completed and the results transmitted to the Interconnection Customer within 45 Business Days after this Agreement is signed by the Parties.

10.0 A deposit of the equivalent of the good faith estimated cost of a distribution Interconnection System Impact Study shall be paid to the System Operator by the Interconnection Customer; and the one half the good faith estimated cost of a transmission Interconnection System Impact Study shall be paid to the System Operator by the Interconnection Customer.

11.0 The total estimated cost of the performance of the Interconnection System Impact Study consists of $[insert], which is comprised of the System Operator's cost of $[insert] and the Interconnecting Transmission Owner's cost of $[insert]. The Interconnection Customer may be invoiced on a monthly basis for work to be conducted.

12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the System Operator or Interconnecting Transmission Owner, as applicable, shall refund such excess within 30 calendar days of the invoice without interest.

13.0 Miscellaneous.

13.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

13.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection System Impact Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection System Impact Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection System Impact Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection System Impact Study, the content of the Interconnection System Impact Study, or the conclusions of the Interconnection System Impact Study. Interconnection Customer acknowledges that it

has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

13.3 Force Majeure, Liability and Indemnification.

13.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all Reasonable Efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

13.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

13.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owner and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owner shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

13.4 Third-Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns. Notwithstanding the foregoing, and without limitation of Sections 13.2 and 13.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection System Impact Study shall not be deemed third party beneficiaries of Sections 13.2 and 13.3.

13.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 13.5, shall continue in effect for a term of one year or until the Interconnection System Impact Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 1.8 of the SGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

13.6 Governing Law, Regulatory Authority, and Rules. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____(where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to

all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

13.7 Severability. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority: (1) such portion or provision shall be deemed separate and independent; (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling; and (3) the remainder of this Agreement shall remain in full force and effect.

13.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

13.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

13.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

13.11 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

13.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect. Any waiver at any time by any Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the System Operator and the Interconnecting Transmission Owner. Any waiver of this Agreement shall, if requested, be provided in writing.

13.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

13.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

13.15 Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

13.15.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the System Operator or Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

13.15.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

13.16 Reservation of Rights. Subject to the TO Agreement, the System Operator and the Interconnecting Transmission Owner shall have the right to make a unilateral filing with the Commission to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this Agreement under any applicable provision of the Federal Power Act and the Commission's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before the Commission in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of System Operator] **[Insert name of Interconnection Customer]**

_____ _____

Signed_____ Signed_____

Name (Printed): Name (Printed):

_____ _____

Title_____ Title_____

[Insert name of Interconnecting Transmission Owner]

_____

Signed_____

Name (Printed):

_____

Title_____

Attachment A to System

Impact Study Agreement

Assumptions Used in Conducting the System Impact Study

The Interconnection System Impact Study shall be based upon the results of the Interconnection Feasibility Study, subject to any modifications in accordance with the standard Small Generator Interconnection Procedures, and the following assumptions:

1) Designation of Point of Interconnection and configuration to be studied.

2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer, System Operator and Interconnecting Transmission Owner.

Attachment 8

Interconnection Facilities Study Agreement

THIS AGREEMENT is made and entered into this_____day of_____

20___ by and between_____,

a_____organized and existing under the laws of the State of

_____, ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and

_____, a_____

existing under the laws of the State of_____,

("Interconnecting Transmission Owner"). Interconnection Customer, System Operator and Interconnecting Transmission Owner each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by the Interconnection Customer on_____; and

WHEREAS, the Interconnection Customer desires to interconnect the Small Generating Facility with the Administered Transmission System;

WHEREAS, the System Operator and Interconnecting Transmission Owner have completed an Interconnection System Impact Study and provided the results of said study to the Interconnection Customer; and

WHEREAS, the Interconnection Customer has requested the System Operator and Interconnecting Transmission Owner to perform an Interconnection Facilities Study to specify and estimate the cost of the

equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Small Generating Facility with the facilities that are part of the Interconnecting Transmission Owner's Administered Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures, or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 The Interconnection Customer elects and the System Operator and Interconnecting Transmission Owner shall cause an Interconnection Facilities Study consistent with the standard Small Generator Interconnection Procedures to be performed in accordance with the Open Access Transmission Tariff.

3.0 The scope of the Interconnection Facilities Study shall be subject to data provided in Attachment A to this Agreement.

4.0 The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the Interconnection System Impact Study(s). The Interconnection Facilities Study shall also identify (1) the electrical switching configuration of the equipment, including, without limitation, transformer, switchgear, meters, and other station equipment, (2) the nature and estimated cost of the Interconnecting Transmission Owner's Interconnection Facilities and Upgrades necessary to accomplish the interconnection, and (3) an estimate of the time required to complete the construction and installation of such facilities.

5.0 The System Operator and Interconnecting Transmission Owner may propose to group facilities required for more than one Interconnection Customer in order to minimize facilities costs through economies of scale, but any Interconnection Customer may require the installation of facilities required for its own Small Generating Facility if it is willing to pay the costs of those facilities.

6.0 A deposit, paid to the System Operator, of the good faith estimated Interconnection Facilities Study costs shall be required from the Interconnection Customer.

7.0 In cases where Upgrades are required, the Interconnection Facilities Study must be completed within 45 Business Days of the receipt of this Agreement. In cases where no Upgrades are necessary, and the required facilities are limited to Interconnection Facilities, the Interconnection Facilities Study must be completed within 30 Business Days.

8.0 Once the Interconnection Facilities Study is completed, an Interconnection Facilities Study report

shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the Interconnection Facilities Study must be completed and the Interconnection Facilities Study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct an Interconnection Facilities Study.

9.0 The total estimated cost of the performance of the Interconnection Facility Study consists of $ [insert], which is comprised of the System Operator's cost of $[insert] and the Interconnecting Transmission Owner's cost of $[insert]. The Interconnection Customer may be invoiced on a monthly basis for work to be conducted.

10.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the System Operator or Interconnecting Transmission Owner, as applicable, shall refund such excess within 30 calendar days of the invoice without interest.

11.0 Miscellaneous.

11.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

11.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection Facilities Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection Facilities Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection Facilities Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection Facilities Study, the content of the Interconnection Facilities Study, or the conclusions of the Interconnection Facilities Study. Interconnection Customer acknowledges that it has not relied on any representations or

warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

11.2 Force Majeure, Liability and Indemnification.

11.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all Reasonable Efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

11.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

11.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owner and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owner shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

11.4 Third-Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns. Notwithstanding the foregoing, and without limitation of Sections 11.2 and 11.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection Facilities Study shall not be deemed third party beneficiaries of Sections 11.2 and 11.3.

11.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 11.5, shall continue in effect for a term of one year or until the Interconnection Facilities Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 1.8 of the SGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

11.6 Governing Law, Regulatory Authority, and Rules. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____(where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all

Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

11.7 Severability. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority: (1) such portion or provision shall be deemed separate and independent; (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling; and (3) the remainder of this Agreement shall remain in full force and effect.

11.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

11.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

11.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

11.11 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

11.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect. Any waiver at any time by any Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the System Operator and the Interconnecting Transmission Owner. Any waiver of this Agreement shall, if requested, be provided in writing.

11.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

11.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

11.15 Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall 1require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

11.15.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the System Operator or Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

11.15.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

11.16 Reservation of Rights. Subject to the TOA, the System Operator and the Interconnecting Transmission Owner shall have the right to make a unilateral filing with the Commission to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this Agreement under any applicable provision of the Federal Power Act and the Commission's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before the Commission in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of System Operator] **[Insert name of Interconnection Customer]**

_____ _____

Signed_____ Signed_____

Name (Printed): Name (Printed):

_____ _____

Title_____ Title_____

[Insert name of Interconnecting Transmission Owner]

_____

Signed_____

Name (Printed):

_____

Title_____

Attachment A to

Interconnection Facilities Study Agreement

Data to Be Provided by the Interconnection Customer

with the Interconnection Facilities Study Agreement

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

On the one-line diagram, indicate the generation capacity attached at each metering location. (Maximum load on Current Transformer/Power Transformer ("CT/PT")

On the one-line diagram, indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

One set of metering is required for each generation connection to the new ring bus or existing Transmission Provider station. Number of generation connections: _____

Will an alternate source of auxiliary power be available during CT/PT maintenance?

Yes ____ No _____

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes _____ No _____

(Please indicate on the one-line diagram).

What type of control system or Power Line Carrier ("PLC") will be located at the Small Generating Facility?

_____

_____

What protocol does the control system or PLC use?

_____

_____

Please provide a 7.5-minute quadrangle map of the site. Indicate the plant, station, transmission line, and property lines.

Physical dimensions of the proposed interconnection station:

_____

Bus length from generation to interconnection station:

_____

Line length from interconnection station to Administered Transmission System.

_____

Tower number observed in the field. (Painted on tower leg)*:

_____

Number of third party easements required for transmission lines*:

_____

* To be completed in coordination with Transmission Provider.

Is the Small Generating Facility located in Transmission Provider's service area?

Yes _____ No _____ If No, please provide name of local provider:

_____

Please provide the following proposed schedule dates:

Begin Construction Date:_____

Generator step-up transformers receive back feed power Date:_____

Generation Testing Date:_____

Commercial Operation Date:_____

STANDARD SMALL GENERATOR
INTERCONNECTION AGREEMENT (SGIA)

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Attachment 5 – Additional Operating Requirements for the New England Transmission System and Affected Systems Needed to Support the Interconnection Customer's Needs

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Attachment 7 – Commercial Operation Date

THIS STANDARD SMALL GENERATOR INTERCONNECTION AGREEMENT ("Agreement") is made and entered into this _____ day of _____, 20__, by and between _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnection Customer" with a Small Generating Facility), ISO New England Inc., a non-stock corporation organized and existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnecting Transmission Owner"). Under this Agreement the Interconnection Customer, System Operator, and Interconnecting Transmission Owner each may be referred to as a "Party" or collectively as the "Parties."

In consideration of the mutual covenants set forth herein, the Parties agree as follows

Article 1. Scope and Limitations of Agreement

1.1 Applicability:

This Agreement shall be used for all Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP) except for those submitted under the 10 kW Inverter Process contained in SGIP Attachment 5.

1.2 Purpose

This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the Interconnecting Transmission Owner's facilities that are part of the Administered Transmission System.

1.3 No Agreement to Purchase or Deliver Power

This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection

Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the applicable Party.

1.4 Limitations

Nothing in this Agreement is intended to affect any other agreement between the Parties.

1.5 Responsibilities of the Parties

1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.

1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.

1.5.3 The Interconnecting Transmission Owner shall construct, operate, and maintain its transmission facilities and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.

1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Interconnecting Transmission Owner, the New England Transmission System and any Affected Systems.

1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Interconnecting Transmission Owner and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the New England Transmission System [or Interconnecting Transmission Owner's transmission facilities], personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.

1.5.6 The System Operator, with input from the Interconnecting Transmission Owner, shall coordinate with all Affected Systems to support the interconnection.

1.6 Parallel Operation Obligations

Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable control area, including, but not limited to the ISO New England Operating Documents, and the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

The Interconnection Customer shall be responsible for the Interconnecting Transmission Owner's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachment 2 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

1.8 Reactive Power

1.8.1 The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of

Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the System Operator or Interconnecting Transmission Owner has established different requirements that apply to all similarly situated generators on a comparable basis and in accordance with Operating Requirements. The requirements of this paragraph shall not apply to wind generators.

1.8.2 Interconnection Customers shall be compensated for reactive power service in accordance with Schedule 2 of the Tariff.

1.9 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement. Capitalized terms in Schedule 23 that are not defined in the Glossary of Terms shall have the meanings specified in Sections I.2.2. of the Tariff.

1.10 Scope of Service

1. 10.1 Interconnection Product Options. Interconnection Customer has selected the following (checked) type of Interconnection Service:

_____ NR for NR Interconnection Service (NR Capability Only)

_____ CNR for CNR Interconnection Service (NR Capability and CNR Capability)

1.10.1.1 Capacity Network Resource Interconnection Service (CNR Interconnection Service

(a) The Product. The System Operator and Interconnecting Transmission Owner must conduct the necessary studies and the Interconnecting Transmission Owner and Affected Parties must construct the Network Upgrades needed to interconnect the Small Generating Facility in a manner comparable to that in which all other CNRs are interconnected under the CC Interconnection Standard. CNR Interconnection Service allows the Interconnection Customer's Small Generating Facility to be designated as a CNR to participate in the New England Markets, in accordance with Market Rule 1,

Section III of the Tariff, up to the net CNR Capability, or as otherwise provided in Market Rule 1, Section III of the Tariff, on the same basis as all other existing Capacity Network Resources, and to be studied as a Capacity Network Resource on the assumption that such a designation will occur.

1.10.1.2 Network Resource Interconnection Service (NR Interconnection Service).

(a) The Product. The System Operator and Interconnecting Transmission Owner must conduct the necessary studies and Interconnecting Transmission Owner and Affected Parties must construct the Network Upgrades needed to interconnect the Small Generating Facility in a manner comparable to that in which all other Network Resources are interconnected under the NC Interconnection Standard.

NR Interconnection Service allows the Interconnection Customer's Small Generating Facility to participate in the New England Markets, in accordance with Market Rule, Section III of the Tariff, up to the gross and net NR Capability or as otherwise provided in Market Rule 1, Section III of the Tariff. Notwithstanding the above, the portion of a Small Generating Facility that has been designated as a Network Resource interconnected under the NC Interconnection Standard cannot be a capacity resource under Section III.13 of the Tariff, except pursuant to a new Interconnection Request for CNR Interconnection Service.

1.10.1.3 Provision of Service. System Operator and Interconnecting Transmission Owner shall provide Interconnection Service for the Small Generating Facility at the Point of Interconnection.

1.10.1.4 Performance Standards. Each Party shall perform all of its obligations under this SGIA in accordance with Applicable Laws and Regulations, the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such requirements and standards, such Party shall not be deemed to be in Breach of this SGIA for its compliance therewith. If such Party is the Interconnecting Transmission Owner, then that Party shall amend the SGIA and System

Operator, in conjunction with the Interconnecting Transmission Owner, shall submit the amendment to the Commission for approval.

1.10.1.5 No Transmission Service Delivery. The execution of this SGIA does not constitute a request for, nor the provision of, any service except for Interconnection Service, including, but not limited to, transmission delivery service, local delivery service, distribution service, capacity service, energy service, or Ancillary Services under any applicable tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.

1.10.1.6 Transmission Delivery Service Implications. CNR Interconnection Service and NR Interconnection Service allow the Interconnection Customer's Small Generating Facility to be designated by any Network Customer under the Tariff on the New England Transmission System as a Capacity Network Resource or Network Resource, up to the net CNR Capability or NR Capability, respectively, on the same basis as all other existing Capacity Network Resources and Network Resources interconnected to the New England Transmission System, and to be studied as a Capacity Network Resource or a Network Resource on the assumption that such a designation will occur. Although CNR Interconnection Service and NR Interconnection Service do not convey a reservation of transmission service, any Network Customer can utilize its network service under the Tariff to obtain delivery of capability from the Interconnection Customer's Small Generating Facility in the same manner as it accesses Capacity Network Resources and Network Resources. A Small Generating Facility receiving CNR Interconnection Service or NR Interconnection Service may also be used to provide Ancillary Services, in accordance with the Tariff and Market Rule 1, after technical studies and/or periodic analyses are performed with respect to the Small Generating Facility's ability to provide any applicable Ancillary Services, provided that such studies and analyses have been or would be required in connection with the provision of such Ancillary Services by any existing Capacity Network Resource or Network Resource. However, if an Interconnection Customer's Small Generating Facility has not been designated as a Capacity Network Resource or as a Network Resource by any load, it cannot be required to provide Ancillary Services except to the extent such requirements extend to all Generating Facilities that are similarly situated.

CNR Network Interconnection Service and NR Interconnection Service do not necessarily provide the Interconnection Customer with the capability to physically deliver the output of its Small Generating Facility to any particular load on the New England Transmission System without incurring congestion costs. In the event of transmission constraints on the New England Transmission System, the Interconnection Customer's Small Generating Facility shall be subject to the applicable congestion management procedures for the New England Transmission System in the same manner as other Capacity Network Resources or Network Resources.

There is no requirement either at the time of study or interconnection, or at any point in the future, that the Interconnection Customer's Small Generating Facility be designated as a Capacity Network Resource or as a Network Resource by a Network Customer under the Tariff or that the Interconnection Customer identify a specific buyer (or sink). To the extent a Network Customer does designate the Small Generating Facility as either a Capacity Network Resource or a Network Resource, it must do so pursuant to the Tariff.

Once an Interconnection Customer satisfies the requirements for obtaining CNR Interconnection Service or NR Interconnection Service, as long as the Small Generating Facility has not been deemed to be retired, any future transmission service request for delivery from the Small Generating Facility on the New England Transmission System of any amount of capacity capability and/or energy capability will not require that any additional studies be performed or that any further upgrades associated with such Small Generating Facility be undertaken, regardless of whether or not such Small Generating Facility is ever designated by a Network Customer as a Capacity Network Resource or Network Resource and regardless of changes in ownership of the Small Generating Facility. To the extent the Interconnection Customer enters into an arrangement for long-term transmission service for deliveries from the Small Generating Facility outside the New England Transmission System, or if the unit has been deemed to be retired, such request may require additional studies and upgrades in order for Interconnecting Transmission Owner to grant such request.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

2.1.1. The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the System Operator and the Interconnecting Transmission Owner of such activities no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Interconnecting Transmission Owner may, at its own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Interconnecting Transmission Owner a written test report when such testing and inspection is completed.

2.1.2 The Interconnecting Transmission Owner shall provide the Interconnection Customer and the System Operator written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Interconnecting Transmission Owner of the safety, durability, suitability, or reliability of the Small Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Small Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

2.2.1 The Interconnecting Transmission Owner [and System Operator] shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Interconnecting Transmission Owner shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Interconnecting Transmission Owner shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.

2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the New England Transmission System [or Interconnecting Transmission Owner's transmission facilities] without prior written authorization of the Interconnecting Transmission Owner. The Transmission Provider will provide such authorization once the Transmission Provider receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

2.3.1 Upon reasonable notice, the Interconnecting Transmission Owner may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Small Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Small Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Interconnecting Transmission Owner at least five Business Days prior to conducting any on-site verification testing of the Small Generating Facility.

2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Interconnecting Transmission Owner shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.

2.3.3 Each Party shall be responsible for its own costs associated with following this article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties subject to acceptance by the Commission (if applicable), or if filed unexecuted, upon the date specified by the Commission. System Operator and Interconnecting Transmission Owner shall promptly file this Agreement with the Commission upon execution, if required.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and by mutual agreement of the Parties shall remain in effect for a period of _____ years, (Term to be specified in individual

Agreements, but in no case should the term be less than ten years from the Effective Date or such other longer period as the Interconnection Customer may request) and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with the Commission of a notice of termination of this Agreement (if required), which notice has been accepted for filing by the Commission.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the System Operator and Interconnecting Transmission Owner 20 Business Days written notice.

3.3.2 Each Party may terminate this Agreement after Default pursuant to article 7.6.

3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the Interconnecting Transmission Owner's Interconnection Facilities. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this SGIA or such non-terminating Party otherwise is responsible for these costs under this SGIA.

3.3.4 The termination of this Agreement shall not relieve any Party of its liabilities and obligations, owed or continuing at the time of the termination.

3.3.5 The provisions of this article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.

3.4.1 Emergency Conditions

"Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is likely to endanger life or property; or (2) that, in the case of the Interconnecting Transmission Owner, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the New England Transmission System, the Interconnecting Transmission Owner's Interconnection Facilities or any Affected System to which the New England Transmission System is directly connected; or (3) that, in the case of the Interconnection Customer, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. The System Operator and the Interconnecting Transmission Owner may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility in accordance with applicable provisions of the Operating Requirements. The System Operator and Interconnecting Transmission Owner shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility. The Interconnection Customer shall notify the System Operator and Interconnecting Transmission Owner promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the New England Transmission System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of the Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

3.4.2.1 Outage Authority and Coordination. The System Operator shall have the authority to coordinate facility outages in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Each Party may in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, in coordination with the other Party(ies), remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact the other Party's(ies') facilities as necessary to perform maintenance or testing or to install or replace equipment,

subject to the oversight of System Operator in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

3.4.2.2 Outage Schedules. Outage scheduling, and any related compensation, shall be in accordance with the applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

3.4.2.3 Interruption of Service. In accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, the System Operator or Interconnecting Transmission Owner may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect System Operator's or Interconnecting Transmission Owner's ability to perform such activities as are necessary to safely and reliably operate and maintain the New England Transmission System.

3.4.3 Forced Outages

During any forced outage, the Interconnecting Transmission Owner [and the System Operator] may suspend interconnection service to effect immediate repairs on the New England Transmission System. The Interconnecting Transmission Owner shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Interconnecting Transmission Owner shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The Interconnecting Transmission Owner shall notify the Interconnection Customer and the System Operator as soon as practicable if, based on Good Utility Practice, operation of the Small Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generating Facility could cause damage to the New England Transmission System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the

Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Interconnecting Transmission Owner may disconnect the Small Generating Facility. The Interconnecting Transmission Owner shall provide the Interconnection Customer and the System Operator with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the Small Generating Facility

The Interconnection Customer must receive written authorization from: (1) the Interconnecting Transmission Owner before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the Interconnecting Transmission Owner's Interconnection Facilities; and (2) the System Operator before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the New England Transmission System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the System Operator's or the Interconnecting Transmission Owner's, as appropriate, prior written authorization, the latter shall have the right to temporarily disconnect the Small Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, and the New England Transmission System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Interconnecting Transmission Owner shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may

benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Interconnecting Transmission Owner.

4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Interconnecting Transmission Owner's Interconnection Facilities.

4.2 Distribution Upgrades

The Interconnecting Transmission Owner shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Interconnecting Transmission Owner and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer. The Interconnection Customer shall be responsible for its share of all reasonable expenses, associated with operating, maintaining, repairing, and replacing such Distribution Upgrades, except to the extent that a retail tariff of, or an agreement with, the Interconnecting Transmission Owner or its distribution company affiliate, if appropriate, provides otherwise.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this article 5 shall apply unless the interconnection of the Small Generating Facility requires Network Upgrades, including Stand Alone Network Upgrades.

5.2 Network Upgrades

The Interconnecting Transmission Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Interconnecting

Transmission Owner and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Interconnecting Transmission Owner elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne by the Interconnection Customer.

5.2.1.1 Cost Allocation. Cost allocation of Generator Interconnection Related Upgrades shall be in accordance with Schedule 11 of Section II of the Tariff.

5.2.1.2 Compensation. Any compensation due to the Interconnection Customer for increases in transfer capability to the PTF resulting from its Generator Interconnection Related Upgrade shall be determined in accordance with Sections II and III of the Tariff.

5.3 Special Provisions for Affected Systems

The Interconnection Customer shall enter into separate related facilities agreements to address any upgrades to the Affected System(s) that are necessary for safe and reliable interconnection of the Interconnection Customer's Small Generating Facility.

5.4 Rights Under Other Agreements

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades.

Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

6.1.1 The Interconnecting Transmission Owner shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties.

6.1.2 Within three months of completing the construction and installation of the Interconnecting Transmission Owner's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Transmission Provider shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Interconnecting Transmission Owner for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Interconnecting Transmission Owner shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Interconnecting Transmission Owner within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Interconnecting Transmission Owner shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, it shall immediately notify the other Party(ies) of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless (1) it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Financial Security Arrangements

At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Interconnecting Transmission Owner's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Interconnecting Transmission Owner a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the Interconnecting Transmission Owner in accordance with Section 7 of Schedule 11 of the Tariff. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Interconnecting Transmission Owner's Interconnection Facilities and Upgrades. In addition:

6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Interconnecting Transmission Owner, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.

6.3.2 The letter of credit or surety bond must be issued by a financial institution or insurer reasonably acceptable to the Interconnecting Transmission Owner and must specify a reasonable expiration date.

Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default

Notwithstanding any other provision of this Agreement, the liability, indemnification and insurance provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnection Transmission Owner and the liability, indemnification and insurance provisions of the Tariff apply to the relationship between the System Operator and the Interconnection Customer and between the Interconnecting Transmission Owner and the Interconnection Customer.

7.1 Assignment

This Agreement may be assigned by a Party upon 15 Business Days prior written notice and opportunity to object by the other Parties; provided that:

7.1.1 The Parties may assign this Agreement without the consent of the other Parties to any affiliate of the assigning Party with an equal or greater credit rating and with the legal

authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the other Parties of any such assignment.

7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Interconnecting Transmission Owner or the System Operator, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly notify the Interconnecting Transmission Owner and the System Operator of any such assignment.

7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 Limitation of Liability

Each Party's liability to the other Party(ies) for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall a Party be liable to another Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

7.3 Indemnity

7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.

7.3.2 Each Party shall at all times indemnify, defend, and hold the other Parties harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or

resulting from the other Party's(ies') action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

7.3.4 If an indemnifying Party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.

7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

7.4 Consequential Damages

Other than as expressly provided for in this Agreement, in no event shall a Party be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.5 Force Majeure

7.5.1 As used in this article, a Force Majeure Event shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing."

7.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Party(ies), either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party(ies) informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

7.6 Default

7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an act or omission of the other Party(ies). Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party(ies) shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not those Parties terminate this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all

other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 8. Insurance Requirements

8.1 General Liability

The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Interconnecting Transmission Owner, except that the Interconnection Customer shall show proof of insurance to the Interconnecting Transmission Owner no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.

8.2 Insurer Requirements and Endorsements

All required insurance shall be carried by reputable insurers qualified to underwrite insurance in the state where the interconnection is located having a Best Rating of "A-". In addition, all insurance shall, (a) include Interconnecting Transmission Owner and System Operator as additional insureds; (b) contain a severability of interest clause or cross-liability clause; (c) provide that Interconnecting Transmission Owner and System Operator shall not incur liability to the insurance carrier for payment of premium for such insurance; and (d) provide for thirty (30) calendar days' written notice to Interconnecting Transmission Owner and System Operator prior to cancellation, termination, or material change of such insurance; provided that to the extent the Interconnection Customer is satisfying the requirements of subpart (d) of this paragraph by means of a presently existing insurance policy, the Interconnection Customer shall only be required to make good faith efforts to satisfy that requirement and will assume the responsibility for notifying the Interconnecting Transmission Owner and System Operator as required above.

If the requirement of clause (a) in the paragraph above prevents Interconnection Customer from obtaining the insurance required without added cost or due to written refusal by the insurance carrier, then upon Interconnection Customer's written notice to Interconnecting Transmission Owner and System Operator, the requirements of clause (a) shall be waived.

8.3 Evidence of Insurance

Evidence of the insurance required shall state that coverage provided is primary and is not in excess to or contributing with any insurance or self-insurance maintained by Interconnection Customer.

The Interconnection Customer is responsible for providing the Interconnecting Transmission Owner and the System Operator with evidence of insurance in compliance with this Tariff on an annual basis.

Prior to the Interconnecting Transmission Owner commencing work on Interconnection Facilities, Network Upgrades and Distribution Upgrades, the Interconnection Customer shall have its insurer furnish to the Interconnecting Transmission Owner and the System Operator certificates of insurance evidencing the insurance coverage required above. The Interconnection Customer shall notify and send to the Interconnecting Transmission Owner and the System Operator a certificate of insurance for any policy written on a "claims-made" basis. The Interconnecting Transmission Owner and the System Operator may at their discretion require the Interconnection Customer to maintain tail coverage for three years on all policies written on a "claims-made" basis.

8.4 Self Insurance

If Interconnection Customer is a company with a self-insurance program established in accordance with commercially acceptable risk management practices, Interconnection Customer may comply with the following in lieu of the above requirements as reasonably approved by the Interconnecting Transmission Owner and the System Operator:

- Interconnection Customer shall provide to Interconnecting Transmission Owner and System Operator, at least thirty (30) calendar days prior to the Date of Initial Operation, evidence of such program to self-insure to a level of coverage equivalent to that required.

- If Interconnection Customer ceases to self-insure to the standards required hereunder, or if Interconnection Customer is unable to provide continuing evidence of Interconnection Customer's financial ability to self-insure, Interconnection Customer agrees to promptly obtain the coverage required under Article 8.1.

8.5 Interconnecting Transmission Owner Insurance

The Interconnecting Transmission Owner agrees to maintain general liability insurance or self-insurance consistent with the Interconnecting Transmission Owner's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Interconnecting Transmission Owner's liabilities undertaken pursuant to this Agreement.

Article 9. Confidentiality

9.1 Confidential Information shall include without limitation, all information governed by the ISO New England Information Policy, all information obtained from third parties under confidentiality agreements, and any confidential and/or proprietary information provided by a Party to the another Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.

9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party(ies) and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.

9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party(ies) as it employs to protect its own Confidential Information.

9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if the Commission, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to the Commission, within the time provided for in the request for information. In providing the information to the Commission, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by the Commission and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party(ies) to this Agreement prior to the release of the Confidential Information to the Commission. The Party shall notify the other Party(ies) to this Agreement when it is notified by the Commission that a request to release Confidential Information has been received by the Commission, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

Article 10. Disputes

10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.

10.2 In the event of a dispute, a Party shall provide the other Party(ies) with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.

10.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, any Party may contact the Commission's Dispute Resolution Service (DRS) for assistance in resolving the dispute.

10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at http://www.ferc.gov/legal/adr.asp.

10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for its pro-rata share of any costs paid to neutral third-parties.

10.6 If no Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then each Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

Article 11. Taxes

11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with Commission policy and Internal Revenue Service requirements.

11.2 Each Party shall cooperate with the other to maintain the other Party's(ies') tax status. Nothing in this Agreement is intended to adversely affect the Interconnecting Transmission Owner's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by the Parties, or under article 12.12 of this Agreement.

12.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

12.4 Waiver

The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

12.4.1 Any waiver at any time by a Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Interconnecting Transmission Owner. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

Except for the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, this Agreement, including all Attachments, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and

contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. Except for the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, there are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Parties.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of the New England Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Commission expects the System Operator, Interconnecting Transmission Owners,

market participants, and Interconnection Customers interconnected to the New England Transmission System to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

12.10 Environmental Releases

Each Party shall notify the other Party(ies), first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party(ies). The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party(ies) copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party(ies) for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party(ies) for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

12.12 Reservation of Rights

Consistent with Section 4.8 of Schedule 23, the Interconnecting Transmission Owner and the System Operator shall have the right to make a unilateral filing with the Commission to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this Agreement under any applicable provision of the Federal Power Act and the Commission's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party(ies) and to participate fully in any proceeding before the Commission in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national currier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

[To be supplied]

If to the Interconnecting Transmission Owner:

[To be supplied]

If to the System Operator:

ISO New England Inc.

Attention: Generation Interconnection, Transmission Planning Department

One Sullivan Road

Holyoke, MA 01040-2841

Phone: _____ Fax: 413-540-4203

With a copy to:

Billing Department

ISO New England Inc.

One Sullivan Road

Holyoke, MA 01040-2841

13.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below:

Interconnection Customer: [To be supplied]

Interconnecting Transmission Owner[To be supplied]

System Operator: ISO New England Inc.

Attention: Generation Interconnection, Transmission Planning Department

One Sullivan Road

Holyoke, MA 01040-2841

Phone: _____ Fax: 413-540-4203

With a copy to:

Billing Department

ISO New England Inc.

One Sullivan Road

Holyoke, MA 01040-2841

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by a Party to the other Party(ies) and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Phone: _____ Fax: _____

E-mail: _____

If to the Interconnecting Transmission Owner:

Phone: _____ Fax: _____

E-mail: _____

If to the System Operator:

Phone: _____ Fax: 413-540-4203

E-mail: geninterconn@iso-ne.com

With a copy to:

Billing Department

Facsimile: (413) 535-4024

E-mail: billingdept@iso-ne.com

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

[To be supplied]

Interconnecting Transmission Owner's Operating Representative:

[To be supplied]

System Operator's Operating Representative:

ISO New England Inc.

Attention: Generation Interconnection, Transmission Planning Department

One Sullivan Road

Holyoke, MA 01040-2841

Phone: _____ Fax: (413) 540-4203

E-mail: geninterconn@iso-ne.com

DUNS Numbers:

Interconnection Customer: [To be supplied]

Interconnecting Transmission Owner: [To be supplied]

13.5 Changes to the Notice Information

A Party may change this information by giving five Business Days written notice prior to the effective date of the change.

Article 14. Signatures

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

[*Insert name of*](Interconnecting Transmission Owner)

Name: _____

Title: _____

Date: _____

[*Insert name of*](Interconnection Customer)

Name: _____

Title: _____

Date: _____

ISO New England Inc (System Operator)

Name: _____

Title: _____

Date: _____

ATTACHMENTS TO SGIA

Attachment 1	Glossary of Terms
Attachment 2	Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment
Attachment 3	One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment and Upgrades
Attachment 4	Milestones
Attachment 5	Additional Operating Requirements for the New England Transmission System and Affected Systems Needed to Support the Interconnection Customer's Needs
Attachment 6	Interconnecting Transmission Owner's Description of its Upgrades, and Best Estimates of Upgrade Costs
Attachment 7	Commercial Operation Date

Attachment 1

Glossary of Terms

Administered Transmission System – The PTF, the Non-PTF, and distribution facilities that are subject to the Tariff.

Affected Party– The entity that owns, operates or controls an Affected System, or any other entity that otherwise may be a necessary party to the interconnection process.

Affected System – Any electric system that is within the Control Area, including, but not limited to, generator owned transmission facilities, or any other electric system that is not within the Control Area that may be affected by the proposed interconnection.

Affiliate – With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Standards – The requirements and guidelines of NERC, NPCC and the New England Control Area, including publicly available local reliability requirements of Interconnecting Transmission Owners or other Affected Systems.

At-Risk Expenditure – Money expended for the development of the Generating Facility that cannot be recouped if the Interconnection Customer were to withdraw the Interconnection Request for the

Generating Facility. At-Risk Expenditure may include, but is not limited to, money expended on: (1) costs of federal, state, local, regional and town permits, (ii) Site Control, (iii) site-specific design and survey, (iv) construction activities, and (v) non-refundable deposits for major equipment components. For purposes of this definition, At-

Risk Expenditure shall not include costs associated with the Interconnection Studies.

Base Case – Base power flow, short circuit and stability databases, including all underlying assumptions, and contingency lists provided by System Operator, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements; such databases and lists shall include all generation projects and transmission projects, including merchant transmission projects that are proposed for the New England Transmission System for which a transmission expansion plan has been submitted and approved by the applicable authority. Base Cases also include data provided by the Interconnection Customer, where applicable, to the Interconnecting Transmission Owner and System Operator to facilitate required Interconnection Studies.

Business Day – Monday through Friday, excluding Federal Holidays.

Capacity Capability Interconnection Standard ("CC Interconnection Standard") – The criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, and in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other Capacity Network Resources, as detailed in the ISO New England Planning Procedures.

Capacity Network Resource ("CNR") – That portion of a Generating Facility that is interconnected to the Administered Transmission System under the Capacity Capability Interconnection Standard.

Capacity Network Resource Capability ("CNR Capability") -- (i) In the case of a Generating Facility that is a New Generating Capacity Resource pursuant to Section III.13.1 of the Tariff or an Existing Generating Capacity Resource that is increasing its capability pursuant to Section III.13.1.2.2.5 of the Tariff, the highest megawatt amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff, and, if applicable, as specified in a filing by the System Operator with the Commission in accordance with Section III.13.8.2 of the Tariff, or (ii) in the case of a Generating Facility that meets the criteria under Section 1.6.4.3 of the Small Generator Interconnection Procedures ("SGIP"), the total megawatt amount determined pursuant to the hierarchy established in Section 1.6.4.3. The CNR Capability shall not exceed the maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90degrees F for Summer and at or above 20 degrees F for Winter. Where the Generating Facility includes multiple production devices, the CNR Capability shall not exceed the aggregate maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter.

Capacity Network Resource Group Study ("CNR Group Study") – The study performed by the System Operator under Section III.13.1.1.2.3 of the Tariff to determine which resources qualify to participate in a Forward Capacity Auction.

Capacity Network Resource Interconnection Service ("CNR Interconnection Service") -- The Interconnection Service selected by the Interconnection Customer to interconnect its Small Generating Facility with the Administered Transmission System in accordance with the Capacity Capability Interconnection Standard. An Interconnection Customer's CNR Interconnection Service shall be for the megawatt amount of CNR Capability. CNR Interconnection Service does not in and of itself convey transmission service.

Commercial Operation – The status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date – The date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Attachment 7 to the Standard Small Generator Interconnection Agreement.

Default – The failure of a breaching Party to cure its breach under the Small Generator Interconnection Agreement.

Distribution System – The Interconnecting Transmission Owner's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Interconnecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative,

executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, the Interconnection Provider, or any Affiliate thereof.

Initial Synchronization Date – The date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date – The date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Interconnecting Transmission Owner's Interconnection Facilities to obtain back feed power.

Interconnecting Transmission Owner – A Transmission Owner that owns, leases or otherwise possesses an interest in, ~~the portion~~or a Non-Incumbent Transmission Developer that is not a Participating Transmission Owner that is constructing, a portion of the Administered Transmission System at the Point of Interconnection and shall be a Party to the Standard Small Generator Interconnection Agreement. The term Interconnecting Transmission Owner shall not be read to include the System Operator.

Interconnection Customer – Any entity, including a transmission owner or its Affiliates or subsidiaries, that interconnects or proposes to interconnect its Small Generating Facility with the Administered Transmission System under the Standard Small Generator Interconnection Procedures.

Interconnection Facilities – The Interconnecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Administered Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study – A study conducted by the System Operator, Interconnecting Transmission Owner, or a third party consultant for the Interconnection Customer to determine a list of facilities (including Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Administered Transmission System. The scope of the study is defined in Section 3.5 of the Standard Small Generator Interconnection Procedures.

Interconnection Facilities Study Agreement – The form of agreement contained in Attachment 8 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study – A preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Administered Transmission System, the scope of which is described in Section 3.3 of the Standard Small Generator Interconnection Procedures. The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study, or as part of the Interconnection System Impact Study. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 3.3 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 3.3 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 3.3 and Section 3.4.

Interconnection Feasibility Study Agreement – The form of agreement contained in Attachment 6 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request – The Interconnection Request (a) shall mean an Interconnection Customer's request, in accordance with the Tariff, to: (i) interconnect a new Generating Facility to the Administered Transmission System as either a CNR or a NR; (ii) increase the energy capability or capacity capability of

an existing Generating Facility; (iii) make a modification to the operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected to the Administered Transmission System; (iv) commence participation in the wholesale markets by an existing Generating Facility that is interconnected with the Administered Transmission System; or (v) change from NR Interconnection Service to CNR Interconnection Service for all or part of a Generating Facility's capability. Interconnection Request shall not include: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility.

Interconnection Service – The service provided by the System Operator and the Interconnecting Transmission Owner, associated with interconnecting the Interconnection Customer's Generating Facility to the Administered Transmission System and enabling the receipt of electric energy capability and/or capacity capability from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Small Generator Interconnection Agreement and, if applicable, the Tariff.

Interconnection Study – Any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Small Generator Interconnection Procedures. Interconnection Study shall not include a CNR Group Study.

Interconnection Study Agreement – Any of the following agreements: the Interconnection Feasibility Study Agreement, the Interconnection System Impact Study Agreement, and the Interconnection Facilities Study Agreement attached to the Standard Small Generator Interconnection Procedures.

Interconnection System Impact Study – An engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of the Administered Transmission System and any other Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on Adverse System Impacts, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Small Generator Interconnection Procedures. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 3.3 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 3.3 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 3.3 and 3.4.

Interconnection System Impact Study Agreement – The form of agreement contained in Attachment 7 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

Network Capability Interconnection Standard ("NC Interconnection Standard")– The minimum criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, as detailed in the ISO New England Planning Procedures.

Network Resource ("NR") – The portion of a Generating Facility that is interconnected to the Administered Transmission System under the Network Capability Interconnection Standard.

Network Resource Capability ("NR Capability") – The maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. Where the Generating Facility includes

multiple energy production devices, the NR Capability shall be the aggregate maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. The NR Capability shall be equal to or greater than the CNR Capability. In the case of a Generating Facility that meets the criteria under Section 1.6.4.4 of this SGIP, the NR Capability shall equal the total megawatt amount determined pursuant to Section 1.6.4.4.

Network Resource Interconnection Service ("NR Interconnection Service") – The Interconnection Service selected by the Interconnection Customer to interconnect its Generating Facility to the Administered Transmission System in accordance with the Network Capability Interconnection Standard. An Interconnection Customer's NR Interconnection Service shall be solely for the megawatt amount of the NR Capability. NR Interconnection Service in and of itself does not convey transmission service.

Network Upgrades – Additions, modifications, and upgrades to the New England Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the Administered Transmission System to accommodate the interconnection of the Small Generating Facility with the Administered Transmission System. Network Upgrades do not include Distribution Upgrades.

Notice of Dispute – A written notice of a dispute or claim that arises out of or in connection with the Standard Small Generator Interconnection Agreement or its performance.

Operating Requirements – Any operating and technical requirements that may be applicable due to System Operator or the Interconnecting Transmission Owner's requirements, including those set forth in the Small Generator Interconnection Agreement, ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

Party– The System Operator, Interconnecting Transmission Owner, Interconnection Customer or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Administered Transmission System.

Queue Position -- The order of a valid request in the New England Control Area, relative to all other pending requests in the New England Control Area, that is established based upon the date and time of receipt of such request by the System Operator. Requests are comprised of Interconnection Requests, requests for Elective Transmission Upgrades, requests for transmission service and notification of requests for interconnection to other electric systems, as notified by the other electric systems, that impact the Administered Transmission System. For purposes of the SGIP, references to a "higher-queued" Interconnection Request shall mean one that has been received by System Operator (and placed in queue order) earlier than another Interconnection Request, which is referred to as "lower-queued."

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the Small Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Small Generating Facility – A Generating Facility having a maximum gross capability at or above zero degrees F of 20 MW or less.

Stand Alone Network Upgrades – Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the New England Transmission System

during their construction. The System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, must agree as to what constitutes Stand Alone Network Upgrades and identify them in Attachment 2 to the Standard Small Generator Interconnection Agreement.

Tariff – The System Operator's or Affected System's Tariff through which open access transmission service and Interconnection Service are offered, as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff.

Trial Operation – The period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

Upgrades – The required additions and modifications to the Administered Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Attachment 2

Description and Costs of the Small Generating Facility,

Interconnection Facilities, and Metering Equipment

Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer or the Interconnecting Transmission Owner. The Interconnecting Transmission Owner will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

I. DESCRIPTION OF MAJOR COMPONENTS

A. Small Generating Facility

(1) Description of Small Generating Facility.

[*insert*]

(2) The Small Generating Facility shall receive:

___ Network Resource Interconnection Service for the NR Capability at a level not to exceed [insert gross and net at or above 50 degrees F] MW for Summer, and [insert gross and net at or above 0 degrees F] MW for Winter.

___ Capacity Network Resource Interconnection Service for: (a)(i) the NR Capability at a level not to exceed [insert gross and net at or above 50 degrees F] MW for Summer and [insert gross and net at or above 0 degrees F] MW for Winter; and (ii) the CNR Capability at [insert net] MW for Summer and [insert net] MW for Winter, which shall not exceed [insert the maximum net MW electrical output of the Generating Facility at an ambient temperature at or above 90 degrees F for summer and at or above 20 degrees F for winter]. The CNR Capability shall be the amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff and, if applicable, as specified in filings by the System Operator with the Commission pursuant to Section III.13 of the Tariff.

(3) Detailed Description of Small Generating Facility and Generator Step-Up Transformer, if applicable:

Generator Data	
Number of Generators	
Manufacturer	
Model	
Designation of Generator(s)	
Excitation System Manufacturer	
Excitation System Model	
Voltage Regulator Manufacturer	
Voltage Regulator Model	

Generator Ratings	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 90 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 50 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 20 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above zero Degrees F	
Station Service Load For Each Unit	
Overexcited Reactive Power at Rated MVA and Rated Power Factor	
Underexcited Reactive Power at Rated MVA and Rated Power Factor	

Generator Short Circuit and Stability Data	
Generator MVA rating	
Generator AC Resistance	
Subtransient Reactance (saturated)	
Subtransient Reactance (unsaturated)	
Transient Reactance (saturated)	
Negative sequence reactance	
Transformer Data	
Number of units	
Self Cooled Rating	
Maximum Rating	
Winding Connection (LV/LV/HV)	
Fixed Taps	
Z1 primary to secondary at self cooled rating	
Z1 primary to tertiary at self cooled rating	
Z1 secondary to tertiary at self cooled rating	
Positive Sequence X/R ratio primary to secondary	
Z0 primary to secondary at self cooled rating	
Z0 primary to tertiary at self cooled rating	

Z0 secondary to tertiary at self cooled rating	
Zero Sequence X/R ratio primary to tertiary	

B. Interconnection Facilities

[*insert*]

C. Metering Equipment

[*insert*]

D. Other Components

[*insert*]

II. INTERCONNECTION EQUIPMENT OWNERSHIP, OPERATION AND MAINTENANCE

A. Point of Change of Ownership; Point of Interconnection

[*insert*]

B. Description of Responsibilities

[*insert*]

III. PRICING ESTIMATES

A. Interconnection Facilities

[*insert*]

B. Metering Equipment

[*insert*]

C. Operation and Maintenance

[*insert*]

Attachment 3

One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades

[*insert*]

Attachment 4

Milestones

1. **Milestones and Other Requirements:** The description and entries listed in the following table establish the required Milestones in accordance with the provisions of the SGIP and this SGIA. The referenced section of the SGIP or article of the SGIA should be reviewed to understand the requirements of each milestone.

Item No.	Milestone Description	Responsible Party	Date	SGIP/SGIA Reference
1	Submit updated data "as purchased"	Interconnection Customer	No later than 180 Calendar Days prior to Initial Synchronization Date	
2	Submit supplemental and/or updated data "as built/as-tested"	Interconnection Customer	Prior to Commercial Operation Date	
3	Provide quarterly written progress reports	Interconnection Customer and Interconnecting Transmission Owner	15 Calendar Days after the end of each quarter beginning the quarter that includes the date for Milestone #3 below and ending when the entire Small Generating Facility and all required Interconnection Facilities and Network Upgrades	

			are in place	
4	Deliver to Transmission Owner "as built" drawings, information and documents regarding Interconnection Customer's Interconnection Facility	Interconnection Customer	If requested, within 120 Calendar Days after Commercial Operation date	

2. Milestones Applicable If Facilities Study Has Been Waived by Interconnection Customer:

Item No.	Milestone Description	Responsible Party	Date	SGIP/SGIA Reference
1	Siting approval for the Generating Facility and Interconnection Facilities	Interconnection Customer	As agreed to by the Parties	SGIP § 3.4.5(i)
2	Engineering of Interconnection Facilities approved by Interconnecting Transmission Owner	Interconnection Customer	As agreed to by the Parties	SGIP § 3.4.5(ii)
3	Commit to the ordering of long lead time material for Interconnection Facilities and system upgrades	Interconnection Customer	As agreed to by the Parties	SGIP § 3.4.5(iii)
4	In-Service Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	

5	Initial Synchronization Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	SGIP § 3.4.5(iv)
6	Commercial Operation Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	SGIP § 3.4.5(v)

3. Milestones Applicable Solely for CNR Interconnection Service. In addition to the Milestones above, the following Milestones apply to Interconnection Customers requesting CNR Interconnection Service:

Item #	Milestone	Responsible Party	Date	SGIP/SGIA Reference
1	Submit necessary requests for participation in the Forward Capacity Auction associated with the Generating Facility's requested Commercial Operation Date, in accordance with Section III.13 of the Tariff	Interconnection Customer		1.7.1.3(i)
2	Participate in a CNR Group Study	Interconnection Customer; System Operator		1.7.1.3(ii)
3	Qualify and receive a Capacity Supply Obligation in accordance with Section III.13 of the Tariff	Interconnection Customer		1.7.1.3(iii)
4	Complete a re-study of the applicable Interconnection Study to determine the cost responsibility for facilities and upgrades necessary to accommodate the Interconnection Request based on the results of the Forward Capacity Auction, Reconfiguration Auction or bilateral transaction through which the Interconnection Customer received a Capacity Supply Obligation	System Operator		1.7.1.3(iv)

Attachment 5

Additional Operating Requirements for the

New England Transmission System and Affected Systems Needed to Support

the Interconnection Customer's Needs

The Interconnecting Transmission Owner shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the New England Transmission System.

I. OPERATING REQUIREMENTS

[*Insert*]

Attachment 6

Interconnecting Transmission Owner's

Description of its Upgrades

and Best Estimate of Upgrade Costs

The Interconnecting Transmission Owner shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Interconnecting Transmission Owner shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

I. DESCRIPTION OF UPGRADES

A. Distribution Upgrades

[*Insert*]

B. Network Upgrades

[*Insert*]

(1) Stand Alone Network Upgrades

(2) Other Network Upgrades

C. Affected System Upgrades

[Insert]

D. Contingency Upgrades

(1) Long Lead Facility-Related Upgrades. The Interconnection Customer's Small Generating Facility is associated with a Long Lead Facility, in accordance with Section 3.2.3 of the LGIP. Pursuant to Section 4.1 of the LGIP, the Interconnection Customer shall be responsible for the following upgrades in the event that the Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation in accordance with Section III.13.1 of the Tariff:

[*insert list of upgrades*]

If the Interconnection Customer fails to cause these upgrades to be in-service prior to the commencement of the Long Lead Facility's Capacity Commitment Period, the Interconnection Customer shall be deemed to be in Breach of this SGIA in accordance with Article 7, and the System Operator will initiate all necessary steps to terminate this SGIA, in accordance with Article 3.

(2) Other Contingency Upgrades. [*e.g.*, list of upgrades associated with higher queued Interconnection Requests with SGIAs prior to this SGIA and any other contingency upgrades that the Parties may deem necessary for the interconnection of the Small Generating Facility.]

E. Post-Forward Capacity Auction Re-study Upgrade Obligations.

[*Insert any changes in upgrade obligations that result from re-study conducted post receiving a Capacity Supply Obligation in accordance with the Tariff.*]

Attachment 7

Commercial Operation Date

This Attachment 7 is a part of the SGIA between System Operator, Interconnecting Transmission Owner and Interconnection Customer.

[*Date*]

[*Interconnecting Transmission Owner; Address*]

Generator Interconnections

Transmission Planning Department

ISO New England Inc.

One Sullivan Road

Holyoke, MA 01040-2841

Re: _____ Small Generating Facility

Dear _____:

On [Date] [Interconnection Customer] has completed Trial Operation of Unit No. ___. This letter confirms that [Interconnection Customer] commenced commercial operation of Unit No. ___ at the Small Generating Facility, effective as of [Date plus one day].

Thank you.

[*Signature*]

[*Interconnection Customer Representative*]

ATTACHMENT K

REGIONAL SYSTEM PLANNING PROCESS

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(e) Preparation of Needs Assessments

(f) Needs Assessment Study Groups

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(c) LSP Coordination

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(f) Listing of Qualifying Phase One Proposals

(g) Phase Two Solutions

(h) Reimbursement of Phase Two Solution Costs

(i) Inclusion of Preferred Phase Two Solution in RSP and/or RSP Project List

(j) Milestone Schedules

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    12.5 Notice and Comment
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        (a) Resolution Through the Planning Advisory Committee
        (b) Resolution Through Informal Negotiations
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    12.7 Notice of Dispute Resolution Process Results

13. Rights Under The Federal Power Act

1. Overview

This Attachment describes the regional system planning process conducted by the ISO, as well as the coordination with transmission-owning entities in, or other entities interconnected to, the New England Transmission System and neighboring systems to ensure the reliability of the New England Transmission System and compliance with national and regional planning standards, criteria and procedures, while accounting for market performance, ~~and~~ economic, environmental, and other considerations, as may be agreed upon from time to time. The New England Transmission System is comprised of PTF, Non-PTF, OTF and MTF within the New England Control Area that is under the ISO's operational authority or control pursuant to the ISO Tariff and/or various transmission operating agreements. This Attachment describes the regional system planning process for the PTF conducted by the ISO, and local system planning process conducted by the PTOs, pursuant to ~~its~~ their responsibilities defined in the Tariff, the various transmission operating agreements and this Attachment. Additional details regarding the regional system planning process are also provided in the ISO New England Planning Procedures and ISO New England Operating Procedures, which are available on the ISO's website.

The ISO shall conduct the regional system planning process for the PTF in coordination with the transmission-owning entities in, or other entities interconnected to, the New England Transmission System and neighboring systems, consistent with the rights and obligations defined in the Tariff, applicable transmission operating agreements and this Attachment. As described in this Attachment's Section 6 and Appendix 1, entitled "Attachment K -Local System Planning Process", the PTOs are responsible for the Local System Planning ("LSP") process for the Non-PTF in the New England Transmission System. As also described in Section 6, and pursuant to the Tariff and/or transmission operating agreements, the OTOs and MTOs are required to participate in the ISO's regional system planning process for reliability purposes and to perform and/or support studies of the impact of regional system planning projects on their respective OTF and MTF.

The regional system planning process described in this Attachment provides for the ISO to undertake assessments of the needs of the PTF system on a systemwide or specific area basis. These assessments shall be referred to as Needs Assessments, as described in Section 4.1 of this Attachment. The ISO shall incorporate market responses that have met the criteria specified in Section 4.2(a) of this Attachment into the Needs Assessments or the Regional System Plan ("RSP"), described below. Where market responses incorporated into the Needs Assessments do not eliminate or address the needs identified by the ISO in Needs Assessments or the RSP, the ISO shall develop or evaluate, pursuant to Sections 4.2(b) or 4.3 of

this Attachment, as applicable, regulated transmission solutions proposed in response to the needs identified by the ISO.

Pursuant to Sections 3 and 7 of this Attachment, the ISO shall develop the RSP for approval by the ISO Board of Directors following stakeholder input through the Planning Advisory Committee established pursuant to Section 2 of this Attachment. The RSP is a compilation of the regional system planning process activities conducted by the ISO during a given year. The RSP shall address needs of the PTF system determined by the ISO through Needs Assessments initiated and updated on an ongoing basis by the ISO to: (i) account for changes in the PTF system conditions; (ii) ensure reliability of the PTF system; (iii) comply with national and regional planning standards, criteria and procedures; and (iv) account for market performance, and economic, environmental and other considerations as may be agreed upon from time to time.

As more fully described in Section 3 of this Attachment, the RSP shall identify:

(i) PTF system reliability and market efficiency needs,

(ii) the requirements and characteristics of the types of resources that may satisfy PTF system reliability and market efficiency needs to provide stakeholders an opportunity to develop and propose efficient market responses to meet the needs identified in Needs Assessments; and

(iii) regulated transmission solutions to meet the needs identified in Needs Assessments where market responses do not address such needs or additional transmission infrastructure may be required to comply with national and regional planning standards, criteria and procedures or provide market efficiency benefits in accordance with Attachment N of this OATT.; and

(iv) those projects for which there has been a Public Policy Transmittal pursuant to the procedures described in Section 4A of this Attachment K.

In addition, the RSP shall also provide information on a broad variety of power system requirements that serves as input for reviewing the design of the markets and the overall economic performance of the system. The RSP shall also describe the coordination of the ISO's regional system plans with regional, local and inter-area planning activities.

Pursuant to Section 3.6 of this Attachment, the ISO shall also develop, maintain and post on its website a cumulative list reflecting the regulated transmission solutions proposed in response to Needs Assessments (the "RSP Project List"). The RSP Project List shall be a cumulative representation of the regional transmission planning expansion efforts ongoing in New England.

2. Planning Advisory Committee

2.1 Establishment

A Planning Advisory Committee shall be established by the ISO to perform the functions set forth in Section 2.2 of this Attachment. It shall have a Chair and Secretary, who shall be appointed by the chief executive officer of the ISO or his or her designee. Before appointing an individual to the position of the Chair or Secretary, the ISO shall notify the Planning Advisory Committee of the proposed assignment and, consistent with its personnel practices, provide any other information about the individual reasonably requested by the Planning Advisory Committee. The chief executive officer of the ISO or his or her designee shall consider the input of the members of the Planning Advisory Committee in selecting, removing or replacing such officers. The Planning Advisory Committee shall be advisory only and shall have no formal voting protocol.

The ISO may form subcommittees that, at the discretion of the ISO, may report to the Planning Advisory Committee.

2.2 Role of Planning Advisory Committee

The Planning Advisory Committee may provide input and feedback to the ISO concerning the regional system planning process, including the development of and review of Needs Assessments, the conduct of Solutions Studies, the development of the RSP, and updates to the RSP Project List. Specifically, the Planning Advisory Committee serves to review and provide input and comment on: (i) the development of the RSP, (ii) assumptions for studies, (iii) the results of Needs Assessments, ~~and~~ Solutions Studies, and competitive solutions developed pursuant to Section 4.3 of this Attachment, and (iv) potential market responses to the needs identified by the ISO in a Needs Assessment or the RSP. The Planning Advisory Committee, with the assistance of and in coordination with the ISO, serves also to identify and prioritize requests for Economic Studies to be performed by the ISO, and provides input and feedback to the ISO concerning the conduct of Economic Studies and Public Policy Transmission Studies, including the criteria and assumptions for such studies. Based on input and feedback related to the regional system planning process provided by the Planning Advisory Committee to the ISO, the ISO shall ~~refer~~ consult with ~~to~~ the appropriate NEPOOL technical committees, including but not limited to, the Markets,

Reliability and Transmission Committees, on issues and concerns identified by the Planning Advisory Committee ~~for~~ as requiring further investigation and consideration of potential changes to ~~rules and procedures~~ISO New England Operating Documents.

2.3 Membership

Any entity, including State regulators or agencies and~~, if in existence, a Regional State Committee or similarly situated entity~~ NESCOE, as specified in Attachment N of the OATT, may designate a member to the Planning Advisory Committee by providing written notice to the Secretary of that Committee identifying the name of the entity represented by the member and the member's name, address, telephone number, facsimile number and electronic mail address. The entity may remove or replace such member at any time by written notice to the Secretary of the Planning Advisory Committee.

2.4 Procedures

(a) Notice of Meetings

Prior to the beginning of each year, the ISO shall list on the ISO Calendar, which is available on the ISO's website, the proposed meeting dates for the Planning Advisory Committee for each month of the year. Prior to a Planning Advisory Committee meeting, the ISO shall provide notice to the Planning Advisory Committee by electronic email with the date, time, format for the meeting (i.e., in person or teleconference), and the purpose for the meeting.

(b) Frequency of Meetings

Meetings of the Planning Advisory Committee shall be held as frequently as necessary to serve the purposes stated in Section 2.2 of this Attachment and as further specified elsewhere in this Attachment, generally expected to be no less than four (4) times per year.

(c) Availability of Meeting Materials

The ISO shall post materials for Planning Advisory Committee meetings on the Planning Advisory Committee section on the ISO's website prior to meetings. The materials for the Planning Advisory Committee meetings shall be made available to the members of the Planning Advisory Committee subject to protections warranted by confidentiality requirements of the ISO New England Information Policy set forth in Attachment D of

the ISO Tariff and Critical Energy Infrastructure Information ("CEII") policy as further described in Section 2.4(d) of this Attachment.

(d) Access to Planning-Related Materials that Contain CEII

CEII is defined as specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure (physical or virtual) that:

(i) Relates details about the production, generation, transportation, transmission, or distribution of energy;

(ii) Could be useful to a person in planning an attack on critical infrastructure;

(iii) Is exempt from mandatory disclosure under the Freedom of Information Act, 5 U.S.C. 552; and

(iv) Does not simply give the location of critical infrastructure.

CEII pertains to existing and proposed system and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of those matters. CEII does not include information that is otherwise publicly available. Simplified maps and general information on engineering, vulnerability, or design that relate to production, generation, transportation, transmission or distribution of energy shall not constitute CEII.

Planning-related materials determined to be CEII will be posted on the ISO's password-protected website. To obtain access to planning-related materials determined to be CEII, the entity seeking to obtain such access must contact the ISO's Customer Service department. Authorized Market Participants or their representatives, such as consultants, are bound by the ISO New England Information Policy and will be able to access CEII materials through the ISO's password-protected website. State and federal governmental agency employees and their consultants will be able to access such materials through the ISO's password-protected website upon submittal of a signed non-disclosure agreement, which is available on the ISO's website. Personnel of the ERO, NPCC, other regional transmission organizations or independent system operators, and transmission owners from neighboring regions will be able to access CEII materials pursuant to governing

agreements, rules and protocols. All external requests by other persons for planning-related materials determined to be CEII shall be recorded and tracked by ISO's Customer Services staff. Such requestors will be able to obtain access to CEII documents filed with the Commission pursuant to the Commission's regulations governing access to CEII. To the extent a requestor seeks access to planning-related material that is not filed with the Commission, such requestor shall comply with the requirements provided in the CEII procedures of the ISO, available on the ISO's website, prior to receiving access to CEII information. Upon compliance with the ISO's CEII procedures, the ISO shall grant the requestor access to the planning-related CEII document through direct distribution or access to the ISO password-protected website.

2.5 Local System Planning Process

The LSP process described in Appendix 1 to this Attachment applies to the transmission system planning for the Non-PTF in the New England Transmission System. The PTOs will utilize interested members of the Planning Advisory Committee for advisory stakeholder input in the LSP process that will meet, as needed, at the conclusion of, or independent of, scheduled Planning Advisory Committee meetings. The LSP meeting agenda and meeting materials will be developed by representatives of the pertinent PTOs and PTO representatives will chair the LSP meeting. The ISO will post the LSP agenda and materials for LSP.

3. RSP: Principles, Scope, and Contents

3.1 Description of RSP

The ISO shall develop the RSP based on periodic comprehensive assessments (conducted not less than every third year) of the PTF systemwide needs to maintain the reliability of the New England Transmission System while accounting for market efficiency, economic, environmental, and other considerations, as agreed upon from time to time. The ISO shall update the RSP to reflect the results of ongoing Needs Assessments conducted pursuant to Section 4.1 of this Attachment. The RSP shall also account for projected improvements to the PTF that are needed to maintain system reliability in accordance with national and regional standards and the operation of efficient markets under a set of planning assumptions.

The RSP shall, among other things:

(i) describe, in a consolidated manner, the assessment of the PTF system needs, the results of such assessments, and the projected improvements;

(ii) provide the projected annual and peak demands for electric energy for a five-to ten-year horizon, the needs for resources over this period and how such resources are expected to be provided;

(iii) specify the physical characteristics of the physical solutions that can meet the needs defined in the Needs Assessments and include information on market responses that can address them; and

(iv) provide sufficient information to allow Market Participants to assess the quantity, general locations, operating characteristics and required availability criteria of the type of incremental supply or demand-side resources, or merchant transmission projects, that would satisfy the identified needs or that may serve to modify, offset or defer proposed regulated transmission upgrades.

The RSP shall also include a description of proposed regulated transmission solutions that, based on the Solutions Studies described in Section 4.2 of this Attachment and the competitive solution process described in Section 4.3 of this Attachment, may meet the needs identified in the Needs Assessments. To this end, as further described in Section 3.6 below, the ISO shall develop and maintain a RSP Project List, a cumulative listing of proposed regulated transmission solutions classified, to the extent known, as Reliability Transmission Upgrades, ~~and~~ Market Efficiency Transmission Upgrades~~, that may meet those needs~~ and Public Policy Transmission Upgrades. The RSP shall also provide reasons for any new regulated transmission solutions or Transmission Upgrades included in the RSP Project List, any change in status of a regulated transmission solution or Transmission Upgrade in the RSP Project List, or for any removal of regulated transmission solutions or Transmission Upgrades from the RSP Project List that are known as of that time.

Each RSP shall be built upon the previous year's RSP.

3.2 Baseline of RSP

The RSP shall account for: (i) all projects that have met milestones, including market responses and regulated transmission solutions (e.g., planned demand-side projects, generation and transmission projects, Merchant Transmission Facilities, and Elective Transmission Upgrades) as determined by the

ISO, in collaboration with the Planning Advisory Committee, pursuant to Sections 4.1, ~~and~~ 4.2 and 4.3 of this Attachment; and (ii) the requirements for system operation and restoration services, not including the development of a system operations or restoration plan, which is outside the scope of the regional system planning process.

3.3 RSP Planning Horizon and Parameters

The RSP shall be based on a five-to ten-year planning horizon, and reflect five-to ten-year capacity and load forecasts.

The RSP shall conform to: Good Utility Practice; applicable Commission compliance requirements related to the regional system planning process; applicable reliability principles, guidelines, criteria, rules, procedures and standards of the ERO, NPCC, and any of their successors; planning criteria adopted and/or developed by the ISO; Transmission Owner criteria, rules, standards, guides and policies developed by the Transmission Owner for its facilities consistent with the ISO planning criteria, the applicable criteria of the ERO and NPCC; local transmission planning criteria; and the ISO New England Planning Procedures and ISO New England Operating Procedures, as they may be amended from time to time (collectively, the "Planning and Reliability Criteria").

The revisions to this Attachment K submitted to comply with FERC's Order No. 1000 shall not apply to any identified needs or transmission solutions included in an RSP approved by the ISO Board of Directors prior to the effective date of the Order No. 1000 compliance filing of the ISO and the PTOs or to any needs assessment concluded by the ISO or proposed solutions listed in an RSP update prior to such effective date.

3.4 Other RSP Principles

The RSP shall be designed and implemented to: (i) avoid unnecessary duplication of facilities; (ii) identify facilities that are necessary to meet Planning and Reliability Criteria; (iii) avoid the imposition of unreasonable costs upon any Transmission Owner, Transmission Customer or other user of a transmission facility; (iv) take into account the legal and contractual rights and obligations of the Transmission Owners and the transmission-related legal and contractual rights and obligations of any other entity; (v) provide for coordination with existing transmission systems and with appropriate inter-area and local expansion plans; and (vi) properly coordinate with market responses, including, but not limited to generation, merchant transmission and demand-side responses.

3.5 Market Responses in RSP

Market responses shall include investments in resources (e.g., demand-side projects, generation and distributed generation) and Merchant Transmission Facilities, and shall be evaluated by the ISO, in consultation with the Planning Advisory Committee, pursuant to Sections 4.2(a) and 7 of this Attachment.

In developing the RSP, the ISO shall account for market responses: (i) proposed by Market Participants as addressing needs (and any critical time constraints for addressing such needs) identified in a RSP or Needs Assessment, developed pursuant to Section 4.1 of this Attachment; and (ii) that have proved to be viable by meeting the criteria specified in Section 4.2(a) of this Attachment, as applicable.

Specifically, market responses that are identified to the ISO and are determined by the ISO, in consultation with the Planning Advisory Committee, to be sufficient to alleviate the need for a particular regulated transmission solution or Transmission Upgrade, based on the criteria specified in the pertinent Needs Assessment or RSP, and are judged by the ISO to be achievable within the required time period, shall be reflected in the next RSP and/or in a new or updated Needs Assessment. That particular regulated transmission solution or Transmission Upgrade may continue to be included in the appropriate category on the RSP Project List (as described in Section 3.6 below), subject to the ISO having the flexibility to indicate that the project should proceed at a later date or it may be removed if it is determined to be no longer needed. If the market response does not fully address the defined needs, or if additional transmission infrastructure is required to facilitate the efficient operation of the market, the RSP shall also include that particular regulated transmission solution or Transmission Upgrade, subject to the ISO having the flexibility to indicate that the Transmission Upgrade or regulated transmission solution should proceed at a later date and be modified, if necessary.

3.6 The RSP Project List

(a) Elements of the RSP Project List

The RSP Project List shall identify regulated transmission solutions proposed in response to the needs identified in a RSP or Needs Assessments conducted pursuant to Section 4.1 of this Attachment~~.~~, and shall identify Public Policy Transmission Upgrades identified pursuant to Section 4A of this Attachment. The RSP Project List shall identify the proposed regulated transmission solutions separately as ~~either~~ a Reliability Transmission Upgrade, ~~or~~ a Market Efficiency Transmission Upgrade, or a Public Policy Transmission Upgrade.

~~Within each category of the RSP Project List~~With regard to Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, the following subcategories will be utilized to indicate the status of each proposed regulated transmission solution in the evaluation process. These subcategories include: (i) Concept; (ii) Proposed; (iii) Planned; (iv) Under Construction; and (v) In-Service. A Public Policy Transmission Upgrade will be identified in the RSP Project List as (i) Proposed; (ii) Planned: (iii) Under Construction; or (iv) In-Service.

The regulated transmission solution subcategories are defined as follows:

(i) For purposes of Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, "Concept" shall include a transmission project that is being considered by its proponent as a potential solution to meet a need identified by the ISO in a Needs Assessment or the RSP, but for which there is little or no analysis available to support the transmission project.

(ii) For purposes of Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades,

"Proposed" shall include a regulated transmission solution that (~~i~~a) has been proposed in response to a specific need identified by the ISO in a Needs Assessment or the RSP and (~~ii~~b) has been evaluated or further defined and developed in a Solutions Study, as specified in Section 4.2(b) of this Attachment, or in the competitive solutions process specified in Section 4.3 of this Attachment, such that there is significant analysis that supports a determination by the ISO, as communicated to the Planning Advisory Committee, that the proposed regulated transmission solution would likely meet the need identified by the ISO in a Needs Assessment or the RSP, but has not received approval by the ISO under Section I.3.9 of the Tariff.

For purposes of Public Policy Transmission Upgrades, "Proposed" means that the inclusion of the project in the RSP Project List has received a Public Policy Transmittal pursuant to the procedures described in Section 4A of this Attachment K, but that the project has not yet been approved by the ISO under Section I.3.9 of the Tariff.

(iii) "Planned" shall include a Transmission Upgrade that has met the requirements for a Proposed project and has been approved by the ISO under Section I.3.9 of the Tariff.

(iv) "Under Construction" shall include a Transmission Upgrade that has received the approvals required under the Tariff and engineering and construction is underway.

(v) "In Service" shall include a Transmission Upgrade that has been placed in commercial operation.

Each ~~proposed regulated transmission solution or~~Reliability Transmission Upgrade and Market Efficiency Transmission Upgrade shall ~~also~~ be cross-referenced to the specific systemwide or area needs identified in a Needs Assessment or RSP. Each proposed Public Policy Transmission Upgrade shall be cross-referenced in the RSP Project List to a specific Public Policy Transmission Study.

For completeness, the RSP Project List shall also include transmission facilities (as determined under the ISO interconnection process specified in this OATT) to be built to accommodate new generation, merchant transmission, and elective transmission interconnections that have satisfied the requirements of this OATT.

(b) Periodic Updating of RSP Project List

The RSP Project List will be updated by the ISO periodically by adding, removing or revising regulated transmission solutions or Transmission Upgrades in consultation with the Planning Advisory Committee and, as appropriate, the Reliability Committee.

Updating of the RSP Project List shall be considered an update of the RSP to be reflected in the next RSP, as appropriate, pursuant to Section 3.1 of this Attachment.

(c) RSP Project List Updating Procedures and Criteria

As part of the periodic updating of the RSP Project List, the ISO: (i) shall modify (in accordance with the provisions of this Attachment) regulated transmission solutions or Transmission Upgrades to reflect changes to the PTF system configurations, including ongoing investments by Market Participants or other stakeholders; (ii) may add to and classify accordingly, regulated transmission solutions; and (iii) may remove from the

RSP Project List regulated transmission solutions or Transmission Upgrades previously identified in the RSP Project List if the ISO determines that the need for the proposed regulated transmission solution or the approved Transmission Upgrade no longer exists or is no longer feasible. With regard to (iii) above, this may include a removal of a regulated transmission solution or Transmission Upgrade because a market response meeting the need reaches the maturity specified in Section 4.2(a) of this Attachment and has been determined, pursuant to Section 4.2(a) of this Attachment, to meet the need described in the pertinent Needs Assessment or RSP. In doing so, the ISO shall consult with and consider the input from the Planning Advisory Committee and, as appropriate, the Reliability Committee. In addition, the ISO shall remove from the RSP Project List any Public Policy Transmission Upgrade if requested to do so in a written NESCOE communication reflecting decisions to terminate support of such upgrade by all of the states that previously agreed to support it as communicated in the Public Policy Transmittal described in Section 4A.8 below.

If a regulated transmission solution or Transmission Upgrade is removed from the RSP Project List by the ISO, the entity responsible for the construction of the regulated transmission solution or Transmission Upgrade shall be reimbursed for any costs prudently incurred or prudently committed to be incurred (plus a reasonable return on investment at existing Commission-approved ROE levels) in connection with the planning, designing, engineering, siting, permitting, procuring and other preparation for construction, and/or construction of the regulated transmission solution or Transmission Upgrade proposed for removal from the RSP Project List. The provisions of Schedule 12 of this OATT shall apply to any cost reimbursement under this Section. Prior to finalizing the RSP, the ISO shall provide the Planning Advisory Committee with written information explaining the reasons for any removal under this Section.

(d) Posting of LSP Project Status

Each PTO will be individually responsible for publicly posting and updating the status of its respective LSP and the transmission projects arising therefrom on its company website. The ISO's posting of the RSP Project Lists will include links to each PTO's specific LSP posting to be provided to the ISO by the PTOs.

4. Procedures for the Conduct of Needs Assessments, Treatment of Market Responses and Evaluation of Regulated Transmission Solutions

4.1 Non-Applicability of Sections 4.1 through 4.3; Needs Assessments

The reliability planning process established in this Attachment K shall apply to all transmission solutions adopted to resolve a reliability need. The market efficiency planning process established in this Attachment K shall apply to all transmission solutions adopted to resolve a market efficiency need. The public policy planning process established in this Attachment K shall apply to all transmission solutions adopted to resolve a public policy need. For needs identified initially as reliability, market efficiency or public policy needs, the collateral benefits of potential solutions to those needs shall not change the planning process applicable to those identified needs; notwithstanding the foregoing, the ISO shall report its views as to whether a project or preferred solution may also satisfy identified reliability needs of the system as described in Sections 4A.5(e) or 4A.7, respectively, of this Attachment K. Sections 4.1 through 4.3 of this Attachment are not applicable to the planning of Public Policy Transmission Upgrades, which is governed instead by Section 4A of this Attachment.

On a regular and ongoing basis, the ISO, in coordination with the PTOs and the Planning Advisory Committee, shall conduct assessments (i.e., Needs Assessments) of the adequacy of the PTF system, as a whole or in part, to maintain the reliability of such facilities while promoting the operation of efficient wholesale electric markets in New England. A Needs Assessment shall analyze whether the PTF in the New England Transmission System: (i) meet applicable reliability standards; (ii) have adequate transfer capability to support local, regional, and inter-regional reliability; (iii) support the efficient operation of the wholesale electric markets; (iv) are sufficient to integrate new resources and loads on an aggregate or regional basis; or (v) otherwise examine various aspects of its performance and capability. A Needs Assessment shall also identify: (i) the location and nature of any potential problems with respect to the PTF and (ii) situations that significantly affect the reliable and efficient operation of the PTF along with any critical time constraints for addressing the needs of the PTF to facilitate the development of market responses and to initiate the pursuit of regulated transmission solutions.

(a) Triggers for Needs Assessments

The ISO, in coordination with the PTOs and the Planning Advisory Committee, shall perform Needs Assessments, inter alia, if:

(i) a need for additional transfer capability is identified by the ISO in its ongoing evaluation of the PTF's adequacy and performance;

(ii) a need for additional transfer capability is identified as a result of an ERO and/or NPCC reliability assessment or more stringent publicly available local reliability criteria, if any;

(iii) constraints or available transfer capability limitations that are identified possibly as a result of generation additions or retirements, evaluation of load forecasts or proposals for the addition of transmission facilities in the New England Control Area;

(iv) as requested by a stakeholder pursuant to the provisions of Section 4.1(b) of this Attachment; or

(v) as otherwise deemed appropriate by the ISO as warranting such an assessment.

(b) Requests by Stakeholders for Needs Assessments for Economic Considerations

The ISO's stakeholders may request the ISO to initiate a Needs Assessment to ~~evaluate~~ examine situations where potential regulated transmission solutions or market responses or investments ~~that~~ could result in (i) a net reduction in total production cost to supply system load based on the factors specified in Attachment N of this OATT, (ii) reduced congestion, or (iii) the integration of new resources and/or loads on an aggregate or regional basis (an "Economic Study").

Requests for Economic Studies shall be submitted, considered and prioritized as follows:

(i) By no later than April 1 of each year, any stakeholder may submit to the ISO for public posting on the ISO's website a request for an Economic Study.

(ii) The ISO shall thereafter add any of its own proposals for Economic Studies. The ISO shall also develop a rough work scope and cost estimate for all requested Economic Studies, and develop preliminary prioritization based on the ISO's perceived regional and/or, as coordinated with the applicable neighboring system, inter-area benefits to assist stakeholders in the prioritization of Economic Studies.

(iii) By no later than May 1 of each year, the ISO shall provide the foregoing information to the Planning Advisory Committee, and a Planning Advisory Committee meeting shall be held at which Economic Study proponents will provide an explanation of their request.

(iv) By no later than June 1 of each year, the ISO shall hold a meeting of the Planning Advisory Committee for the members of the Planning Advisory Committee to discuss, identify and prioritize, as further facilitated by the ISO's preparation of a straw priority list to be further discussed at such meeting, up to ~~three~~ two (~~3~~2) Economic Studies (the costs of which will be recovered by the ISO pursuant to Section IV.A of the Tariff) to be performed by the ISO in a given year~~,~~ taking into consideration their impact on the ISO budget and other priorities. The ISO may consider performing up to three (3) Economic Studies if a Public Policy Transmission Study will not be concurrently performed.

(v) The ISO and the Planning Advisory Committee may agree to hold additional meetings to further discuss and resolve any issue concerning the substance of the Economic Studies themselves and/or their prioritization.

(vi) If the Planning Advisory Committee, after discussions between the Planning Advisory Committee and ISO management, is not able to prioritize the Economic Studies to be performed by the ISO in a given year, any member of the Planning Advisory Committee must submit a request for Regional Planning Dispute Resolution Process pursuant to Section 12 of this Attachment, such request to be submitted no later than August 30, to resolve the issues concerning the substance of the Economic Studies themselves and/or their prioritization.

(vii) The ISO will issue a notice to the Planning Advisory Committee detailing the prioritization of the Economic Studies as identified by the Planning Advisory Committee or, if a request for Regional Planning Dispute Resolution Process is submitted pursuant to Section 4.1.(b)(vi), as determined through that Process.

The foregoing timelines are subject to adjustment as determined by the ISO in coordination with the Planning Advisory Committee. The ISO will provide periodic updates on the status of Economic Studies to the Planning Advisory Committee.

Economic Study requests not within the two or three studies identified to be performed in a given year shall be treated in the same manner as a request for Elective Transmission Upgrade described in the OATT.

(c) Conduct of a Needs Assessment for Rejected Non-Price Retirement Requests and De-List Bids

(i) Where a Needs Assessment is underway for an area affected by a rejected Permanent De-List Bid or Non-Price Retirement Request, the Needs Assessment will represent the resource with the rejected Permanent De-List Bid as being interconnected, but unavailable for reliability purposes, and the Non-Price Retirement Request as being retired in the base representation being used to assess the system to identify reliability needs that must be addressed.

(ii) Where there is not a Needs Assessment underway for an area affected by a rejected Permanent De-List Bid or Non-Price Retirement Request, the ISO will initiate a Needs Assessment for that area.

(iii) In the case of a rejected Static De-List Bid or Dynamic De-List Bid, the ISO may as warranted, with advisory input from the Reliability Committee, examine the unavailability of the resource(s) with the rejected bid as a sensitivity in a Needs Assessment, or examine the unavailability of the resource(s) in the base representation in a Needs Assessment. The ISO may as warranted, with advisory input from the Reliability Committee, initiate a Needs Assessment for the purpose of modeling rejected Static De-List Bids or Dynamic De-List Bids where the ISO believes that the initiation of such a study is warranted.

(iv) Prior to the start of each new capacity qualification period the ISO shall present to the Reliability Committee the status of any prior rejected de-list bids or Non-Price Retirement Requests being studied in the regional system planning process.

(d) Notice of Initiation of Needs Assessments

Prior to its commencement, the ISO shall provide notice of the initiation of a Needs Assessment to the Planning Advisory Committee consistent with Section 2 of this Attachment.

(e) Preparation of Needs Assessment

Needs Assessments may examine resource adequacy, transmission adequacy, projected congestion levels and other relevant factors as may be agreed upon from time to time. Needs Assessments shall also consider the views, if any, of the Planning Advisory Committee, State regulators or agencies, ~~a Regional State Committee, if in existence~~NESCOE, the Market Advisor to the ISO Board of Directors, and the ISO Board of Directors. A corresponding assessment shall be performed by the PTOs to identify any needs relating to the Non-PTF transmission facilities (of whatever voltage) that could affect the provision of Regional Transmission Service over the PTF.

(f) Needs Assessment Study Groups

For the development of the Needs Assessments, the ISO may form a targeted study group of representatives of affected stakeholders based on the scope of the particular Needs Assessment. Participation in such study groups is voluntary and is intended to provide an opportunity to affected stakeholders for early involvement in the regional system planning process. The ISO may form sub-working groups with limited participation due to ISO New England Information Policy/Code of Conduct and CEII constraints.

(g) Input from the Planning Advisory Committee

Meetings of the Planning Advisory Committee shall be convened to identify additional considerations relating to a Needs Assessment that were not identified in support of initiating the assessment, and to provide input on the Needs Assessment's scope, assumptions and procedures, consistent with the responsibilities of the Planning Advisory Committee as set forth in Section 2.2 of this Attachment.

(h) Publication of Needs Assessment and Response Thereto

The ISO shall report the results of Needs Assessments to the Planning Advisory Committee, subject to CEII constraints. Needs Assessments containing CEII will be posted on the ISO's password-protected website consistent with Section 2.4(d) of this Attachment. Needs Assessments will identify high-level functional requirements and characteristics for regulated transmission solutions and market responses that can meet the needs described in the assessment. The ISO will also present the Needs Assessments in appropriate market forums to facilitate market responses. ~~Generally, following~~Where the forecast year of need is five years or less from

the completion of a Needs Assessment (unless the solution to the Needs Assessment will likely be a Market Efficiency Transmission Upgrade), the ISO will evaluate the adequacy of proposed regulated solutions by performing Solutions Studies, as described in Section 4.2 of this Attachment. Where the solution to a Needs Assessment will likely be a Market Efficiency Transmission Upgrade, or where the forecast year of need for a solution that is likely to be a Reliability Transmission Upgrade is more than five years from the completion of a Needs Assessment, the ISO will conduct a solution process based on a two-stage competition, as described in Section 4.3 of this Attachment.

4.2 Treatment of Market Responses and Evaluation of Regulated Transmission Solutions

(a) Treatment of Market Solutions in Needs Assessments

The ISO shall reflect proposed market responses in the regional system planning process. Market responses may include, but are not limited to, resources (e.g., demand-side projects and distributed generation) ~~and~~ , Merchant Transmission Facilities and Elective Transmission Upgrades.

Specifically, the ISO shall incorporate or update information regarding resources in Needs Assessments that have been proposed and (i) have cleared in a Forward Capacity Auction pursuant to Market Rule 1 of the ISO Tariff, (ii) have been selected in, and are contractually bound by, a state-sponsored Request For Proposals, or (iii) have a financially binding obligation pursuant to a contract. With respect to (ii) or (iii) above, the proponent of the market response shall inform the ISO, in writing, of its selection or its assumption of financially binding obligations, respectively. The ISO shall incorporate or update information regarding a proposed Merchant Transmission Facility or Elective Transmission Upgrade in a Needs Assessment at a time after the studies corresponding to the Merchant Transmission Facility or Elective Transmission Upgrade are completed (including receipt of approval under Section I.3.9 of the Tariff) and a commercial operation date has been ascertained, with the exception of Elective Transmission Upgrades that are proposed in conjunction with the interconnection of a resource, which shall be considered at the same time as the proposed resource is considered in the Needs Assessment.

(b) Evaluation and Development of Regulated Transmission Solutions in Solutions Studies for Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades

~~The~~ In the case of Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades, the ISO, in coordination with the proponents of regulated transmission solutions and other interested or affected stakeholders, shall conduct or participate in studies ("Solutions Studies") to evaluate whether proposed regulated transmission solutions meet the PTF system needs identified in Needs Assessments. The ISO, in coordination with affected stakeholders shall also identify regulated transmission projects for addressing the needs identified in Needs Assessments.

The ISO may form ISO-led targeted study groups to conduct Solutions Studies. Such study groups will include representatives of the proponents of regulated transmission solutions and other interested or affected stakeholders. Through this process, the ISO may identify the most cost-effective and reliable solutions for the region that meets a need identified in a Needs Assessment. These solutions may differ from a transmission solution proposed by a transmission owner.

Proponents of regulated transmission proposals in response to Needs Assessments shall also identify any LSP plans that require coordination with their regulated transmission proposals addressing the PTF system needs.

(c) Notice of Initiation of a Solutions Study

The ISO shall provide notice of the initiation and scope of a Solutions Study to the Planning Advisory Committee.

(d) Classification of Regulated Transmission Solutions as Market Efficiency Transmission Upgrades or Reliability Transmission Upgrades

As described in Section 3.1 and 3.6(a) of this Attachment, proposed regulated transmission solutions determined by the ISO, in consultation with the Planning Advisory Committee, to address needs identified in Needs Assessments shall be classified as either a Reliability Transmission Upgrade and/or a Market Efficiency Transmission Upgrade pursuant to the standards set forth in Attachment N of this OATT.

(e) Identification of the Preferred Solution and Inclusion of Results of Solutions Studies for Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades in the RSP

The results of Solutions Studies related to Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades will be reported to the Planning Advisory Committee ~~and will, as appropriate, be reflected in the RSP and/or its Project List, as it is updated from time to time in accordance with this Attachment~~. After receiving feedback from the Planning Advisory Committee, the ISO will identify the preferred solution. The ISO will inform the appropriate Transmission Owners in writing regarding the identification of the preferred solution.

Once identified, the preferred solution, as appropriate, will be reflected (with an overview of why the solution is preferred) in the RSP and/or its Project List, as it is updated from time to time in accordance with this Attachment.

4.3 Competitive Solution Process for Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades

(a) Public Notice Initiating Competitive Solution Process

The ISO will issue a public notice with respect to each Needs Assessment for which, pursuant to Section 4.1(h) of this Attachment, a competitive solution process will be utilized. The notice will indicate that Qualified Transmission Project Sponsors may submit Phase One Proposals offering solutions that comprehensively address the identified needs. Neither the submission of a project by a Qualified Transmission Project Sponsor nor the selection by the ISO of a project submitted by a Qualified Transmission Project Sponsor for inclusion in the RSP Project List shall alter a PTO's use and control of an existing right of way, the retention, modification, or transfer of which remain subject to the relevant law or regulation, including property or contractual rights, that granted the right-of-way. Nothing in the processes described in this Attachment K requires a PTO to relinquish any of its rights-of-way in order to permit a Qualified Transmission Project Sponsor to develop, construct or own a project.

A PTO or PTOs shall submit an individual or joint Phase One Proposal for any need that would be solved by a project located within or connected to its/their existing electric system, and which it/they would therefore have an obligation to build under Schedule 3.09(a) of the TOA. Such

PTOs may recover the costs of preparing Phase One Proposals in accordance with the mechanisms reflected in the OATT and the terms of the TOA.

(b) Information Required for Phase One Proposals; Timing

Phase One Proposals shall provide the following information:

(i) a detailed description of the proposed solution, including an identification of the proposed route for the solution and technical details of the project;

(ii) a detailed explanation of how the proposed solution addresses the identified need;

(iii) feasibility studies, as requested by ISO, to demonstrate how the proposed solution would address the identified need;

(iv) the proposed schedule for development and completion of the proposed solution;

(v) right, title, and interest in rights of way, substations, and other property or facilities, if any, that would contribute to the proposed solution or the means and timeframe by which such would be obtained;

(vi) a list of affected existing transmission system facilities that the PTO or Qualified Transmission Project Sponsor believe will require modification as part of the proposal; and

(vii) the estimated lifecycle cost of the proposed solution, including an itemization of the components of the cost estimate.

Phase One Proposals must be submitted by the deadline specified in the posting by the ISO of the public notice described in Section 4.3(a) of this Attachment, which shall not be less than 60 days from the posting date of the notice. The ISO may reject submittals which are insufficient or not adequately supported.

(c) LSP Coordination

Sponsors of Phase One Proposals shall also identify any LSP plans that require coordination with their proposals.

(d) Preliminary Review by ISO

If the sole Phase One Proposal in response to a given Needs Assessment has been submitted by PTO(s), proposing a project that would be located within or connected to its/their existing electric

system, the ISO shall proceed under Section 4.2(b)-(e) of this Attachment, rather than pursuant to the procedures set forth in the remainder of this Section 4.3.

If more than one Phase One Proposal has been submitted in response to the public notice described in Section 4.3(a) of this Attachment K, the ISO shall perform a preliminary feasibility review of each proposal to determine whether the proposed solution:

(i) provides sufficient data and that the data is of sufficient quality to satisfy Section 4.3(b) of this Attachment;
(ii) appears to satisfy the needs described in the Needs Assessment;
(iii) is technically practicable and indicates possession of, or an approach to acquiring, the necessary rights of way, property and facilities that will make the proposal reasonably feasible in the required timeframe; and
(iv) is eligible to be constructed only by an existing PTO in accordance with Schedule 3.09(a) of the TOA because the proposed solution is an upgrade to existing PTO facilities, or because the costs of the proposed solution are not eligible for regional cost allocation under the OATT and will be allocated only to the local customers of a PTO.

(e) Proposal Deficiencies; Further Information
If the ISO identifies any minor deficiencies in meeting the requirements of Section 4.3(b) in the information provided in connection with a proposed Phase One Proposal, the ISO will notify the Phase One Proposal sponsor and provide an opportunity for the sponsor to cure the deficiencies within the timeframe specified by the ISO. Upon request, sponsors of Phase One Proposals shall provide the ISO with additional information reasonably necessary for the ISO's evaluation of the proposed solutions.

(f) Listing of Qualifying Phase One Proposals
For each Needs Assessment, the ISO will provide the Planning Advisory Committee with, and post on the ISO's website, a listing of Phase One Proposals that meet the criteria of Section 4.3(b). A meeting of the Planning Advisory Committee will be held thereafter in order to solicit stakeholder input on the listing, and the listed proposals. The ISO with input from the PAC may exclude projects from consideration under Phase Two based on a determination that the project is not competitive with other projects that have been submitted in terms of cost, electrical performance, future system expandability, or feasibility. Information on Phase One Proposals

containing CEII will be posted on the ISO's protected website consistent with Section 2.4(d) of this Attachment. The ISO may amend its listing based on stakeholder input.

(g) Phase Two Solutions

The ISO will work with Qualified Transmission Project Sponsors of projects reflected on the final listing developed pursuant to Section 4.3(f) of this Attachment, and with affected PTOs, to evaluate and further develop the listed projects to create a Phase Two Solution(s) for each Needs Assessment. The ISO will identify the project that offers the best combination of electrical performance, cost, future system expandability and feasibility to meet the need in the required timeframe as the preliminary preferred Phase Two Solution in response to each Needs Assessment. The ISO will report the preliminary preferred Phase Two Solution, together with explanatory materials, to the Planning Advisory Committee and seek stakeholder input on the preliminary preferred solution.

(h) Reimbursement of Phase Two Solution Costs

Qualified Transmission Project Sponsors whose projects are listed pursuant to Section 4.3(f) for review as Phase Two Solutions shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff (and, as applicable, the TOA and NTDOA), all prudently incurred costs associated with developing a Phase Two Solution. PTOs shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff, all prudently incurred study costs and costs associated with developing any upgrades or modifications to such PTOs' existing facilities necessary to facilitate the development of a listed project proposed by any other Qualified Transmission Project Sponsor.

(i) Inclusion of Preferred Phase Two Solution in RSP and/or RSP Project List

Following receipt of stakeholder input, the ISO will identify the preferred Phase Two Solution (with an overview of why the solution is preferred) by a posting on its website. The ISO's identification will select the project that offers the best combination of electrical performance, cost, future system expandability and feasibility to meet the need in the required timeframe. The ISO will also notify the Qualified Transmission Project Sponsor that proposed the preferred Phase Two Solution that its project has been selected for development. The ISO will include the project as a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade, as appropriate, in the RSP and/or its Project List, as it is updated from time to time in accordance with this Attachment.

(j) Milestone Schedules

Within 30 Business Days of its receiving notification pursuant to Section 4.3(i) of this Attachment, the Qualified Transmission Project Sponsor shall submit to the ISO (and shall update periodically) a schedule that indicates the dates by which applications for siting and other approvals necessary to develop and construct the project by the required in-service date shall be submitted. Within 30 Business Days of its receiving all necessary siting and other approvals, the Qualified Transmission Project Sponsor shall submit to the ISO (and shall update periodically) a schedule of dates by which typical project construction phases will be completed. If the ISO finds, after consultation with the Qualified Transmission Project Sponsor, that the sponsor is failing to pursue approvals or construction in a reasonably diligent fashion, or that the sponsor is unable to proceed with the project due to forces beyond its reasonable control, the ISO shall prepare a report, including a proposed course of action. If prepared with respect to a Qualified Transmission Project Sponsor that is a PTO, the report shall be made consistent with the provisions of Section 1.1(e) of Schedule 3.09(a) of the Transmission Operating Agreement. If prepared with respect to a Qualified Transmission Project Sponsor that is not a PTO, the report shall include a report from that sponsor. The ISO shall file its report with the Commission.

4A. Public Policy Transmission Studies; Public Policy Transmission Upgrades

4A.1 NESCOE Requests for Public Policy Transmission Studies

No less often than every three years, by January 15 of that year, the ISO will post a notice indicating that members of the Planning Advisory Committee may provide NESCOE with input regarding state and federal public policy requirements identified as driving transmission needs relating to the New England Transmission System, and regarding particular transmission needs driven by public policy requirements. A meeting of the Planning Advisory Committee may be held for this purpose. By no later than April 1 of that year, NESCOE may submit to the ISO in writing a request for a new Public Policy Transmission Study, or an update of a previously conducted study. The request will identify the public policy requirements identified as driving transmission needs relating to the New England Transmission System, and may identify particular NESCOE-identified public policy-related transmission needs as well. Along with any such request, NESCOE will provide the ISO with a written explanation of which transmission needs driven by public policy requirements the ISO will evaluate for potential solutions in the

regional planning process, including why other suggested transmission needs will not be evaluated. The ISO will post the NESCOE request and explanation on the ISO's website.

4A.1.1 Study of Federal Public Policies Not Identified by NESCOE

If a stakeholder believes that a federal public policy requirement that may drive transmission needs relating to the New England Transmission System has not been appropriately addressed by NESCOE, it may file with the ISO a written request that explains the stakeholder's reasoning and that seeks consideration by the ISO of NESCOE's position regarding that requirement. Where the ISO agrees with a stated stakeholder position, or on its own finding, the ISO may perform an evaluation under Sections 4A.2 through 4A.4 of this Attachment of a federal public policy not otherwise identified by NESCOE.

4A.2 Preparation for Conduct of Public Policy Transmission Studies; Stakeholder Input

Upon receipt of the NESCOE request, or as the result of a study related to a federal public policy requirement initiated by the ISO pursuant to Section 4A.1.1, the ISO will prepare and post on its website a proposed scope for the Public Policy Transmission Study, and associated parameters and assumptions, and provide the foregoing to the Planning Advisory Committee by no later than June 1 of the request year. A meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit stakeholder input for consideration by NESCOE and the ISO on the scope, parameters and assumptions for those public policies that have been identified by NESCOE. In the case of an ISO-initiated study regarding a federal public policy under Section 4A.1.1, the ISO shall determine, with input from the Planning Advisory Committee, the scope, parameters and assumptions for the study.

4A.3 Conduct of Public Policy Transmission Studies; Stakeholder Input

In the case of public policy requirements that have been identified by NESCOE, following NESCOE's consideration of input and upon receipt in writing from NESCOE of the final scope, parameters and assumptions for the Public Policy Transmission Study, the ISO will conduct the initial phase of the study, and provide NESCOE and the Planning Advisory Committee with the results of its analyses. In the case of a federal public policy study, initiated by the ISO pursuant to Section 4A.1.1, the ISO will conduct the initial phase of the study utilizing the scope, parameters and assumptions that the ISO has identified with input from the Planning Advisory Committee, and will provide NESCOE and the Planning Advisory Committee with the result of its analysis. With input from PAC and potentially impacted PTOs, ISO will develop a rough

estimate of the costs and benefits of conceptual projects that could meet transmission needs driven by public policy requirements. As part of the initial phase of the Public Policy Transmission Study, the results will be posted on the ISO's website, and a meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input for NESCOE and the ISO on the results of the initial phase of the study, and the scope, parameters and assumptions for any follow-on phase of the study. Except for studies for federal public policy requirements initiated by the ISO pursuant to Section 4A.1.1, following NESCOE's receipt and consideration of input, and upon receipt of a request in writing from NESCOE to proceed, the ISO will − as a follow-on phase of the Public Policy Transmission Study − perform more detailed analysis and engineering work on the conceptual projects. In its notice to proceed, NESCOE may include in, or exclude from, the follow-on study, particular conceptual projects or alternatives, and may provide associated parameters and assumptions for the follow-on study. In the case of studies for federal public policy requirements initiated by the ISO pursuant to Section 4A.1.1, the ISO will proceed to the follow-on study phase without a request from NESCOE and will utilize parameters and assumptions that the ISO determines to be appropriate with input from the Planning Advisory Committee. This follow-on study will provide more detail regarding options for system upgrades that would need to be performed in order to accommodate the public policy alternatives for which the follow-on ISO study has been requested.

4A.4 Response to Follow-On Phase of Public Policy Transmission Studies

The results of the follow-on phase of the Public Policy Transmission Study will be provided to NESCOE and the Planning Advisory Committee and posted on the ISO's website, and a meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input for NESCOE and the ISO on those results. The ISO's costs of performing both phases of the Public Policy Transmission Study described in Section 4A.3 will be collected by the ISO pursuant to Schedule 1 of Section IV.A of the Tariff. Any prudently incurred PTO costs for assistance requested by the ISO to support both phases of the Public Policy Transmission Study will be recovered by the applicable PTO(s) in accordance with Attachment F and Schedule 21 of the Tariff.

Upon NESCOE's receipt and consideration of Planning Advisory Committee input, NESCOE may provide the ISO, within ninety days of receipt, with a written list of transmission options if any, that one or more of the states are interested in exploring further through Stage One Proposals, including transmission options identified through ISO-initiated studies for a federal

public policy requirement pursuant to Section 4A.1.1, together with a matrix of the key desirable features for each of the options that will be explored further. The matrix is non-binding on any subsequent decision by any state in connection with any project proposal. The list will indicate which states have elected to support further analysis of these options. The ISO will provide the results of the Public Policy Transmission Study and the NESCOE list/matrix to Qualified Transmission Project Sponsors for their use in preparing Stage One Proposals to develop, build and operate one or more projects based on the options identified by NESCOE for further exploration. The ISO may refer to the matrix in assessing Stage One Proposals.

Where there is an ISO-initiated study for federal public policy pursuant to Section 4A.1.1 that is not selected by one or more states through NESCOE for further development through Stage One proposals, the ISO will determine the appropriate next steps to take with regard to such study with input from NESCOE and the Planning Advisory Committee. The ISO will not undertake steps in the regional planning process with regard to such a study that have not been approved by the Commission where necessary.

Neither the submission of a project by a Qualified Transmission Project Sponsor nor the selection in a Public Policy Transmittal of a project submitted by a Qualified Transmission Project Sponsor for inclusion in the RSP Project List shall alter a PTO's use and control of an existing right of way, the retention, modification, or transfer of which remain subject to the relevant law or regulation, including property or contractual rights, that granted the right-of-way. Nothing in the processes described in this Attachment K shall require a PTO to relinquish any of its rights-of-way in order to permit a Qualified Transmission Project Sponsor to develop, construct or own a project.

4A.5 Stage One Proposals

(a) Information Required for Stage One Proposals

For each general project concept identified by the ISO pursuant to Section 4A.3 above, Qualified Transmission Project Sponsors may, prepare (by the deadline specified by the ISO) a Stage One Proposal providing the following information:

(i) a detailed description of the proposed solution, including an identification of the proposed route for the solution and technical details of the project;

(ii) a detailed explanation of how the proposed solution addresses the identified need;

(iii) feasibility studies, as requested by ISO, to demonstrate how the proposed solution would address the identified need;

(iv) the proposed schedule for development and completion of the proposed solution;

(v) right, title, and interest in rights of way, substations, and other property or facilities, if any, that would contribute to the proposed solution or the means and timeframe by which such would be obtained;

(vi) a list of affected existing transmission system facilities that the Qualified Transmission Project Sponsor believes will require modification as part of the proposal;

(vii) the estimated lifecycle cost of the proposed solution, including an itemization of the components of the cost estimate; and

(viii) any other information or supporting documentation required to address the matrix provided by NESCOE in accordance with Section 4A.4.

(b) LSP Coordination

Sponsors of Stage One Proposals shall also identify any LSP plans that require coordination with their proposals.

(c) Preliminary Review by ISO

Upon receipt of Stage One Proposals, the ISO shall perform a preliminary feasibility review of each proposal to determine whether the proposed solution:

(i) provides sufficient data and that the data is of sufficient quality to satisfy Section 4A.5(a);

(ii) appears to satisfy the NESCOE-identified needs driven by public policy requirements;

(iii) is technically practicable and indicates possession of, or an approach to acquiring, the necessary rights of way, property and facilities that will make the proposal reasonably feasible in the required timeframe; and;

(iv) is eligible to be constructed only by an existing PTO in accordance with Schedule 3.09(a) of the TOA because the proposed solution is an upgrade to existing PTO facilities or because the costs of the proposed solution are not eligible for regional cost allocation under the OATT and will be allocated only to the local customers of a PTO.

(d) Proposal Deficiencies; Further Information

If the ISO identifies any deficiencies (compared with the requirements of Section 4A.5(a)) in the information provided in connection with a proposed Stage One Proposal, the ISO will notify the Stage One Proposal sponsor and provide an opportunity for the sponsor to cure the deficiencies within the timeframe specified by the ISO. Upon request, sponsors of Stage One Proposals shall provide the ISO with additional information reasonably necessary for the ISO's evaluation of the proposed solutions.

(e) List of Qualifying Stage One Proposals; NESCOE Response

The ISO will provide NESCOE and the Planning Advisory Committee with, and post on the ISO's website, a list of Stage One Proposals that meet the criteria of Section 4A.5(c), including any ISO comments on the proposals in relation to the elements of the NESCOE matrix. A meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input for NESCOE and the ISO on that list. The ISO shall also indicate whether any of the projects may also satisfy identified reliability needs of the system. Information on Stage One Proposals containing CEII will be posted on the ISO's protected website consistent with Section 2.4(d) of this Attachment.

(f) Stage Two Cost Estimate Requests

NESCOE may request from any Qualified Transmission Project Sponsor a written estimate of the anticipated costs of proceeding with Stage Two Solution study work, and the Qualified Transmission Project Sponsor shall respond within the timeframe specified by NESCOE. If a Qualified Transmission Project Sponsor thereafter expects the actual costs of the studies to exceed the estimated costs by 25 percent, the sponsor shall provide ISO and NESCOE a revised estimate of the costs to complete the work. The ISO may receive a communication from NESCOE, within ten days of its receipt of a Qualified Transmission Project Sponsor's revised estimate, indicating whether NESCOE accepts the revised estimate. If such a communication is received from NESCOE within that timeframe indicating that NESCOE does not accept the revised estimate, then the ISO shall promptly advise the project sponsor to stop work. A Qualified Transmission Project Sponsor shall be entitled to recover its actual costs prudently incurred up to that point. If (a) a communication from NESCOE is not received within ten days or (b) NESCOE accepts the revised estimate, then the Qualified Transmission Project Sponsor may continue study work consistent with the revised estimate unless and until it once again expects to exceed the estimate by 25 percent, in which case the Qualified Project Transmission Sponsor shall again follow the notification steps set out in this Section.

(g) NESCOE Identification of Projects for Stage Two Solutions

Within 120 calendar days of the Planning Advisory Committee meeting described in Section 4A.5(e), the ISO may receive from NESCOE a written list of projects included in Stage One Proposals, if any, that one or more of the states are interested in exploring further. In order for the ISO to proceed with the development of Stage Two Solutions, the list will indicate which states have elected to receive further analysis on the identified projects, and will therefore fund the development of the related Stage Two Solutions. For any policy need for which NESCOE has not, within that timeframe, identified a project, the public policy planning process for that cycle shall end.

4A.6 Reimbursement of Stage One Proposal and Stage Two Solution Costs

Qualified Transmission Project Sponsors that are requested by NESCOE in writing or by one or more states' governors or regulatory authorities directly to submit a Stage One Proposal shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff and the TOA, their prudently incurred costs from the Regional Network Load of the states identified by NESCOE in the written communication as having made the request or from the Regional Network Load of the states that made the request directly. Stage One Proposal costs shall otherwise not be subject to recovery under the ISO Tariff.

Qualified Transmission Project Sponsors whose projects are listed by NESCOE pursuant to Section 4A.5(g) shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff and, as applicable, the TOA and NTDOA, all prudently incurred costs associated with developing a Stage Two Solution. PTOs shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff, all prudently incurred study costs and costs associated with developing any upgrades or modifications to such PTOs' existing facilities necessary to facilitate the development of a listed project proposed by any other Qualified Transmission Project Sponsor.

4A.7 Stage Two Solutions

The ISO will work with Qualified Transmission Project Sponsors of projects listed by NESCOE pursuant to Section 4A.5(g) and with affected PTOs to evaluate and further develop the listed projects to create Stage Two Solutions. The ISO will provide analysis to the Planning Advisory Committee regarding the performance of each Stage Two Solution. Within 90 calendar days, the

ISO may receive from the participating states through NESCOE a written list of the preliminary preferred Stage Two Solution for each objective reflected in the list provided by NESCOE pursuant to Section 4A.5(g). The ISO will report the preliminary preferred Stage Two Solution(s), along with its views as to whether the preferred solution(s) also satisfies identified reliability needs of the system, to NESCOE and the Planning Advisory Committee and seek stakeholder input on the preliminary preferred solutions.

4A.8 Time Period During Which the ISO May Receive a Public Policy Transmittal

The ISO may receive a Public Policy Transmittal within twelve months from the date that the ISO communicates its analysis of the preliminary preferred Stage Two Solutions to NESCOE as discussed in Section 4A.7. If a Public Policy Transmittal is not received with the time period specified in this Section 4A.8, the public policy planning cycle shall conclude.

4A.9 Inclusion of Public Policy Transmission Upgrades in the Regional System Plan and RSP Project List; Subsequent State Opt-In; Removal from RSP Project List

(a) Inclusion of Public Policy Transmission Upgrades in the Regional System Plan and RSP Project List

Upon receipt of a Public Policy Transmittal, the ISO shall notify the corresponding Qualified Transmission Project Sponsors, and include in the Regional System Plan and RSP Project List, as Public Policy Transmission Upgrade(s), the project(s) indicated as having been approved for inclusion in the Regional System Plan by the respective states. Costs will be allocated under the method specified in the Public Policy Transmittal, using the mechanisms used in the Tariff and/or other documents filed with and accepted by the Commission by the applicable PTOs in accordance with the TOA or by a Qualified Transmission Project Sponsor that is not a PTO; *provided*, *however*, that if the opting-in states do not specify a different cost allocation mechanism, the costs of such Public Policy Transmission Upgrade(s) shall be allocated to the network load for all opting-in states based on each state's respective load-ratio share of the Qualified Transmission Project Sponsors' proposal/solution costs for that project. If not already a party to the TOA, each Qualified Transmission Project Sponsor for a Public Policy Transmission Upgrade shall execute the TOA upon placing the upgrade into service.

(b) Milestone Schedules

Within 30 Business Days of its receiving notification pursuant to Section 4A.9(a) of this Attachment, the Qualified Transmission Project Sponsor shall submit to the ISO (and shall update periodically) a schedule that indicates the dates by which applications for siting and other approvals necessary to develop and construct the project by the required in-service date shall be submitted. Within 30 Business Days of its receiving all necessary siting and other approvals, the Qualified Transmission Project Sponsor shall submit to the ISO (and shall update periodically) a schedule of dates by which typical project construction phases will be completed. If the ISO finds, after consultation with the Qualified Transmission Project Sponsor, that the sponsor is failing to pursue approvals or construction in a reasonably diligent fashion, or that the sponsor is unable to proceed with the project due to forces beyond its reasonable control, the ISO shall prepare a report, including a proposed course of action. If prepared with respect to a Qualified Transmission Project Sponsor that is a PTO, the report shall be made consistent with the provisions of Section 1.1(e) of Schedule 3.09(a) of the Transmission Operating Agreement. If prepared with respect to a Qualified Transmission Project Sponsor that is not a PTO, the report shall include a report from that sponsor. The ISO shall file its report with the Commission.

(c) Subsequent State Opt-In

To the extent that a state opts in as a supporter of a Public Policy Transmission Upgrade at the Public Policy Transmittal stage, but did not opt in for the corresponding project at the Stage One Proposal or the Stage Two Solutions stage, the Regional Network Load and Local Network Load for such state will be charged its respective load-ratio share of the Qualified Transmission Project Sponsors' proposal/solution costs for that project pursuant to OATT Schedules 13 and/or 21, as applicable, with corresponding credits to the Regional Network Load and Local Network Load of the previously opting-in states.

(d) Removal from RSP Project List

If a Public Policy Transmission Upgrade is removed from the RSP Project List by the ISO pursuant to Section 3.6(c), the entity responsible for the construction of the Public Policy Transmission Upgrade shall be reimbursed for any costs prudently incurred or prudently committed to be incurred (plus a reasonable return on investment at existing Commission-approved ROE levels) in connection with the planning, designing, engineering, siting, permitting, procuring and other preparation for construction, and/or construction of that Public Policy Transmission Upgrade.

4A.10 Local Public Policy Transmission Upgrades

The costs of Local Public Policy Transmission Upgrade(s) that are required in connection with the construction of a Public Policy Transmission Upgrade approved for inclusion in the Regional System Plan in accordance with Section 4A.9 shall be allocated in accordance with Schedule 21 of the ISO OATT.

4B. Qualified Transmission Project Sponsors

4B.1 Periodic Evaluation of Applications

The ISO will periodically evaluate applications submitted by an entity that seeks to qualify as a sponsor of a proposed Reliability Transmission Upgrade, Market Efficiency Transmission Upgrade or Public Policy Transmission Upgrade.

4B.2 Information To Be Submitted

The application to be submitted to the ISO by an entity, other than a PTO or a Commission-approved ITC that has an existing operating agreement with the ISO (any of which shall be deemed to be a Qualified Transmission Project Sponsor), desiring to be a Qualified Transmission Project Sponsor will include the following information:

(i) the current and expected capabilities of the applicant to finance, license, and construct a Reliability Transmission Upgrade, Market Efficiency Transmission Upgrade or Public Policy Transmission Upgrade and operate and maintain it for the life of the project;

(ii) the financial resources of the applicant;

(iii) the technical and engineering qualifications and experience of the applicant;

(iv) if applicable, the previous record of the applicant regarding construction and maintenance of transmission facilities;

(v) demonstrated capability of the applicant to adhere to construction, maintenance and operating Good Utility Practices, including the capability to respond to outages;

(vi) the ability of the applicant to comply with all applicable reliability standards;

(vii) the legal status of the applicant;

(viii) the extent to which the applicant satisfies state legal or regulatory requirements for siting, constructing, owning and operating transmission projects;

(ix) the experience of the applicant and its team in acquiring rights of way, and the authority to acquire rights of way by eminent domain, if necessary, that would facilitate approval and construction;

(x) demonstrated ability of the applicant to meet development and completion schedules; and

(xi) demonstrated ability of the applicant to assume liability for major losses resulting from failure of facilities.

4B.3 Review of Qualifications

The ISO shall review each application for completeness. The ISO will notify each applicant within 30 calendar days of receipt of such application whether the application is complete, or identify any deficiencies in provision of the information required by Section 4B.2 of this Attachment. An applicant notified of deficiencies must provide any remedial information within 30 calendar days of the receipt of such notice. Thereafter, the ISO will determine whether the applicant is physically, technically, legally, and financially capable of constructing a Reliability Transmission Upgrade, Market Efficiency Transmission Upgrade or Public Policy Transmission Upgrade in a timely and competent manner, and operating and maintaining the facilities consistent with Good Utility Practice and applicable reliability criteria for the life of the project. A non-PTO entity determined by the ISO to meet all of these criteria will, upon its execution of the Non-incumbent Transmission Developer Operating Agreement (in the form specified in Attachment O of the OATT) and the Market Participant Service Agreement, be deemed a Qualified Transmission Project Sponsor.

4B.4 List of Qualified Transmission Project Sponsors

The ISO will post and maintain on its website a list of Qualified Transmission Project Sponsors.

5. Supply of Information and Data Required for Regional System Planning

The Transmission Owners, Generator Owners, Transmission Customers, Market Participants and other entities requesting transmission or interconnection service or proposing the integration of facilities to PTF in the New England Transmission System or alternatives to such facilities, and stakeholders requesting a Needs Assessment pursuant to Section 4.1 of this Attachment, shall supply, as required by the Tariff, the Participants Agreement, MPSAs, applicable transmission operating agreements, and/or other existing

agreements, protocols and procedures, or upon request by the ISO, and subject to required CEII and confidentiality protections as specified in Section 2.4 of this Attachment, any information (including cost estimates) and data that is reasonably required to prepare an RSP or to perform a Needs Assessment or Solutions Study.

6. Regional, Local and Inter-Area Coordination

6.1 Regional Coordination

The ISO shall conduct the regional system planning process for the PTF in coordination with the transmission-owning entities in, or other entities interconnected to, the New England Transmission System consistent with the rights and obligations defined in the ISO OATT, applicable transmission operating agreements or protocols, and/or this Attachment. Pursuant to Section II.49 of this OATT and Sections 3.02, 3.05 and 3.09 of the TOA, the ISO has Operating Authority or control over all PTF and Non-PTF within the New England Control Area, which are utilized for the provision of transmission service under this OATT. The ISO also has Operating Authority or control over the United States portions of the HVDC ties to Quebec and over Merchant Transmission Facilities and Other Transmission Facilities, pursuant to this OATT or applicable transmission operating agreements or protocols. The ISO, however, is not responsible for the planning of the Non-PTF, OTF and MTF. As provided in Section 6.2 and Appendix 1 of this Attachment, the PTOs are responsible for the planning of the Non-PTF and coordinating such planning efforts with the ISO. Pursuant to the OATT and/or applicable transmission operating agreements or protocols, the transmission owners of OTF and MTF are required to participate in the ISO's regional system planning process and perform and/or support studies of the impacts of regional system projects on their respective facilities.

6.2 Local Coordination

The regional system planning process shall be conducted and the annual RSP shall be developed in coordination with the local system plans of the PTOs. In accordance with the TOA and OATT provisions identified in Section 6.1 of this Attachment, the PTOs have responsibility for planning Non-PTF. The PTOs conduct planning of Non-PTF using the LSP process outlined in Section 2.5 and Appendix 1 of this Attachment, in coordination with the ISO, other entities interconnected with the New England Transmission System, Transmission Customers and stakeholders, and in accordance with the provisions in the TOA, the OATT and the Planning and Reliability Criteria. The openness and transparency of the LSP process is intended to be consistent with the regional system planning process.

6.3 Inter-Area Coordination

The regional system planning process shall be conducted and the annual RSP shall be developed in coordination with the similar plans of the surrounding ISOs/RTOs and Control Areas pursuant to the Northeastern ISO/RTO Planning Coordination Protocol and other agreements with neighboring systems and NPCC. Inter-area planning studies shall be conducted over as broad a region as feasible, including adjacent Canadian systems who are members of NPCC, or its successor organization, and, as appropriate, MAAC and Reliability First, or their successor organizations. The ISO shall convene periodic meetings of the Planning Advisory Committee, within the scope of its respective functions of Section 2 of this Attachment, to provide input and feedback to the ISO concerning an Inter-area needs assessment and identification of potential market and regulated responses to the ISO's identification of inter-area needs.

7. Procedures for Development and Approval of the RSP

7.1 Initiation of RSP

Every year, the ISO shall initiate an effort to develop its annual RSP and solicit input on regional system needs for the RSP from the Planning Advisory Committee. The Planning Advisory Committee shall meet to perform its respective functions in connection with the preparation of the RSP, as specified in Section 2 of this Attachment.

7.2 Draft RSP; Public Meeting

On or about August of each year, the ISO shall provide a draft of the RSP to the Planning Advisory Committee and input from that Committee shall be received and considered in preparing and revising subsequent drafts. The ISO shall post the draft RSP and provide notice to the Planning Advisory Committee of a meeting to review the draft RSP as specified in Section 2.2 of this Attachment.

On or about September of each year, the ISO shall issue a second draft of the RSP to be presented by the ISO staff to the ISO Board of Directors for approval. The draft RSP shall incorporate the results of any Needs Assessment, and corresponding Solutions Studies, performed since the last RSP was approved. A subcommittee of that Board shall hold a public meeting, at their discretion, to receive input directly and to discuss any proposed revisions to the RSP. The final recommended RSP shall be presented to the ISO Board of Directors no later than September 30 of each year and shall be acted on by the ISO Board of Directors within 60 days of receipt. The foregoing timeframes are subject to adjustment as determined by the ISO in coordination with the Planning Advisory Committee.

7.3 Action by the ISO Board of Directors on RSP; Request for Alternative Proposals

(a) Action by ISO Board of Directors on RSP

The ISO Board of Directors may approve the recommended draft RSP as submitted, modify the RSP or remand all or any portion of it back with guidance for development of a revised recommendation. The Board of Directors may consider the RSP in executive session, and shall consider in its deliberations the views of the subcommittee of the Board of Directors reflecting the public meeting held pursuant to Section 7.2 of this Attachment. In considering whether to approve the draft RSP, the Board of Directors may, if it finds a proposed Reliability Benefit Upgrade not to be viable, or if no Reliability Benefit Upgrade has been proposed, direct the ISO staff to meet with the affected load serving entities and State entities in order to develop an interim solution. Should that effort fail, and as a last resort, the Board of Directors may direct the ISO to issue a Request For Alternative Proposal ("RFAP"), subject to the procedures described below, and may withhold approval of the draft RSP, or portions thereof, pending the results of that RFAP and any Commission action on any resulting jurisdictional contract or funding mechanism. The ISO shall provide a written explanation as to any subsequent changes or modification made in the final version of the RSP.

(b) Requests For Alternative Proposals

(i) The RFAP shall seek generation, demand-side and merchant transmission alternatives that can be implemented rapidly and provide substantial reliability benefits over the period solicited in the RFAP, and normally will focus on an interim ("gap") solution until an identified Reliability Transmission Upgrade has been placed in-service. The ISO will file a proposed RFAP with the Commission for approval at least 60 days prior to its issuance. The filing shall explain why the issuance of an RFAP is necessary.

(ii) The ISO staff shall provide the Board of Directors and subject to confidentiality requirements, the Planning Advisory Committee with an analysis of the alternatives offered in response to the RFAP, and provide a recommendation together with a funding mechanism reflecting input from the Planning Advisory Committee.

(iii) The ISO may enter into contracts awarded pursuant to an RFAP process, and/or propose a funding mechanism. Bidders that are awarded contracts through the RFAP process shall file those contracts with the Commission for approval of the rates to be charged thereunder to the extent that such contracts are for services that are jurisdictional to the Commission. The ISO shall file related or separate funding mechanisms with the

Commission as well. All other contracts entered into pursuant to an RFAP shall be filed with the Commission for informational purposes.

(iv) The Board of Directors will reflect the results of the RFAP process in the approved RSP.

8. Obligations of PTOs to Build; PTOs' Obligations, Conditions and Rights

In accordance with the TOA, PTOs designated by the ISO as the appropriate entities to construct and own or finance Transmission Upgrades included in the RSP shall construct and own or finance such facilities or enter into appropriate contracts to fulfill such obligations. In the event that a PTO: (i) does not construct or indicates in writing that it does not intend to construct a Transmission Upgrade included in the RSP; or (ii)
demonstrates that it has failed (after making a good faith effort) to obtain necessary approvals or property rights under applicable law, the ISO shall promptly file with the Commission a report on the results of the planning process, which report shall include a report from the PTO responsible for the planning, design or construction of such No. 3 Open Access Transmission Tariff Section II – Attachment K – Regional System Planning Process Transmission Upgrade, in order to permit the Commission to determine what action, if any, it should take.

In connection with regional system planning, the ISO will not propose to impose on any PTO obligations or conditions that are inconsistent with the explicit provisions of the TOA or deprive any PTO of any of the rights set forth in the TOA.

Subject to necessary approvals and compliance with Section 2.06 of the TOA, nothing in this OATT shall affect the right of any PTO to expand or modify its transmission facilities in the New England Transmission System on its own initiative or in response to an order of an appropriate regulatory authority. Such expansions or modifications shall conform with: (a) Good Utility Practice; (b) applicable reliability principles, guidelines, criteria, rules, procedures and standards of national, regional, and local reliability councils that may be in existence; and (c) the ISO and relevant PTO criteria, rules, standards, guides and policies. The ISO reserves its right to challenge the permitting of such expansions or modifications.

9. Merchant Transmission Facilities

9.1 General

Subject to compliance with the requirements of the Tariff and any other applicable requirements with respect to the interconnection of bulk power facilities with the New England Transmission System, any entity shall have the right to propose and construct the addition of transmission facilities ("Merchant Transmission Facilities"), none of the costs of which shall be covered under the cost allocation provisions of this OATT. Any such Merchant Transmission Facilities shall be subject to the requirements of Section 9.2 of this Attachment. In performing studies in connection with the RSP, the prospect that proposed Merchant Transmission Facilities will be completed shall be accounted for as will the prospect that proposed generating units will be completed.

9.2 Operation and Integration

All Merchant Transmission Facilities shall be subject to: (i) an agreement to transfer to the ISO operational control authority over any facilities which constitute part of the Merchant Transmission Facilities that are to be integrated with, or that will affect, the New England Transmission System; and (ii) taking such other action as may be required to make the facility available for use as part of the New England Transmission System.

9.3 Control and Coordination

Until such time as a Merchant Transmission Owner has transferred operational control over its Merchant Transmission Facilities to the ISO pursuant to Section 9.2(i), all such Merchant Transmission Facilities shall be subject to the operational control, scheduling and maintenance coordination of the System Operator in accordance with the Tariff.

10. Cost Responsibility for Transmission Upgrades

The cost responsibility for each upgrade, modification or addition to the transmission system in New England that is included with the status of "Planned" in the RSP Project List as defined in Section 3.6 of this Attachment shall be determined in accordance with Schedule 12 of this OATT.

11. Allocation of ARRs

The allocation of ARRs in connection with Transmission Upgrades is addressed in Section III.C.8 of the Tariff.

12. Dispute Resolution Procedures

12.1 Objective

Section 12 of this Attachment sets forth a dispute resolution process (the "Regional Planning Dispute Resolution Process") through which regional transmission planning-related disputes may be resolved as expeditiously as possible.

12.2 Confidential Information and CEII Protections

All information disclosed in the course of the Regional Planning Dispute Resolution Process shall be subject to the protection of confidential information and CEII consistent with the ISO New England Information Policy and CEII policy.

12.3 Eligible Parties

Any member of the Planning Advisory Committee that has been adversely affected by a Reviewable Determination, defined in Section 12.4(a) of this Attachment, with respect to the regional system planning process described in this Attachment is eligible to raise its dispute, as appropriate, under this Dispute Resolution Process ("Disputing Party").

12.4 Scope

In order to ensure that the regional transmission planning process set forth under this Attachment moves expeditiously forward, the scope of issues that may be subject to the Regional Planning Dispute Resolution Process under this Section 12 shall be limited to certain key procedural and substantive decisions made by the ISO within its authority as specified in documents on file with the Commission. That is, decisions not subject to resolution within the jurisdiction of the Commission are not within the scope of the Regional Planning Dispute Resolution Process. Examples of matters not within the scope of the Regional Planning Dispute Resolution Process include planning to serve retail native load or state siting issues. Additionally, the Tariff already explicitly provides specific dispute resolution procedures for various matters. To this end, any matter regarding the review and approval of applications pursuant to Section I.3.9 of the Tariff, which is subject to the dispute resolution process under Section I.6 of the Tariff, shall not be within the scope of this Regional Planning Dispute Resolution Process. Similarly, any matter regarding Transmission Cost Allocation shall be governed by the dispute resolution process under Schedule 12 of the OATT, and shall be outside the scope of this Regional Planning Dispute Resolution Process.

(a) Reviewable Determinations

The determinations that may be subject to the Regional Planning Dispute Resolution Process under this Section 12 that include certain procedural and substantive challenges that may arise at

limited designated key decision points in the regional transmission planning process for PTF. Procedural challenges will be limited to whether or not the steps taken up to a designated key decision point conform to the requirements set forth in this Attachment. Substantive challenges will be limited to whether or not a determination or conclusion rendered at a designated key decision point was supported by adequate basis in fact.

The designated key decision points for Reviewable Determinations shall be limited to the following:

(i) Results of a Needs Assessment conducted and communicated by the ISO to the Planning Advisory Committee as specified in Section 4.1 of this Attachment;

(ii) Updates to the RSP Project List, including adding, removing or revising regulated transmission solutions included thereunder, as presented at the Planning Advisory Committee and as specified in Section 3.6 of this Attachment;

(iii) Results of Solutions Studies conducted and communicated by the ISO to the Planning Advisory Committee as specified in Section 4.2 of this Attachment;

(iv) Consideration of market responses in Needs Assessments as specified in Section 4.2 of this Attachment;

(v) Substance of Economic Studies to be conducted by the ISO in a given year as specified in Section 4.1(b) of this Attachment; and

(vi) Prioritization of Economic Studies to be performed in a given year where the Planning Advisory Committee is not able to prioritize them as specified in Section 4.1(b) of this Attachment.

(b) Material Adverse Impact

In order to prevail in a challenge to a procedural-based Reviewable Determination, the Disputing Party must show that the alleged procedural error had a material adverse impact on the determination or conclusion. In order to prevail in a challenge to a substantive-based Reviewable Determination, the Disputing Party must show that either (i) the determination is based on

incorrect data or assumptions or (ii) incorrect analysis was performed by the ISO, and (iii) as a result the ISO made an incorrect decision or determination.

12.5 Notice and Comment

A Disputing Party aggrieved by a Reviewable Determination shall have fifteen (15) calendar days upon learning of the Reviewable Determination following the ISO's presentation of such Reviewable Determination at the Planning Advisory Committee to request dispute resolution by giving notice to the ISO ("Request for Dispute Resolution"). A Request for Dispute Resolution shall be in writing and shall be addressed to the ISO's Chair of the Planning Advisory Committee and, as appropriate, the affected Transmission Owner. Within three (3) Business Days of the receipt by the ISO of a Request for Dispute Resolution, the ISO shall prepare and distribute to all members of the Planning Advisory Committee a notice of the Request for Dispute Resolution including, subject to the protection of Confidential Information and CEII, the specifics of the Request for Dispute Resolution and providing the name of an ISO representative to whom any comments may be sent. Any member of the Planning Advisory Committee may submit to the ISO's designated representative, on or before the tenth (10th) Business Day following the date the ISO distributes the notice of the Request for Dispute Resolution, written comments to the ISO with respect to the Request for Dispute Resolution. The party filing the Request for Dispute Resolution may respond to any such comments by submitting a written response to the ISO's designated representative and to the commenting party on or before the fifteenth (15th) Business Day following the date the ISO distributes the notice of the Request for Dispute Resolution. The ISO may, but is not required to, consider any written comments.

12.6 Dispute Resolution Procedures

(a) Resolution Through the Planning Advisory Committee

The Planning Advisory Committee shall discuss and resolve any dispute arising under this Attachment involving a Reviewable Determination, as defined in Section 12.4 of this Attachment, between and among the ISO, the Disputing Party, and, as appropriate, the affected Transmission Owner (collectively, "Parties") (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution).

(b) Resolution Through Informal Negotiations

To the extent that the Planning Advisory Committee is not able to resolve a dispute arising under this Attachment involving a Reviewable Determination, as defined in Section 12.4 of this

Attachment, between and among the ISO, the Disputing Party, and, as appropriate, the affected Transmission Owner, such dispute shall be the subject of good-faith negotiations among the Parties. Each Party shall designate a fully authorized senior representative for resolution on an informal basis as promptly as practicable.

(c) Resolution Through Alternative Dispute Resolution

In the event the designated representatives are unable to resolve the dispute through informal negotiation within thirty (30) days, or such other period as the Parties may agree upon, by mutual agreement of the Parties, such dispute may be submitted to mediation or any other form of alternative dispute resolution upon the agreement of all Parties to participate in such mediation or other alternative dispute resolution process. Such form of alternative dispute resolution shall not include binding arbitration.

If a Party identifies exigent circumstances reasonably requiring expedited resolution of the dispute, such Party may file a Complaint with the Commission or seek other appropriate redress before a court of competent jurisdiction.

12.7 Notice of Dispute Resolution Process Results

Within three (3) Business Days following the resolution of a dispute pursuant to either Section 12.6(b) or Section 12.6(c) of this Attachment, the ISO shall distribute to the Planning Advisory Committee a document reflecting the resolution.

13. Rights Under The Federal Power Act

Nothing in this Attachment shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

ATTACHMENT K APPENDIX 1

ATTACHMENT K -LOCAL

LOCAL SYSTEM PLANNING PROCESS

APPENDIX 1

ATTACHMENT K -LOCAL

LOCAL SYSTEM PLANNING PROCESS

1. Local System Planning Process

1.1 General

In circumstances where transmission system planning for Non-Pool Transmission Facilities ("Non-PTF")[1], including Local Public Policy Transmission Upgrades, is taking place in New England that is not incorporated into the RSP planning process, the following Local System Plan ("LSP") process will be utilized for transmission planning purposes. The purpose of the LSP is to enable formal stakeholder input to planning for Non-PTF that is not incorporated into the RSP. The LSP shall ensure the opportunity for Planning Advisory Committee participation in the LSP process. The LSP will not be subject to approval by the ISO or the ISO Board under the RSP.

1.2 Planning Advisory Committee Review

The Planning Advisory Committee shall periodically provide input and feedback to the PTOs concerning the development of the LSP and the conduct of associated system enhancement and expansion studies. It is contemplated that LSP issues for identified local areas will be periodically addressed at the end of regularly scheduled Planning Advisory Committee meetings. Regular meetings of the Planning Advisory Committee shall be extended as necessary to serve the purposes of this section. Each PTO contemplating the addition of new Non-PTF will present its respective LSP to the Planning Advisory Committee not less than once per year. Not less than every three years, each PTO will post a notice indicating that members of the Planning Advisory Committee, NESCOE, or any state may provide the PTO with input regarding state and federal public policy requirements identified as driving transmission needs relating to the Non-PTF and regarding particular local transmission needs driven by public policy requirements. The PTO will provide a written explanation, to be posted on the ISO website, of which transmission needs driven by public policy requirements the PTO will evaluate for potential solutions in the LSP planning process.

1.3 Role of the PTOs

Each PTO will be responsible for administering the LSP process pertaining to its own Non-PTF, including Local Public Policy Transmission Upgrades, by presenting LSP information to the Planning

[1] For absence of doubt, the PTOs clarify that Non-PTF is meant to include Category B and Local Area Facilities as defined by the TOA.

Advisory Committee, developing an appropriate needs analysis and addressing LSP needs within its local area. In developing its LSP, each PTO will ensure comparable treatment of similarly situated customers or potential customers and will take into consideration data, comments and specific requests supplied by the Planning Advisory Committee, Transmission Customers and other stakeholders. To the extent that generation and/or demand resources are identified that could impact planning for Non-PTF, each PTO will take such resources into account when developing the LSP for its facilities, consistent with Good Utility Practice. Each PTO will also be responsible for addressing issues or concerns arising out of Planning Advisory Committee review of its proposed LSP and posting its LSP and the LSP Project List.

1.4 Description of LSP

The LSP shall describe the projected improvements to Non-PTF that are needed to maintain system reliability or as Local Public Policy Transmission Upgrades, and shall reflect the results of ~~a reliability~~such reviews within the limited geographical areas that pertain to the LSP, as determined by each PTO ("LSP Needs Assessments"), and corresponding system planning and expansion studies. The LSP Needs Assessments will be coordinated with the RSP and include the information that the ISO-NE incorporates into the RSP plans, as applicable. The proponents of regulated transmission proposals in response to LSP Needs Assessments shall also identify any RSP plans that require coordination with their regulated transmission proposals addressing the Non-PTF system needs.

The LSP shall identify the planning process, criteria, data, and assumptions used to develop the LSP. To the extent the current LSP utilizes data, assumptions or criteria used by the ISO in the RSP, any such data, assumptions or criteria will also be identified in the LSP.

Each PTO shall consult with NESCOE and applicable states and consider their views prior to including a Local Public Transmission Upgrade in its LSP.

Each PTO's LSP will be made available on a website for review by the Planning Advisory Committee, Transmission Customers and other stakeholders, subject to the ISO New England Information Policy and CEII restrictions or requirements. The ISO's posting of the RSP and the RSP Project List will include links to each PTO's specific LSP posting.

The LSP of a particular PTO shall be posted not less than 3 business days prior to its presentation by the PTO to the Planning Advisory Committee. The Planning Advisory Committee, Transmission Customers, and other stakeholders will have 30 days from the date of the PTO's presentation to the Planning Advisory Committee to provide any written comments for consideration by the PTO. The LSP shall

specify the physical characteristics of the solutions that can meet the needs identified in the LSP. The LSP shall provide sufficient information to allow Market Participants to assess the quantity, general locations and operating characteristics of the type of incremental supply or demand-side resources, or merchant transmission projects, that would satisfy the identified needs or that may serve to modify, offset or defer proposed regulated transmission upgrades.

Each year's LSP shall be based upon the LSP completed in the prior year by either recertifying the results of the prior LSP or providing specific updates.

1.5 Economic Studies

To the extent that the ISO selects any Economic Studies pursuant to Section 4.1(b) of Attachment K or otherwise performs Economic Studies that will impact Non-PTF, including Local Public Policy Transmission Upgrades, the PTOs will coordinate with the ISO in the performance of such Economic Studies.

2. Posting of LSP Project List

Each PTO shall develop, maintain and make available on a website, a cumulative listing of proposed regulated transmission solutions that may meet LSP needs (the "LSP Project List"). The LSP Project List will be updated at least annually. The LSP Project List shall also provide reasons for any new Non-PTF, including Local Public Policy Transmission Upgrades, any change in status of proposed Non-PTF, including Local Public Policy Transmission Upgrades, or any removal of proposed Non-PTF, including Local Public Policy Transmission Upgrades, from the LSP Project List. Each PTO will be individually responsible for publicly posting and updating the status of its respective LSP and the transmission projects arising therefrom on a website in a format comparable to the manner in which RSP plans and projects are posted on the RSP Project List. The ISO's posting of the RSP and RSP Project List will include links to each PTO's specific LSP Project List.

3. Posting of Assumptions and Criteria

Each PTO will make available on a website the planning criteria and assumptions used in its current LSP. A link to each PTO's planning criteria and assumptions will be posted on the ISO website.

4. Cost Responsibility for Transmission Upgrades

The cost responsibility for each upgrade, modification or addition to the transmission system in New England that is included in the LSP Project List of this Appendix 1 shall be determined in accordance with Schedule 21 of this OATT.

5. LSP Dispute Resolution Procedures

5.1 Objective

Section 5 of this Appendix 1 sets forth an LSP dispute resolution process (the "LSP Dispute Resolution Process") through which LSP-related transmission planning-related disputes may be resolved as expeditiously as possible.

5.2 Confidential Information and CEII Protections

All information disclosed in the course of the LSP Dispute Resolution Process shall be subject to the protection of confidential information and CEII consistent with the ISO New England Information Policy and CEII policy.

5.3 Eligible Parties

Any member of the Planning Advisory Committee that has been adversely affected by a PTO's Reviewable Determination with respect to the LSP transmission planning process described in this Appendix 1 is eligible to raise its dispute, as appropriate, under this LSP Dispute Resolution Process ("Disputing Party").

5.4 Scope

In order to ensure that the LSP transmission planning process set forth under this Appendix 1 moves expeditiously forward, the scope of issues that may be subject to the LSP Dispute Resolution Process under this Section 5 shall be limited to certain key procedural and substantive decisions made by the applicable PTO within its authority as specified in documents on file with the Commission. That is, decisions not subject to resolution within the jurisdiction of the Commission are not within the scope of this LSP Dispute Resolution Process. Examples of matters not within the scope of the LSP Dispute Resolution Process include planning to serve retail native load or state siting issues. Additionally, the Tariff already explicitly provides specific dispute resolution procedures for various matters. To this end, any matter regarding the review and approval of applications pursuant to Section I.3.9 of the Tariff, which is subject to the dispute resolution process under Section I.6 of the Tariff, shall not be within the scope of this LSP Dispute Resolution Process. Similarly, any matter regarding Transmission Cost Allocation shall

be governed by the dispute resolution process under Schedule 12 of the OATT, and shall be outside the scope of this LSP Dispute Resolution Process.

(a) Reviewable Determinations:

The LSP determinations made by the applicable PTO that may be subject to the LSP Dispute Resolution Process under this Section 5 ("Reviewable LSP Determination") shall include certain procedural and substantive challenges at designated key decision points during the LSP transmission planning process for Non-PTF, including Local Public Policy Transmission Upgrades ("Key LSP Decision Points"). Procedural challenges will be limited to whether or not the steps taken up to a Key LSP Decision Point conform to the requirements set forth in this Appendix 1. Substantive challenges will be limited to whether or not a determination or conclusion rendered at a Key LSP Decision Point was supported by adequate basis in fact. The Key LSP Decision Points shall be limited to the following:

(i) Results of an LSP Needs Assessment conducted and communicated by a PTO to the Planning Advisory Committee as specified in this Appendix 1;

(ii) Updates to the LSP Project List, including adding, removing or revising regulated Non-PTF transmission solutions included thereunder, as presented at the Planning Advisory Committee and as specified in this Appendix 1;

(iii) Results of Non-PTF transmission solution studies, including any Local Public Policy Transmission Upgrade studies, conducted and communicated by the PTO to the Planning Advisory Committee as specified in this Appendix 1; and

(iv) Consideration of market responses in LSP Needs Assessments as specified in this Appendix 1.

(b) Material Adverse Impact

In order to prevail in a challenge to a procedural-based Reviewable LSP Determination, the Disputing Party must show that the alleged procedural error had a material adverse impact on the determination or conclusion made by the applicable PTO. In order to prevail in a challenge to a substantive-based Reviewable LSP Determination, the Disputing Party must show that either (i) the determination is based on incorrect data or assumptions or (ii) incorrect analysis was

performed by the PTO, and (iii) as a result thereof, the PTO made an incorrect decision or determination.

5.5 Notice and Comment

A Disputing Party aggrieved by a PTO's Reviewable LSP Determination shall have fifteen (15) calendar days upon learning of the Reviewable LSP Determination following the PTO's presentation of such LSP Reviewable Determination at the Planning Advisory Committee to request dispute resolution by giving notice to the Applicable PTO ("Request for LSP Dispute Resolution").

A Request for LSP Dispute Resolution shall be in writing and shall be provided to the applicable PTO and, as appropriate, other affected Transmission Owners. Within three (3) Business Days of the receipt by a PTO of a Request for Dispute Resolution, the PTO, in coordination with the ISO, shall prepare and distribute to all members of the Planning Advisory Committee a notice of the Request for Dispute Resolution including, subject to the protection of Confidential Information and CEII, the specifics of the Request for Dispute Resolution and providing the name of a PTO representative to whom any comments may be sent. Any member of the Planning Advisory Committee may submit to the PTO's designated representative, on or before the tenth (10th) Business Day following the date the PTO distributes the notice of the Request for Dispute Resolution, written comments to the PTO with respect to the Request for Dispute Resolution. The Disputing Party filing the Request for Dispute Resolution may respond to any such comments by submitting a written response to the PTO's designated representative and to the commenting party on or before the fifteenth (15th) Business Day following the date the PTO distributes the notice of the Request for Dispute Resolution. The PTO may, but is not required to, consider any written comments.

5.6 Dispute Resolution Procedure

(a) Resolution Through the Planning Advisory Committee

The Planning Advisory Committee shall discuss and resolve any LSP related dispute arising under this Appendix 1 involving a Reviewable LSP Determination, as defined in Section 5.4 of this Appendix 1, between and among the applicable PTO, the Disputing Party, and, as appropriate, other affected Transmission Owners and the ISO (collectively, "Parties") (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution).

(b) Resolution Through Informal Negotiation

To the extent that the Planning Advisory Committee is not able to resolve a dispute arising under this Appendix 1 involving a Reviewable LSP Determination, as defined in Section 5.4 of this Appendix 1, between and among the Parties, such dispute shall be the subject of good-faith negotiations among the Parties. Each Party shall designate a fully authorized senior representative for resolution on an informal basis as promptly as practicable.

(c) Resolution Through Alternative Dispute Resolution

In the event the designated representatives are unable to resolve the dispute through informal negotiations within thirty (30) days, or such other period as the Parties may agree upon, by mutual agreement of the Parties, such LSP related dispute may be submitted to mediation or any other form of alternative dispute resolution upon the agreement of all Parties to participate in such mediation or other alternative dispute resolution process. Such form of alternative dispute resolution shall not include binding arbitration.

If a Party identifies exigent circumstances reasonably requiring expedited resolution of the LSP related dispute, such Party may file a Complaint with the Commission or seek other appropriate redress before a court of competent jurisdiction

5.7 Notice of Results of Dispute Resolution

Within three (3) Business Days following the resolution of a dispute pursuant to either Section 5.6(b) or 5.6(c) of this Appendix 1, the PTO shall distribute to members of the Planning Advisory Committee a document reflecting the resolution.

5.8 Rights under the Federal Power Act:

Nothing in this Appendix 1 shall restrict the rights of any party to file a complaint with the Commission under relevant provisions of the Federal Power Act.

ATTACHMENT N

PROCEDURES FOR REGIONAL SYSTEM PLAN UPGRADES

I. INTRODUCTION

Pursuant to Part II.G of the ISO New England Open Access Transmission Tariff (Sections II.46 – II.47), ~~and~~ Attachment K~~)~~ and this Attachment, the ISO shall classify upgrades as Reliability Transmission Upgrades, ~~and~~ Market Efficiency Transmission Upgrades or Public Policy Transmission Upgrades during the Regional System Plan ("RSP") process. Pursuant to established standards, that process is designed to collect and reflect broad input from all stakeholders through the Planning Advisory Committee ("PAC"). The PAC is composed of a wide variety of regional stakeholders, including Governance Participants (such as generator owners, marketers, load serving entities, merchant transmission owners and participating transmission owners), governmental representatives, public interest groups, state agencies (including those participating in the New England Conference of Public Utilities Commissioners), retail customers, representatives of local communities, and consultants. The PAC meets regularly throughout the year.

This procedure describes the standards used by the ISO to identify Reliability Transmission Upgrades ~~and~~ , Market Efficiency Transmission Upgrades and Public Policy Transmission Upgrades and the process for making such identifications pursuant to Part II.G and Attachment K of the OATT.

The ISO may amend these standards and procedures from time to time, as appropriate, with input from the Reliability Committee and PAC.

II. STANDARDS FOR IDENTIFYING RELIABILITY TRANSMISSION UPGRADES, ~~AND~~ MARKET EFFICIENCY TRANSMISSION UPGRADES AND PUBLIC POLICY TRANSMISSION UPGRADES

A. Identification of Reliability Transmission Upgrades

Reliability Transmission Upgrades are those upgrades necessary to ensure the continued reliability of the New England Transmission System based on applicable reliability standards. In applying the applicable reliability standards, some of the considerations that will be taken into account are as follows:

- available supply and transmission (i.e., known resource changes, which includes anticipated transmission enhancements (considering Elective Transmission Upgrades and Merchant Transmission Facilities), demand side resources, and new, retired or unavailable generators);
- load growth;
- acceptable stability response;
- acceptable short circuit capability;
- acceptable voltage levels;
- adequate thermal capability; and
- acceptable system operability and responses (e.g. automatic operations, voltage changes).

To identify the transmission system facilities required to maintain reliability and system performance consistent with the applicable reliability standards, the ISO shall:

- determine whether the above factors are met using reasonable assumptions for certain amounts of forecasted load growth, and generation and transmission facility availability (due to maintenance, forced outages, or other unavailability); and
- rely on Good Utility Practice, applicable reliability standards, and the ISO System Rules.

A Reliability Transmission Upgrade is not an upgrade required by the interconnection of a generator except to the extent determined under the terms of Schedule 11 of the OATT. A Reliability Transmission Upgrade may also provide market efficiency benefits.

B. Identification of Market Efficiency Transmission Upgrades

Market Efficiency Transmission Upgrades are upgrades designed primarily to provide a net reduction in total production cost to supply the system load. Proposed Market Efficiency Transmission Upgrades shall be identified by the ISO where the net present value of the net reduction in total cost to supply the system load, as determined by the ISO, exceeds the net present value of the carrying cost of the identified transmission upgrade.

An upgrade identified as a Reliability Transmission Upgrade may qualify for interim treatment as a Market Efficiency Transmission Upgrade if market efficiency is used to influence the schedule for the implementation of the upgrade. Such opportunities shall be identified by the ISO when the net present value of the reduction to total production cost to supply the system load, as determined by the ISO,

exceeds the net present value of the Reliability Transmission Upgrade after it is advanced less the net present value of the upgrade for when it is projected to be needed for reliability.

1. Base Economic Evaluation Model

In making a determination of the net present value of bulk power system resource costs, the ISO shall take into account applicable economic factors that shall include the following projected factors:

- energy costs;
- Capacity Costs;
- cost of supplying total operating reserve;
- system losses;
- available supply and transmission (i.e., known resource changes, which includes anticipated transmission enhancements (considering Elective Transmission Upgrades and Merchant Transmission Facilities), demand side resources and new, retired or unavailable generators);
- load growth;
- fuel costs;
- fuel availability;
- generator availability;
- release of bottled generating resources;
- present worth factors for each project specific to the owner of the project;
- present worth period not to exceed ten years; and
- cost of the project.

Analysis may include utilization of historical information such as may be included in market reports as well as special studies and should report cumulative net present value annually over the study period.

2. Other Data Provided to Stakeholders

Although not used to evaluate the net economic benefit of the system upgrade, analysis may be provided to illustrate the net cost to load with and without the transmission upgrade – considering additional factors such as locational installed capacity, congestion costs, and impacts on bilateral prices for electricity.

Summary

Based on information provided through such analysis and pursuant to the factors listed in (1) above, the ISO, in consultation with the PAC, will identify Market Efficiency Transmission Upgrades to be included in the RSP. If however, during the course of their analysis, the ISO determines that without the project the applicable reliability standards will not be met, then the project will be designated as a Reliability Transmission Upgrade and included in the RSP as such.

C. Identification of Public Policy Transmission Upgrades

Public Policy Transmission Upgrades are upgrades designed primarily to meet NESCOE-identified transmission needs driven by public policy requirements. Proposed Public Policy Transmission Upgrades shall be assessed and identified by the ISO in accordance with Section 4A of Attachment K to the OATT.

III. PROCEDURES FOR IDENTIFYING RELIABILITY TRANSMISSION UPGRADES, ~~AND~~ MARKET EFFICIENCY TRANSMISSION UPGRADES AND PUBLIC POLICY TRANSMISSION UPGRADES

A. ISO Identification of Needs for Reliability Transmission Upgrades, ~~and~~ Market Efficiency Transmission Upgrade and Public Policy Transmission Upgrades

1. An assessment of the adequacy of the region's electric system.

On a regular and on-going basis, the ISO shall conduct studies to identify the location and nature of any potential problems on the New England Transmission System. These assessments shall be conducted to identify those factors relevant to the standards for identifying needs which might be solved or mitigated by Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, as specified in Section II of this Attachment.

The ISO will publish its identification of such relevant factors on the New England Transmission System on its website and to the PAC, thereby providing market signals for generation, merchant transmission and load responses to develop and implement market-based solutions for the relief of actual and projected system reliability concerns, transmission constraints and market inefficiencies. The ISO will also present the results of its assessments in appropriate market forums to facilitate market responses to those needs. Market responses having met appropriate milestones pursuant to Attachment K to the OATT will be included in studies to assess the effects of such market responses on the identified problems with reliability and market inefficiencies.

Based on input and feedback provided by the PAC, the ISO shall refer to the Markets Committee and Reliability Committee issues and concerns identified by the PAC for further investigations and consideration of potential changes to rules and procedures.

2. Conduct of Public Policy Transmission Studies

The ISO will conduct the public policy transmission planning process pursuant to the timelines and procedures set out in Section 4A of Attachment K to this OATT.

B. Adequacy of the market responses, and as necessary, adequacy of Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades

The ISO shall assess the adequacy of proposed market responses in addressing identified system needs. The ISO shall also ensure that there are no significant adverse effects associated with such market responses, pursuant to Section I.3.9 of the Tariff and Planning Procedure 5-3, "Guidelines for Conducting and Evaluating Proposed Plan Application Analysis".

If the market does not respond with adequate solutions to address the system needs identified by the ISO, the ISO shall present a coordinated transmission plan in the RSP that identifies appropriate projects for addressing both reliability, and market efficiency needs.

This coordinated plan is updated by the ISO as market responses to identified problems are developed. Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades are implemented only after market solutions have been given first consideration.

~~3~~C. Periodic Updates to the RSP

A Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade may be added to the RSP at any time in a given year, and ~~in doing so the~~a Public Policy Transmission Upgrade project may be added to the RSP in accordance with Sections 3.6 and 4A of Attachment K to the OATT. In doing so, the ISO shall consult with and consider input from the PAC and the Reliability Committee, within the scope of their respective functions.

The time required to implement transmission projects, however, is often longer than that needed for market-based solutions. Thus, the RSP process recognizes that a new market response could result in a deferral or a significant change in the proposed timing and/or configuration of a

Reliability Transmission Upgrade or Market Efficiency Transmission Upgrades. Also, a needed Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade may become delayed due to other factors.

As a result, the ISO may remove or defer a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade project from the RSP at any time in a given year, if the market responds by developing credible market-based solutions, or other circumstances arise that impact the need for the Transmission Upgrade. If market-based solutions have not met appropriate milestones prior to significant sunk transmission expense being made to provide the Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade, then the ISO will assess the risks and costs associated with adding or advancing a transmission project from the RSP. The ISO may remove a Public Policy Transmission Upgrade project from the RSP in accordance with Sections 3.6 and 4A of Attachment K to the OATT. The ISO shall consult with and consider input from the PAC and the Reliability Committee with regard to such changes in the RSP. In the event that a transmission project is removed, deferred, added or advanced, the ISO shall promptly notify the affected Participating Transmission Owners and Non-Incumbent Transmission Developers.

IV. COST-EFFECTIVENESS AND COST ALLOCATION DETERMINATION OF RELIABILITY TRANSMISSION UPGRADES AND MARKET EFFICIENCY TRANSMISSION UPGRADES

The cost-effectiveness and cost allocation of identified Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades will be determined pursuant to the Tariff, Attachment K; Schedule 12; and Planning Procedure 4. The level of detail needed to fulfill the requirements of the RSP process and Planning Procedure 4 will ensure that, in addition to a determination of Pool-supported PTF costs and Localized Costs, the planning and stakeholder review processes will include a comprehensive examination of all Transmission Upgrade construction alternatives and their associated costs and will thus evaluate the cost-effectiveness of each Transmission Upgrade and its potential alternatives.

ATTACHMENT O

NON-INCUMBENT TRANSMISSION DEVELOPER OPERATING AGREEMENT

NON-INCUMBENT TRANSMISSION DEVELOPER OPERATING AGREEMENT

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NON-INCUMBENT TRANSMISSION DEVELOPER OPERATING AGREEMENT

This Operating Agreement (this "Agreement"), dated as of [date], is made and entered into by _____, a [STATE] [TYPE OF ENTITY] ("NTD"), and ISO New England Inc.("ISO"), a Delaware corporation (NTD and the ISO are collectively referred to herein as the "Parties").

WHEREAS, the ISO is a regional transmission organization ("RTO") authorized by the Federal Energy Regulatory Commission ("FERC") to exercise the functions required of RTOs pursuant to FERC's Order No. 2000 ("Order 2000") and FERC's RTO regulations;

WHEREAS, NTD has been approved as a "Qualified Transmission Project Sponsor" pursuant to the ISO Open Access Transmission Tariff (the "ISO OATT"), which is Section II of the ISO New England Inc. Transmission, Markets and Services Tariff (the "ISO Tariff");

WHEREAS, in accordance with the requirements of Order 2000, the ISO will be the transmission provider under the ISO OATT of non-discriminatory, open access transmission services over the transmission facilities of NTD, once placed in service, that become part of the New England Transmission System ("Transmission Service");

WHEREAS, the ISO OATT will be designed to provide for the payment by transmission customers for Transmission Service at rates designed to recover the revenue requirements of NTD in supporting the provision of such transmission service by the ISO under the ISO OATT;

WHEREAS, the ISO will be responsible for system planning within the ISO region subject to certain rights and obligations of NTD, all as set forth in this Agreement;

WHEREAS, the functions to be performed by the ISO and Order 2000 require that the ISO have the requisite operational authority over NTD's transmission facilities;

WHEREAS, in accordance with the terms set forth herein, NTD desires for the ISO to exercise, and the ISO desires to exercise, Operating Authority (as defined in Section 3.02 of this Agreement) over the NTD Transmission Facilities (as defined in this Agreement) consistent with the requirements of Order 2000, once those facilities are placed in service;

WHEREAS, NTD will among other things, continue to own, physically operate, and maintain its transmission facilities; and

WHEREAS, references to the PTOs in this Agreement are not intended to impose additional requirements or obligations on the PTOs in addition to those in the TOA;

NOW, THEREFORE, in consideration of the promises, and the mutual representations, warranties, covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, NTD and the ISO agree as follows:

ARTICLE I
DEFINITIONS; INTERPRETATIONS

1.01 **Definitions; Interpretations.** Each of the capitalized terms and phrases used in this Agreement (including the foregoing recitals) and not otherwise defined herein shall have the meaning specified in Schedule 1.01. In this Agreement, unless otherwise provided herein:

(a) words denoting the singular include the plural and vice versa;

(b) words denoting a gender include all genders;

(c) references to a particular part, clause, section, paragraph, article, exhibit, schedule, appendix or other attachment shall be a reference to a part, clause, section, paragraph, or article of, or an exhibit, schedule, appendix or other attachment to, this Agreement;

(d) the exhibits, schedules and appendices attached hereto are incorporated herein by reference and shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein;

(e) a reference to any statute, regulation, proclamation, ordinance or law includes all statutes, regulations, proclamations, amendments, ordinances or laws varying, consolidating or replacing the same from time to time, and a reference to a statute includes all regulations, policies, protocols, codes, proclamations and ordinances issued or otherwise applicable under that statute unless, in any such case, otherwise expressly provided in any such statute or in this Agreement;

(f) a reference to a particular section, paragraph or other part of a particular statute shall be deemed to be a reference to any other section, paragraph or other part substituted therefor from time to time;

(g) a definition of or reference to any document, instrument or agreement includes any amendment or supplement to, or restatement, replacement, modification or novation of, any such document, instrument or agreement unless otherwise specified in such definition or in the context in which such reference is used;

(h) a reference to any Person (as hereinafter defined) includes such Person's successors and permitted assigns in that designated capacity;

(i) any reference to "days" shall mean calendar days unless "Business Days" (as hereinafter defined) are expressly specified;

(j) if the date as of which any right, option or election is exercisable, or the date upon which any amount is due and payable, is stated to be on a date or day that is not a Business Day, such right, option or election may be exercised, and such amount shall be deemed due and payable, on the next succeeding Business Day with the same effect as if the same was exercised or made on such date or day (without, in the case of any such payment, the payment or accrual of any interest or other late payment or charge, provided such payment is made on such next succeeding Business Day);

(k) words such as "hereunder", "hereto", "hereof" and "herein" and other words of similar import shall, unless the context requires otherwise, refer to this Agreement as a whole and not to any particular article, section, subsection, paragraph or clause hereof;

(l) a reference to "include" or "including" means including without limiting the generality of any description preceding such term, and for purposes hereof the rule of ejusdem generis shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned; and

(m) neither this Agreement nor any other agreement, document or instrument referred to herein or executed and delivered in connection herewith shall be construed against any Person as the principal draftsperson hereof or thereof.

ARTICLE II
TRANSMISSION FACILITIES

2.01 **Transmission Facilities.** As to NTD, the transmission facilities over which the ISO shall exercise Operating Authority (as of the date the facilities are placed in service) in accordance with the terms set forth herein shall be:

(a) those facilities of NTD listed in Schedule 2.01(a) (hereinafter "NTD Category A Facilities"), as such list of facilities may be added to or deleted from in accordance with Sections 2.01(d) and 2.02 below;

(b) those facilities of NTD listed in Schedule 2.01(b) (hereinafter "NTD Category B Facilities"), as such list of facilities may be added to or deleted from, in accordance with Sections 2.01(d) and 2.02 below; and

(c) those transmission facilities of NTD within the New England Transmission System with a voltage level of less than 69 kV and all transformers that have no NTD Category A Facilities or NTD Category B Facilities connected to the lower voltage side of the transformer that are not listed on Schedule 2.01(a) and Schedule 2.01(b) (hereinafter "NTD Local Area Facilities"), provided that any excluded facilities of NTD listed on Schedule 4.01(d) shall not be NTD Local Area Facilities.

(d) The transmission facilities included on any of the lists of the NTD Category A Facilities or the NTD Category B Facilities contained in Schedule 2.01(a) and Schedule 2.01(b), respectively, may be redesignated on another of those two lists, deleted from such list, or redesignated as a NTD Local Area Facility without the necessity of an amendment to this Agreement, but only in the following manner:

(i) at the direction of a Governmental Authority with jurisdiction over the Transmission Facilities in question, provided that the ISO and NTD shall be provided prior written notice of such changes;

(ii) as agreed between the ISO and NTD; or

(iii) where the operational characteristics of a transmission facility have been materially modified (including a change from a radial transmission facility to a looped

transmission facility that contributes to the parallel carrying capability of the New England Transmission System) in accordance with Section 2.01(e); provided that any such changes shall also be subject to ISO review consistent with Section 2.06.

(e) All transmission facilities to be redesignated as NTD Category A Facilities, NTD Category B Facilities, or Local Area Facilities or deleted from the lists in Schedule 2.01(a) and Schedule 2.01(b) in accordance with Section 2.01(d)(iii), and all transmission facilities to be added to the lists in Schedule 2.01(a) and Schedule 2.01(b) in accordance with Section 2.02 shall be classified in accordance with the following standards:

(i) NTD Category A Facilities shall consist of: all transmission lines with a voltage level of 115 kV and above, except for those 115 kV transmission facilities specifically designated as NTD Category B Facilities in accordance with Section 2.01(e)(ii); all transmission interties between Control Areas; all transformers that have NTD Category A Facilities connected to the lower voltage side of the transformer; all transformers that require an NTD Category A Facility to be taken out of service when the transformer is taken out of service; and all breakers and disconnects connected to, and all shunts, relays, reclosing and associated equipment, dynamic reactive resources, FACTS controllers, special protection systems, PARS, and other equipment specifically installed to support the operation of such transmission lines, interties, and transformers.

(ii) NTD Category B Facilities shall consist of: all 115 kV radial transmission lines and all 69 kV transmission lines that are not interties between Control Areas; all transformers that have any NTD Category B Facilities and no NTD Category A Facilities connected to the lower voltage side of the transformer except to the extent such transformers are designated as NTD Category A Facilities in accordance with Section 2.01(e)(i); and all breakers and disconnects connected to, and all shunts, relays, reclosing and associated equipment, dynamic reactive resources, FACTS controllers, special protection systems, PARS, and other equipment specifically installed to support the operation of such NTD Category B Facilities.

(iii) NTD Local Area Facilities shall consist of all transmission facilities with a voltage level of less than 69 kV and all transformers that have no NTD Category A

Facilities or NTD Category B Facilities connected to the lower voltage side of the transformer.

(iv) To the extent there is any dispute between the ISO and NTD as owner of a transmission facility concerning classification of such transmission facility under these standards, such disagreement shall be subject to the dispute resolution provisions of this Agreement, provided that the ISO's classification of a transmission facility under the standards shall govern pending resolution of the dispute.

Collectively, all NTD Category A Facilities, NTD Category B Facilities, and NTD Local Area Facilities shall hereinafter be referred to as the "Transmission Facilities," provided that "Transmission Facilities" shall not include Excluded Assets as defined in Section 2.04 of this Agreement or Merchant Facilities. The ISO shall maintain on its OASIS a posting of the current versions of Schedule 2.01(a) and Schedule 2.01(b), in each instance, reflecting each such change promptly after such change is made.

(f) The classifications set forth in this Section 2.01 are for operational purposes. Rate treatment of Transmission Facilities shall be governed by the ISO OATT, provided that filings for rate treatment under the ISO OATT shall be subject to Section 3.04 of this Agreement.

2.02 **New and Acquired Transmission Facilities and Transmission Upgrades.**

(a) Any New Transmission Facility or Transmission Upgrade shall be considered a "Transmission Facility" under this Agreement once it is included as "Proposed" in the RSP Project List and, unless otherwise agreed by the ISO and NTD, shall thereafter be added to Schedule 2.01(a) and/or (b), as applicable.

(b) Any Merchant Facility interconnected to or within the New England Transmission System shall not be the subject of this Agreement. Any Merchant Facility interconnected to or within the New England Transmission System constructed and placed in commercial operation after the Operations Date shall be subject to the authority of the ISO under a separate agreement in accordance with Section 2.03 and any applicable provisions of the ISO OATT.

2.03 **Merchant Facilities.** The terms and conditions under which NTD, an Affiliate of NTD or any other entity grants authority over any Merchant Facilities to the ISO shall not be governed by this

Agreement, it being understood that NTD shall enter into operating agreements relating to its Merchant Facilities directly with the ISO in accordance with applicable provisions of the ISO OATT. Nothing in this Agreement is intended to limit or expand the right of NTD, the Affiliate of NTD, or any other entity to propose, construct, or own Merchant Facilities interconnected to the New England Transmission System. No Merchant Facility may become an Acquired Transmission Facility.

2.04 **Excluded Assets.** The "Excluded Assets" of NTD shall consist of those assets and/or facilities of NTD set forth in Section 2.04(a) and (b). These Excluded Assets are expressly excluded from the definition of Transmission Facilities under this Agreement, and the ISO shall not have Operating Authority over NTD's Excluded Assets. Nothing in this Section 2.04 is intended to address the rate treatment of the Transmission Facilities or any other asset of NTD. Rate treatment of Transmission Facilities shall be governed by the ISO OATT, provided that filings for rate treatment under the ISO OATT shall be subject to Section 3.04 of this Agreement:

(a) Excluded Assets are any assets, facilities, and/or portions of facilities owned by NTD that are connected with or associated with Transmission Facilities to the extent specifically excluded pursuant to the following items (i) through (vii) of this Section 2.04(a):

(i) proceeds from the use or disposition of Transmission Facilities;

(ii) any payment, refund or credit (1) relating to Taxes in respect of the Transmission Facilities, (2) arising under any contracts or tariffs of NTD and relating to services provided prior to the beginning of the Term, or (3) arising under any contract or tariff that provides for rates that are subject to regulation by an agency other than FERC.

(iii) any rights, ownership, title or interest NTD may have with respect to telecommunications assets and equipment, provided that the ISO shall continue to have the right to use such telecommunication assets and equipment attached to or associated with Transmission Facilities solely to the extent needed for the exercise of the ISO's Operating Authority and further provided that such use right shall not be assignable by the ISO;

(iv) any existing contracts or contract rights of NTD related in any manner to Transmission Facilities unless NTD agrees to assign or transfer such contracts to the ISO;

(v) any assets, property rights, licenses, permits or facilities that are used for or in (1) the distribution, generation, trading or marketing of electricity (except for facilities specifically defined as Transmission Facilities that are used for such activities), (2) gas transportation, gas, water, petroleum, chemical, real estate development, or cable business, or (3) any other activity unrelated to the transmission of electricity located on, or making use of, the Transmission Facilities;

(vi) any causes of action or claims related to Transmission Facilities, provided, that, upon the written agreement of NTD and the ISO to the assumption by the ISO of the management of such claims under mutually agreed terms and conditions, the ISO may manage NTD's causes of action or claims against a third party relating to such Transmission Facilities, and provided further that the ISO shall have the right to pursue causes of action or claims against third parties to the extent necessary for the ISO to fulfill its responsibilities for invoicing, collection and disbursement of customer payments in accordance with Section 3.10; and

(vii) any asset or facility for which Operating Authority may not be lawfully transferred or assigned.

(b) Excluded assets are any assets or facilities of NTD that are not specifically defined as Transmission Facilities, including without limitation the facilities or portions of facilities described in items (i) through (xii) of this Section 2.04(b):

(i) all cash, cash equivalents, bank deposits, accounts receivable, and any income, sales, payroll, property or other Tax receivables;

(ii) proceeds from the use or disposition of any facilities or assets owned by NTD;

(iii) certificates of deposit, shares of stock, securities, bonds, debentures, and evidences of indebtedness;

(iv) any rights or interest in trade names, trademarks, service marks, patents, copyrights, domain names or logos;

(v) any payment, refund or credit (1) relating to Taxes, (2) arising under any contracts or tariffs of NTD and relating to services provided prior to the beginning of the Term, or (3) arising under any contract or tariff that provides for rates that are subject to regulation by an agency other than FERC;

(vi) any facilities, including transmission facilities, located outside the New England Transmission System;

(vii) any rights, ownership, title or interest NTD may have with respect to telecommunications assets and equipment;

(viii) any existing contracts or contract rights of NTD unless NTD agrees to assign or transfer such contracts to the ISO;

(ix) any assets, property rights, licenses, permits or facilities that are used for or in (1) the distribution, generation, trading or marketing of electricity or (2) gas transportation, gas, water, petroleum, chemical, real estate development, or cable business, or (3) any other activity unrelated to the transmission of electricity whether or not located on, or making use of, the Transmission Facilities;

(x) any causes of action or claims;

(xi) any asset or facility for which Operating Authority may not be lawfully transferred or assigned; and

(xii) any interests of any kind in NTD's real property, provided that nothing in this Section 2.04 shall restrict NTD from conveying interests in real property in any future written agreement into which the ISO and NTD may, in their sole discretion, enter.

2.05 **Connection with Non-Parties.**

(a) NTD shall connect its Transmission Facilities (once placed in service) with the facilities of any entity that is not a Party, including the facilities of a current or proposed Transmission Customer, and shall install (or cause to be installed) and construct (or cause to be constructed) any transmission facilities required to connect the facilities of a non-Party to the Transmission Facilities to the

extent such connection or construction is required by applicable law, including the Federal Power Act and any applicable regulations issued by FERC and provided that the construction of any such transmission facilities shall be subject to the conditions associated with NTD's obligation to build set forth in Schedule 3.09(a). Any such connection shall be subject further to: (1) the receipt of any necessary regulatory approvals, (2) compliance with the procedures set forth in the ISO OATT for review of the reliability and operational impacts of a proposed interconnection (including the procedures for interconnection of a Generating Unit under the Interconnection Standard); and (3) execution of an Interconnection Agreement with such entity containing provisions for the safe and reliable operation of each interconnection with respect to such entity's facilities in accordance with Good Utility Practice, applicable NERC/NPCC Requirements, and applicable Law (including the Federal Power Act); provided that

(i) Except as provided in 2.05(a)(ii) below, NTD shall engage in good faith negotiations as to the terms and conditions of such Interconnection Agreement with any such non-Party, but, except as may be required pursuant to regulations issued by FERC, NTD shall not be required to enter into any Interconnection Agreement containing terms and conditions unacceptable to NTD and shall reserve the right to resolve any disputes, and/or make any filings with FERC, with respect thereto.

(ii) With respect to the interconnection of a Large Generating Facility or a Small Generating Facility to any Transmission Facility, the Interconnection Agreement shall be a three-party agreement among NTD, the ISO, and the interconnecting non-Party based on the Schedule 22 Large Generator Interconnection Agreement or Schedule 23 Small Generator Interconnection Agreement, respectively, in the ISO OATT. With respect to the interconnection of other Generating Units to any Transmission Facility of NTD, the ISO shall be a party to Interconnection Agreements if and to the extent that FERC regulations require the ISO to be a party. Either the ISO or the PTOs (working with NTD as a party to the Disbursement Agreement), may propose amendments to the Schedule 22 Large Generator Interconnection Agreement or Schedule 23 Small Generator Interconnection Agreement under Section 205 of the Federal Power Act and shall include in such proposal the views of the ISO and NTD and PTOs, as applicable, provided that the standard applicable under Section 205 of the Federal Power Act shall apply only to the NTD and/or PTOs' position on any financial obligations of the PTOs and/or NTD (as applicable) or the interconnecting non-Party, and any provisions related

to physical impacts of the interconnection on the Transmission Facilities or other assets. If NTD, the ISO and the interconnecting non-Party agree to the terms and conditions of a specific Large Generator Interconnection Agreement or Small Generator Interconnection Agreement, as applicable, or any amendments to such an Interconnection Agreement, then NTD and the ISO shall jointly file the executed Interconnection Agreement, or amendment thereto, with FERC under Section 205 of the Federal Power Act. To the extent NTD, the ISO and such interconnecting non-Party cannot agree to proposed variations from the Schedule 22 or 23 Interconnection Agreement applicable to a Large Generating Facility or Small Generating Facility, respectively, or cannot otherwise agree to the terms and conditions of the Interconnection Agreement, or any amendments to such an Interconnection Agreement, then NTD and the ISO shall jointly file an unexecuted Interconnection Agreement, or amendment thereto, with FERC under Section 205 of the Federal Power Act and shall identify the areas of disagreement in such filing, provided that, in the event of disagreement on terms and conditions of the Interconnection Agreement related to the costs of upgrades to the Transmission Facilities, the anticipated schedule for the construction of such upgrades, any financial obligations of NTD, and any provisions related to physical impacts of the interconnection on the Transmission Facilities or other assets, then the standard applicable under Section 205 of the Federal Power Act shall apply only to NTD's position on such terms and conditions.

The costs of interconnection facilities shall be allocated in the manner specified in the ISO OATT.

(b) NTD shall also connect its Transmission Facilities (once placed in service) with the facilities of any entity that is not a Party upon satisfaction of the "Elective Transmission Upgrade" provisions of the ISO OATT, provided that NTD shall only connect the facilities of such entity (the "Elective Transmission Upgrade Applicant") upon satisfaction of the following conditions:

(i) The Elective Transmission Upgrade Applicant shall enter into an Interconnection Agreement with the affected PTO(s) and NTD and, to the extent necessary and appropriate, enter into support agreements with the affected PTO(s) and NTD, provided that the Elective Transmission Upgrade Applicant may request, upon providing the security, credit assurances, and/or deposits required by the affected PTO,

the filing with the Commission by NTD and/or affected PTOs of unexecuted Interconnection Agreements and support agreements.

(ii) The Elective Transmission Upgrade Applicant shall obtain all necessary legal rights and approvals for the construction and maintenance of the upgrade and shall cooperate with NTD in obtaining all necessary legal rights and approvals for the construction and maintenance of additions or modifications, if any, required in conjunction with the upgrade.

(iii) The Elective Transmission Upgrade Applicant shall be responsible for 100% of all of the costs of said upgrade and of any additions to or modifications of the Transmission Facilities that are required to accommodate the Elective Transmission Upgrade. A request for rate treatment of an Elective Transmission Upgrade, if any, shall be determined by FERC in the appropriate proceeding.

2.06 **Review of Transmission Plans.** NTD shall submit to the ISO in such form, manner and detail as the ISO may reasonably prescribe: (i) any new or materially changed plans for retirements of or changes in the capacity of such Transmission Facilities rated 69 kV or above or plans for construction of New Transmission Facilities or Transmission Upgrades rated 69 kV or above; and (ii) any new or materially changed plan for any other action to be taken by NTD which may have a significant effect on the stability, reliability or operating characteristics of the Transmission Facilities, the facilities of any Transmission Owner, or the system of a Participant. The ISO shall provide notification of any such NTD submissions to the appropriate Technical Committee(s). Unless prior to the expiration of ninety (90) days, the ISO notifies NTD in writing that it has determined that implementation of the plan will have a significant adverse effect upon the reliability or operating characteristics of the Transmission Facilities, the facilities of any Transmission Owner, or the system of a Participant, NTD shall be free to proceed. If the ISO notifies NTD that implementation of such plan has been determined to have a significant adverse effect upon the reliability or operating characteristics of the Transmission Facilities, the facilities of any Transmission Owner, or the system of a Participant, NTD shall not proceed to implement such plan unless NTD takes such action or constructs such facilities as the ISO determines to be reasonably necessary to avoid such adverse effect.

2.07 **Condemnation.** If, at any time, any Governmental Authority commences any process to acquire any Transmission Facilities or any other interest in Transmission Facilities then held by NTD

through condemnation or otherwise through the power of eminent domain, (i) NTD shall provide the ISO with written notice of such process, (ii) NTD shall, at its cost, direct any litigation or proceeding regarding such condemnation or eminent domain matter, (iii) NTD shall have the right to settle any such proceeding without the consent of the ISO, and (iv) any award in condemnation or eminent domain shall be paid to NTD without any claim to such award by the ISO.

ARTICLE III
OPERATING AUTHORITY

3.01 **Grant of Operating Authority.** Subject to the terms set forth in this Agreement, including Article III and Article X hereof, NTD hereby authorizes the ISO, through its officers, employees, consultants, independent contractors and other personnel, to exercise Operating Authority over the Transmission Facilities once they are placed in service, including provision of Transmission Service over the Transmission Facilities under the TOA and ISO OATT, and the ISO hereby agrees to assume and exercise Operating Authority over the Transmission Facilities in accordance with the TOA once they are placed in service. Coincident with the NTD's Transmission Facilities being placed in service or the acquisition of operational Transmission Facilities, the NTD shall execute the TOA pursuant to Section 10.05 hereof, list such Transmission Facilities under the TOA and, by doing so, authorize the ISO to exercise Operating Authority over such Transmission Facilities via the TOA.

3.02 **[reserved]**

3.03 **Transmission Services and OATT Administration.**

(a) The ISO shall administer the ISO OATT in the manner specified in this Section 3.03. The ISO's OATT administration responsibilities shall include those enumerated below:

(i) The ISO shall receive, post on OASIS as required by Commission regulations, and respond to requests by Large Generating Facilities and Small Generating Facilities to be interconnected under the ISO OATT, and all Transmission Service. Except as provided in Section 3.03(a)(ii), the ISO shall perform the system impact studies and facilities studies (and execute and administer agreements for such studies) in connection with such requests to the Administered Transmission System. Notwithstanding the foregoing, (A) the ISO shall consult with NTD prior to completion

of system impact studies and facilities studies in connection with requests that affect the Transmission Facilities and distribution facilities and shall include in any such studies NTD's reasonable estimates of the costs of upgrades to the Transmission Facilities needed to implement the conclusions of such studies and NTD's reasonable anticipated schedule for the construction of such upgrades; (B) nothing in this Agreement shall preclude the ISO from entering into a separate agreement(s) with NTD for such studies, pursuant to the ISO's supervision and the ISO's authority to require modifications to such studies, to perform system impact studies and facilities studies; (C) except as provided in Section 3.03(a)(ii) with respect to interconnection of Generating Units that would not have an impact on facilities used for the provision of regional transmission service, nothing in this Agreement shall preclude the performance of studies related to the interconnection of Generating Units by a third party consultant to the extent permitted by applicable procedures in the ISO OATT (including procedures governing the treatment of confidential information) and provided that such studies performed by any third party consultant must include NTD's reasonable estimates of the costs of upgrades to such Transmission Facilities needed to implement the conclusions of such studies and NTD's reasonable anticipated schedule for the construction of such upgrades; and (D) NTD shall, upon request by the ISO, conduct any necessary studies related to the Transmission Facilities, including system impact studies and facilities studies, and shall assist in the performance of any such studies, including the provision of information and data in accordance with Section 11.07 of this Agreement.

(ii) The ISO shall review applications for Transmission Service or requests for the interconnection of Large Generating Facilities and Small Generating Facilities to be interconnected to a Transmission Facility to determine whether the service or interconnection would have an impact on facilities used for the provision of regional transmission service. If so, and the interconnection is to a Transmission Facility, the ISO will perform a system impact study and facilities study, as necessary to address the impacts on facilities used for the provision of regional transmission service.

(iii) The ISO shall operate and maintain the OASIS (or a successor system) as required by FERC. NTD shall provide updates to the NTD-specific pages on the OASIS site, subject to the ISO's review of such updates. The ISO shall have the authority to

direct any changes to such NTD-specific pages that it deems appropriate to conform to FERC requirements and the terms and conditions of the ISO OATT.

(b) Notwithstanding Section 3.03(a), retail load customers requesting to interconnect with the Transmission Facilities of NTD shall submit service requests to NTD. Such service requests submitted to the ISO shall be forwarded to NTD. NTD shall execute and administer the agreements, and shall be responsible for billing, collections, dispute resolution and the performance of system impact studies and facilities studies, in coordination with the ISO as necessary, in connection with such requests.

(c) Transmission Service Agreements. The ISO and NTD shall enter into all agreements for Transmission Service over the Transmission Facilities; provided that:

(i) A pro forma regional transmission service agreement (or service agreements) shall be attached to the ISO OATT and such pro forma service agreement(s) shall set forth the respective rights and responsibilities of the Transmission Customer, the ISO, the PTOs and NTD. The ISO shall have the authority, pursuant to Section 205 of the Federal Power Act, to amend the pro forma service agreement(s) or the Market Participant Service Agreement ("MPSA") or executed service agreements related to the terms and conditions of regional Transmission Service.

(ii) The ISO shall be responsible for filing with the FERC, or electronically reporting to the FERC as applicable, all new agreements for Transmission Service over the Transmission Facilities. In the event of any dispute between the ISO or NTD and a Transmission Customer concerning the terms and conditions of such service agreements, the ISO shall file an unexecuted copy of the pro forma service agreement set forth in the ISO OATT and shall include in such filing any statement provided by NTD, affected PTO(s) and the Transmission Customers concerning their respective positions on any proposed changes or additions to the pro forma service agreement.

3.04 **Application Authority.**

(a) NTD shall have the authority to submit filings under Section 205 of the Federal Power Act to establish and to revise (pursuant to an NTD rate schedule filed under Schedules 13 or 14, as applicable, of the ISO OATT):

(i) charges for costs permitted to be recovered under Sections 4.3 and 4A of Attachment K to the ISO OATT;

(ii) once its project is listed as "Proposed" in the RSP Project List, charges for the costs of Commission-approved construction work in process; and

(iii) once its project is listed as "Proposed" in the RSP Project List, any rates, charges, terms or conditions for transmission services that are based solely on the revenue requirements of the Transmission Facilities (including Transmission Facilities leased to NTD or to which NTD has contractual entitlements).

NTD shall not have the authority to revise such rates, terms and conditions in a manner that would abridge the rights granted to the ISO in Section 3.04(b). NTD shall provide written notification to the ISO and stakeholders of any filing described in sub-paragraph (i) through (iv), above, which notification shall include a detailed description of the filing, at least 30 days in advance of a filing. NTD shall consult with interested stakeholders upon request. NTD shall retain the right to modify aspects of any filing authorized by this Section 3.04(a) after it provides written notification to the ISO and stakeholders, and shall provide notification to the ISO and stakeholders of any material modification to such filings.

With respect to any filing described in sub-paragraph (iii) above, NTD shall include in any filing a statement that, in the good faith judgment of NTD, the proposal will not be inconsistent with the design of the New England Markets, as accepted or approved by FERC. In the event the ISO believes that a proposed filing described in sub-paragraph (iii) above, would have such an inconsistency, it shall so advise NTD and NTD and the ISO shall consult in good faith to resolve any ISO concerns, but, if such disagreement cannot be resolved, NTD may submit a filing under Section 205, provided that NTD's filing (including the transmittal letter for such filing) to FERC shall include any written statement provided by the ISO setting forth the basis for the ISO's concerns.

NTD shall consult with the ISO to determine whether the ISO will need to make any software modifications in order to implement any filing authorized by this Section 3.04(a) and when any needed software modifications could reasonably be expected to be implemented. NTD's filing to FERC (and the transmittal letter for such a filing) shall include any written statement provided by the ISO setting forth the basis for any software-related implementation concerns raised by the ISO. The ISO shall make Commercially Reasonable Efforts to implement any needed software modifications by the effective date

accepted by the FERC for a filing authorized by this Section 3.04(a), provided that, if the ISO has exercised such Commercially Reasonable Efforts, a failure to implement needed software modifications by the FERC-accepted effective date shall not constitute an event of default by the ISO under this Agreement or subject the ISO to financial damages, and further provided that the ISO shall run retroactive settlements consistent with the FERC-accepted effective date for a filing authorized by this Section 3.04(a) once such software modifications have been implemented.

(b) The ISO has the authority to submit filings under Section 205 of the Federal Power Act as set forth in the TOA.

(c) NTD shall have no authority to submit a filing under Section 205 of the Federal Power Act to modify any provision of the ISO OATT that implements any of the items listed in Section 3.04(b) of the TOA.

3.05 **The ISO's Responsibilities.**

(a) In addition to its other obligations under this Agreement, in performing its obligations and responsibilities hereunder, and in accordance with Good Utility Practice, the ISO shall:

(i) maintain system reliability; and

(ii) in all material respects, act in accordance with applicable Laws and conform to, and implement, all applicable reliability criteria, policies, standards, rules, regulations, orders, license requirements and all other applicable NERC/NPCC Requirements, and other applicable reliability organizations' reliability rules, and all applicable requirements of federal or state laws or regulatory authorities.

(b) The ISO shall obtain and retain all necessary authorizations of FERC and other regulatory authorities to function as the New England RTO and shall possess the characteristics and perform the functions required for that purpose.

3.06 **NTD's Responsibilities.**

(a) NTD shall, in accordance with Good Utility Practice:

(i) collaborate with the ISO with respect to:

(A) the development of Rating Procedures,

(B) the establishment of ratings for New Transmission Facilities;

(C) the establishment of ratings for Acquired Transmission Facilities that do not have an existing rating; and

(D) the establishment of any changes to existing ratings for Transmission Facilities in effect as of the Operations Date.

To the extent there is any disagreement between the ISO and NTD concerning Rating Procedures or the rating of a Transmission Facility, such disagreement shall be the subject of good faith negotiations between NTD and the ISO, provided that (x) NTD's position concerning such Rating Procedures or Transmission Facility ratings shall govern until NTD and the ISO agree on a resolution to such disagreement; and (y) nothing in this Section 3.06(a)(iv) shall limit the rights of the ISO or of NTD to submit a filing under Section 206 of the Federal Power Act with respect to Transmission Facility ratings or Rating Procedures. During any collaboration or discussions concerning Transmission Facility ratings, NTD shall continue to provide the ISO with up-to-date ratings information in accordance with the applicable Rating Procedures.

(ii) cooperate with actions taken by PTOs' Local Control Centers with respect to the Transmission Facilities; and

(iii) in all material respects, comply with all applicable laws, regulations, orders and license requirements, and with all applicable requirements, and with all applicable NERC/NPCC Requirements, other applicable reliability organizations' local reliability rules, and all applicable requirements of federal or state laws or regulatory authorities.

3.07 **Reserved Rights of NTD.**

(a) Notwithstanding any other provision of this Agreement to the contrary, NTD shall retain all of the rights set forth in this Section 3.07; provided, however, that such rights shall be exercised in a manner consistent with applicable NERC/NPCC Requirements and applicable regulatory

standards. This Section 3.07 is not intended to reduce or limit any other rights of NTD as a signatory to this Agreement or under the ISO OATT.

(i) Nothing in this Agreement shall restrict any rights: (A) of NTD if it is a party to a merger, acquisition or other restructuring transaction to make filings under Section 205 of the Federal Power Act with respect to NTD's reallocation or redistribution of revenues or the assignment of such NTD's rights or obligations, to the extent the Federal Power Act requires such filings; or (B) of NTD to terminate its participation in this Agreement pursuant to Article X of this Agreement.

(ii) Except as expressly provided in the grant of Operating Authority to the ISO, NTD retains all rights that it otherwise has incident to its ownership of, and legal and equitable title to, its assets, including its Transmission Facilities and all land and land rights, including the right to build, acquire, sell, lease, merge, dispose of, retire, use as security, or otherwise transfer or convey all or any part of its assets, subject to NTD's compliance with Section 2.06 of this Agreement. Subject to Article X, NTD may, directly or indirectly, by merger, sale, conveyance, consolidation, recapitalization, operation of law, or otherwise, transfer all or any portion of the Transmission Facilities subject to this Agreement but only if such transferee or successors shall agree in writing to be bound by terms of this Agreement.

(iii) NTD shall have the right to adopt and implement, consistent with Good Utility Practice, procedures and to take such actions it deems necessary to protect its facilities from physical damage or to prevent injury or damage to persons or property.

(iv) NTD retains the right to take whatever actions, consistent with Good Utility Practice, it deems necessary to fulfill its obligations under applicable Law.

(v) Nothing in this Agreement shall be construed as limiting in any way the rights of NTD to make any filing with any applicable state or local regulatory authority.

(vi) NTD shall have the right to retain one or more subcontractors to perform any or all of its obligations under this Agreement. The retention of a subcontractor

pursuant to the terms of this Section 3.07 shall not relieve NTD of its primary liability for the performance of any of its obligations under this Agreement.

(b) Any and all other rights and responsibilities of NTD related to the ownership or operation of its Transmission Facilities not expressly assigned to the ISO under this Agreement will remain with NTD.

(c) Nothing in this Agreement shall be deemed to impair or infringe on any rights or obligations of NTD under the Federal Power Act and FERC's rules and regulations thereunder, provided that any such rights are not inconsistent with the express terms of this Agreement. Nothing contained in this Agreement shall be construed to limit in any way the right of NTD to take any position, including opposing positions, in any administrative or judicial proceeding or filing by NTD or the ISO, notwithstanding that such proceeding or filing may be undertaken or made, explicitly or implicitly, pursuant to this Agreement.

3.08 **[reserved]**

3.09 **[reserved]**

3.10 **Invoicing, Collection and Disbursement of Payments.**

(a) Invoicing. Except as provided in Section 3.10(a)(ii), the ISO will administer its current net settlement system, including invoicing of charges to Transmission Customers for Transmission Services on the Transmission Facilities as follows:

(i) The charges invoiced by the ISO on behalf of NTD shall include the following (each, an "Invoiced Amount"):

(A) all charges listed in NTD's Commission-accepted rate schedule under Schedules 13 and 14 of the ISO OATT; and

(B) any and all rates, charges, fees and/or penalties under interconnection agreements which have been filed with and accepted by FERC, other than amounts billed directly by NTD pursuant to Section 3.10(a)(ii) below.

(ii) Payments relating to all services provided by NTD outside of Schedules 13 and 14 that provide for payment to NTD, and any other payments shall be invoiced by NTD and shall not be invoiced by the ISO; provided that, notwithstanding the foregoing, NTD and the ISO may enter into separate agreements such that the ISO provides invoicing services for such payments.

(iii) The ISO shall remit or credit to NTD, consistent with the ISO Tariff and the net settlement system, any and all payments received or collected from Transmission Customers for Invoiced Amounts in accordance with this Agreement. NTD shall designate (and notify the ISO of the identity of) a single authorized individual to provide such directions to the ISO. This individual shall also respond to any ISO questions or requests for clarification concerning such directions; provided that the ISO shall be able to rely upon the direction of the designated individual unless and until it receives notification from NTD or from a Governmental Authority of reversal of such direction by any Governmental Authority with jurisdiction over this Agreement.

(b) The ISO's Collection Obligations and Application of Financial Assurances Policies. If a Transmission Customer defaults on any payment of any Invoiced Amount (the "Owed Amounts"), the ISO shall take all necessary actions to execute or call upon any Financial Assurances held by the ISO attributable to such Transmission Customer.

(c) No Pledge of Invoiced Amounts. The ISO shall not create, incur, assume or suffer to exist any lien, pledge, security interest or other change or encumbrance, or any other type of preferential arrangement (including a banker's right of set off) against any Invoiced Amounts, any accounts receivables representing Invoiced Amounts, the settlement account maintained by the ISO into which payments on Invoiced Amounts are made and from which remittances are made to NTD or any Financial Assurances.

3.11 **Subcontractors.** NTD acknowledges and agrees that, subject to the terms set forth herein, the ISO has the right to retain one or more subcontractors to perform any or all of its obligations under this Agreement. The retention of a subcontractor pursuant to the terms of this Section 3.11 shall not relieve the ISO of its primary liability for the performance of any of its obligations under this Agreement.

3.12 **No Impairment of the ISO's Other Legal Rights and Obligations.** Nothing in this Agreement shall be deemed to impair or infringe on any rights or obligations of the ISO under the Federal Power Act and FERC's rules and regulations thereunder, including the ISO's rights and obligations to submit filings to recover its administrative, capital, and other costs.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE PARTIES

4.01 **Representations and Warranties of NTD.** NTD represents and warrants to the ISO as follows:

(a) Organization. It is duly organized, validly existing and in good standing under the laws of the state of its organization.

(b) Authorization. It has all requisite power and authority to execute, deliver and perform this Agreement; the execution, delivery and performance by NTD of this Agreement have been duly authorized by all necessary and appropriate action on the part of NTD; and this Agreement has been duly and validly executed and delivered by NTD and constitutes the legal, valid and binding obligations of NTD, enforceable against NTD in accordance with its terms.

(c) No Breach. The execution, delivery and performance by NTD of this Agreement will not result in a breach of any terms, provisions or conditions of any agreement to which NTD is a party which breach has a reasonable likelihood of materially and adversely affecting NTD's performance under this Agreement.

4.02 **Representations and Warranties of the ISO.** The ISO represents and warrants to NTD as follows:

(a) Organization. It is duly organized, validly existing and in good standing under the laws of the state of its organization.

(b) Authorization. It has all requisite power and authority to execute, deliver and perform this Agreement; the execution, delivery and performance by the ISO of this Agreement have been duly authorized by all necessary and appropriate action on the part of the ISO; and this Agreement

has been duly and validly executed and delivered by the ISO and constitutes the legal, valid and binding obligation of the ISO, enforceable against the ISO in accordance with its terms.

(c) No Breach. The execution, delivery and performance by the ISO of this Agreement will not result in a breach of any of the terms, provisions or conditions of any agreement to which the ISO is a party which breach has a reasonable likelihood of materially and adversely affecting the ISO's performance under this Agreement.

ARTICLE V
COVENANTS OF NTD

5.01 **Covenants of NTD.** NTD covenants and agrees that during (i) the Term, or (ii) the period expressly specified herein, as applicable, NTD shall comply with all covenants and provisions of this Article V, except to the extent the ISO waives such covenants or performance is excused pursuant to Section 11.11(b).

5.02 **[reserved]**

5.03 **Expenses.** Except to the extent specifically provided herein, all costs and expenses incurred by NTD in connection with the negotiation of this Agreement shall be borne by NTD; provided that nothing herein shall prevent NTD from recovering such expenses in accordance with applicable law.

5.04 **Consents and Approvals.**

(a) NTD shall exercise Commercially Reasonable Efforts to promptly prepare and file all necessary documentation to effect all necessary applications, notices, petitions, filings and other documents, and shall exercise Commercially Reasonable Efforts to obtain (and will cooperate with each other in obtaining) any consent, acquiescence, authorization, order or approval of, or any exemption or nonopposition by, any Governmental Authority required to be obtained or made by NTD in connection with this Agreement or the taking of any action contemplated by this Agreement.

(b) NTD shall exercise Commercially Reasonable Efforts to obtain consents of all other third parties necessary to the performance of this Agreement by NTD. NTD shall promptly notify the ISO of any failure to obtain any such consents and, if requested by the ISO, shall provide copies of all such consents obtained by NTD.

(c) Nothing in this Section 5.04 shall require NTD to pay any sums to a third party, including any Governmental Authority, excluding filing fees paid to any Governmental Authority in connection with a filing necessary or appropriate to further action.

5.05 **Notice and Cure.** NTD shall notify the ISO in writing of, and contemporaneously provide the ISO with true and complete copies of any and all information or documents relating to, any event, transaction or circumstance, as soon as practicable after it becomes Known to NTD, that causes or shall cause any covenant or agreement of NTD under this Agreement to be breached or that renders or shall render untrue any representation or warranty of NTD contained in this Agreement as if the same were made on or as of the date of such event, transaction or circumstance. NTD shall use all Commercially Reasonable Efforts to cure such event, transaction or circumstance as soon as practicable after it becomes Known to NTD. No notice given pursuant to this Section 5.05 shall have any effect on the representations, warranties, covenants or agreements contained in this Agreement for purposes of determining satisfaction of any condition contained herein or shall in any way limit the ISO's right to seek indemnity under Article IX.

ARTICLE VI
COVENANTS OF THE ISO

6.01 **Covenants of the ISO.** The ISO covenants and agrees that during (i) the Term, or (ii) the period expressly specified herein, as applicable, the ISO shall comply with all covenants and provisions of this Article VI, except to the extent the Parties consent in writing to a waiver of such covenants or performance is excused pursuant to Section 11.11(b).

6.02 **[reserved]**

6.03 **Expenses.** Except to the extent specifically provided herein, all costs and expenses incurred by the ISO in connection with the negotiation of this Agreement shall be borne by the ISO; provided that nothing herein shall prevent the ISO from recovering such expenses in accordance with applicable law.

6.04 **[reserved]**

6.05 **Notice and Cure.** The ISO shall notify NTD in writing of, and contemporaneously shall provide NTD with true and complete copies of any and all information or documents relating to, any

event, transaction or circumstance, as soon as practicable after it becomes Known to the ISO, that causes or shall cause any covenant or agreement of the ISO under this Agreement to be breached or that renders or shall render untrue any representation or warranty of the ISO contained in this Agreement as if the same were made on or as of the date of such event, transaction or circumstance. The ISO shall use all Commercially Reasonable Efforts to cure such event, transaction or circumstance as soon as practicable after it becomes Known to the ISO. No notice given pursuant to this Section 6.05 shall have any effect on the representations, warranties, covenants or agreements contained in this Agreement for purposes of determining satisfaction of any condition contained herein or shall in any way limit any right of NTD to seek indemnity under Article IX.

ARTICLE VII
TAX MATTERS

7.01 **Responsibility for NTD Taxes.** NTD shall prepare and file all Tax Returns and other filings related to its Transmission Business and Transmission Facilities and pay any Tax liabilities related to its Transmission Business and Transmission Facilities. The ISO shall not be responsible for, or required to file, any Tax Returns or other reports for NTD and shall have no liability for any Taxes related to NTD's Transmission Business or Transmission Facilities. The ISO and NTD hereby agree that, for tax purposes, the Transmission Facilities shall be deemed to be owned by NTD.

7.02 **Responsibility for ISO Taxes.** The ISO shall prepare and file all Tax Returns and other filings related to its operations and pay any Tax liabilities related to its operations. NTD shall not be responsible for, or required to, file any Tax Returns or other reports for the ISO and shall have no liability for any Taxes related to the ISO's operations.

ARTICLE VIII
RELIANCE; SURVIVAL OF AGREEMENTS

8.01 **Reliance; Survival of Agreements.** Notwithstanding any right of any Party (whether or not exercised) to investigate the accuracy of any of the matters subject to indemnification by any other Party contained in this Agreement, each of the Parties has the right to rely fully upon the representations, warranties, covenants and agreements of the other Party contained in this Agreement. The provisions of Sections 11.01, 11.07, 11.11 and 11.15 and Articles VII and IX shall survive the termination of this

Agreement. With regard to Section 3.10 of this Agreement, the ISO will perform final billing consistent with Section 3.10 of this Agreement for all services provided until the Termination Date.

ARTICLE IX
INSURANCE; LIMITATION OF LIABILITIES

9.01 **Hold Harmless**. NTD will indemnify and hold harmless all affected PTOs from any and all liability, including but not limited to liability for penalties assessed by NERC or FERC, resulting from the NTD's failure to timely complete a reliability project in response to a reliability need identified in the Regional System Plan that the NTD's project was chosen in the Regional System Plan to resolve.

9.02 – 9.04 **[Reserved]**

9.05 **Insurance.**

(a) NTD will maintain property insurance on its Transmission Facilities and liability insurance in accordance with good utility practice.

(b) All insurance required under this Section 9.05 by outside insurers shall be maintained with insurers qualified to insure the obligations or liabilities under this Agreement and having a Best's rating of at least B+ VIII (or an equivalent Best's rating from time to time of B+ VIII), or in the event that from time to time Best's ratings are no longer issued with respect to insurers, a comparable rating by a nationally recognized rating service or such other insurers as may be agreed upon by the Parties.

(c) Upon execution of this Agreement, and when requested thereafter, NTD shall furnish the ISO with certificates of all such insurance policies setting forth the amounts of coverage, policy numbers, and date of expiration for such insurance in conformity with the requirements of this Agreement.

9.06 **Liability.**

(a) Neither Party shall be liable to the other Party for any incidental, indirect, special, exemplary, punitive or consequential damages, including lost revenues or profits, even if such damages are foreseeable or the damaged Party has advised such Party of the possibility of such damages and

regardless of whether any such damages are deemed to result from the failure or inadequacy of any exclusive or other remedy.

(b) Nothing in this Agreement shall be deemed to affect the right of the ISO to recover its costs due to liability under this Article IX through the ISO Participants Agreement or the ISO Administrative Tariff.

ARTICLE X
TERM; DEFAULT AND TERMINATION

10.01 **Term; Termination Date.**

(a) **Term.** Subject to the terms set forth in this Section 10.01, the term of this Agreement (the "Term") shall commence on the Effective Date and shall continue in force until terminated pursuant to Article X hereof. The date of such termination shall be referred to herein as the "Termination Date."

(b) **Termination by NTD.** NTD may terminate this Agreement:

(i) upon no less than 180 day's prior notice to the ISO; or

(ii) upon an ISO event of default in accordance with Section 10.03(a), provided that NTD shall exercise this right in accordance with Section 10.03(b)(i).

(c) **Termination By the ISO.** By notice to NTD, the ISO may terminate its obligations under this Agreement:

(i) upon the withdrawal of one or more PTOs from the Transmission Operating Agreement and the ISO has given notice to the PTOs that it is terminating the Transmission Operating Agreement pursuant to Section 10.01(c)(i) thereof;

(ii) if FERC issues an order putting into effect material changes in the liability and indemnification protections afforded to the ISO under this Agreement or the ISO Tariff;

(iii) if FERC issues an order putting into effect an amendment or modification of this Agreement that materially adversely affects the ISO's ability to carry out its responsibilities under this Agreement, unless the ISO has agreed to such changes in accordance with Section 11.04;

(iv) upon a NTD event of default in accordance with Section 10.04(a), provided that the ISO shall exercise this right in accordance with Section 10.04(b)(i); or

(v) if, within the period of ten years from the Effective Date, no NTD project has been listed by the ISO on the RSP Project List as "Proposed."

(d) Continuing Obligations. The withdrawing or terminating Party shall have the following continuing obligations following withdrawal from this Agreement: All financial obligations incurred and payments applicable to the time period prior to the Termination Date shall be honored by the terminating or withdrawing Party and the other Party in accordance with the terms of this Agreement, and each Party shall remain liable for all obligations arising hereunder prior to the Termination Date.

10.03 **[reserved]**

10.03 **Events of Default of the ISO.**

(a) Events of Default of the ISO. Subject to the terms and conditions of this Section 10.03, the occurrence of any of the following events shall constitute an event of default of the ISO under this Agreement:

(i) Failure by the ISO to perform any material obligation set forth in this Agreement and continuation of such failure for longer than thirty (30) days after the receipt by the ISO of written notice of such failure from NTD; provided, however, that if the ISO is diligently pursuing a remedy during such thirty (30) day period, said cure period shall be extended for an additional thirty (30) days or as otherwise agreed by NTD;

(ii) If there is a dispute between the ISO and NTD as to whether the ISO has failed to perform a material obligation, the cure period(s) provided in Section 10.03(a)(i)

above shall run from the point at which a finding of failure to perform has been made by a Governmental Authority;

(iii) Any attempt (not including consideration of strategic options or entering into exploratory discussions) by the ISO to transfer an interest in, or assign its obligations under, this Agreement, except as otherwise permitted hereunder;

(iv) Failure of the ISO (if it has received the necessary corresponding funds from ISO customers) to pay when due any and all amounts payable to NTD by the ISO as part of the settlement process pursuant to Section 3.10 within three (3) Business Days;

(v) With respect to the ISO, (A) the filing of any petition in bankruptcy or insolvency, or for reorganization or arrangement under any bankruptcy or insolvency laws, or voluntarily taking advantage of any such laws by answer or otherwise or the commencement of involuntary proceedings under any such laws, (B) assignment by the ISO for the benefit of creditors; or (C) allowance by the ISO of the appointment of a receiver or trustee of all or a material part of its property if such receiver or trustee is not discharged within thirty (30) days after such appointment.

(b) Remedies for Default. If an event of default by the ISO occurs, NTD shall have the right to avail itself of any or all of the following remedies, all of which shall be cumulative and not exclusive:

(i) To terminate this Agreement in accordance with Section 10.01(b)(ii); provided that if the ISO contests such allegation of an ISO event of default, this Agreement shall remain in effect pending resolution of the dispute, but any applicable notice period shall run during the pendency of the dispute;

(ii) To demand that the ISO shall terminate any right of the ISO, immediately make arrangements for the orderly transfer of the ISO's invoicing and collection functions with respect to NTD and assist NTD or NTD's designee in resuming performance of the functions the later of 20 days from the date of making such demand or the start of the next billing cycle.

10.04 **Events of Default of NTD.**

(a) Events of Default of NTD. Subject to the terms and conditions of this Section 10.04, the occurrence of any of the events listed below shall constitute an event of default of NTD under this Agreement (in each instance, a "NTD Default"):

(i) Failure by NTD to perform any material obligation set forth in this Agreement and continuation of such failure for longer than thirty (30) days after the receipt by NTD of written notice of such failure from the ISO, provided, however, that if NTD is diligently pursuing a remedy during such thirty (30) day period, said cure period shall be extended for an additional thirty (30) days or as otherwise agreed by the ISO and NTD;

(ii) If there is a dispute between NTD and the ISO as to whether NTD has failed to perform a material obligation, the cure period(s) provided in Section 10.04(a)(i) above shall run from the point at which a finding of failure to perform has been made by a Governmental Authority; or

(iii) With respect to NTD, (A) the filing of any petition in bankruptcy or insolvency, or for reorganization or arrangement under any bankruptcy or insolvency laws, or voluntarily taking advantage of any such laws by answer or otherwise or the commencement of involuntary proceedings under any such laws, (B) assignment by NTD for the benefit of creditors; or (C) allowance by NTD of the appointment of a receiver or trustee of all or a material part of its property if such receiver or trustee is not discharged within thirty (30) days after such appointment.

(b) Remedies for Default. If an event of default by NTD occurs, the ISO shall have the following remedy: to terminate this Agreement in accordance with Section 10.01(c)(iv); provided that if NTD contests such allegation of an NTD event of default, this Agreement shall remain in effect pending resolution of the dispute, but any applicable notice period shall run during the pendency of the dispute.

10.05 **Transmission Operating Agreement and Disbursement Agreement; Registration.** On the date on which (1) any of the Transmission Facilities or a New Transmission Facility is placed into service or (2) NTD's acquisition of Acquired Transmission Facilities is consummated, whichever occurs earlier:

(a) NTD shall execute and deliver to the ISO a counterpart of the Transmission Operating Agreement as an Additional PTO (as defined therein). Upon such execution and delivery, this Agreement shall terminate automatically.

(b) NTD shall promptly execute a signature page for the Disbursement Agreement and deliver it to the parties thereto and shall become a party to the Disbursement Agreement.

(c) NTD shall register with NPCC as a Transmission Owner [and Transmission Service Provider][under discussion].

ARTICLE XI
MISCELLANEOUS

11.01 **Notices.** Unless otherwise expressly specified or permitted by the terms hereof, all communications and notices provided for herein shall be in writing and any such communication or notice shall become effective (a) upon personal delivery thereof, including by overnight mail or courier service, (b) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (c) in the case of notice by facsimile, upon receipt thereof; provided that such transmission is promptly confirmed by either of the methods set forth in clauses (a) or (b) above, in each case addressed to the relevant party and copy party hereto at its address set forth in Schedule 11.01 or at such other address as such party or copy party may from time to time designate by written notice to the other party hereto; further provided that a notice given in connection with this Section 11.01 but received on a day other than a Business Day, or after business hours in the situs of receipt, will be deemed to be received on the next Business Day.

11.02 **Supersession of Prior Agreements.** With respect to the subject matter hereof, this Agreement (together with all schedules and exhibits attached hereto) constitutes the entire agreement and understanding among the Parties with respect to all subjects covered by this Agreement and supersedes all prior discussions, agreements and understandings among the Parties with respect to such matters.

11.03 **Waiver.** Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by a Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to

be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, shall be cumulative and not alternative.

11.04 **Amendment; Limitations on Modifications of Agreement.**

(a) This Agreement shall only be subject to modification or amendment by agreement of the Parties and the acceptance of any such amendment by FERC.

(b) In light of the foregoing, the Parties agree that they shall not rely to their detriment on any purported amendment, waiver or other modification of any rights under this Agreement unless the requirements of this Section 11.04 are satisfied and further agree not to assert equitable estoppel or any other equitable theory to prevent enforcement of this provision in any court of law or equity, arbitration or other proceeding.

11.05 **No Third Party Beneficiaries.** Except as provided in Article IX, it is not the intention of this Agreement or of the Parties to confer a third party beneficiary status or rights of action upon any Person or entity whatsoever other than the Parties and nothing contained herein, either express or implied, shall be construed to confer upon any Person or entity other than the Parties any rights of action or remedies either under this Agreement or in any manner whatsoever.

11.06 **No Assignment; Binding Effect.** Neither this Agreement nor any right, interest or obligation hereunder may be assigned by a Party, (including by operation of law) law (an "Assignment")-, without the prior written consent of the other Party in its sole discretion and any attempt at Assignment in contravention of this Section 11.06 shall be void, provided, however, that NTD may assign its rights and interests hereunder as security in connection with any financing for the construction or operation of NTD's Transmission Facilities (a "Collateral Assignment") without prior written consents or approvals. NTD may assign or transfer any or all of its rights, interests and obligations hereunder upon the transfer of its assets through sale, reorganization, or other transfer, provided that:

(a) NTD's successors and assigns shall agree to be bound by the terms of this Agreement except that NTD's successors and assigns shall not be required to be bound by any obligations hereunder to the extent that NTD has agreed to retain such obligations; and

(b) notwithstanding (a), NTD shall assign or transfer to any new owner of Transmission Facilities subject to this Agreement all of the rights, responsibilities and obligations associated with the physical operation of such Transmission Facilities as well as all of the rights, responsibilities and obligations associated with the ISO's Operating Authority with respect to such Transmission Facilities, further provided that the new owner shall have the right to retain one or more subcontractors to perform any or all of its responsibilities or obligations under this Agreement.

Subject to the foregoing, this Agreement is binding upon, inures to the benefit of and is enforceable by the Parties and their respective permitted successors and assigns. No Assignment shall be effective until NTD receives all required regulatory approvals for such Assignment.

11.07 **Further Assurances; Information Policy; Access to Records.**

(a) Each Party agrees, upon the other Party's request, to make Commercially Reasonable Efforts to execute and deliver such additional documents and instruments, provide information, and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions, and conditions of this Agreement and of the transactions contemplated hereby.

(b) The ISO shall, upon NTD's request, make available to NTD any and all information within the ISO's custody or control that is necessary for NTD to perform its responsibilities and obligations or enforce its rights under this Agreement, provided that such information shall be made available to NTD only to the extent permitted under the ISO Information Policy and subject to any applicable restrictions in the ISO Information Policy, including provisions of the ISO Information Policy governing the confidential treatment of non-public information, and provided further that any NTD employee or employee of NTD's Local Control Center shall comply with such ISO Information Policy and any applicable standards of conduct to prevent the disclosure of such information to any unauthorized Person. Any dispute concerning what information is necessary for NTD to perform its responsibilities and obligations or enforce its right under this Agreement shall be subject to dispute resolution under Section 11.12 of this Agreement.

(c) NTD shall, upon the ISO's request, make available to the ISO any and all information within NTD's custody or control that is necessary for the ISO to perform its responsibilities and obligations or enforce its rights under this Agreement, provided that such information shall be shall

be made available to the ISO only to the extent permitted under the ISO Information Policy and subject to any applicable restrictions in the ISO Information Policy, including provisions of the ISO Information Policy governing the confidential treatment of non-public information, and provided further that any ISO employee shall comply with such ISO Information Policy and any applicable standards of conduct to prevent the disclosure of such information to any unauthorized Person. Any dispute concerning what information is necessary for the ISO to perform its responsibilities and obligations or enforce its right under this Agreement shall be subject to dispute resolution under Section 11.12 of this Agreement.

(d) If, in order to properly prepare its Tax Returns, other documents or reports required to be filed with Governmental Authorities or its financial statements or to fulfill its obligations hereunder, it is necessary that the ISO or NTD be furnished with additional information, documents or records not referred to specifically in this Agreement, and such information, documents or records are in the possession or control of the other Party, the other Party shall use its best efforts to furnish or make available such information, documents or records (or copies thereof) at the ISO's or NTD's request, cost and expense. Any information obtained by the ISO or NTD in accordance with this paragraph shall be subject to any applicable provisions of the ISO Information Policy

(e) Notwithstanding anything to the contrary contained in this Section 11.07:

(i) no Party shall be obligated by this Section 11.07 to undertake studies or analyses that such Party would not otherwise be required to undertake or to incur costs outside the normal course of business to obtain information that is not in such Party's custody or control at the time a request for information is made pursuant to this Section 11.07;

(ii) if NTD and the ISO are in an adversarial relationship in litigation or arbitration (other than with respect to litigation or arbitration to enforce this Section 11.07), the furnishing of information, documents or records by the ISO or NTD in accordance with this Section 11.07 shall be subject to applicable rules relating to discovery;

(iii) no Party shall be compelled to provide any privileged and/or confidential documents or information that are attorney work product or subject to the attorney/client privilege; and

(iv) no Party shall be required to take any action that impairs or diminishes its rights under this Agreement or otherwise lessens the value of this Agreement to such Party.

11.08 **Business Day.** Notwithstanding anything herein to the contrary, if the date on which any payment is to be made pursuant to this Agreement is not a Business Day, the payment otherwise payable on such date shall be payable on the next succeeding Business Day with the same force and effect as if made on such scheduled date and, provided such payment is made on such succeeding Business Day, no interest shall accrue on the amount of such payment from and after such scheduled date to the time of such payment on such next succeeding Business Day.

11.09 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware including all matters of construction, validity and performance without regard to the conflicts-of-laws provisions thereof.

11.10 **Consent to Service of Process.** Each of the Parties hereby consents to service of process by registered mail, Federal Express or similar courier at the address to which notices to it are to be given, it being agreed that service in such manner shall constitute valid service upon such Party or its successors or assigns in connection with any such action or proceeding; provided, however, that nothing in this Section 11.10 shall affect the right of any Party or its successors and permitted assigns to serve legal process in any other manner permitted by applicable Law or affect the right of any such Party or its successors and assigns to bring any action or proceeding against the other Party or its property in the courts of other jurisdictions.

11.11 **Force Majeure.** A Party shall not be considered to be in default or breach under this Agreement, and shall be excused from performance or liability for damages to any other party, if and to the extent it shall be delayed in or prevented from performing or carrying out any of the provisions of this Agreement, except the obligation to pay any amount when due, in consequence of any act of God, labor disturbance, failure of contractors or suppliers of materials (not including as a result of non-payment), act of the public enemy or terrorists, war, invasion, insurrection, riot, fire, storm, flood, ice, explosion, breakage or accident to machinery or equipment or by any other cause or causes (not including a lack of funds or other financial causes) beyond such Party's reasonable control, including any order, regulation, or restriction imposed by governmental, military or lawfully established civilian authorities. A Party claiming a force majeure event shall use reasonable diligence to remove the condition that prevents

performance, except that the settlement of any labor disturbance shall be in the sole judgment of the affected Party.

11.12 **Dispute Resolution.** The Parties agree that any dispute arising under this Agreement shall be the subject of good-faith negotiations among the Parties and affected market participants, if any. Each Party and each affected market participant shall designate one or more representatives with the authority to negotiate the matter in dispute to participate in such negotiations. The Parties and affected market participants shall engage in such good-faith negotiations for a period of not less than 60 calendar days, unless: (a) a Party or market participant identifies exigent circumstances reasonably requiring expedited resolution of the dispute by FERC or a court or agency with jurisdiction over the dispute; or (b) the provisions of this Agreement otherwise provide a Party the right to submit a dispute directly to FERC for resolution. Any other dispute that is not resolved through good-faith negotiations may, by a Party or any market participant, be submitted for resolution by FERC or a court or agency with jurisdiction over the dispute upon the conclusion of such negotiations. A Party or market participant may request that any dispute submitted to FERC for resolution be subject to FERC settlement procedures. Notwithstanding the foregoing, any dispute arising under this Agreement may be submitted to arbitration or any other form of alternative dispute resolution upon the agreement of the Parties and all affected market participants to participate in such an alternative dispute resolution process.

11.13 **Invalid Provisions.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any Party under this Agreement shall not be materially and adversely affected thereby, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom, and (d) the court holding such provision to be illegal, invalid or unenforceable may in lieu of such provision add as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as it deems appropriate.

11.14 **Headings and Table of Contents.** The headings of the sections of this Agreement and the Table of Contents are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

11.15 **Liabilities; No Joint Venture.**

(a) The obligations and liabilities of the ISO and NTD arising out of or in connection with this Agreement shall be several, and not joint, and each Party shall be responsible for its own debts, including Taxes. No Party shall have the right or power to bind any other Party to any agreement without the prior written consent of such other Party. The Parties do not intend by this Agreement to create nor does this Agreement constitute a joint venture, association, partnership, corporation or an entity taxable as a corporation or otherwise. No express or implied term, provision or condition of this Agreement shall be deemed to constitute the parties as partners or joint venturers.

(b) To the extent any Party has claims against the other Party, such Party may only look to the assets of the other Party for the enforcement of such claims and may not seek to enforce any claims against the directors, members, officers, employees, affiliates, or agents of such other Party who, each Party acknowledges and agrees, have no liability, personal or otherwise, by reason of their status as directors, members, officers, employees, affiliates, or agents of that Party, with the exception of fraud or willful misconduct.

11.16 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. The parties hereto agree that any document or signature delivered by facsimile transmission shall be deemed an original executed document for all purposes hereof.

11.17 **Effective Date.**

This Agreement shall become effective on the date of execution (the "Effective Date").

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party as of the date written below.

For ISO New England Inc.

Name:_____

Title:_____

Date:_____

For [NTD]

Name:_____

Title:_____

Date:_____

Schedule 1.01

Schedule of Definitions

Acquired Transmission Facilities. Any transmission facility acquired within the New England Control Area by NTD after the Operations Date that meets the classification standards set forth in Section 2.02(a).

Additional Term. "Additional Term" shall have the meaning ascribed thereto in Section 10.01(a) of this Agreement.

Affiliate. Any person or entity which controls, is controlled by, or is under common control by another person or entity. For purposes of this definition, "control" shall mean the possession, directly or indirectly and whether acting alone or in conjunction with others, of the authority to direct the management or policies of a person or entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

Agreement. This Operating Agreement between the ISO and NTD, as it may be amended from time to time.

Ancillary Service. Those services that are necessary to support the transmission of electric capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with Good Utility Practice.

Approved Outages. "Approved Outages" shall have the meaning ascribed thereto in Market Rule 1 of the ISO Tariff.

Best's. The A.M. Best Company.

Business Day. Any day other than a Saturday or Sunday or an ISO holiday, as posted by the ISO on its website.

Commercially Reasonable Efforts. A level of effort which, in the exercise of prudent judgment in the light of facts or circumstances known or which should reasonably be known at the time a decision is made, can be expected by a reasonable person to accomplish the desired result in a manner consistent

with Good Utility Practice and which takes the performing party's interests into consideration. "Commercially Reasonable Efforts" will not be deemed to require a Person to undertake unreasonable measures or measures that have a significant adverse economic affect on such Person, including the payment of sums in excess of amounts that would be expended in the ordinary course of business for the accomplishment of the stated purpose.

Commission. The Federal Energy Regulatory Commission.

Control Area. An electric power system or combination of electric power systems, bounded by metering, to which a common automatic generation control scheme is applied in order to:

(a) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);

(b) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

(c) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice and applicable NERC/NPCC Requirements; and

(d) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

Coordination Agreement. An agreement between the ISO and the operator(s) of one or more neighboring Control Areas addressing issues including interchange scheduling, operational arrangements, emergency procedures, energy for emergency and reliability needs, the exchange of information among Control Areas, and other aspects of the coordinated operation of the Control Areas.

Disbursement Agreement. The Rate Design and Funds Disbursement Agreement among the PTOs, as amended and restated from time to time.

Effective Date. "Effective Date" shall have the meaning ascribed thereto in Section 11.18(a) of this Agreement.

Elective Transmission Upgrade. A Transmission Upgrade constructed by any Person which is not required to be constructed pursuant to any applicable requirement of this Agreement, but which may be subject to applicable requirements set forth in the ISO OATT and this Agreement.

Elective Transmission Upgrade Applicant. "Elective Transmission Upgrade Applicant" shall have the meaning ascribed thereto in Section 2.05 of this Agreement.

Environment. Soil, land surface or subsurface strata, surface waters (including navigable waters, ocean waters, streams, ponds, drainage basins, and wetlands), groundwaters, drinking water supply, stream sediments, ambient air (including indoor air), plant and animal life, and any other environmental medium or natural resource.

Environmental Damages. "Environmental Damages" shall mean any cost, damages, expense, liability, obligation or other responsibility arising from or under Environmental Law consisting of or relating to:

(a) any environmental matters or conditions (including on-site or off-site contamination, occupational safety and health, and regulation of chemical substances or products);

(b) fines, penalties, judgments, awards, settlements, legal or administrative proceedings, damages, losses, claims, demands and response, investigative, remedial or inspection costs and expenses arising under Environmental Law;

(c) financial responsibility under Environmental Law for cleanup costs or corrective action, including any investigation, cleanup, removal, containment or other remediation or response actions ("Cleanup") required by applicable Environmental Law (whether or not such Cleanup has been required or requested by any Governmental Authority or any other Person) and for any natural resource damages; or

(d) any other compliance, corrective, investigative, or remedial measures required under Environmental Law.

Environmental Laws. Any Law now or hereafter in effect and as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of the Environment, health or safety or to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

Excluded Assets. "Excluded Assets" shall have the meaning ascribed thereto in Section 2.04 of this Agreement.

Existing Operating Procedures. "Existing Operating Procedures" shall have the meaning ascribed thereto in Section 3.02(d) of this Agreement.

External Transactions. Interchange transactions between the New England Transmission System and neighboring Control Areas.

FACTS. Flexible AC Transmission Systems.

FERC. The Federal Energy Regulatory Commission.

Final Order. An order issued by a Governmental Authority in a proceeding after all opportunities for rehearing are exhausted (whether or not any appeal thereof is pending) that has not been revised, stayed, enjoined, set aside, annulled or suspended, with respect to which any required waiting period has expired, and as to which all conditions to effectiveness prescribed therein or otherwise by law, regulation or order have been satisfied.

Financial Assurances. "Financial Assurances" shall have the meaning ascribed thereto in Section 3.10(b) of this Agreement.

FPA. The Federal Power Act.

FTR. A Financial Transmission Right, as defined in the ISO OATT.

Generally Accepted Accounting Principles. The widely accepted set of rules, conventions, standards, and procedures for reporting financial information, as established by the Financial Accounting Standards Board.

Generating Unit. A device for the production of electricity.

Good Utility Practice. Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good

business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority. The government of any nation, state or other political subdivision thereof, including any entity exercising executive, military, legislative, judicial, regulatory, or administrative functions of or pertaining to a government, not including NTD or the ISO.

Hazardous Materials. Any waste or other substance that is listed, defined, designated, or classified as, or otherwise determined to be, hazardous, radioactive, or toxic or a pollutant or a contaminant under or pursuant to any Environmental Law, including any admixture or solution thereof, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos-containing materials.

Indemnifiable Loss. "Indemnifiable Loss" shall have the meaning ascribed thereto in Section 9.01(a)(i) of this Agreement.

Indemnifying Party. "Indemnifying Party" shall have the meaning ascribed thereto in Section 9.02 of this Agreement.

Indemnitee. "Indemnitee" shall have the meaning ascribed thereto in Section 9.02 of this Agreement.

Interconnection Agreement. An agreement or agreements for the interconnection of any entity to the Transmission Facilities of NTD.

Interconnection Standard. The applicable interconnection standards set forth in the ISO OATT.

Invoiced Amount. "Invoiced Amount" shall have the meaning ascribed thereto in Section 3.10(a)(i) of the Agreement.

ISO. ISO New England Inc., the RTO for New England authorized by the Federal Energy Regulatory Commission to exercise the functions required pursuant to FERC's Order No. 2000 and FERC's corresponding regulations.

ISO Control Center. The primary control center established by the ISO for the exercise of its Operating Authority and the performance of functions as an RTO.

ISO Information Policy. The information policy set forth in the ISO OATT.

ISO-NE. ISO New England Inc.

ISO OATT. The ISO Open Access Transmission Tariff, as in effect from time to time.

ISO Participants Agreement. The agreement among the ISO and stakeholder participants addressing, inter alia, the stakeholder process for the ISO.

ISO Planning Process. The process set forth in the ISO OATT, for the coordinated planning and expansion of the New England Transmission System with provision for the participation of all state regulatory authorities with jurisdiction over retail rates in the ISO region acceptable to those authorities, which process shall be subject to certain terms and conditions set forth in Schedule 3.09(a).

ISO System Plan. The "Regional System Plan" as defined in the ISO OATT.

ISO Tariff. The ISO Transmission, Markets and Services Tariff, as amended from time to time, on file with FERC.

Large Generating Facility. "Large Generating Facility" shall have the meaning ascribed thereto in the ISO OATT.

Law. Any federal, state, local or foreign statute, law, ordinance, regulation, rule, code, order, other requirement or rule of law.

Load Shedding. The systematic reduction of system demand by temporarily decreasing load.

Market Monitoring Unit. Any market monitoring unit established by the ISO, including any internal market monitoring unit of the ISO and any independent market monitoring unit of the ISO.

Market Participant Service Agreement. The agreement among the ISO and market participants addressing, inter alia, the requirements for participating in the New England Markets.

Market Rules. The rules describing how the New England Markets are administered.

Merchant Facility. A transmission facility constructed by an entity that assumes all market risks associated with the recovery of costs for the facility and whose costs are not recovered through traditional

cost-of-service based rates, but instead are recovered either through negotiated agreements with customers or through market revenues.

NTD Category A Facilities. Those transmission facilities listed in Schedule 2.01(a) of the Agreement, as that list may be modified from time to time in accordance with the terms of this Agreement.

NTD Category B Facilities. Those transmission facilities listed in Schedule 2.01(b) of the Agreement, as that list may be modified from time to time in accordance with the terms of this Agreement.

NTD Local Area Facilities. "Local Area Facilities" shall have the meaning ascribed thereto in Section 2.01 of this Agreement.

NTD Local Restoration Plan. The restoration plan developed by NTD with respect to the Transmission Facilities.

NERC. The North American Electric Reliability Corporation.

NERC/NPCC Requirements. NPCC criteria, guides, and procedures, NERC reliability standards, and NERC operating policies and planning standards (until such time as they are replaced by NERC reliability standards) and any successor documents.

New England Control Area. The Control Area consisting of the interconnected electric power system or combination of electric power systems in the geographic region consisting of Vermont, New Hampshire, Maine, Massachusetts, Connecticut and Rhode Island.

New England Markets. Markets or programs (including congestion pricing and design and implementation of FTRs) for the purchase of energy, capacity, ancillary services, demand response services or other related products or services that are offered in the New England Control Area and that are administered by the ISO pursuant to rules, rates, or agreements on file from time to time with the Commission.

New England Transmission System. The system comprised of the transmission facilities over which the ISO has operational jurisdiction, including the Transmission Facilities of NTD and the PTOs and the transmission system of any ITC formed pursuant to Attachment M to the ISO OATT.

New Transmission Facility. Any new transmission facility constructed within the New England Transmission System that is owned by NTD and that goes into commercial operation after the Effective Date. For the avoidance of doubt, in the case of a high-voltage, direct-current system, a New Transmission Facility shall include the transmission cable and the AC/DC converter stations as a single project.

Non-PTF. "Non-PTF" shall have the meaning ascribed thereto in the ISO OATT.

NPCC. The Northeast Power Coordinating Council.

OASIS. The Open Access Same-Time Information System of the ISO.

Operating Authority. "Operating Authority" shall have the meaning ascribed thereto in the TOA.

Operating Limits. The transfer limits for a transmission interface or generation facility.

Operating Procedures. The operating manuals, procedures, and protocols relating to the exercise of Operating Authority over the Transmission Facilities, as such manuals, procedures, and protocols may be modified from time to time in accordance with this Agreement.

Order 2000. FERC's Order No. 2000, *i.e.*, *Regional Transmission Organizations*, Order No. 2000, 65 Fed. Reg. 809 (January 6, 2000), FERC Stats. & Regs. ¶31,089 (1999), *order on reh'g*, Order No. 2000-A, 65 Fed. Reg. 12,088 (March 8, 2000), FERC Stats. & Regs. ¶31,092 (2000), *petitions for review dismissed sub nom.*, Public Utility District No. 1 of Snohomish County, Washington v. FERC, 272 F.3d 607 . (D.C. Cir. 2001).

Owed Amounts. "Owed Amounts" shall have the meaning ascribed thereto in Section 3.10(c) of this Agreement.

PARS. Phase angle regulators.

Participant. A participant in the New England Markets, Transmission Customer, or other entity that has entered into the ISO Participants Agreement.

Participants Committee. "Participants Committee" shall mean the stakeholder participants committee established pursuant to the ISO Participants Agreement.

Party or Parties. A "Party" shall mean the ISO or NTD, as the context requires. "Parties" shall mean NTD and the ISO.

Person. An individual, partnership, joint venture, corporation, business trust, limited liability company, trust, unincorporated organization, government or any department or agency thereof, or any other entity.

Planned Outages. "Planned Outages" shall have the meaning ascribed thereto in Market Rule 1 of the ISO Tariff.

Planning Procedures. The manuals, procedures and protocols for planning and expansion of the New England Transmission System, as such manuals, procedures, and protocols may be modified from time to time in accordance with this Agreement.

Prime Rate. The interest rate that commercial banks charge their most creditworthy borrowers, as published in the most recent Wall Street Journal in its "Monday Rates" column.

PTF. "PTF" shall have the meaning ascribed thereto in the ISO OATT.

PTO or Participating Transmission Owner. "PTO" shall have the meaning ascribed thereto in the opening paragraph of the TOA. "Participating Transmission Owner" shall have the same meaning as "PTO."

Rating Procedures. "Rating Procedures" shall have the meaning ascribed thereto in Section 3.02(d) of this Agreement.

Regulation and Frequency Response Service. An Ancillary Service as defined in the ISO OATT.

Reliability Authority. "Reliability Authority" shall have the meaning established by NERC, as such definition may change from time to time, provided such definition of Reliability Authority shall not be inconsistent with the specific rights and responsibilities of the ISO and the PTOs under this Agreement.

Restoration Plans. The System Restoration Plan, all PTO Local Restoration Plans and the NTD Local Restoration Plan.

RSP Project List. "RSP Project List" shall have the meaning ascribed thereto in the ISO OATT.

RTO. An independent entity that complies with Order No. 2000 and FERC's corresponding regulations (or an entity that complies with all such requirements except for the scope and regional configuration requirements), as determined by the FERC.

Schedule 22 Large Generator Interconnection Agreement. The interconnection agreement included in Schedule 22 of the ISO OATT.

Schedule 23 Small Generator Interconnection Agreement. The interconnection agreement included in Schedule 23 of the ISO OATT.

Scheduled Outages. "Scheduled Outages" shall have the meaning ascribed thereto in Market Rule 1 of the ISO Tariff.

Small Generating Facility. "Small Generating Facility" shall have the meaning ascribed thereto in the ISO OATT.

System Failure. Widespread telecommunication, hardware or software failure or systemic the ISO hardware or software failures that makes it impossible to receive or process bid information, dispatch resources, or exercise Operating Authority over the Transmission Facilities.

Tax or Taxes. All taxes, charges, fees, levies, penalties or other assessments imposed by any United States federal, state or local or foreign taxing authority, including, but not limited to, income, excise, property, sales, transfer, franchise, payroll, withholding, social security or other taxes, including any interest, penalties or additions attributable thereto.

Tax Return. Any return, report, information return, or other document (including any related or supporting information) required to be supplied to any authority with respect to Taxes.

Technical Committees. "Technical Committee" shall mean the stakeholder technical committees established pursuant to the ISO Participants Agreement.

Term. "Term" shall have the meaning ascribed thereto in Section 10.01 of this Agreement.

Third Party. "Third Party" shall have the meaning ascribed thereto in Section 9.01(a) of this Agreement.

Termination Date. "Termination Date" shall have the meaning ascribed thereto in Section 10.01(a) of this Agreement.

TOA. The Transmission Operating Agreement entered into by the ISO and the PTOs, effective February 1, 2005, as it may be amended from time to time.

Transmission Business. The business activities of each PTO related to the ownership, operation and maintenance of its Transmission Facilities.

Transmission Customer. Any entity taking Transmission Service under the ISO OATT.

Transmission Facilities. "Transmission Facilities" shall have the meaning ascribed thereto in Sections 2.01 and 2.02 of this Agreement.

Transmission Owner. "Transmission Owner" shall have the meaning ascribed thereto in the ISO OATT.

Transmission Provider. The ISO, in its capacity as the provider of transmission services over the Transmission Facilities of the PTOs in accordance with FERC's Order No. 2000 and FERC's RTO regulations.

Transmission Service. The non-discriminatory, open access, wholesale transmission services provided to customers by the ISO in accordance with the ISO OATT.

Transmission Upgrade. Any upgrade to an existing Transmission Facility owned by NTD that goes into commercial operation after the Effective Date.

VAR. Volt-Amps Reactive.

Schedule 2.01(a)

Schedule 2.01(b)

Schedule 11.01

NOTICES

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Contingent Version - Clean

I.2 Rules of Construction; Definitions

I.2.1. Rules of Construction:

In this Tariff, unless otherwise provided herein:

(a) words denoting the singular include the plural and vice versa;

(b) words denoting a gender include all genders;

(c) references to a particular part, clause, section, paragraph, article, exhibit, schedule, appendix or other attachment shall be a reference to a part, clause, section, paragraph, or article of, or an exhibit, schedule, appendix or other attachment to, this Tariff;

(d) the exhibits, schedules and appendices attached hereto are incorporated herein by reference and shall be construed with an as an integral part of this Tariff to the same extent as if they were set forth verbatim herein;

(e) a reference to any statute, regulation, proclamation, ordinance or law includes all statutes, regulations, proclamations, amendments, ordinances or laws varying, consolidating or replacing the same from time to time, and a reference to a statute includes all regulations, policies, protocols, codes, proclamations and ordinances issued or otherwise applicable under that statute unless, in any such case, otherwise expressly provided in any such statute or in this Tariff;

(f) a reference to a particular section, paragraph or other part of a particular statute shall be deemed to be a reference to any other section, paragraph or other part substituted therefor from time to time;

(g) a definition of or reference to any document, instrument or agreement includes any amendment or supplement to, or restatement, replacement, modification or novation of, any such document, instrument or agreement unless otherwise specified in such definition or in the context in which such reference is used;

(h) a reference to any person (as hereinafter defined) includes such person's successors and permitted assigns in that designated capacity;

(i) any reference to "days" shall mean calendar days unless "Business Days" (as hereinafter defined) are expressly specified;

(j) if the date as of which any right, option or election is exercisable, or the date upon which any amount is due and payable, is stated to be on a date or day that is not a Business Day, such right, option or election may be exercised, and such amount shall be deemed due and payable, on the next succeeding Business Day with the same effect as if the same was exercised or made on such date or day (without, in the case of any such payment, the payment or accrual of any interest or

other late payment or charge, provided such payment is made on such next succeeding Business Day);

(k) words such as "hereunder," "hereto," "hereof" and "herein" and other words of similar import shall, unless the context requires otherwise, refer to this Tariff as a whole and not to any particular article, section, subsection, paragraph or clause hereof; and a reference to "include" or "including" means including without limiting the generality of any description preceding such term, and for purposes hereof the rule of *ejusdem generis* shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned.

I.2.2. Definitions:

In this Tariff, the terms listed in this section shall be defined as described below:

Additional Resource Blackstart O&M Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Additional Resource Specified-Term Blackstart Capital Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Additional Resource Standard Blackstart Capital Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Adjusted Regulation Obligation is equal to a Market Participant's total Real-Time Load Obligation ratio share of the total amount of Regulation provided that hour, adjusted for any internal bilateral transactions for Regulation.

Administrative Costs are those costs incurred in connection with the review of Applications for transmission service and the carrying out of System Impact Studies and Facilities Studies.

Administrative Export De-List Bid is a bid that may be submitted in a Forward Capacity Auction by certain Existing Generating Capacity Resources subject to a multi-year contract to sell capacity outside of the New England Control Area during the associated Capacity Commitment Period, as described in Section III.13.1.2.3.1.4 of Market Rule 1.

Administrative Sanctions are defined in Section III.B.4.1.2 of Appendix B of Market Rule 1.

ADR Neutrals are one or more firms or individuals identified by the ISO with the advice and consent of the Participants Committee that are prepared to act as neutrals in ADR proceedings under Appendix D to Market Rule 1.

Advance is defined in Section IV.A.3.2 of the Tariff.

Affected Party, for purposes of the ISO New England Billing Policy, is defined in Section 6.3.5 of the ISO New England Billing Policy.

Affiliate is any person or entity that controls, is controlled by, or is under common control by another person or entity. For purposes of this definition, "control" means the possession, directly or indirectly, of the authority to direct the management or policies of an entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

AGC is automatic generation control.

Allocated Assessment is a Covered Entity's right to seek and obtain payment and recovery of its share in any shortfall payments under Section 3.3 or Section 3.4 of the ISO New England Billing Policy.

Alternative Capacity Price Rule is a rule potentially affecting Capacity Clearing Prices in a Forward Capacity Auction, as described in Section III.13.2.7.8 of Market Rule 1.

Alternative Dispute Resolution (ADR) is the procedure set forth in Appendix D to Market Rule 1.

Alternative Technologies Regulation Pilot Program is the pilot described in Appendix J to Market Rule 1.

Amount Interrupted is, for purposes of the Load Response Program, the calculated difference between the Customer Baseline and the actual customer load. For generating assets, metered at the generator output, the Amount Interrupted is the generator output.

Ancillary Services are those services that are necessary to support the transmission of electric capacity and energy from resources to loads while maintaining reliable operation of the New England Transmission System in accordance with Good Utility Practice.

Announced Schedule 1 EA Amount, Announced Schedule 2 EA Amount, Announced Schedule 3 EA Amount are defined in Section IV.B.2.2 of the Tariff.

Annual Transmission Revenue Requirements are the annual revenue requirements of a PTO's PTF or of all PTOs' PTF for purposes of the OATT shall be the amount determined in accordance with Attachment F to the OATT.

Annualized FCA Payment is used to determine a resource's availability penalties and is calculated in accordance with Section III.13.7.2.7.1.2(b) of Market Rule 1.

Applicants, for the purposes of the ISO New England Financial Assurance Policy, are entities applying for Market Participant status or for transmission service from the ISO.

Application is a written request by an Eligible Customer for transmission service pursuant to the provisions of the OATT.

APR-1 means the first of three Alternative Capacity Price Rule mechanisms described in Section III.13.2.7.8.

APR-2 means the second of three Alternative Capacity Price Rule mechanisms described in Section III.13.2.7.8.

APR-3 means the third of three Alternative Capacity Price Rule mechanisms described in Section III.13.2.7.8.

Asset is a generating unit, interruptible load, demand response resource or load asset.

Asset Registration Process is the ISO business process for registering a physical load, generator, or tie-line for settlement purposes. The Asset Registration Process is posted on the ISO's website.

Asset Related Demand is a physical load that has been discretely modeled within the ISO's dispatch and settlement systems, settles at a Node and, except for pumped storage load, is made up of one or more individual end-use metered customers receiving service from the same point or points of electrical supply, with an aggregate average hourly load of 1 MW or greater during the 12 months preceding its registration.

Asset Related Demand Bid Block-Hours are Block-Hours assigned to the Lead Market Participant for each Asset Related Demand bid. The daily bid Blocks in the price-based Real-Time bid will be multiplied by the number of hours in the day to determine the daily quantity of Asset Related Demand Bid Block-Hours. In the case that a Resource has a Real-Time unit status of "unavailable" for an entire day, that day will not contribute to the quantity of Asset Related Demand Bid Block-Hours. However, if the Resource has at least one hour of the day with a unit status of "available," the entire day will contribute to the quantity of Asset Related Demand Bid Block-Hours.

Asset-Specific Going Forward Costs are the net risk-adjusted going forward costs of an asset that is part of an Existing Generating Capacity Resource, calculated for the asset in the same manner as the net-risk adjusted going forward costs of Existing Generating Capacity Resources as described in Section III.13.1.2.3.2.1.2.

Assigned Meter Reader reports to the ISO the hourly and monthly MWh associated with the Asset. These MWh are used for settlement. The Assigned Meter Reader may designate an agent to help fulfill its Assigned Meter Reader responsibilities; however, the Assigned Meter Reader remains functionally responsible to the ISO.

Auction Revenue Right (ARR) is a right to receive FTR Auction Revenues in accordance with Appendix C of Market Rule 1.

Auction Revenue Right Allocation (ARR Allocation) is defined in Section 1 of Appendix C of Market Rule 1.

Auction Revenue Right Holder (ARR Holder) is an entity which is the record holder of an Auction Revenue Right (excluding an Incremental ARR) in the register maintained by the ISO.

Authorized Commission is defined in Section 3.3 of the ISO New England Information Policy.

Authorized Person is defined in Section 3.3 of the ISO New England Information Policy.

Automatic Response Rate is the response rate, in MW/Minute, at which a Market Participant is willing to have a generating unit change its output while providing Regulation between the Regulation High Limit and Regulation Low Limit.

Average Hourly Load Reduction is either: (i) the sum of the Demand Resource's electrical energy reduction during Demand Resource On-Peak Hours in the month divided by the number of Demand Resource On-Peak Hours in the month; (ii) the sum of the Demand Resource's electrical energy reduction during Demand Resource Seasonal Peak Hours in the month divided by the number of Demand Resource Seasonal Peak Hours in the month; (iii) the sum of a Critical Peak Demand Resource's electrical energy reduction during Demand Resource Critical Peak Hours in the month for that resource divided by the number of Demand Resource Critical Peak Hours less 30 minutes for each set of consecutive Real-Time Demand Resource Dispatch Hours within the same Operating Day in the month for that resource; or (iv) in each Real-Time Demand Response Event Hour, the sum of the baseline electrical energy consumption less the sum of the actual electrical energy consumption of all of the Real-Time Demand Response Assets associated with the Real-Time Demand Response Resource as registered with the ISO as of the first day of the month; or (v) in each Real-Time Emergency Generation Event Hour, the sum of the baseline electrical energy consumption less the sum of the actual electrical energy consumption of all of the Real-Time Emergency Generation Assets associated with the Real-time Emergency Generation Resource as registered with the ISO as of the first day of the month. The Demand Resource's electrical energy reduction and Average Hourly Load Reduction shall be determined consistent with the Demand Resource's Measurement and Verification Plan, which shall be reviewed by the ISO to ensure consistency with the measurement and verification requirements, as described in Section III.13.1.4.3 of Market Rule 1 and the ISO New England Manuals.

Average Hourly Output is either: (i) the sum of the Demand Resource's electrical energy output during Demand Resource On-Peak Hours in the month divided by the number of Demand Resource On-Peak Hours in the month; (ii) the sum of the Demand Resource's electrical energy output during Demand Resource Seasonal Peak Hours in the month divided by the number of Demand Resource Seasonal Peak Hours in the month; (iii) the sum of a Critical Peak Demand Resource's electrical energy output during Demand Resource Critical Peak Hours in the month for that resource divided by the number of Demand Resource Critical Peak Hours for that resource less 30 minutes for each set of consecutive Real-Time

Demand Resource Dispatch Hours within the same Operating Day in the month for that resource; or (iv) in each Real-Time Demand Response Event Hour or Real-Time Emergency Generation Event Hour, the sum of the electrical energy output of all of the Real-Time Demand Response Assets or Real-Time Emergency Generation Assets associated with the Real-Time Demand Response Resource or Real-Time Emergency Generation Resource as registered with the ISO as of the first day of the month. Electrical energy output and Average Hourly Output shall be determined consistent with the Demand Resource's Measurement and Verification Plan, which shall be reviewed by the ISO to ensure consistency with the measurement and verification requirements, as described in Section III.13.1.4.3 of Market Rule 1 and the ISO New England Manuals.

Average Monthly PER is calculated in accordance with Section III.13.7.2.7.1.1.2(a) of Market Rule 1.

Bankruptcy Code is the United States Bankruptcy Code.

Bankruptcy Event occurs when a Covered Entity files a voluntary or involuntary petition in bankruptcy or commences a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against such Covered Entity as debtor.

Bilateral Contract (BC) is any of the following types of contracts: Internal Bilateral for Load, Internal Bilateral for Market for Energy, and External Transactions.

Bilateral Contract Block-Hours are Block-Hours assigned to the seller and purchaser of an Internal Bilateral for Load, Internal Bilateral for Market for Energy and External Transactions; provided, however, that only those contracts which apply to the Real-Time Energy Market will accrue Block-Hours.

Blackstart Capability Test is the test, required by ISO New England Operating Documents, of a resource's capability to provide Blackstart Service.

Blackstart Capital Payment is the annual compensation, as calculated pursuant to Section 5.1, or as referred to in Section 5.2, of Schedule 16 to the OATT, for a Designated Blackstart Resource's Blackstart Equipment capital costs associated with the provision of Blackstart Service (excluding the capital costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Blackstart CIP Capital Payment is the annual compensation level, as calculated pursuant to Section 5.1 utilizing data from Table 6 of Appendix A to this Schedule 16, or as referred to in Section 5.2, of Schedule 16 to the OATT, for a Blackstart Station's costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service.

Blackstart CIP O&M Payment is the annual compensation level, as calculated pursuant to Section 5.1 of Schedule 16 to the OATT, utilizing data from Table 6 of Appendix A to this Schedule 16, for a Blackstart Station's operating and maintenance costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of the provision of Blackstart Service.

Blackstart Equipment is any equipment that is solely necessary to enable the Designated Blackstart Resource to provide Blackstart Service and is not required to provide other products or services under the Tariff.

Blackstart O&M Payment is the annual compensation, as calculated pursuant to Section 5.1 of Schedule 16 to the OATT, for a Designated Blackstart Resource's operating and maintenance costs associated with the provision of Blackstart Service (except for operating and maintenance costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Blackstart Owner is the Market Participant who is authorized on behalf of the Generator Owner(s) to offer or operate the resource as a Designated Blackstart Resource and is authorized to commit the resource to provide Blackstart Service.

Blackstart Service is the Ancillary Service described in Section II.47 of the Tariff and Schedule 16 of the OATT, which also encompasses "System Restoration and Planning Service" under the predecessor version of Schedule 16.

Blackstart Service Commitment is the commitment by a Blackstart Owner for its resource to provide Blackstart Service and the acceptance of that commitment by the ISO, in the manner detailed in ISO New England Operating Procedure No. 11 – Designated Blackstart Resource Administration (OP 11), and which includes a commitment to provide Blackstart Service under a "Signature Page for Schedule 16 of the NEPOOL OATT" that was executed and in effect prior to January 1, 2013 for Category A Designated Blackstart Resources or a commitment to provide Blackstart Service established under Operating

Procedure 11 – Designated Blackstart Resource Administration (OP11) for Category B Designated Blackstart Resources.

Blackstart Service Minimum Criteria are the minimum criteria that a Blackstart Owner and its resource must meet in order to establish and maintain a resource as a Designated Blackstart Resource.

Blackstart Standard Rate Payment is the formulaic rate of monthly compensation, as calculated pursuant to Section 5 of Schedule 16 to the OATT, paid to a Blackstart Owner for the provision of Blackstart Service from a Designated Blackstart Resource.

Blackstart Station is comprised of (i) a single Designated Blackstart Resource or (ii) two or more Designated Blackstart Resources that share Blackstart Equipment.

Blackstart Station-specific Rate Payment is the Commission-approved compensation, as calculated pursuant to Section 5.2 of Schedule 16 to the OATT, paid to a Blackstart Owner on a monthly basis for the provision of Blackstart Service by Designated Blackstart Resources located at a specific Blackstart Station.

Blackstart Station-specific Rate Capital Payment is a component of the Blackstart Station-specific Rate Payment that reflects a Blackstart Station's capital Blackstart Equipment costs associated with the provision of Blackstart Service (excluding the capital costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Blackstart Station-specific Rate CIP Capital Payment is a component of the Blackstart Station-specific Rate Payment that reflects a Blackstart Station's capital costs associated with compliance with NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service.

Block is defined as follows: (1) With respect to Bilateral Contracts, a Bilateral Contract administered by the ISO for an hour; (2) with respect to Supply Offers administered by the ISO, a quantity with a related price for Energy (Supply Offers for Energy may contain multiple sets of quantity and price pairs for the day); (3) with respect to Demand Bids administered by the ISO, a quantity with a related price for Energy (Demand Bids for Energy may contain multiple sets of quantity and price pairs for the each hour); (4) with respect to Increment Offers administered by the ISO, a quantity with a related price for Energy (Increment Offers for Energy may contain multiple sets of quantity and price pairs for each hour); (5)

with respect to Decrement Bids administered by the ISO, a quantity with a related price for Energy (Decrement Bids for Energy may contain multiple sets of quantity and price pairs for each hour); and (6) with respect to Asset Related Demand bids administered by the ISO, a quantity with a related price for Energy (Asset Related Demand bids may contain multiple sets of quantity and price pairs for each hour).

Block-Hours are the number of Blocks administered for a particular hour.

Budget and Finance Subcommittee is a subcommittee of the Participants Committee, the responsibilities of which are specified in Section 8.4 of the Participants Agreement.

Business Day is any day other than a Saturday or Sunday or ISO holidays as posted by the ISO on its website.

Cancellation Fee is defined in Section III.1.10.2(d).

Cancelled Start Credit is a credit calculated pursuant to Section III.F.2.5 of Appendix F to Market Rule 1 as the NCPC Credit due to each Market Participant for pool-scheduled generating Resources that were scheduled by the ISO to start after the close of the Day-Ahead Energy Market and that were cancelled by the ISO prior to their assigned commitment time.

Capability Year means a year's period beginning on June 1 and ending May 31.

Capacity Acquiring Resource is a resource that is seeking to acquire a Capacity Supply Obligation through a Capacity Supply Obligation Bilateral, as described in Section III.13.5.1 of Market Rule 1.

Capacity Capability Interconnection Standard has the meaning specified in Schedule 22 and Schedule 23 of the OATT.

Capacity Carried Forward Due to Rationing is described in Section III.13.2.7.8.2.1(c)(b)(ii) of Market Rule 1.

Capacity Clearing Price is the clearing price for a Capacity Zone for a Capacity Commitment Period resulting from the Forward Capacity Auction conducted for that Capacity Commitment Period, as determined in accordance with Section III.13.2.7 of Market Rule 1.

Capacity Clearing Price Floor is described in Section III.13.2.7.

Capacity Commitment Period is the one-year period from June 1 through May 31 for which obligations are assumed and payments are made in the Forward Capacity Market.

Capacity Cost (CC) is one of four forms of compensation that may be paid to resources providing VAR Service under Schedule 2 of the OATT.

Capacity Export Through Import Constrained Zone Transaction is defined in Section III.1.10.7(f)(i) of Market Rule 1.

Capacity Load Obligation is the quantity of capacity for which a Market Participant is financially responsible, equal to that Market Participant's Capacity Requirement (if any) adjusted to account for any relevant Capacity Load Obligation Bilaterals, as described in Section III.13.7.3.1 of Market Rule 1.

Capacity Load Obligation Acquiring Participant is a load serving entity or any other Market Participant seeking to acquire a Capacity Load Obligation through a Capacity Load Obligation Bilateral, as described in Section III.13.5.2 of Market Rule 1.

Capacity Load Obligation Bilateral is a bilateral contract through which a Market Participant may transfer all or a portion of its Capacity Load Obligation to another entity, as described in Section III.13.5 of Market Rule 1.

Capacity Load Obligation Transferring Participant is an entity that has a Capacity Load Obligation and is seeking to shed such obligation through a Capacity Load Obligation Bilateral, as described in Section III.13.5.2 of Market Rule 1.

Capacity Network Resource (CNR) is defined in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Capacity Network Resource Interconnection Service is defined in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Capacity Rationing Rule addresses whether offers and bids in a Forward Capacity Auction may be rationed, as described in Section III.13.2.6 of Market Rule 1.

Capacity Requirement is described in Section III.13.7.3.1 of Market Rule 1.

Capacity Supply Obligation is an obligation to provide capacity from a resource, or a portion thereof, to satisfy a portion of the Installed Capacity Requirement that is acquired through a Forward Capacity Auction in accordance with Section III.13.2, a reconfiguration auction in accordance with Section III.13.4, or a Capacity Supply Obligation Bilateral in accordance with Section III.13.5.1 of Market Rule 1.

Capacity Supply Obligation Bilateral is a bilateral contract through which a Market Participant may transfer all or a part of its Capacity Supply Obligation to another entity, as described in Section III.13.5.1 of Market Rule 1.

Capacity-to-Service Ratio is defined in Section III.3.2.2(h) of Market Rule 1.

Capacity Transfer Right (CTR) is a financial right that entitles the holder to the difference in the Net Regional Clearing Prices between Capacity Zones for which the transfer right is defined, in the MW amount of the holder's entitlement.

Capacity Transferring Resource is a resource that has a Capacity Supply Obligation and is seeking to shed such obligation, or a portion thereof, through a Capacity Supply Obligation Bilateral, as described in Section III.13.5.1 of Market Rule 1.

Capacity Value is the value (in kW-month) of a Demand Resource for a month determined pursuant to Section III.13.7.1.5 of Market Rule 1.

Capacity Zone is a geographic sub-region of the New England Control Area as determined in accordance with Section III.12.4 of Market Rule 1.

Capital Funding Charge (CFC) is defined in Section IV.B.2 of the Tariff.

CARL Data is Control Area reliability data submitted to the ISO to permit an assessment of the ability of an external Control Area to provide energy to the New England Control Area in support of capacity offered to the New England Control Area by that external Control Area.

Carried Forward Excess Capacity is calculated as described in Section III.13.2.7.8.2.1(c) of Market Rule 1.

Carried Forward Excess Out-of-Market Capacity is calculated as described in Section III.13.2.7.8.2.1(c)(i) of Market Rule 1.

Category A Designated Blackstart Resource is a Designated Blackstart Resource that has committed to provide Blackstart Service under a "Signature Page for Schedule 16 of the NEPOOL OATT" that was executed and in effect prior to January 1, 2013 and has not been converted to a Category B Designated Blackstart Resource.

Category B Designated Blackstart Resource is a Designated Blackstart Resource that is not a Category A Designated Blackstart Resource.

Charge is a sum of money due from a Covered Entity to the ISO, either in its individual capacity or as billing and collection agent for NEPOOL pursuant to the Participants Agreement.

CLAIM10 is the generation output level, expressed in MW, which can be reached by a Resource (from an off-line state) within 10 minutes after receiving a Dispatch Instruction or the amount of reduced consumption, expressed in MW, which can be reached by a Dispatchable Asset Related Demand within 10 minutes after receiving a Dispatch Instruction. A CLAIM10 value is required as part of a Resource's or Dispatchable Asset Related Demand's Offer Data. CLAIM10 values are established pursuant to the provisions of Section III.9.5.3.

CLAIM30 is the generation output level, expressed in MW, which can be reached by a Resource (from an off-line state) within 30 minutes after receiving a Dispatch Instruction or the amount of reduced consumption, expressed in MW, which can be reached by a Dispatchable Asset Related Demand within 30 minutes after receiving a Dispatch Instruction. A CLAIM30 value is required as part of a Resource's or Dispatchable Asset Related Demand's Offer Data. CLAIM30 values are established pursuant to the provisions of Section III.9.5.3.

CNR Capability is defined in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Coincident Peak Contribution is a Market Participant's share of the New England Control Area coincident peak demand for the prior calendar year as determined prior to the start of each power year, which reflects the sum of the prior year's annual coincident peak contributions of the customers served by the Market Participant at each Load Asset in all Load Zones. Daily Coincident Peak Contribution values shall be submitted by the Assigned Meter Reader or Host Participant by the meter reading deadline to the ISO.

Cold Weather Conditions means any calendar day when that day's Effective Temperatures are forecast to be equal to or less than zero degrees Fahrenheit for any single on-peak hour and that day's total Effective Heating Degree Days are forecast to be greater than or equal to 65.

Cold Weather Event means days when Cold Weather Conditions are forecast to exist and the Seven-Day Forecast indicates a capacity margin less than or equal to 0 MW for an Operating Day. Cold Weather Events are declared by 1100 two days prior to the Operating Day. A Cold Weather Warning will be used for all future days within the Seven-Day Forecast when a capacity margin of less than or equal to 0 MW exists, until such time that the ISO declares a Cold Weather Event.

Cold Weather Warning means days when Cold Weather Conditions are forecast to exist and the Seven-Day Forecast indicates a capacity margin less than 1,000 MW. In addition, a Cold Weather Warning will be used for all future days within the Seven-Day Forecast when a capacity margin of less than or equal to 0 MW exists for days not yet declared as a Cold Weather Event.

Cold Weather Watch means days when Cold Weather Conditions are forecast to exist and the Seven-Day Forecast indicates a capacity margin greater than or equal to 1,000 MW.

Commercial Capacity, for the purposes of the ISO New England Financial Assurance Policy, is defined in Section VII.A of that policy.

Commission is the Federal Energy Regulatory Commission.

Common Costs are those costs associated with a Station that are avoided only by (1) the clearing of the Static De-List Bids or the Permanent De-List Bids of all the Existing Generating Capacity Resources comprising the Station; or (2) the acceptance of a Non-Price Retirement Request of the Station.

Completed Application is an Application that satisfies all of the information and other requirements of the OATT, including any required deposit.

Compliance Effective Date is the date upon which the changes in the predecessor NEPOOL Open Access Transmission Tariff which have been reflected herein to comply with the Commission's Order of April 20, 1998 became effective.

Composite FCM Transaction is a transaction for separate resources seeking to participate as a single composite resource in a Forward Capacity Auction in which multiple Designated FCM Participants provide capacity, as described in Section III.13.1.5 of Market Rule 1.

Conditional Qualified New Generating Capacity Resource is defined in Section III.13.1.1.2.3(f) of Market Rule 1.

Confidential Information is defined in Section 2.1 of the ISO New England Information Policy, which is Attachment D to the Tariff.

Confidentiality Agreement is Attachment 1 to the ISO New England Billing Policy.

Congestion is a condition of the New England Transmission System in which transmission limitations prevent unconstrained regional economic dispatch of the power system. Congestion is the condition that results in the Congestion Component of the Locational Marginal Price at one Location being different from the Congestion Component of the Locational Marginal Price at another Location during any given hour of the dispatch day in the Day-Ahead Energy Market or Real-Time Energy Market.

Congestion Component is the component of the nodal price that reflects the marginal cost of congestion at a given Node or External Node relative to the reference point. When used in connection with Zonal Price and Hub Price, the term Congestion Component refers to the Congestion Components of the nodal prices that comprise the Zonal Price and Hub Price weighted and averaged in the same way that nodal prices are weighted to determine Zonal Price and averaged to determine the Hub Price.

Congestion Cost is the cost of congestion as measured by the difference between the Congestion Components of the Locational Marginal Prices at different Locations and/or Reliability Regions on the New England Transmission System.

Congestion Paying LSE is, for the purpose of the allocation of FTR Auction Revenues to ARR Holders as provided for in Appendix C of Market Rule 1, a Market Participant or Non-Market Participant Transmission Customer that is responsible for paying for Congestion Costs as a Transmission Customer paying for Regional Network Service under the Transmission, Markets and Services Tariff, unless such Transmission Customer has transferred its obligation to supply load in accordance with ISO New England System Rules, in which case the Congestion Paying LSE shall be the Market Participant supplying the transferred load obligation. The term Congestion Paying LSE shall be deemed to include, but not be limited to, the seller of internal bilateral transactions that transfer Real-Time Load Obligations under the ISO New England System Rules.

Congestion Revenue Fund is the amount available for payment of target allocations to FTR Holders from the collection of Congestion Cost.

Congestion Shortfall means congestion payments exceed congestion charges during the weekly billing process in any billing period.

Control Agreement is the document posted on the ISO website that is required if a Market Participant's cash collateral is to be invested in BlackRock funds.

Control Area is an electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

(1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
(2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

(3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice and the criteria of the applicable regional reliability council or the North American Electric Reliability Corporation; and

(4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

Correction Limit means the date that is one hundred and one (101) calendar days from the last Operating Day of the month to which the data applied. As described in Section III.3.6.1 of Market Rule 1, this will be the period during which meter data corrections must be submitted unless they qualify for submission as a Requested Billing Adjustment under Section III.3.7 of Market Rule 1.

Cost of Energy Consumed (CEC) is one of four forms of compensation that may be paid to resources providing VAR Service under Schedule 2 of the OATT.

Cost of Energy Produced (CEP) is one of four forms of compensation that may be paid to resources providing VAR Service under Schedule 2 of the OATT.

Cost of New Entry (CONE) is determined in accordance with Section III.13.2.4 of Market Rule 1.

Counterparty means the status in which the ISO acts as the contracting party, in its name and own right and not as an agent, to an agreement or transaction with a Customer (including assignments involving Customers) involving sale to the ISO, and/or purchase from the ISO, of Regional Transmission Service and market and other products and services, and other transactions and assignments involving Customers, all as described in the Tariff.

Covered Entity is defined in the ISO New England Billing Policy.

Credit Coverage is third-party credit protection obtained by the ISO, in the form of credit insurance coverage, a performance or surety bond, or a combination thereof.

Credit Qualifying means a Rated Market Participant that has an Investment Grade Rating and an Unrated Market Participant that satisfies the Credit Threshold.

Credit Threshold consists of the conditions for Unrated Market Participants outlined in Section II.B.2 of the ISO New England Financial Assurance Policy.

Critical Energy Infrastructure Information (CEII) is defined in Section 3.0(j) of the ISO New England Information Policy, which is Attachment D to the Tariff.

Critical Peak Demand Resource is a type of Demand Resource, and means installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that reduce electrical usage during Demand Resource Critical Peak Hours or shift electrical usage from Demand Resource Critical Peak Hours to other hours and reduce the amount of capacity needed to deliver a comparable or acceptable level of service at those end-use customer facilities. Such measures include Energy Efficiency, Load Management, and Distributed Generation.

Current Ratio is, on any date, all of a Market Participant's or Non-Market Participant Transmission Customer's current assets divided by all of its current liabilities, in each case as shown on the most recent financial statements provided by such Market Participant or Non-Market Participant Transmission Customer to the ISO.

Curtailment is a reduction in the dispatch of a transaction that was scheduled, using transmission service, in response to a transfer capability shortage as a result of system reliability conditions.

Customer is a Market Participant, a Transmission Customer or another customer of the ISO.

Customer Baseline is the average aggregate hourly load, rounded to the nearest kWh, for each of the 24 hours in a day for each Load Response Program Asset participating in the Real-Time Price Response Program, and the average aggregated five-minute load, rounded to the nearest kWh, for each of the 24 hours in a day for Real-Time Demand Response Assets and Real-Time Emergency Generation Resource assets.

Data Reconciliation Process means the process by which meter reconciliation and data corrections that are discovered by Governance Participants after the Invoice has been issued for a particular month or that are discovered prior to the issuance of the Invoice for the relevant month but not included in that Invoice or in the other Invoices for that month and are reconciled by the ISO on an hourly basis based on data submitted to the ISO by the Host Participant Assigned Meter Reader or Assigned Meter Reader.

Day-Ahead is the calendar day immediately preceding the Operating Day.

Day-Ahead Adjusted Load Obligation is defined in Section III.3.2.1(a)(iii) of Market Rule 1.

Day-Ahead Congestion Revenue is defined in Section III.3.2.1(f) of Market Rule 1.

Day-Ahead Demand Reduction Obligation is a cleared Demand Reduction Offer multiplied by one plus the percent average avoided peak distribution losses.

Day-Ahead Energy Market means the schedule of commitments for the purchase or sale of energy, payment of Congestion Costs, and payment for losses developed by the ISO as a result of the offers and specifications submitted in accordance with Section III.1.10 of Market Rule 1.

Day-Ahead Energy Market Congestion Charge/Credit is defined in Section III.3.2.1(d) of Market Rule 1.

Day-Ahead Energy Market Energy Charge/Credit is defined in Section III.3.2.1(d) of Market Rule 1.

Day-Ahead Energy Market Loss Charge/Credit is defined in Section III.3.2.1(d) of Market Rule 1.

Day-Ahead Generation Obligation is defined in Section III.3.2.1(a)(ii) of Market Rule 1.

Day-Ahead Load Obligation is defined in Section III.3.2.1(a)(i) of Market Rule 1.

Day-Ahead Load Response Program provides a Day-Ahead aspect to the Load Response Program. The Day-Ahead Load Response Program allows Market Participants with registered Load Response Program Assets to make energy reduction offers into the Day-Ahead Load Response Program concurrent with the Day-Ahead Energy Market.

Day-Ahead Locational Adjusted Net Interchange is defined in Section III.3.2.1(a)(iv) of Market Rule 1.

Day-Ahead Loss Charges or Credits is defined in Section III.3.2.1(h) of Market Rule 1.

Day-Ahead Loss Revenue is defined in Section III.3.2.1(g) of Market Rule 1.

Day-Ahead Prices means the Locational Marginal Prices resulting from the Day-Ahead Energy Market.

Debt-to-Total Capitalization Ratio is, on any date, a Market Participant's or Non-Market Participant Transmission Customer's total debt (including all current borrowings) divided by its total shareholders' equity plus total debt, in each case as shown on the most recent financial statements provided by such Market Participant or Non-Market Participant Transmission Customer to the ISO.

Decrement Bid means a bid to purchase energy at a specified Location in the Day-Ahead Energy Market which is not associated with a physical load. An accepted Decrement Bid results in scheduled load at the specified Location in the Day-Ahead Energy Market.

Default Amount is all or any part of any amount due to be paid by any Covered Entity that the ISO, in its reasonable opinion, believes will not or has not been paid when due (other than in the case of a payment dispute for any amount due for transmission service under the OATT).

Default Period is defined in Section 3.3.h(i) of the ISO New England Billing Policy.

Delivering Party is the entity supplying capacity and/or energy to be transmitted at Point(s) of Receipt under the OATT.

Demand Bid means a request to purchase an amount of energy, at a specified Location, or an amount of energy at a specified price, that is associated with a physical load. A cleared Demand Bid in the Day-Ahead Energy Market results in scheduled load at the specified Location. Demand Bids submitted for use in the Real-Time Energy Market are specific to Dispatchable Asset Related Demands only.

Demand Bid Block-Hours are the Block-Hours assigned to the submitting Customer for each Demand Bid.

Demand Designated Entity is the entity designated by a Market Participant to receive Dispatch Instructions for Real-Time Demand Response Resources and Real-Time Emergency Generation Resources in accordance with the provisions set forth in ISO New England Operating Procedure No. 14.

Demand Reduction Offer is an offer by a Market Participant with a Real-Time Demand Response Asset to reduce demand.

Demand Reduction Threshold Price is a minimum offer price calculated pursuant to Section III.E.6.

Demand Reduction Value is the quantity of reduced demand calculated pursuant to Section III.13.7.1.5.3 of Market Rule 1.

Demand Resource is a resource defined as On-Peak Demand Resources, Seasonal Peak Demand Resources, Critical Peak Demand Resources, Real-Time Demand Response Resources, or Real-Time Emergency Generation Resources. Demand Resources are installed measures (i.e., products, equipment, systems, services, practices and/or strategies) that result in additional and verifiable reductions in end-use demand on the electricity network in the New England Control Area during Demand Resource On-Peak Hours, Demand Resource Seasonal Peak Hours, Demand Resource Critical Peak Hours, Real-Time Demand Response Event Hours, or Real-Time Emergency Generation Event Hours, respectively. A Demand Resource may include a portfolio of measures aggregated together to meet or exceed the minimum Resource size requirements of the Forward Capacity Auction.

Demand Resource Commercial Operation Audit is an audit initiated pursuant to Section III.13.6.1.5.4.4.

Demand Resource Critical Peak Hours means Demand Resource Forecast Peak Hours and Real-Time Demand Resource Dispatch Hours.

Demand Resource Financial Assurance Requirement is an amount of financial assurance required from DRP-Only Customer registering a Demand Resource in the Day-Ahead Energy Market. This amount is calculated pursuant to Section VIII.A of the ISO New England Financial Assurance Policy.

Demand Resource Forecast Peak Hours are those hours, or portions thereof, in which, absent the dispatch of Critical Peak Demand Resources and Real-Time Demand Response Resources, Dispatch Zone, Load Zone, or system-wide implementation of the action of ISO New England Operating Procedure No. 4 where the ISO would have begun to allow the depletion of Thirty-Minute Operating Reserve is forecasted in the ISO's most recent next-day forecast.

Demand Resource On-Peak Hours are hours ending 1400 through 1700, Monday through Friday on non-holidays during the months of June, July, and August and hours ending 1800 through 1900, Monday through Friday on non-holidays during the months of December and January.

Demand Resource Operable Capacity Analysis means an analysis performed by the ISO estimating the expected dispatch hours of active Demand Resources given different assumed levels of Demand Resources clearing in the primary Forward Capacity Auction.

Demand Resource Performance Incentives means the additional monthly capacity payment that a Demand Resource may earn for producing a positive Monthly Capacity Variance in a period where other Demand Resources yield a negative monthly capacity variance.

Demand Resource Performance Penalties means the reduction in the monthly capacity payment to a Demand Resource for producing a negative Monthly Capacity Variance.

Demand Resource Seasonal Peak Hours are those hours in which the actual, real-time hourly load, as measured using real-time telemetry (adjusted for transmission and distribution losses, and excluding load associated with Exports and the pumping load associated with pumped storage generators) for Monday through Friday on non-Demand Response holidays, during the months of June, July, August, December, and January, as determined by the ISO, is equal to or greater than 90% of the most recent 50/50 system peak load forecast, as determined by the ISO, for the applicable summer or winter season.

Demand Response Baseline is the expected baseline demand of an individual end-use metered customer or group of end-use metered customers or the expected output levels of the generation of an individual end-use metered customer whose asset is comprised of Distributed Generation as determined pursuant to Section III.8.

Demand Response Holiday is a holiday for which a Market Participant may not submit a Demand Reduction Offer for a Real-Time Demand Response Asset.

Designated Agent is any entity that performs actions or functions required under the OATT on behalf of the ISO, a Transmission Owner, a Schedule 20A Service Provider, an Eligible Customer, or a Transmission Customer.

Designated Blackstart Resource is a resource that meets the eligibility requirements specified in Schedule 16 of the OATT, and may be a Category A Designated Blackstart Resource or a Category B Designated Blackstart Resource.

Designated Entity is the entity designated by a Market Participant to receive Dispatch Instructions for generation and/or Dispatchable Asset Related Demand in accordance with the provisions set forth in ISO New England Operating Procedure No. 14.

Designated FCM Participant is any Lead Market Participant, including any Provisional Member or DRP-Only Customer that is a Lead Market Participant, transacting in any Forward Capacity Auction, reconfiguration auctions or Capacity Supply Obligation Bilateral for capacity that is otherwise required to provide additional financial assurance under the ISO New England Financial Assurance Policy.

Designated FTR Participant is a Market Participant, including FTR-Only Customers, transacting in the FTR Auction that is otherwise required to provide additional financial assurance under the ISO New England Financial Assurance Policy.

Desired Dispatch Point (DDP) is the Dispatch Rate expressed in megawatts.

Direct Assignment Facilities are facilities or portions of facilities that are constructed for the sole use/benefit of a particular Transmission Customer requesting service under the OATT or a Generator Owner requesting an interconnection. Direct Assignment Facilities shall be specified in a separate agreement among the ISO, Interconnection Customer and Transmission Customer, as applicable, and the Transmission Owner whose transmission system is to be modified to include and/or interconnect with the Direct Assignment Facilities, shall be subject to applicable Commission requirements, and shall be paid for by the Customer in accordance with the applicable agreement and the Tariff.

Directly Metered Assets are specifically measured by OP-18 compliant metering as currently described in Section IV (Metering and Recording for Settlements) of OP-18. Directly Metered Assets include all Tie-Line Assets, all Generator Assets, as well as some Load Assets. Load Assets for which the Host Participant is not the Assigned Meter Reader are considered Directly Metered Assets. In addition, the Host Participant Assigned Meter Reader determines which additional Load Assets are considered Directly Metered Assets and which ones are considered Profiled Load Assets based upon the Host Participant

Assigned Meter Reader reporting systems and process by which the Host Participant Assigned Meter Reader allocates non-PTF losses.

Disbursement Agreement is the Rate Design and Funds Disbursement Agreement among the PTOs, as amended and restated from time to time.

Dispatch Instruction means directions given by the ISO to Market Participants, which may include instructions to start up, shut down, raise or lower generation, curtail or restore loads from Demand Resources, change External Transactions, or change the status of a Dispatchable Asset Related Demand in accordance with the Resource's or contract's Supply Offer or Demand Bid parameters. Such instructions may also require a change to the operation of a Pool Transmission Facility. Such instructions are given through either electronic or verbal means.

Dispatch Rate means the control signal, expressed in dollars per MWh and/or megawatts, calculated and transmitted to direct the output level of each generating Resource and each Dispatchable Asset Related Demand dispatched by the ISO in accordance with the Offer Data.

Dispatch Zone means a subset of Nodes located within a Load Zone established by the ISO for each Capacity Commitment Period pursuant to Section III.13.1.4.6.1.

Dispatchable Asset Related Demand is any portion of an Asset Related Demand of a Market Participant that is capable of having its energy consumption modified in Real-Time in response to Dispatch Instructions has Electronic Dispatch Capability, and must be able to increase or decrease energy consumption between its Minimum Consumption Limit and Maximum Consumption Limit in accordance with Dispatch Instructions and must meet the technical requirements specified in the ISO New England Manuals. Pumped storage facilities may qualify as Dispatchable Asset Related Demand resources, however, such resources shall not qualify as a capacity resource for both the generating output and dispatchable pumping demand of the facility.

Dispute Representatives are defined in 6.5.c of the ISO New England Billing Policy.

Disputed Amount is a Covered Entity's disputed amount due on any fully paid monthly Invoice and/or any amount believed to be due or owed on a Remittance Advice, as defined in Section 6 of the ISO New England Billing Policy.

Disputing Party, for the purposes of the ISO New England Billing Policy, is any Covered Entity seeking to recover a Disputed Amount.

Distributed Generation means generation resources directly connected to end-use customer load and located behind the end-use customer's Retail Delivery Point for the end-use customer, which reduce the amount of energy that would otherwise have been produced by other capacity resources on the electricity network in the New England Control Area during Demand Resource On-Peak Hours, Demand Resource Seasonal Peak Hours, Demand Resource Critical Peak Hours, Real-Time Demand Response Event Hours, or Real-Time Emergency Generation Event Hours, provided that the aggregate nameplate capacity of the generation resource does not exceed 5 MW, or does not exceed the most recent annual non-coincident peak demand of the end-use metered customer at the location where the generation resource is directly connected, whichever is greater. Distributed Generation resources are not eligible for energy payments from ISO-administered energy markets. Generation resources cannot participate in the Forward Capacity Market as Demand Resources, unless they meet the definition of Distributed Generation.

Do Not Exceed Dispatch Point is a Dispatch Instruction indicating a maximum output level that a wind resource must not exceed.

DR Auditing Period is the summer DR Auditing Period or winter DR Auditing Period as defined in Section III.13.6.1.5.4.3.1.

DRP-Only Customer is a Market Participant that enrolls itself and/or one or more Demand Resources in the Load Response Program and that does not participate in other markets or programs of the New England Markets, provided, however, that a DRP-Only Customer may also be an FTR-Only Customer and/or an ODR-Only Customer. References in this Tariff to a Non-Market Participant demand response provider or similar phrases shall be deemed references to a DRP-Only Customer.

Dynamic De-List Bid is a bid that may be submitted by Existing Generating Capacity Resources, Existing Import Capacity Resources, and Existing Demand Resources in the Forward Capacity Auction at prices of 0.8 times CONE or lower, as described in Section III.13.2.3.2(d) of Market Rule 1.

EA Amount is defined in Section IV.B.2.2 of the Tariff.

Early Amortization Charge (EAC) is defined in Section IV.B.2 of the Tariff.

Early Amortization Working Capital Charge (EAWCC) is defined in Section IV.B.2 of the Tariff.

Early Payment Shortfall Funding Amount (EPSF Amount) is defined in Section IV.B.2.4 of the Tariff.

Early Payment Shortfall Funding Charge (EPSFC) is defined in Section IV.B.2 of the Tariff.

EAWW Amount is defined in Section IV.B.2.3 of the Tariff.

EBITDA-to-Interest Expense Ratio is, on any date, a Market Participant's or Non-Market Participant Transmission Customer's earnings before interest, taxes, depreciation and amortization in the most recent fiscal quarter divided by that Market Participant's or Non-Market Participant Transmission Customer's expense for interest in that fiscal quarter, in each case as shown on the most recent financial statements provided by such Market Participant or Non-Market Participant Transmission Customer to the ISO.

Economic Maximum Limit or Economic Max is the maximum available output, in MW, of a resource that a Market Participant offers to supply in the Day-Ahead Energy Market or Real-Time Energy Market, as reflected in the resource's Supply Offer. This represents the highest MW output a Market Participant has offered for a resource for economic dispatch. A Market Participant must maintain an up-to-date Economic Maximum Limit for all hours in which a resource has been offered into the Day-Ahead Energy Market or Real-Time Energy Market.

Economic Minimum Limit or Economic Min is the maximum of the following values: (i) the Emergency Minimum Limit; (ii) a level supported by environmental and/or operating permit restrictions; or (iii) a level that addresses any significant economic penalties associated with operating at lower levels that can not be adequately represented by three part bidding (Start-Up Fee, No-Load Fee and incremental energy price). In no event shall the Economic Minimum Limit submitted as part of a generating unit's Offer Data be higher than the generation level at which a generating unit's incremental heat rate is minimized (i.e., transitioning from decreasing as output increases to increasing as output increases) except that a Self-Scheduled Resource may modify its Economic Minimum Limit on an hourly basis, as part of its Supply Offer, in order to indicate the desired level of Self-Scheduled MWs.

Economic Study is defined in Section 4.1(b) of Attachment K to the OATT.

EFT is electronic funds transfer.

Effective Heating Degree Days is equal to 68 – (average of max and min Effective Temperature of the day).

Effective Temperature is equal to dry bulb temperature – [windspeed X (65-dry bulb temp)/100].

Elective Transmission Upgrade is a Transmission Upgrade that is participant-funded (i.e., voluntarily funded by an entity or entities that have agreed to pay for all of the costs of such Transmission Upgrade), and is not: (i) a Generator Interconnection Related Upgrade; (ii) a Reliability Transmission Upgrade (including a NEMA Upgrade, as appropriate); (iii) an Market Efficiency Transmission Upgrade (including a NEMA Upgrade, as appropriate); (iv) initially proposed in an Elective Transmission Upgrade Application filed with the ISO in accordance with Section II.47.5 on a date after the addition or modification already has been otherwise identified in the current Regional System Plan (other than as an Elective Transmission Upgrade) in publication as of the date of that application, or (v) a Public Policy Transmission Upgrade.

Elective Transmission Upgrade Applicant is defined in Section II.47.5 of the OATT.

Electric Reliability Organization (ERO) is defined in 18 C.F.R. § 39.1.

Electronic Dispatch Capability is the ability to provide for the electronic transmission, receipt, and acknowledgment of data relative to the dispatch of generating units and Dispatchable Asset Related Demands and the ability to carry out the real-time dispatch processes from ISO issuance of Dispatch Instructions to the actual increase or decrease in output of dispatchable Resources.

Eligible Customer is: (i) Any entity that is engaged, or proposes to engage, in the wholesale or retail electric power business is an Eligible Customer under the OATT. (ii) Any electric utility (including any power marketer), Federal power marketing agency, or any other entity generating electric energy for sale or for resale is an Eligible Customer under the OATT. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal

Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Owner with which that entity is directly interconnected or the distribution company having the service territory in which that entity is located (if that entity is a retail customer) offer the unbundled transmission service or Local Delivery Service, or pursuant to a voluntary offer of such service by the Transmission Owner with which that entity is directly interconnected or the distribution company having the service territory in which that entity is located (if that entity is a retail customer). (iii) Any end user taking or eligible to take unbundled transmission service or Local Delivery Service pursuant to a state requirement that the Transmission Owner with which that end user is directly interconnected or the distribution company having the service territory in which that entity is located (if that entity is a retail customer) offer the transmission service or Local Delivery Service, or pursuant to a voluntary offer of such service by the Transmission Owner with which that end user is directly interconnected, or the distribution company having the service territory in which that entity is located (if that entity is a retail customer) is an Eligible Customer under the OATT.

Eligible FTR Bidder is an entity that has satisfied applicable financial assurance criteria, and shall not include the auctioneer, its Affiliates, and their officers, directors, employees, consultants and other representatives.

Emergency is an abnormal system condition on the bulk power systems of New England or neighboring Control Areas requiring manual or automatic action to maintain system frequency, or to prevent the involuntary loss of load, equipment damage, or tripping of system elements that could adversely affect the reliability of an electric system or the safety of persons or property; or a fuel shortage requiring departure from normal operating procedures in order to minimize the use of such scarce fuel; or a condition that requires implementation of Emergency procedures as defined in the ISO New England Manuals.

Emergency Condition means an Emergency has been declared by the ISO in accordance with the procedures set forth in the ISO New England Manuals and ISO New England Administrative Procedures.

Emergency Energy is energy transferred from one control area operator to another in an Emergency.

Emergency Minimum Limit or Emergency Min means the minimum generation amount, in MWs, that a generating unit can deliver for a limited period of time without exceeding specified limits of equipment stability and operating permits.

EMS is energy management system.

End-of-Round Price is the lowest price associated with a round of a Forward Capacity Auction, as described in Section III.13.2.3.1 of Market Rule 1.

End User Participant is defined in Section 1 of the Participants Agreement.

Energy is power produced in the form of electricity, measured in kilowatthours or megawatthours.

Energy Administration Service (EAS) is the service provided by the ISO, as described in Schedule 2 of Section IV.A of the Tariff, in order to facilitate: (1) bilateral Energy transactions; (2) self-scheduling of Energy; (3) Interchange Transactions in the Energy Market; and (4) Energy Imbalance Service under Section II of the Tariff.

Energy Component means the Locational Marginal Price at the reference point.

Energy Efficiency is installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that reduce the total amount of electrical energy needed, while delivering a comparable or improved level of end-use service. Such measures include, but are not limited to, the installation of more energy efficient lighting, motors, refrigeration, HVAC equipment and control systems, envelope measures, operations and maintenance procedures, and industrial process equipment.

Energy Imbalance Service is the form of Ancillary Service described in Schedule 4 of the OATT.

Energy Market is, collectively, the Day-Ahead Energy Market and the Real-Time Energy Market.

Energy Non-Zero Spot Market Settlement Hours are hours for which the Customer has a positive or negative Real-Time System Adjusted Net Interchange as determined by the ISO settlement process for the Energy Market.

Energy Transaction Units (Energy TUs) are the sum for the month for a Customer of Bilateral Contract Block-Hours, Demand Bid Block-Hours, Asset Related Demand Bid Block-Hours, Supply Offer Block-Hours and Energy Non-Zero Spot Market Settlement Hours.

Enrolling Participant is the Market Participant that registers Customers for the Load Response Program.

Equipment Damage Reimbursement is the compensation paid to the owner of a Designated Blackstart Resource as specified in Section 5.5 of Schedule 16 to the OATT.

Equivalent Demand Forced Outage Rate (EFORd) means the portion of time a unit is in demand, but is unavailable due to forced outages.

Estimated Capacity Load Obligation is, for the purposes of the ISO New England Financial Assurance Policy, the Capacity Requirement from the latest available month, adjusted as appropriate to account for any relevant Capacity Load Obligation Bilaterals, HQICCs, and Self-Supplied FCA Resource designations for the applicable month.

Estimated Net Regional Clearing Price (ENRCP) is calculated in accordance with Section VII.C of the ISO New England Financial Assurance Policy.

Excepted Transaction is a transaction specified in Section II.40 of the Tariff for the applicable period specified in that Section.

Exempt Real-Time Generation Obligation means that portion of a Market Participant's Real-Time Generation Obligation that is not included in the calculation of Minimum Generation Emergency Credits pursuant to Appendix F of Market Rule 1.

Existing Capacity Qualification Deadline is a deadline, specified in Section III.13.1.10 of Market Rule 1, for submission of certain qualification materials for the Forward Capacity Auction, as discussed in Section III.13.1 of Market Rule 1.

Existing Capacity Qualification Package is information submitted by certain existing resources prior to participation in the Forward Capacity Auction, as described in Section III.13.1 of Market Rule 1.

Existing Capacity Resource is any resource that does not meet any of the eligibility criteria to participate in the Forward Capacity Auction as a New Capacity Resource, and, subject to ISO evaluation, for the

Forward Capacity Auction to be conducted beginning February 1, 2008, any resource that is under construction and within 12 months of its expected commercial operations date.

Existing Demand Resource is a type of Demand Resource participating in the Forward Capacity Market, as defined in Section III.13.1.4.1.1 of Market Rule 1.

Existing Generating Capacity Resource is a type of resource participating in the Forward Capacity Market, as defined in Section III.13.1.2.1 of Market Rule 1.

Existing Import Capacity Resource is a type of resource participating in the Forward Capacity Market, as defined in Section III.13.1.3.1 of Market Rule 1.

Expedited Study Request is defined in Section II.34.7 of the OATT.

Export-Adjusted LSR is as defined in Section III.12.4(b)(ii).

Export Bid is a bid that may be submitted by certain resources in the Forward Capacity Auction to export capacity to an external Control Area, as described in Section III.13.1.2.3.1.3 of Market Rule 1.

Exports are Real-Time External Transactions, which are limited to sales from the New England Control Area, for exporting energy out of the New England Control Area.

External Market Monitor means the person or entity appointed by the ISO Board of Directors pursuant to Section III.A.1.2 of Appendix A of Market Rule 1 to carry out the market monitoring and mitigation functions specified in Appendix A and elsewhere in Market Rule 1.

External Node is a proxy bus or buses used for establishing a Locational Marginal Price for energy received by Market Participants from, or delivered by Market Participants to, a neighboring Control Area or for establishing Locational Marginal Prices associated with energy delivered through the New England Control Area by Non-Market Participants for use in calculating Non-Market Participant Congestion Costs and loss costs.

External Resource means a generation resource located outside the metered boundaries of the New England Control Area.

External Transaction is the import of external energy into the New England Control Area by a Market Participant or the export of internal energy out of the New England Control Area by a Market Participant in the Day-Ahead Energy Market and/or Real-Time Energy Market, or the wheeling of external energy through the New England Control Area by a Market Participant or a Non-Market Participant in the Real-Time Energy Market.

Facilities Study is an engineering study conducted pursuant to the OATT by the ISO (or, in the case of Local Service or interconnections to Local Area Facilities as defined in the TOA, by one or more affected PTOs) or some other entity designated by the ISO in consultation with any affected Transmission Owner(s), to determine the required modifications to the PTF and Non-PTF, including the cost and scheduled completion date for such modifications, that will be required to provide a requested transmission service or interconnection on the PTF and Non-PTF.

Failure to Maintain Blackstart Capability is a failure of a Blackstart Owner or Designated Blackstart Resource to meet the Blackstart Service Minimum Criteria or Blackstart Service obligations, but does not include a Failure to Perform During a System Restoration event.

Failure to Perform During a System Restoration is a failure of a Blackstart Owner or Designated Blackstart Resource to follow ISO or Local Control Center dispatch instructions or perform in accordance with the dispatch instructions or the Blackstart Service Minimum Criteria and Blackstart Service obligations, described within the ISO New England Operating Documents, during a restoration of the New England Transmission System.

Fast Start Generator means a generating unit that the ISO may dispatch within the hour through electronic dispatch and that meets the following criteria: (i) minimum run time does not exceed one hour; (ii) minimum down time does not exceed one hour; (iii) time to start does not exceed 30 minutes; (iv) available for dispatch and manned or has automatic remote dispatch capability; (v) capable of receiving and acknowledging a start-up or shut-down dispatch instruction electronically; and (vi) has satisfied its minimum down time.

FCA Cleared Export Transaction is defined in Section III.1.10.7(f)(ii) of Market Rule 1.

FCA Payment is the monthly capacity payment for a resource whose offer has cleared in a Forward Capacity Auction as described in Section III.13.7.2.1.1(a) of Market Rule 1.

FCM Capacity Charge Requirements are calculated in accordance with Section VII.C of the ISO New England Financial Assurance Policy.

FCM Deposit is calculated in accordance with Section VII.B.1 of the ISO New England Financial Assurance Policy.

FCM Financial Assurance Requirements are described in Section VII of the ISO New England Financial Assurance Policy.

FCM Pivotal Supplier shall mean a Lead Market Participant whose total Qualified Capacity from its Existing Capacity Resources in a Capacity Zone minus the quantity of its capacity subject to Non-Price Retirement Requests in that Capacity Zone for the current Forward Capacity Auction is greater than the difference between the total MW from qualified Existing Capacity Resources in the Capacity Zone minus the sum of the quantity of capacity subject to Non-Price Retirement Requests in that Capacity Zone plus the Local Sourcing Requirement for that Capacity Zone.

Final Forward Reserve Obligation is calculated in accordance with Section III.9.8(a) of Market Rule 1.

Financial Assurance Default results from a Market Participant or Non-Market Participant Transmission Customer's failure to comply with the ISO New England Financial Assurance Policy.

Financial Assurance Obligations relative to the ISO New England Financial Assurance Policy are determined in accordance with Section III.A(v) of the ISO New England Financial Assurance Policy.

Financial Transmission Right (FTR) is a financial instrument that evidences the rights and obligations specified in Sections III.5.2.2 and III.7 of the Tariff.

Firm Point-To-Point Service is service which is arranged for and administered between specified Points of Receipt and Delivery in accordance with Part II.C of the OATT.

Firm Transmission Service is Regional Network Service, Through or Out Service, service for Excepted Transactions, firm MTF Service, firm OTF Service, and firm Local Service.

Force Majeure - An event of Force Majeure means any act of God, labor disturbance, act of the public enemy or terrorists, war, invasion, insurrection, riot, fire, storm or flood, ice, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond the control of the ISO, a Transmission Owner, a Schedule 20A Service Provider, or a Customer, including without limitation, in the case of the ISO, any action or inaction by a Customer, a Schedule 20A Service Provider, or a Transmission Owner, in the case of a Transmission Owner, any action or inaction by the ISO, any Customer, a Schedule 20A Service Provider, or any other Transmission Owner, in the case of a Schedule 20A Service Provider, any action or inaction by the ISO, any Customer, a Transmission Owner, or any other Schedule 20A Service Provider, and, in the case of a Transmission Customer, any action or inaction by the ISO, a Schedule 20A Service Provider, or any Transmission Owner.

Forecast Hourly Demand Reduction means the estimated maximum quantity of energy reduction (MWh), measured at the end-use customer meter that can be produced by a Critical Peak Demand Resource, Real-Time Demand Response Resource, and Real-Time Emergency Generation Resource, in each hour of an Operating Day.

Formal Warning is defined in Section III.B.4.1.1 of Appendix B of Market Rule 1.

Formula-Based Sanctions are defined in Section III.B.4.1.3 of Appendix B of Market Rule 1.

Forward Capacity Auction (FCA) is the annual descending clock auction in the Forward Capacity Market, as described in Section III.13.2 of Market Rule 1.

Forward Capacity Auction Starting Price is calculated in accordance with Section III.13.2.4 of Market Rule 1.

Forward Capacity Market (FCM) is the forward market for procuring capacity in the New England Control Area, as described in Section III.13 of Market Rule 1.

Forward Reserve means TMNSR and TMOR purchased by the ISO on a forward basis on behalf of Market Participants as provided for in Section III.9 of Market Rule 1.

Forward Reserve Assigned Megawatts is the amount of Forward Reserve, in megawatts, that a Market Participant assigns to eligible Forward Reserve Resources to meet its Forward Reserve Obligation as defined in Section III.9.4.1 of Market Rule 1.

Forward Reserve Auction is the periodic auction conducted by the ISO in accordance with Section III.9 of Market Rule 1 to procure Forward Reserve.

Forward Reserve Auction Offers are offers to provide Forward Reserve to meet system and Reserve Zone requirements as submitted by a Market Participant in accordance with Section III.9.3 of Market Rule 1.

Forward Reserve Charge is a Market Participant's share of applicable system and Reserve Zone Forward Reserve costs attributable to meeting the Forward Reserve requirement as calculated in accordance with Section III.9.9 of Market Rule 1.

Forward Reserve Clearing Price is the clearing price for TMNSR or TMOR, as applicable, for the system and each Reserve Zone resulting from the Forward Reserve Auction as defined in Section III.9.4 of Market Rule 1.

Forward Reserve Credit is the credit received by a Market Participant that is associated with that Market Participant's Final Forward Reserve Obligation as calculated in accordance with Section III.9.8 of Market Rule 1.

Forward Reserve Delivered Megawatts are calculated in accordance with Section III.9.6.5 of Market Rule 1.

Forward Reserve Delivery Period is defined in Section III.9.1 of Market Rule 1.

Forward Reserve Failure-to-Activate Megawatts are calculated in accordance with Section III.9.7.2(a) of Market Rule 1.

Forward Reserve Failure-to-Activate Penalty is the penalty associated with a Market Participant's failure to activate Forward Reserve when requested to do so by the ISO and is defined in Section III.9.7.2 of Market Rule 1.

Forward Reserve Failure-to-Activate Penalty Rate is specified in Section III.9.7.2 of Market Rule 1.

Forward Reserve Failure-to-Reserve, as specified in Section III.9.7.1 of Market Rule 1, occurs when a Market Participant's Forward Reserve Delivered Megawatts for a Reserve Zone in an hour is less than that Market Participant's Forward Reserve Obligation for that Reserve Zone in that hour. Under these circumstances the Market Participant pays a penalty based upon the Forward Reserve Failure-to-Reserve Penalty Rate and that Market Participant's Forward Reserve Failure-to-Reserve Megawatts.

Forward Reserve Failure-to-Reserve Megawatts are calculated in accordance with Section III.9.7.1(a) of Market Rule 1.

Forward Reserve Failure-to-Reserve Penalty is the penalty associated with a Market Participant's failure to reserve Forward Reserve and is defined in Section III.9.7.1 of Market Rule 1.

Forward Reserve Failure-to-Reserve Penalty Rate is specified in Section III.9.7.1(b)(ii) of Market Rule 1.

Forward Reserve Fuel Index is the index or set of indices used to calculate the Forward Reserve Threshold Price as defined in Section III.9.6.2 of Market Rule 1.

Forward Reserve Heat Rate is the heat rate as defined in Section III.9.6.2 of Market Rule 1 that is used to calculate the Forward Reserve Threshold Price.

Forward Reserve Market is a market for forward procurement of two reserve products, Ten-Minute Non-Spinning Reserve (TMNSR) and Thirty-Minute Operating Reserve (TMOR).

Forward Reserve MWs are those megawatts assigned to specific eligible Forward Reserve Resources which convert a Forward Reserve Obligation into a Resource-specific obligation.

Forward Reserve Obligation is a Market Participant's amount, in megawatts, of Forward Reserve that cleared in the Forward Reserve Auction and adjusted, as applicable, to account for bilateral transactions that transfer Forward Reserve Obligations.

Forward Reserve Obligation Charge is defined in Section III.10.4 of Market Rule 1.

Forward Reserve Offer Cap is $14,000/megawatt-month.

Forward Reserve Payment Rate is defined in Section III.9.8 of Market Rule 1.

Forward Reserve Procurement Period is defined in Section III.9.1 of Market Rule 1.

Forward Reserve Qualifying Megawatts refer to all or a portion of a Forward Reserve Resource's capability offered into the Real-Time Energy Market at energy offer prices above the applicable Forward Reserve Threshold Price that are calculated in accordance with Section III.9.6.4 of Market Rule 1.

Forward Reserve Resource is a Resource that meets the eligibility requirements defined in Section III.9.5.2 of Market Rule 1 that has been assigned Forward Reserve Obligation by a Market Participant.

Forward Reserve Threshold Price is the minimum price at which assigned Forward Reserve Megawatts are required to be offered into the Real-Time Energy Market as calculated in Section III.9.6.2 of Market Rule 1.

FTR Auction is the periodic auction of FTRs conducted by the ISO in accordance with Section III.7 of Market Rule 1.

FTR Auction Revenue is the revenue collected from the sale of FTRs in FTR Auctions. FTR Auction Revenue is payable to FTR Holders who submit their FTRs for sale in the FTR Auction in accordance with Section III.7 of Market Rule 1 and to ARR Holders and Incremental ARR Holders in accordance with Appendix C of Market Rule 1.

FTR Award Financial Assurance is a required amount of financial assurance that must be maintained at all times from a Designated FTR Participant for each FTR awarded to the participant in any FTR

Auctions. This amount is calculated pursuant to Section VI.C of the ISO New England Financial Assurance Policy.

FTR Bid Financial Assurance is an amount of financial assurance required from a Designated FTR Participant for each bid submission into an FTR auction. This amount is calculated pursuant to Section VI.B of the ISO New England Financial Assurance Policy.

FTR Credit Test Percentage is calculated in accordance with Section III.B.1(b) of the ISO New England Financial Assurance Policy.

FTR Financial Assurance Requirements are described in Section VI of the ISO New England Financial Assurance Policy.

FTR Holder is an entity that acquires an FTR through the FTR Auction to Section III.7 of Market Rule 1 and registers with the ISO as the holder of the FTR in accordance with Section III.7 of Market Rule 1 and applicable ISO New England Manuals.

FTR-Only Customer is a Market Participant that transacts in the FTR Auction and that does not participate in other markets or programs of the New England Markets, provided, however, that an FTR-Only Customer may also be a DRP-Only Customer and/or an ODR-Only Customer. References in this Tariff to a "Non-Market Participant FTR Customers" and similar phrases shall be deemed references to an FTR-Only Customer.

FTR Settlement Risk Financial Assurance is an amount of financial assurance required by a Designated FTR Participant for each bid submission into an FTR Auction and for each bid awarded to the individual participant in an FTR Auction. This amount is calculated pursuant to Section VI.A of the ISO New England Financial Assurance Policy.

GADS Data means data submitted to the NERC for collection into the NERC's Generating Availability Data System (GADS).

Gap Request for Proposals (Gap RFP) is defined in Section III.11 of Market Rule 1.

Gas Day means a period of 24 consecutive hours beginning at 0900 hrs Central Time.

Generating Capacity Resource means a New Generating Capacity Resource or an Existing Generating Capacity Resource.

Generator Asset is a generator that has been registered in accordance with the Asset Registration Process.

Generator Imbalance Service is the form of Ancillary Service described in Schedule 10 of the OATT.

Generator Interconnection Related Upgrade is an addition to or modification of the New England Transmission System (pursuant to Section II.47.1, Schedule 22 or Schedule 23 of the OATT) to effect the interconnection of a new generating unit or an existing generating unit whose energy capability or capacity capability is being materially changed and increased whether or not the interconnection is being effected to meet the Capacity Capability Interconnection Standard or the Network Capability Interconnection Standard. As to Category A Projects (as defined in Schedule 11 of the OATT), a Generator Interconnection Related Upgrade also includes an upgrade beyond that required to satisfy the Network Capability Interconnection Standard (or its predecessor) for which the Generator Owner has committed to pay prior to October 29, 1998.

Generator Owner is the owner, in whole or part, of a generating unit whether located within or outside the New England Control Area.

Good Utility Practice means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act Section 215(a)(4).

Governance Only Member is defined in Section 1 of the Participants Agreement.

Governance Participant is defined in the Participants Agreement.

Governing Documents, for the purposes of the ISO New England Billing Policy, are the Transmission, Markets and Services Tariff and ISO Participants Agreement.

Governing Rating is the lowest corporate rating from any Rating Agency for that Market Participant, or, if the Market Participant has no corporate rating, then the lowest rating from any Rating Agency for that Market Participant's senior unsecured debt.

Grandfathered Agreements (GAs) is a transaction specified in Section II.45 for the applicable period specified in that Section.

Grandfathered Intertie Agreement (GIA) is defined pursuant to the TOA.

Handy-Whitman Index of Public Utility Construction Costs is the Total Other Production Plant index shown in the Cost Trends of Electric Utility Construction for the North Atlantic Region as published in the Handy-Whitman Index of Public Utility Construction Costs.

Highgate Transmission Facilities (HTF) are existing U. S.-based transmission facilities covered under the Agreement for Joint Ownership, Construction and Operation of the Highgate Transmission Interconnection dated as of August 1, 1984 including (1) the whole of a 200 megawatt high-voltage, back-to-back, direct-current converter facility located in Highgate, Vermont and (2) a 345 kilovolt transmission line within Highgate and Franklin, Vermont (which connects the converter facility at the U.S.-Canadian border to a Hydro-Quebec 120 kilovolt line in Bedford, Quebec). The HTF include any upgrades associated with increasing the capacity or changing the physical characteristics of these facilities as defined in the above stated agreement dated August 1, 1984 until the Operations Date, as defined in the TOA. The current HTF rating is a nominal 225 MW. The HTF are not defined as PTF. Coincident with the Operations Date and except as stipulated in Schedules, 9, 12, and Attachment F to the OATT, HTF shall be treated in the same manner as PTF for purposes of the OATT and all references to PTF in the OATT shall be deemed to apply to HTF as well. The treatment of the HTF is not intended to establish any binding precedent or presumption with regard to the treatment for other transmission facilities within the New England Transmission System (including HVDC, MTF, or Control Area Interties) for purposes of the OATT.

Host Participant or Host Utility is a Market Participant or a Governance Participant transmission or distribution provider that reconciles the loads within the metering domain with OP-18 compliant metering.

Hourly Calculated Demand Resource Performance Value means the performance of a Demand Resource during Real-Time Demand Response Event Hours and Real-Time Emergency Generation Event Hours for purposes of calculating a Demand Reduction Value pursuant to Sections III.13.7.1.5.7.3 and III.13.7.1.5.8.3.

Hourly Charges are defined in Section 1.3 of the ISO New England Billing Policy.

Hourly PER is calculated in accordance with Section III.13.7.2.7.1.1.1(a) of Market Rule 1.

Hourly Real-Time Demand Response Resource Deviation means the difference between the Average Hourly Load Reduction or Average Hourly Output of the Real-Time Demand Response Resource and the amount of load reduction or output that the Market Participant was instructed to produce pursuant to a Dispatch Instruction calculated pursuant to Section III.13.7.1.5.7.3.1.

Hourly Real-Time Emergency Generation Resource Deviation is calculated pursuant to Section III.13.7.1.5.8.3.1.

Hourly Requirements are determined in accordance with Section III.A(i) of the ISO New England Financial Assurance Policy.

Hub is a specific set of pre-defined Nodes for which a Locational Marginal Price will be calculated for the Day-Ahead Energy Market and Real-Time Energy Market and which can be used to establish a reference price for energy purchases and the transfer of Day-Ahead Adjusted Load Obligations and Real-Time Adjusted Load Obligations and for the designation of FTRs.

Hub Price is calculated in accordance with Section III.2.8 of Market Rule 1.

HQ Interconnection Capability Credit (HQICC) is a monthly value reflective of the annual installed capacity benefits of the Phase I/II HVDC-TF, as determined by the ISO, using a standard methodology on file with the Commission, in conjunction with the setting of the Installed Capacity Requirement. An

appropriate share of the HQICC shall be assigned to an IRH if the Phase I/II HVDC-TF support costs are paid by that IRH and such costs are not included in the calculation of the Regional Network Service rate. The share of HQICC allocated to such an eligible IRH for a month is the sum in kilowatts of (1)(a) the IRH's percentage share, if any, of the Phase I Transfer Capability times (b) the Phase I Transfer Credit, plus (2)(a) the IRH's percentage share, if any, of the Phase II Transfer Capability, times (b) the Phase II Transfer Credit. The ISO shall establish appropriate HQICCs to apply for an IRH which has such a percentage share.

Import Capacity Resource means an Existing Import Capacity Resource or a New Import Capacity Resource offered to provide capacity in the New England Control Area from an external Control Area.

Inadequate Supply is defined in Section III.13.2.8.1 of Market Rule 1.

Inadvertent Energy Revenue is defined in Section III.3.2.1(k) of Market Rule 1.

Inadvertent Energy Revenue Charges or Credits is defined in Section III.3.2.1(l) of Market Rule 1.

Inadvertent Interchange means the difference between net actual energy flow and net scheduled energy flow into or out of the New England Control Area.

Increment Offer means an offer to sell energy at a specified Location in the Day-Ahead Energy Market which is not associated with a physical supply. An accepted Increment Offer results in scheduled generation at the specified Location in the Day-Ahead Energy Market.

Incremental ARR is an ARR provided in recognition of a participant-funded transmission system upgrade pursuant to Appendix C of this Market Rule.

Incremental ARR Holder is an entity which is the record holder of an Incremental Auction Revenue Right in the register maintained by the ISO.

Incremental Cost of Reliability Service is described in Section III.13.2.5.2.5.2 of Market Rule 1.

Independent Transmission Company (ITC) is a transmission entity that assumes certain responsibilities in accordance with Section 10.05 of the Transmission Operating Agreement and Attachment M to the OATT, subject to the acceptance or approval of the Commission and a finding of the Commission that the transmission entity satisfies applicable independence requirements.

Information Request is a request from a potential Disputing Party submitted in writing to the ISO for access to Confidential Information.

Initial Market Participant Financial Assurance Requirement is calculated for new Market Participants and Returning Market Participants, other than an FTR-Only Customer, a DRP-Only Customer or a Governance Only Member, according to Section IV of the ISO New England Financial Assurance Policy.

Installed Capacity Payment (ICAP Payment) means the monthly payments made to ICAP Resources for installed capacity during the ICAP Transition Period.

Installed Capacity Requirement means the level of capacity required to meet the reliability requirements defined for the New England Control Area, as described in Section III.12 of Market Rule 1.

Installed Capacity Resource (ICAP Resource) means a resource that met the requirements to receive installed capacity payments during the ICAP Transition Period.

Installed Capacity Transition Period (ICAP Transition Period) is December 1, 2006 through May 31, 2010.

Insufficient Competition is defined in Section III.13.2.8.2 of Market Rule 1.

Interchange Transactions are transactions deemed to be effected under Market Rule 1.

Interconnecting Transmission Owner has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Interconnection Agreement is the "Large Generator Interconnection Agreement" or the "Small Generator Interconnection Agreement" pursuant to Schedules 22 and 23 of the ISO OATT or an

interconnection agreement approved by the Commission prior to the adoption of the Interconnection Procedures.

Interconnection Customer has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Interconnection Feasibility Study Agreement has the meaning specified in Section I of Schedule 22 or Attachment 1 to Schedule 23 of the OATT.

Interconnection Procedure is the "Large Generator Interconnection Procedures" or the "Small Generator Interconnection Procedures" pursuant to Schedules 22 and 23 of the ISO OATT.

Interconnection Request has the meaning specified in Section I of Schedule 22 or Attachment 1 to Schedule 23 of the OATT.

Interconnection Rights Holder(s) (IRH) has the meaning given to it in Schedule 20A to Section II of this Tariff.

Interconnection System Impact Study Agreement has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Interest is interest calculated in the manner specified in Section II.8.3.

Intermittent Power Resource is defined in Section III.13.1.2.2.2 of Market Rule 1.

Intermittent Settlement Only Resource is a Settlement Only Resource that is also an Intermittent Power Resource.

Internal Bilateral for Load is an internal bilateral transaction under which the buyer receives a reduction in Real-Time Load Obligation and the seller receives a corresponding increase in Real-Time Load Obligation in the amount of the sale, in MWs. An Internal Bilateral for Load transaction is only applicable in the Real-Time Energy Market.

Internal Bilateral for Market for Energy is an internal bilateral transaction for Energy which applies in the Day-Ahead Energy Market and Real-Time Energy Market or just the Real-Time Energy Market under which the buyer receives a reduction in Day-Ahead Adjusted Load Obligation and Real-Time Adjusted Load Obligation and the seller receives a corresponding increase in Day-Ahead Adjusted Load Obligation and Real-Time Adjusted Load Obligation in the amount of the sale, in MWs.

Internal Market Monitor means the department of the ISO responsible for carrying out the market monitoring and mitigation functions specified in Appendix A and elsewhere in Market Rule 1.

Investment Grade Rating, for a Market (other than an FTR-Only Customer or DRP-Only Customer) or Non-Market Participant Transmission Customer, is either (a) a corporate investment grade rating from one or more of the Rating Agencies, or (b) if the Market Participant or Non-Market Participant Transmission Customer does not have a corporate rating from one of the Rating Agencies, then an investment grade rating for the Market Participant's or Non-Market Participant Transmission Customer's senior unsecured debt from one or more of the Rating Agencies.

Invoice is a statement issued by the ISO for the net Charge owed by a Covered Entity pursuant to the ISO New England Billing Policy.

Invoice Date is the day on which the ISO issues an Invoice.

ISO means ISO New England Inc.

ISO Charges, for the purposes of the ISO New England Billing Policy, are both Non-Hourly Charges and Hourly Charges.

ISO Control Center is the primary control center established by the ISO for the exercise of its Operating Authority and the performance of functions as an RTO.

ISO New England Administrative Procedures means procedures adopted by the ISO to fulfill its responsibilities to apply and implement ISO New England System Rules.

ISO New England Billing Policy is Exhibit ID to Section I of the Transmission, Markets and Services Tariff.

ISO New England Filed Documents means the Transmission, Markets and Services Tariff, including but not limited to Market Rule 1, the Participants Agreement, the Transmission Operating Agreement or other documents that affect the rates, terms and conditions of service.

ISO New England Financial Assurance Policy is Exhibit IA to Section I of the Transmission, Markets and Services Tariff.

ISO New England Information Policy is the policy establishing guidelines regarding the information received, created and distributed by Market Participants and the ISO in connection with the settlement, operation and planning of the System, as the same may be amended from time to time in accordance with the provisions of this Tariff. The ISO New England Information Policy is Attachment D to the Transmission, Markets and Services Tariff.

ISO New England Manuals are the manuals implementing Market Rule 1, as amended from time to time in accordance with the Participants Agreement. Any elements of the ISO New England Manuals that substantially affect rates, terms, and/or conditions of service shall be filed with the Commission under Section 205 of the Federal Power Act.

ISO New England Operating Documents are the Tariff and the ISO New England Operating Procedures.

ISO New England Operating Procedures are the ISO New England Planning Procedures and the operating guides, manuals, procedures and protocols developed and utilized by the ISO for operating the ISO bulk power system and the New England Markets.

ISO New England Planning Procedures are the procedures developed and utilized by the ISO for planning the ISO bulk power system.

ISO New England System Rules are Market Rule 1, the ISO New England Information Policy, the ISO New England Administrative Procedures, the ISO New England Manuals and any other system rules, procedures or criteria for the operation of the New England Transmission System and administration of the New England Markets and the Transmission, Markets and Services Tariff.

ITC Agreement is defined in Attachment M to the OATT.

ITC Rate Schedule is defined in Section 3.1 of Attachment M to the OATT.

ITC System is defined in Section 2.2 of Attachment M to the OATT.

ITC System Planning Procedures is defined in Section 15.4 of Attachment M to the OATT.

Late Payment Account is a segregated interest-bearing account into which the ISO deposits Late Payment Charges due from ISO Charges and interest owed from participants for late payments that are collected and not distributed to the Covered Entities, until the Late Payment Account Limit is reached, under the ISO New England Billing Policy and penalties collected under the ISO New England Financial Assurance Policy.

Late Payment Account Limit is defined in Section 4.2 of the ISO New England Billing Policy.

Late Payment Charge is defined in Section 4.1 of the ISO New England Billing Policy.

Lead Market Participant, for purposes other than the Forward Capacity Market, is the entity authorized to submit Supply Offers or Demand Bids for a Resource and to whom certain Energy TUs are assessed under Schedule 2 of Section IV.A of the Tariff. For purposes of the Forward Capacity Market, the Lead Market Participant is the entity designated to participate in that market on behalf of an Existing Capacity Resource or a New Capacity Resource.

Limited Energy Resource means generating resources that, due to design considerations, environmental restriction on operations, cyclical requirements, such as the need to recharge or refill or manage water flow, or fuel limitations, are unable to operate continuously at full output on a daily basis.

Load Asset means a physical load that has been registered in accordance with the Asset Registration Process.

Load Management means installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that curtail electrical usage or shift electrical usage from Demand Resource On-Peak Hours, Demand Resource Seasonal Peak Hours, Demand Resource Critical

Peak Hours, or Real-Time Demand Response Event Hours to other hours and reduce the amount of capacity needed, while delivering a comparable or acceptable level of end-use service. Such measures include, but are not limited to, energy management systems, load control end-use cycling, load curtailment strategies, chilled water storage, and other forms of electricity storage.

Load Response Program means the program implemented and administered by the ISO to promote demand side response as described in Appendix E to Market Rule 1.

Load Response Program Asset means one or more individual end-use metered customers that report load reduction and consumption, or generator output as a single set of values, are assigned an identification number, that participate in the Load Response Program and which encompass assets registered in the Real-Time Price Response Program or Real-Time Demand Response Assets, and are further described in Appendix E of Market Rule 1.

Load Shedding is the systematic reduction of system demand by temporarily decreasing load.

Load Zone is a Reliability Region, except as otherwise provided for in Section III.2.7 of Market Rule 1.

Local Area Facilities are defined in the TOA**.**

Local Benefit Upgrade(s) (LBU) is an upgrade, modification or addition to the transmission system that is: (i) rated below 115kV or (ii) rated 115kV or above and does not meet all of the non-voltage criteria for PTF classification specified in the OATT.

Local Control Centers are those control centers in existence as of the effective date of the OATT (including the CONVEX, REMVEC, Maine and New Hampshire control centers) or established by the PTOs in accordance with the TOA that are separate from the ISO Control Center and perform certain functions in accordance with the OATT and the TOA.

Local Delivery Service is the service of delivering electric energy to end users. This service is subject to state jurisdiction regardless of whether such service is provided over local distribution or transmission facilities. An entity that is an Eligible Customer under the OATT is not excused from any requirements of state law, or any order or regulation issued pursuant to state law, to arrange for Local Delivery Service

with the Participating Transmission Owner and/or distribution company providing such service and to pay all applicable charges associated with such service, including charges for stranded costs and benefits.

Local Network is defined as the transmission facilities constituting a local network as identified in Attachment E, as such Attachment may be modified from time to time in accordance with the Transmission Operating Agreement.

Local Network Load is the load that a Network Customer designates for Local Network Service under Schedule 21 to the OATT.

Local Network RNS Rate is the rate applicable to Regional Network Service to effect a delivery to load in a particular Local Network, as determined in accordance with Schedule 9 to the OATT.

Local Network Service (LNS) is the network service provided under Schedule 21 and the Local Service Schedules to permit the Transmission Customer to efficiently and economically utilize its resources to serve its load.

Local Point-To-Point Service (LPTP) is Point-to-Point Service provided under Schedule 21 of the OATT and the Local Service Schedules to permit deliveries to or from an interconnection point on the PTF.

Local Public Policy Transmission Upgrade is any addition and/or upgrade to the New England Transmission System with a voltage level below 115kV that is required in connection with the construction of a Public Policy Transmission Upgrade approved for inclusion in the Regional System Plan pursuant to Attachment K to the ISO OATT or included in a Local System Plan in accordance with Appendix 1 to Attachment K.

Local Second Contingency Protection Resources are those Resources identified by the ISO on a daily basis as necessary for the provision of Operating Reserve requirements and adherence to NERC, NPCC and ISO reliability criteria over and above those Resources required to meet first contingency reliability criteria within a Reliability Region.

Local Service is transmission service provided under Schedule 21 and the Local Service Schedules thereto.

Local Service Schedule is a PTO-specific schedule to the OATT setting forth the rates, charges, terms and conditions applicable to Local Service.

Local Sourcing Requirement (LSR) is the minimum amount of capacity that must be located within an import-constrained Load Zone, calculated as described in Section III.12.2 of Market Rule 1.

Local System Planning (LSP) is the process defined in Appendix 1 of Attachment K to the OATT.

Localized Costs are the incremental costs resulting from a RTEP02 Upgrade or a Regional Benefit Upgrade that exceeds those requirements that the ISO deems reasonable and consistent with Good Utility Practice and the current engineering design and construction practices in the area in which the Transmission Upgrade is built. In making its determination of whether Localized Costs exist, the ISO will consider, in accordance with Schedule 12C of the OATT, the reasonableness of the proposed engineering design and construction method with respect to alternate feasible Transmission Upgrades and the relative costs, operation, timing of implementation, efficiency and reliability of the proposed Transmission Upgrade. The ISO, with advisory input from the Reliability Committee, as appropriate, shall review such Transmission Upgrade, and determine whether there are any Localized Costs resulting from such Transmission Upgrade. If there are any such costs, the ISO shall identify them in the Regional System Plan.

Location is a Node, External Node, Load Zone or Hub.

Locational Marginal Price (LMP) is defined in Section III.2 of Market Rule 1. The Locational Marginal Price for a Node is the nodal price at that Node; the Locational Marginal Price for an External Node is the nodal price at that External Node; the Locational Marginal Price for a Load Zone or Reliability Region is the Zonal Price for that Load Zone or Reliability Region, respectively; and the Locational Marginal Price for a Hub is the Hub Price for that Hub.

Long Lead Time Generating Facility (Long Lead Facility) has the meaning specified in Section I of Schedule 22 of the OATT.

Long-Term is a term of one year or more.

Long-Term Transmission Outage is a long-term transmission outage scheduled in accordance with ISO New England Operating Procedure No. 3.

Loss Component is the component of the nodal LMP at a given Node or External Node on the PTF that reflects the cost of losses at that Node or External Node relative to the reference point. The Loss Component of the nodal LMP at a given Node on the non-PTF system reflects the relative cost of losses at that Node adjusted as required to account for losses on the non-PTF system already accounted for through tariffs associated with the non-PTF. When used in connection with Hub Price or Zonal Price, the term Loss Component refers to the Loss Components of the nodal LMPs that comprise the Hub Price or Zonal Price, which Loss Components are averaged or weighted in the same way that nodal LMPs are averaged to determine Hub Price or weighted to determine Zonal Price.

Loss of Load Expectation (LOLE) is the probability of disconnecting non-interruptible customers due to a resource deficiency.

Lost Opportunity Cost (LOC) is one of four forms of compensation that may be paid to resources providing VAR Service under Schedule 2 of the OATT.

LSE means load serving entity.

Lump Sum Blackstart Payment is defined and calculated as specified in Section 5.4 of Schedule 16 to the OATT.

Lump Sum Blackstart Capital Payment is defined and calculated as specified in Section 5.4 of Schedule 16 to the OATT.

Lump Sum Blackstart CIP Capital Payment is defined and calculated as specified in Section 5.4 of Schedule 16 to the OATT.

Major Transmission Outage is a major transmission outage scheduled in accordance with ISO New England Operating Procedure No. 3.

Marginal Loss Revenue Load Obligation is defined in Section III.3.2.1(b)(v) of Market Rule 1.

Market Credit Limit is a credit limit for a Market Participant's Financial Assurance Obligations (except FTR Financial Assurance Requirements) established for each Market Participant in accordance with Section II.C of the ISO New England Financial Assurance Policy.

Market Credit Test Percentage is calculated in accordance with Section III.B.1(a) of the ISO New England Financial Assurance Policy.

Market Efficiency Transmission Upgrade is defined as those additions and upgrades that are not related to the interconnection of a generator, and, in the ISO's determination, are designed to reduce bulk power system costs to load system-wide, where the net present value of the reduction in bulk power system costs to load system-wide exceeds the net present value of the cost of the transmission addition or upgrade. For purposes of this definition, the term "bulk power system costs to load system-wide" includes, but is not limited to, the costs of energy, capacity, reserves, losses and impacts on bilateral prices for electricity.

Market Participant is a participant in the New England Markets (including a FTR-Only Customer and/or a DRP-Only Customer and/or an ODR-Only Customer) that has executed a Market Participant Service Agreement, or on whose behalf an unexecuted Market Participant Service Agreement has been filed with the Commission.

Market Participant Financial Assurance Requirement is defined in Section III of the ISO New England Financial Assurance Policy.

Market Participant Obligations is defined in Section III.B.1.1 of Appendix B of Market Rule 1.

Market Participant Service Agreement (MPSA) is an agreement between the ISO and a Market Participant, in the form specified in Attachment A or Attachment A-1 to the Tariff, as applicable.

Market Rule 1 is ISO Market Rule 1 and appendices set forth in Section III of this ISO New England Inc. Transmission, Markets and Services Tariff, as it may be amended from time to time.

Market Violation is a tariff violation, violation of a Commission-approved order, rule or regulation, market manipulation, or inappropriate dispatch that creates substantial concerns regarding unnecessary market inefficiencies.

Material Adverse Change is any change in financial status including, but not limited to a downgrade to below an Investment Grade Rating by any Rating Agency, being placed on credit watch with negative implication by any Rating Agency if the Market Participant or Non-Market Participant Transmission Customer does not have an Investment Grade Rating, a bankruptcy filing or other insolvency, a report of a significant quarterly loss or decline of earnings, the resignation of key officer(s), the sanctioning of the Market Participant or Non-Market Participant Transmission Customer or any of its Principles imposed by the Federal Energy Regulatory Commission, the Securities Exchange Commission, any exchange monitored by the National Futures Association, or any state entity responsible for regulating activity in energy markets; the filing of a material lawsuit that could materially adversely impact current or future financial results; a significant change in the Market Participant's or Non-Market Participant Transmission Customer's credit default spreads; or a significant change in market capitalization.

Material Adverse Impact is defined, for purposes of review of ITC-proposed plans, as a proposed facility or project will be deemed to cause a "material adverse impact" on facilities outside of the ITC System if: (i) the proposed facility or project causes non-ITC facilities to exceed their capabilities or exceed their thermal, voltage or stability limits, consistent with all applicable reliability criteria, or (ii) the proposed facility or project would not satisfy the standards set forth in Section I.3.9 of the Transmission, Markets and Services Tariff. This standard is intended to assure the continued service of all non-ITC firm load customers and the ability of the non-ITC systems to meet outstanding transmission service obligations.

Maximum Capacity Limit is the maximum amount of capacity that can be procured in an export-constrained Load Zone, calculated as described in Section III.12.2 of Market Rule 1, to meet the Installed Capacity Requirement.

Maximum Consumption Limit is the maximum amount, in MW, available from the Dispatchable Asset Related Demand for economic dispatch and is based on the physical characteristics as submitted as part of a Resource's Offer Data except that a Self-Scheduled Dispatchable Asset Related Demand may modify its Minimum Consumption Limit on an hourly basis, as part of its Demand Bid, in order to indicate the desired level of Self-Scheduled MW.

Maximum Facility Load is the most recent annual non-coincident peak demand or, if unavailable, an estimate of the annual non-coincident peak demand of a Real-Time Demand Response Asset or a Real-

Time Emergency Generation Asset, where the demand evaluated is established by adding actual metered demand and the output of all generators located behind the asset's end use customer meter in the same time intervals.

Maximum Generation is the maximum generation output of a Real-Time Demand Response Asset comprised of Distributed Generation.

Maximum Interruptible Capacity is an estimate of the maximum hourly demand reduction amount that a Real-Time Demand Response Asset can deliver.

Maximum Load is the most recent annual non-coincident peak demand or, if unavailable, an estimate of the annual non-coincident peak demand, of a Real-Time Demand Response Asset or Real-Time Emergency Generation Asset.

Measure Life is the estimated time a Demand Resource measure will remain in place, or the estimated time period over which the facility, structure, equipment or system in which a measure is installed continues to exist, whichever is shorter. Suppliers of Demand Resources comprised of an aggregation of measures with varied Measures Lives shall determine and document the Measure Life either: (i) for each type of measure with a different Measure Life and adjust the aggregate performance based on the individual measure life calculation in the portfolio; or (ii) as the average Measure Life for the aggregated measures as long as the Demand Reduction Value of the Demand Resource is greater than or equal to the amount that cleared in the Forward Capacity Auction or reconfiguration auction for the entire Capacity Commitment Period, and the Demand Reduction Value for an Existing Demand Resource is not over-stated in a subsequent Capacity Commitment Period. Measure Life shall be determined consistent with the Demand Resource's Measurement and Verification Plan, which shall be reviewed by the ISO to ensure consistency with the measurement and verification requirements of Market Rule 1 and the ISO New England Manuals.

Measurement and Verification Documents mean the measurement and verification documents described in Section 13.1.4.3.1 of Market Rule 1, which includes Measurement and Verification Plans, Updated Measurement and Verification Plans, Measurement and Verification Summary Reports, and Measurement and Verification Reference Reports.

Measurement and Verification Plan means the measurement and verification plan submitted by a Demand Resource supplier as part of the qualification process for the Forward Capacity Auction pursuant to the requirements of Section III.13.1.4.3 of Market Rule 1 and the ISO New England Manuals.

Measurement and Verification Reference Reports are optional reports submitted by Demand Resource suppliers during the Capacity Commitment Period subject to the schedule in the Measurement and Verification Plan and consistent with the schedule and reporting standards set forth in the ISO New England Manuals. Measurement and Verification Reference Reports update the prospective Demand Reduction Value of the Demand Resource project based on measurement and verification studies performed during the Capacity Commitment Period.

Measurement and Verification Summary Report is the monthly report submitted by a Demand Resource supplier with the monthly settlement report for the Forward Capacity Market, which documents the total Demand Reduction Values for all Demand Resources in operation as of the end of the previous month.

MEPCO Grandfathered Transmission Service Agreement (MGTSA) is a MEPCO long-term firm point-to-point transmission service agreement with a POR or POD at the New Brunswick border and a start date prior to June 1, 2007 where the holder has elected, by written notice delivered to MEPCO within five (5) days following the filing of the settlement agreement in Docket Nos. ER07-1289 and EL08-56 or by September 1, 2008 (whichever is later), MGTSA treatment as further described in Section II.45.1.

Merchant Transmission Facilities (MTF) are the transmission facilities owned by MTOs, defined and classified as MTF pursuant to Schedule 18 of the OATT, over which the ISO shall exercise Operating Authority in accordance with the terms set forth in a MTOA or Attachment K to the OATT, rated 69 kV or above and required to allow energy from significant power sources to move freely on the New England Transmission System.

Merchant Transmission Facilities Provider (MTF Provider) is an entity as defined in Schedule 18 of the OATT.

Merchant Transmission Facilities Service (MTF Service) is transmission service over MTF as provided for in Schedule 18 of the OATT.

Merchant Transmission Operating Agreement (MTOA) is an agreement between the ISO and an MTO with respect to its MTF.

Merchant Transmission Owner (MTO) is an owner of MTF.

Meter Data Error means an error in meter data, including an error in Coincident Peak Contribution values, on an Invoice issued by the ISO after the completion of the data reconciliation process as described in the ISO New England Manuals and in Section III.3.8 of Market Rule 1.

Meter Data Error RBA Submission Limit means the date thirty 30 calendar days after the issuance of the Invoice containing the results of the data reconciliation process as described in the ISO New England Manuals and in Section III.3.6 of Market Rule 1.

Minimum Consumption Limit is the minimum amount, in MW, available from a Dispatchable Asset Related Demand that is not available for economic dispatch and is based on the physical characteristics as submitted as part of a Resource's Offer Data.

Minimum Generation Emergency means an Emergency declared by the ISO in which the ISO anticipates requesting one or more generating Resources to operate at or below Economic Minimum Limit, in order to manage, alleviate, or end the Emergency.

Minimum Generation Emergency Charge means the charge used to allocate the cost of Minimum Generation Emergency Credits. Minimum Generation Emergency Charges are discussed in Appendix F of Market Rule 1.

Minimum Generation Emergency Credits are credits calculated pursuant to Appendix F of Market Rule 1 to compensate certain generating Resources for operation in excess of their Economic Minimum Limits during a Minimum Generation Emergency.

Monthly Blackstart Service Charge is the charge made to Transmission Customers pursuant to Section 6 of Schedule 16 to the OATT.

Monthly Capacity Variance means a Demand Resource's actual monthly Capacity Value established pursuant to Section III.13.7.1.5.1 of Market Rule 1, minus the Demand Resource's final Capacity Supply Obligation for the month.

Monthly Peak is defined in Section II.21.2 of the OATT.

Monthly PER is calculated in accordance with Section III.13.7.2.7.1.1.2(a) of Market Rule 1.

Monthly Real-Time Generation Obligation is the sum, for all hours in a month, at all Locations, of a Customer's Real-Time Generation Obligation, in MWhs.

Monthly Real-Time Load Obligation is the absolute value of a Customer's hourly Real-Time Load Obligation summed for all hours in a month, in MWhs.

Monthly Regional Network Load is defined in Section II.21.2 of the OATT.

Monthly Statement is the first weekly Statement issued on a Monday after the tenth of a calendar month that includes both the Hourly Charges for the relevant billing period and Non-Hourly Charges for the immediately preceding calendar month.

MUI is the market user interface.

Municipal Market Participant is defined in Section II of the ISO New England Financial Assurance Policy.

MW is megawatt.

MWh is megawatt-hour.

Native Load Customers are the wholesale and retail power customers of a Transmission Owner on whose behalf the Transmission Owner, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate its system to meet the reliable electric needs of such customers.

NCPC Charge means the charges to Market Participants as provided in Section III.3.2.3, Section III.6.4 and Appendix F.

NCPC Credit means the payment made to a Resource as provided in Section III.3.2.3, Section III.6.4 and Appendix F.

Needs Assessment is defined in Section 4.1 of Attachment K to the OATT.

NEMA, for purposes of Section III of the Tariff, is the Northeast Massachusetts Reliability Region.

NEMA Contract is a contract described in Appendix C of Market Rule 1 and listed in Exhibit 1 of Appendix C of Market Rule 1.

NEMA Load Serving Entity (NEMA LSE) is a Transmission Customer or Congestion Paying LSE Entity that serves load within NEMA.

NEMA or Northeast Massachusetts Upgrade, for purposes of Section II of the Tariff, is an addition to or modification of the PTF into or within the Northeast Massachusetts Reliability Region that was not, as of December 31, 1999, the subject of a System Impact Study or application filed pursuant to Section I.3.9 of the Transmission, Markets and Services Tariff; that is not related to generation interconnections; and that will be completed and placed in service by June 30, 2004. Such upgrades include, but are not limited to, new transmission facilities and related equipment and/or modifications to existing transmission facilities and related equipment. The list of NEMA Upgrades is contained in Schedule 12A of the OATT.

NEPOOL is the New England Power Pool, and the entities that collectively participated in the New England Power Pool.

NEPOOL Agreement is the agreement among the participants in NEPOOL.

NEPOOL GIS is the generation information system.

NEPOOL GIS Administrator is the entity or entities that develop, administer, operate and maintain the NEPOOL GIS.

NERC is the North American Electric Reliability Corporation or its successor organization.

NESCOE is the New England States Committee on Electricity, recognized by the Commission as the regional state committee for the New England Control Area.

Net Commitment Period Compensation (NCPC) is the compensation methodology for Resources that is described in Appendix F to Market Rule 1.

Net Regional Clearing Price is described in Section III.13.7.3 of Market Rule 1.

Network Capability Interconnection Standard has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Network Customer is a Transmission Customer receiving RNS or LNS.

Network Resource is defined as follows: (1) With respect to Market Participants, (a) any generating resource located in the New England Control Area which has been placed in service prior to the Compliance Effective Date (including a unit that has lost its capacity value when its capacity value is restored and a deactivated unit which may be reactivated without satisfying the requirements of Section II.46 of the OATT in accordance with the provisions thereof) until retired; (b) any generating resource located in the New England Control Area which is placed in service after the Compliance Effective Date until retired, provided that (i) the Generator Owner has complied with the requirements of Sections II.46 and II.47 and Schedules 22 and 23 of the OATT, and (ii) the output of the unit shall be limited in accordance with Sections II.46 and II.47 and Schedules 22 and 23, if required; and (c) any generating resource or combination of resources (including bilateral purchases) located outside the New England Control Area for so long as any Market Participant has an Ownership Share in the resource or resources which is being delivered to it in the New England Control Area to serve Regional Network Load located in the New England Control Area or other designated Regional Network Loads contemplated by Section II.18.3 of the OATT taking Regional Network Service. (2) With respect to Non-Market Participant Transmission Customers, any generating resource owned, purchased or leased by the Non-Market Participant Transmission Customer which it designates to serve Regional Network Load.

New Brunswick Security Energy is defined in Section III.3.2.6A of Market Rule 1.

New Capacity Offer is an offer in the Forward Capacity Auction to provide capacity from a New Generating Capacity Resource, New Import Capacity Resource, or New Demand Resource, as described in Section III.13.2.3.2 of Market Rule 1.

New Capacity Qualification Deadline is a deadline, specified in Section III.13.1.10 of Market Rule 1, for submission of certain qualification materials for the Forward Capacity Auction, as discussed in Section III.13.1 of Market Rule 1.

New Capacity Qualification Package is information submitted by certain new resources prior to participation in the Forward Capacity Auction, as described in Section III.13.1 of Market Rule 1.

New Capacity Required is the amount of additional capacity required to meet the Installed Capacity Requirement or a Capacity Zone's Local Sourcing Requirement, as described in Section III.13.2.4(c) of Market Rule 1.

New Capacity Resource is a resource (i) that never previously received any payment as a capacity resource (including any payment as an ICAP Resource pursuant to the market rules in effect prior to December 1, 2006 or any ICAP Payment during the ICAP Transition Period pursuant to the market rules in effect from December 1, 2006 through May 31, 2010) and that has not cleared in any previous Forward Capacity Auction; or (ii) that is otherwise eligible to participate in the Forward Capacity Auction as a New Capacity Resource.

New Capacity Show of Interest Form is described in Section III.13.1.1.2.1 of Market Rule 1.

New Capacity Show of Interest Submission Window is the period of time during which a Project Sponsor may submit a New Capacity Show of Interest Form or a New Demand Resource Show of Interest Form, as described in Section III.13.1.10 of Market Rule 1.

New Demand Resource is a type of Demand Resource participating in the Forward Capacity Market, as defined in Section III.13.1.4.1.2 of Market Rule 1.

New Demand Resource Qualification Package is the information that a Project Sponsor must submit, in accordance with Section III 13.1.4.2.3 of Market Rule 1, for each resource that it seeks to offer in the Forward Capacity Auction as a New Demand Resource.

New Demand Resource Show of Interest Form is described in Section III.13.1.4.2 of Market Rule 1.

New England Control Area is the Control Area for New England, which includes PTF, Non-PTF, MTF and OTF. The New England Control Area covers Connecticut, Rhode Island, Massachusetts, New Hampshire, Vermont, and part of Maine (i.e., excluding the portions of Northern Maine and the northern portion of Eastern Maine which are in the Maritimes Control Area).

New England Markets are markets or programs for the purchase of energy, capacity, ancillary services, demand response services or other related products or services (including Financial Transmission Rights) that are delivered through or useful to the operation of the New England Transmission System and that are administered by the ISO pursuant to rules, rates, or agreements on file from time to time with the Federal Energy Regulatory Commission.

New England System Restoration Plan is the plan that is developed by ISO, in accordance with NERC Reliability Standards, NPCC regional criteria and standards, ISO New England Operating Documents and ISO operating agreements, to facilitate the restoration of the New England Transmission System following a partial or complete shutdown of the New England Transmission System.

New England Transmission System is the system of transmission facilities, including PTF, Non-PTF, OTF and MTF, within the New England Control Area under the ISO's operational jurisdiction.

New Generating Capacity Resource is a type of resource participating in the Forward Capacity Market, as described in Section III.13.1.1.1 of Market Rule 1.

New Import Capacity Resource is a type of resource participating in the Forward Capacity Market, as defined in Section III.13.1.3.4 of Market Rule 1.

NMPTC means Non-Market Participant Transmission Customer.

NMPTC Credit Threshold is described in Section V.A.2 of the ISO New England Financial Assurance Policy.

NMPTC Financial Assurance Requirement is an amount of additional financial assurance for Non-Market Participant Transmission Customers described in Section V.D of the ISO New England Financial Assurance Policy.

Nodal Amount is node(s)-specific on-peak and off-peak proxy value to which an FTR bid or awarded FTR bid relates.

Node is a point on the New England Transmission System at which LMPs are calculated.

No-Load Fee is the amount, in dollars per hour, for a generating unit that must be paid to Market Participants with an Ownership Share in the unit for being scheduled in the New England Markets, in addition to the Start-Up Fee and price offered to supply energy, for each hour that the generating unit is scheduled in the New England Markets.

Nominated Consumption Limit is the consumption level specified by the Market Participant for a Dispatchable Asset Related Demand as adjusted in accordance with the provisions of Section III.13.7.3.1.3.

Non-Commercial Capacity, for the purposes of the ISO New England Financial Assurance Policy, is defined in Section VII.B of that policy.

Non-Commercial Capacity Cure Period is the time period described in Section VII.D of the ISO New England Financial Assurance Policy.

Non-Commercial Capacity Financial Assurance Amount (Non-Commercial Capacity FA Amount) is calculated in accordance with Section VII.B.2(i) of the ISO New England Financial Assurance Policy.

Non-Designated Blackstart Resource Study Cost Payments are the study costs reimbursed under Section 5.3 of Schedule 16 of the OATT.

Non-Hourly Charges are defined in Section 1.3 of the ISO New England Billing Policy.

Non-Hourly Requirements are determined in accordance with Section III.A(ii) of the ISO New England Financial Assurance Policy, which is Exhibit 1A of Section I of the Tariff.

Non-Incumbent Transmission Developer is a Qualified Transmission Project Sponsor that: (i) is not currently a PTO; (ii) has a transmission project listed in the RSP Project List; and (iii) has executed a Non-Incumbent Transmission Developer Operating Agreement. "Non-Incumbent Transmission Developer" also includes a PTO that proposes the development of a transmission facility not located within or connected to its existing electric system; however, because such a PTO is a party to the TOA, it is not required to enter into a Non-Incumbent Transmission Developer Operating Agreement.

Non-Incumbent Transmission Developer Operating Agreement (or NTDOA) is an agreement between the ISO and a Non-Incumbent Transmission Developer in the form specified in Attachment O to the OATT that sets forth their respective rights and responsibilities to each other with regard to proposals for and construction of certain transmission facilities.

Non-Intermittent Settlement Only Resource is a Settlement Only Resource that is not an Intermittent Power Resource.

Non-Market Participant is any entity that is not a Market Participant.

Non-Market Participant Transmission Customer is any entity which is not a Market Participant but is a Transmission Customer.

Non-Municipal Market Participant is defined in Section II of the ISO New England Financial Assurance Policy.

Non-Price Retirement Request is a binding request to retire the entire capacity of a Generating Capacity Resource as described in Section III.13.1.2.3.1.5.

Non-PTF Transmission Facilities (Non-PTF) are the transmission facilities owned by the PTOs that do not constitute PTF, OTF or MTF.

Non-Qualifying means a Market Participant that is not a Credit Qualifying Market Participant.

Notice of RBA is defined in Section 6.3.2 of the ISO New England Billing Policy.

NPCC is the Northeast Power Coordinating Council.

Obligation Month means a time period of one calendar month for which capacity payments are issued and the costs associated with capacity payments are allocated.

ODR-Only Customer is a Market Participant that registers with the ISO an Other Demand Resource (as defined in Section III.1 of this Tariff) and that does not participate in other markets or programs of the New England Markets, provided, however, that a DRP-Only Customer may also be an FTR-Only Customer and/or an DRP-Only Customer.

Offer Data means the scheduling, operations planning, dispatch, new Resource, and other data, including generating unit and Dispatchable Asset Related Demand operating limits based on physical characteristics, and information necessary to schedule and dispatch generating and Dispatchable Asset Related Demand Resources for the provision of energy and other services and the maintenance of the reliability and security of the transmission system in the New England Control Area, and specified for submission to the New England Markets for such purposes by the ISO.

On-Peak Demand Resource is a type of Demand Resource and means installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that reduce the total amount of electrical energy consumed during Demand Resource On-Peak Hours, while delivering a comparable or acceptable level of end-use service. Such measures include Energy Efficiency, Load Management, and Distributed Generation.

Open Access Same-Time Information System (OASIS) is the ISO information system and standards of conduct responding to requirements of 18 C.F.R. §37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

Open Access Transmission Tariff (OATT) is Section II of the ISO New England Inc. Transmission, Markets and Services Tariff.

Operating Authority is defined pursuant to a MTOA, an OTOA, the TOA or the OATT, as applicable.

Operating Data means GADS Data, data equivalent to GADS Data, CARL Data, metered load data, or actual system failure occurrences data, all as described in the ISO New England Operating Procedures.

Operating Day means the calendar day period beginning at midnight for which transactions on the New England Markets are scheduled.

Operating Reserve means Ten-Minute Spinning Reserve (TMSR), Ten-Minute Non-Spinning Reserve (TMNSR) and Thirty-Minute Operating Reserve (TMOR).

Operations Date is February 1, 2005.

OTF Service is transmission service over OTF as provided for in Schedule 20.

Other Demand Resource (ODR) is an installation undertaken as part of a merchant, utility, or state-sponsored program, and may include Energy Efficiency, Load Management, and Distributed Generation projects that are installed after June 16, 2006, and that result in additional and verifiable reductions in end-use customer demand on the electricity network in the New England Control Area during specified ODR performance hours of the ICAP Transition Period.

Other Transmission Facility (OTF) are the transmission facilities owned by Transmission Owners, defined and classified as OTF pursuant to Schedule 20, over which the ISO shall exercise Operating Authority in accordance with the terms set forth in the OTOA, rated 69 kV or above, and required to allow energy from significant power sources to move freely on the New England Transmission System. OTF classification shall be limited to the Phase I/II HVDC-TF.

Other Transmission Operating Agreements (OTOA) is the agreement(s) between the ISO, an OTO and/or the associated service provider(s) with respect to an OTF, which includes the HVDC Transmission Operating Agreement and the Phase I/II HVDC-TF Transmission Service Administration Agreement. With respect to the Phase I/II HVDC-TF, the HVDC Transmission Operating Agreement covers the rights and responsibilities for the operation of the facility and the Phase I/II HVDC-TF Transmission Service Administration Agreement covers the rights and responsibilities for the administration of transmission service.

Other Transmission Owner (OTO) is an owner of OTF.

Out-of-Market Capacity is certain capacity that is counted in determining whether the Alternative Capacity Price Rule applies, as described in Section III.13.2.7.8 of Market Rule 1.

Ownership Share is a right or obligation, for purposes of settlement, to a percentage share of all credits or charges associated with a generating unit asset or Load Asset, where such unit or load is interconnected to the New England Transmission System.

Participant Expenses are defined in Section 1 of the Participants Agreement.

Participant Required Balance is defined in Section 5.3 of the ISO New England Billing Policy.

Participant Vote is defined in Section 1 of the Participants Agreement.

Participants Agreement is the agreement among the ISO, the New England Power Pool and Individual Participants, as amended from time to time, on file with the Commission.

Participants Committee is the principal committee referred to in the Participants Agreement.

Participating Transmission Owner (PTO) is a transmission owner that is a party to the TOA.

Payment is a sum of money due to a Covered Entity from the ISO.

Payment Default Shortfall Fund is defined in Section 5.1 of the ISO New England Billing Policy.

Peak Energy Rent (PER) is described in Section III.13.7.2.7.1 of Market Rule 1.

PER Proxy Unit is described in Section III.13.7.2.7.1 of Market Rule 1.

Percent of Total Demand Reduction Value Complete means the delivery schedule as a percentage of a Demand Resource's total Demand Reduction Value that will be or has been achieved as of specific target dates, as described in Section III.13 of Market Rule 1.

Permanent De-list Bid is a bid that may be submitted by an Existing Generating Capacity Resource, Existing Import Capacity Resource, or Existing Demand Resource in the Forward Capacity Auction to permanently remove itself from the capacity market, as described in Section III.13.1.2.3.1.2 of Market Rule 1.

Phase I Transfer Credit is 40% of the HQICC, or such other fraction of the HQICC as the ISO may establish.

Phase I/II HVDC-TF is defined in Schedule 20A to Section II of this Tariff.

Phase I/II HVDC-TF Transfer Capability is the transfer capacity of the Phase I/II HVDC-TF under normal operating conditions, as determined in accordance with Good Utility Practice. The "Phase I Transfer Capability" is the transfer capacity under normal operating conditions, as determined in accordance with Good Utility Practice, of the Phase I terminal facilities as determined initially as of the time immediately prior to Phase II of the Phase I/II HVDC-TF first being placed in service, and as adjusted thereafter only to take into account changes in the transfer capacity which are independent of any effect of Phase II on the operation of Phase I. The "Phase II Transfer Capability" is the difference between the Phase I/II HVDC-TF Transfer Capability and the Phase I Transfer Capability. Determinations of, and any adjustment in, Phase I/II HVDC-TF Transfer Capability shall be made by the ISO, and the basis for any such adjustment shall be explained in writing and posted on the ISO website.

Phase One Proposal is a first round submission, as defined in Section 4.3 of Attachment K of the OATT, of a proposal for a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade, as applicable, by a Qualified Transmission Project Sponsor.

Phase II Transfer Credit is 60% of the HQICC, or such other fraction of the HQICC as the ISO may establish.

Phase Two Solution is a second round submission, as defined in Section 4.3 of Attachment K of the OATT, of a proposal for a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade by a Qualified Transmission Project Sponsor.

Planning Advisory Committee is the committee described in Attachment K of the OATT.

Planning and Reliability Criteria is defined in Section 3.3 of Attachment K to the OATT.

Point(s) of Delivery (POD) is point(s) of interconnection where capacity and/or energy transmitted by a Transmission Customer will be made available to the Receiving Party under the OATT.

Point(s) of Receipt (POR) is point(s) of interconnection where capacity and/or energy transmitted by a Transmission Customer will be made available by the Delivering Party under the OATT.

Point-To-Point Service is the transmission of capacity and/or energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under the OATT pursuant to Local Point-To-Point Service or OTF Service or MTF Service; and the transmission of capacity and/or energy from the Point(s) of Receipt to the Point(s) of Delivery under the OATT pursuant to Through or Out Service.

Pool-Planned Unit is one of the following units: New Haven Harbor Unit 1 (Coke Works), Mystic Unit 7, Canal Unit 2, Potter Unit 2, Wyman Unit 4, Stony Brook Units 1, 1A, 1B, 1C, 2A and 2B, Millstone Unit 3, Seabrook Unit 1 and Waters River Unit 2 (to the extent of 7 megawatts of its Summer capability and 12 megawatts of its Winter capability).

Pool PTF Rate is the transmission rate determined in accordance with Schedule 8 to the OATT.

Pool RNS Rate is the transmission rate determined in accordance with paragraph (2) of Schedule 9 of Section II of the Tariff.

Pool-Scheduled Resources are described in Section III.1.10.2 of Market Rule 1.

Pool Supported PTF is defined as: (i) PTF first placed in service prior to January 1, 2000; (ii) Generator Interconnection Related Upgrades with respect to Category A and B projects (as defined in Schedule 11), but only to the extent not paid for by the interconnecting Generator Owner; and (iii) other PTF upgrades, but only to the extent the costs therefore are determined to be Pool Supported PTF in accordance with Schedule 12.

Pool Transmission Facility (PTF) means the transmission facilities owned by PTOs which meet the criteria specified in Section II.49 of the OATT.

Poorly Performing Resource is described in Section III.13.7.1.1.5 of Market Rule 1.

Posting Entity is any Market Participant or Non-Market Participant Transmission Customer providing financial security under the provisions of the ISO New England Financial Assurance Policy.

Posture means an action of the ISO to deviate from the jointly optimized security constrained economic dispatch for Energy and Operating Reserves solution for a Resource produced by the ISO's technical software for the purpose of maintaining sufficient Operating Reserve (both online and off-line) or for the provision of voltage or VAR support.

Posturing Credit is calculated pursuant to Section III.F.2.6.2 of Appendix F to Market Rule 1.

Power Purchaser is the entity that is purchasing the capacity and/or energy to be transmitted under the OATT.

Principal is (i) the sole proprietor of a sole proprietorship; (ii) a general partner of a partnership; (iii) a president, chief executive officer, chief operating officer or chief financial officer (or equivalent position) of an organization; (iv) a manager, managing member or a member vested with the management authority for a limited liability company or limited liability partnership; (v) any person or entity that has the power to exercise a controlling influence over an organization's activities that are subject to regulation by the Federal Energy Regulatory Commission, the Securities and Exchange Commission, the Commodity Futures Trading Commission, any exchange monitored by the National Futures Association, or any state entity responsible for regulating activity in energy markets; or (vi) any person or entity that: (a) is the direct owner of 10% or more of any class of an organization's equity securities; or (b) has directly contributed 10% or more of an organization's capital.

Profiled Load Assets include all Load Assets that are not directly metered by OP-18 compliant metering as currently described in Section IV (Metering and Recording for Settlements) of OP18, and some Load Assets that are measured by OP-18 compliant metering (as currently described in Section IV of OP-18) to which the Host Participant Assigned Meter Reader allocates non-PTF losses.

Project Sponsor is an entity seeking to have a New Generating Capacity Resource or New Demand Resource participate in the Forward Capacity Market, as described in Section III.13.

Provisional Member is defined in Section I.68A of the Restated NEPOOL Agreement.

PTO Administrative Committee is the committee referred to in Section 11.04 of the TOA.

Public Policy Transmission Study is a study conducted by the ISO pursuant to the process set out in Section 4A.3 of Attachment K of the OATT, and consists of two phases: (i) an initial phase to produce a rough estimate of the costs and benefits of concepts that could meet transmission needs driven by public policy requirements; and (ii) a follow-on phase designed to produce more detailed analysis and engineering work on transmission concepts identified in the first phase.

Public Policy Transmission Upgrade is an addition and/or upgrade to the New England Transmission System that meets the voltage and non-voltage criteria for Public Policy Transmission Upgrade PTF classification specified in the OATT, and has been included in the Regional System Plan and RSP Project List as a Public Policy Transmission Upgrade pursuant to Public Policy Transmittal procedures described in Section 4A of Attachment K of the OATT.

Public Policy Transmittal is a written document sent by NESCOE or jointly by all of the participating states' utility regulatory authorities to the ISO that indicates which of the New England states support inclusion of a particular Public Policy Transmission Upgrade in the Regional System Plan and provides each state's final decision concerning such proposed Public Policy Transmission Upgrade and associated cost allocation as set forth in such state's regulatory authority decisions that is to be utilized for the project costs.

Publicly Owned Entity is defined in Section I of the Restated NEPOOL Agreement.

Qualification Process Cost Reimbursement Deposit is described in Section III.13.1.9.3 of Market Rule 1.

Qualified Capacity is the amount of capacity a resource may provide in the summer or winter in a Capacity Commitment Period, as determined in the Forward Capacity Market qualification processes.

Qualified Generator Reactive Resource(s) is any generator source of dynamic reactive power that meets the criteria specified in Schedule 2 of the OATT.

Qualified Non-Generator Reactive Resource(s) is any non-generator source of dynamic reactive power that meets the criteria specified in Schedule 2 of the OATT.

Qualified Reactive Resource(s) is any Qualified Generator Reactive Resource and/or Qualified Non-Generator Reactive Resource that meets the criteria specified in Schedule 2 of the OATT.

Qualified Transmission Project Sponsor is defined in Sections 4B.2 and 4B.3 of Attachment K of the OATT.

Queue Position has the meaning specified in Section I of Schedule 22 and Attachment 1 to Schedule 23 of the OATT.

Rated means a Market Participant that receives a credit rating from one or more of the Rating Agencies, or, if such Market Participant is not rated by one of the Rating Agencies, then a Market Participant that has outstanding unsecured debt rated by one or more of the Rating Agencies.

Rating Agencies are Standard and Poor's (S&P), Moody's, and Fitch.

RBA Decision is a written decision provided by the ISO to a Disputing Party and to the Chair of the NEPOOL Budget and Finance Subcommittee accepting or denying a Requested Billing Adjustment within twenty Business Days of the date the ISO distributes a Notice of RBA, unless some later date is agreed upon by the Disputing Party and the ISO.

Reactive Supply and Voltage Control Service is the form of Ancillary Service described in Schedule 2 of the OATT.

Real-Time is a period in the current Operating Day for which the ISO dispatches Resources for energy and Regulation, designates Resources for Regulation and Operating Reserve and, if necessary, commits additional Resources.

Real-Time Adjusted Load Obligation is defined in Section III.3.2.1(b)(iii) of Market Rule 1.

Real-Time Adjusted Load Obligation Deviation is defined in Section III.3.2.1(c)(iii) of Market Rule 1.

Real-Time Commitment Periods are periods of continuous operation bounded by a start up and the earlier to occur of a shut-down or a unit trip used to determine eligibility for Real Time NCPC Credit.

Real-Time Congestion Revenue is defined in Section III.3.2.1(f) of Market Rule 1.

Real-Time Demand Reduction Obligation is a Real-Time demand reduction amount determined pursuant to Section III.E.8.

Real-Time Demand Resource Dispatch Hours means those hours, or portions thereof, in which ISO New England Operating Procedure No. 4 is implemented and the ISO has begun to allow the depletion of Thirty-Minute Operating Reserve on a Load Zone or system-wide basis, and the ISO notifies the Market Participants with Critical Peak Demand Resources and Real-Time Demand Response Resources of such hours. Beginning on June 1, 2011, "Real-Time Demand Resource Dispatch Hours" shall be defined as those hours, or portions thereof, in which ISO New England Operating Procedure No. 4 is implemented and the ISO has begun to allow the depletion of Thirty-Minute Operating Reserve on a Dispatch Zone, Load Zone, or system-wide basis, and the ISO notifies the Market Participants with Critical Peak Demand Resources and Real-Time Demand Response Resources of such hours.

Real-Time Demand Response Asset means one or more individual end-use metered customers that are located at a single Node, report load reduction and consumption, or generator output as a single set of values, are assigned a unique asset identification number by the ISO, and that participate in the Forward Capacity Market as part of a Market Participant's Real-Time Demand Response Resource.

Real-Time Demand Response Event Hours means the hours, or portions thereof, when the ISO dispatches Real-Time Demand Response Resources in the Load Zone where a Demand Resource is located in response to Demand Resource Forecast Peak Hours and Real-Time Demand Resource Dispatch Hours. Beginning on June 1, 2011, Real-Time Demand Response Event Hours means hours when the ISO dispatches Real-Time Demand Response Resources in response to Demand Resource Forecast Peak Hours and Real-Time Demand Resource Dispatch Hours, which may include Dispatch Zone, Load Zone, or system-wide dispatch of such resources.

Real-Time Demand Response Resource is a type of Demand Resource that is comprised of installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer

facilities that: (i) curtail electrical usage in response to a Dispatch Instruction; and (ii) continue curtailing electrical usage until receiving Dispatch Instructions to restore electrical usage. Such measures include Load Management and Distributed Generation. The period of curtailment shall be consistent with Real-Time Demand Response Event Hours.

Real-Time Emergency Generation Asset means one or more individual end-use metered customers that are located at a single Node, report load reduction and consumption, or generator output as a single set of values, are assigned a unique asset identification number by the ISO, and that participate in the Forward Capacity Market as part of a Market Participant's Real-Time Emergency Generation Resource.

Real-Time Emergency Generation Event Hours means those hours, or portions thereof, between 7 a.m. and 7 p.m. Monday through Friday, non-Demand Response holidays in which the ISO dispatches Real-Time Emergency Generation Resources to curtail electric consumption. Real-Time Emergency Generation Resources would be dispatched by the ISO on a Load Zone or system-wide basis when deficient in Thirty-Minute Operating Reserve and when the ISO implements voltage reductions of five percent of normal operating voltage that require more than 10 minutes to implement. Beginning on June 1, 2011, Real-Time Emergency Generation Event Hours means those hours, or portions thereof, between 7 a.m. and 7 p.m. Monday through Friday, non-Demand Response holidays in which the ISO dispatches Real-Time Emergency Generation Resources on a Dispatch Zone, Load Zone, or system-wide basis when deficient in Thirty-Minute Operating Reserve and when the ISO implements voltage reductions of five percent of normal operating voltage that require more than 10 minutes to implement.

Real-Time Emergency Generation Resource is Distributed Generation whose federal, state and/or local air quality permits limit operation in response to requests from the ISO to the times when the ISO implements voltage reductions of five percent of normal operating voltage that require more than 10 minutes to implement. A Real-Time Emergency Generation Resource must be capable of: (i) curtailing its end-use electric consumption from the New England grid within 30 minutes of receiving a Dispatch Instruction; and (ii) continuing that curtailment until receiving a Dispatch Instruction to restore consumption.

Real-Time Energy Market means the purchase or sale of energy, payment of Congestion Costs, and payment for losses for quantity deviations from the Day-Ahead Energy Market in the Operating Day and designation of and payment for provision of Operating Reserve in Real-Time.

Real-Time Energy Market Deviation Congestion Charge/Credit is defined in Section III.3.2.1(e) of Market Rule 1.

Real-Time Energy Market Deviation Energy Charge/Credit is defined in Section III.3.2.1(e) of Market Rule 1.

Real-Time Energy Market Deviation Loss Charge/Credit is defined in Section III.3.2.1(e) of Market Rule 1.

Real-Time Generation Obligation is defined in Section III.3.2.1(b)(ii) of Market Rule 1.

Real-Time Generation Obligation Deviation is defined in Section III.3.2.1(c)(ii) of Market Rule 1.

Real-Time High Operating Limit is the maximum output, in MW, of a resource that could be achieved, consistent with Good Utility Practice, in response to an ISO request for Energy under Section III.13.6.4 of Market Rule 1, for each hour of the Operating Day, as reflected in the resource's Offer Data. This value is based on real-time operating conditions and the physical operating characteristics and operating permits of the unit.

Real-Time Load Obligation is defined in Section III.3.2.1(b)(i) of Market Rule 1.

Real-Time Load Obligation Deviation is defined in Section III.3.2.1(c)(i) of Market Rule 1.

Real-Time Locational Adjusted Net Interchange is defined in Section III.3.2.1(b)(iv) of Market Rule 1.

Real-Time Locational Adjusted Net Interchange Deviation is defined in Section III.3.2.1(c)(iv) of Market Rule 1.

Real-Time Loss Revenue is defined in Section III.3.2.1(i) of Market Rule 1.

Real-Time Loss Revenue Charges or Credits are defined in Section III.3.2.1(m) of Market Rule 1.

Real-Time NCP Load Obligation is the maximum hourly value, during a month, of a Market Participant's Real-Time Load Obligation summed over all Locations, excluding exports, in kilowatts.

Real-Time Price Response Program is the program described in Appendix E to Market Rule 1.

Real-Time Prices means the Locational Marginal Prices resulting from the ISO's dispatch of the New England Markets in the Operating Day.

Real-Time Reserve Charge is a Market Participant's share of applicable system and Reserve Zone Real-Time Operating Reserve costs attributable to meeting the Real-Time Operating Reserve requirement as calculated in accordance with Section III.10 of Market Rule 1.

Real-Time Reserve Clearing Price is the Real-Time TMSR, TMNSR or TMOR clearing price, as applicable, for the system and each Reserve Zone that is calculated in accordance with Section III.2.4 of Market Rule 1.

Real-Time Reserve Credit is a Market Participant's compensation associated with that Market Participant's Resources' Real-Time Reserve Designation as calculated in accordance with Section III.10 of Market Rule 1.

Real-Time Reserve Designation is the amount, in MW, of Operating Reserve designated to a Resource in Real-Time by the ISO as adjusted after-the-fact utilizing revenue quality meter data as described under Section III.10 of Market Rule 1.

Real-Time Reserve Opportunity Cost is defined in Section III.2.7A(b) of Market Rule 1.

Real-Time System Adjusted Net Interchange means, for each hour, the sum of Real-Time Locational Adjusted Net Interchange for a Market Participant over all Locations, in kilowatts.

Receiving Party is the entity receiving the capacity and/or energy transmitted to Point(s) of Delivery under the OATT.

Reference Level is defined in Section III.A.5.6.1 of Appendix A of Market Rule 1.

Regional Benefit Upgrade(s) (RBU) means a Transmission Upgrade that: (i) is rated 115kV or above; (ii) meets all of the non-voltage criteria for PTF classification specified in the OATT; and

(iii) is included in the Regional System Plan as either a Reliability Transmission Upgrade or an Market Efficiency Transmission Upgrade identified as needed pursuant to Attachment K of the OATT. The category of RBU shall not include any Transmission Upgrade that has been categorized under any of the other categories specified in Schedule 12 of the OATT (e.g., an Elective Transmission Upgrade shall not also be categorized as an RBU). Any upgrades to transmission facilities rated below 115kV that were PTF prior to January 1, 2004 shall remain classified as PTF and be categorized as an RBU if, and for so long as, such upgrades meet the criteria for PTF specified in the OATT.

Regional Network Load is the load that a Network Customer designates for Regional Network Service under Part II.B of the OATT. The Network Customer's Regional Network Load shall include all load designated by the Network Customer (including losses) and shall not be credited or reduced for any behind-the-meter generation. A Network Customer may elect to designate less than its total load as Regional Network Load but may not designate only part of the load at a discrete Point of Delivery. Where a Transmission Customer has elected not to designate a particular load at discrete Points of Delivery as Regional Network Load, the Transmission Customer is responsible for making separate arrangements under Part II.C of the OATT for any Point-To-Point Service that may be necessary for such non-designated load.

Regional Network Service (RNS) is the transmission service over the PTF described in Part II.B of the OATT, including such service which is used with respect to Network Resources or Regional Network Load that is not physically interconnected with the PTF.

Regional Planning Dispute Resolution Process is described in Section 12 of Attachment K to the OATT.

Regional System Plan (RSP) is the plan developed under the process specified in Attachment K of the OATT.

Regional Transmission Service (RTS) is Regional Network Service and Through or Out Service as provided over the PTF in accordance with Section II.B, Section II.C, Schedule 8 and Schedule 9 of the OATT.

Regulation is the capability of a specific generating unit with appropriate telecommunications, control and response capability to increase or decrease its output in response to a regulating control signal, in

accordance with the specifications in the ISO New England Manuals and ISO New England Administrative Procedures.

Regulation and Frequency Response Service is the form of Ancillary Service described in Schedule 3 of the OATT. The capability of performing Regulation and Frequency Response Service is referred to as automatic generation control (AGC).

Regulation Capability (REGCAP) means the amount of Regulation capability available on a Market Participant's Resource as calculated by the ISO based upon that Resource's Automatic Response Rate and the available regulating range as specified in ISO New England Manual 11 – Market Operations.

Regulation Clearing Price is defined in Section III.3.2.2(e) of Market Rule 1.

Regulation High Limit is the maximum amount of energy that a generating unit can reliably produce when that unit is providing Regulation. The Regulation High Limit may be less than or equal to the unit's Economic Maximum Limit.

Regulation Low Limit is the minimum amount of energy that a generating unit can reliably produce when that unit is providing Regulation. The Regulation Low Limit may be greater than or equal to the unit's Economic Minimum Limit.

Regulation Opportunity Cost is defined in Section III.3.2.2(i) of Market Rule 1.

Regulation Rank Price is calculated in accordance with Section III.1.11.5(b) of Market Rule 1.

Regulation Requirement is the hourly amount of Regulation MWs required by the ISO to maintain system control and reliability as calculated and posted on the ISO website.

Regulation Service Credit is the credit associated with provision of Regulation Service Megawatts and is calculated in accordance with Section III.3.2.2(c) of Market Rule 1.

Regulation Service Megawatts are calculated in accordance with Section III.3.2.2(f) of Market Rule 1.

Related Person is defined pursuant to Section 1.1 of the Participants Agreement.

Related Transaction is defined in Section III.1.4.3 of Market Rule 1.

Reliability Administration Service (RAS) is the service provided by the ISO, as described in Schedule 3 of Section IV.A of the Tariff, in order to administer the Reliability Markets and provide other reliability-related and informational functions.

Reliability Committee is the committee whose responsibilities are specified in Section 8.2.3 of the Participants Agreement.

Reliability Markets are, collectively, the ISO's administration of Regulation, the Forward Capacity Market, and Operating Reserve.

Reliability Region means any one of the regions identified on the ISO's website. Reliability Regions are intended to reflect the operating characteristics of, and the major transmission constraints on, the New England Transmission System.

Reliability Transmission Upgrade means those additions and upgrades not required by the interconnection of a generator that are nonetheless necessary to ensure the continued reliability of the New England Transmission System, taking into account load growth and known resource changes, and include those upgrades necessary to provide acceptable stability response, short circuit capability and system voltage levels, and those facilities required to provide adequate thermal capability and local voltage levels that cannot otherwise be achieved with reasonable assumptions for certain amounts of generation being unavailable (due to maintenance or forced outages) for purposes of long-term planning studies. Good Utility Practice, applicable reliability principles, guidelines, criteria, rules, procedures and standards of ERO and NPCC and any of their successors, applicable publicly available local reliability criteria, and the ISO System Rules, as they may be amended from time to time, will be used to define the system facilities required to maintain reliability in evaluating proposed Reliability Transmission Upgrades. A Reliability Transmission Upgrade may provide market efficiency benefits as well as reliability benefits to the New England Transmission System.

Remittance Advice is an issuance from the ISO for the net Payment owed to a Covered Entity where a Covered Entity's total Payments exceed its total Charges in a billing period.

Remittance Advice Date is the day on which the ISO issues a Remittance Advice.

Re-Offer Period is the period normally between 16:00 and 18:00 on the day before the Operating Day during which a Market Participant may submit revised Supply Offers, revised External Transactions, or revised Demand Bids associated with Dispatchable Asset Related Demands.

Replacement Reserve is described in Part III, Section VII of ISO New England Operating Procedure No. 8.

Request for Alternative Proposals (RFAP) is the request described in Attachment K of the OATT.

Requested Billing Adjustment (RBA) is defined in Section 6.1 of the ISO New England Billing Policy.

Required Balance is an amount as defined in Section 5.3 of the Billing Policy.

Reseller is a MGTSA holder that sells, assigns or transfers its rights under its MGTSA, as described in Section II.45.1(a) of the OATT.

Reserve Constraint Penalty Factors (RCPFs) are rates, in $/MWh, that are used within the Real-Time dispatch and pricing algorithm to reflect the value of Operating Reserve shortages and are defined in Section III.2.7A(c) of Market Rule 1.

Reserve Zone is defined in Section III.2.7 of Market Rule 1.

Reserved Capacity is the maximum amount of capacity and energy that is committed to the Transmission Customer for transmission over the New England Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II.C or Schedule 18, 20 or 21 of the OATT, as applicable. Reserved Capacity shall be expressed in terms of whole kilowatts on a sixty-minute interval (commencing on the clock hour) basis, or, in the case of Reserved Capacity for Local Point-to-Point Service, in terms of whole megawatts on a sixty-minute interval basis.

Resource means a generating unit, a Dispatchable Asset Related Demand, an External Resource or an External Transaction.

Restated New England Power Pool Agreement (RNA) is the Second Restated New England Power Pool Agreement, which restated for a second time by an amendment dated as of August 16, 2004 the New England Power Pool Agreement dated September 1, 1971, as the same may be amended and restated from time to time, governing the relationship among the NEPOOL members.

Rest-of-Pool Capacity Zone is a single Capacity Zone made up of the adjacent Load Zones that are neither export-constrained nor import-constrained.

Rest of System is an area established under Section III.2.7(d) of Market Rule 1.

Retail Delivery Point is the point on the transmission or distribution system at which the load of an end-use facility, which is metered and assigned a unique account number by the Host Participant, is measured to determine the amount of energy delivered to the facility from the transmission and distribution system. If an end-use facility is connected to the transmission or distribution system at more than one location, the Retail Delivery Point shall consist of the metered load at each connection point, summed to measure the net energy delivered to the facility in each interval.

Returning Market Participant is a Market Participant, other than an FTR-Only Customer, a DRP-Only Customer or a Governance Only Member, whose previous membership as a Market Participant was involuntarily terminated due to a Financial Assurance Default or a payment default and, since returning, has been a Market Participant for less than six consecutive months.

Revenue Requirement is defined in Section IV.A.2.1 of the Tariff.

Reviewable Action is defined in Section III.D.1.1 of Appendix D of Market Rule 1.

Reviewable Determination is defined in Section 12.4(a) of Attachment K to the OATT.

RSP Project List is defined in Section 1 of Attachment K to the OATT.

RTEP02 Upgrade(s) means a Transmission Upgrade that was included in the annual NEPOOL Transmission Plan (also known as the "Regional Transmission Expansion Plan" or "RTEP") for the year 2002, as approved by ISO New England Inc.'s Board of Directors, or the functional equivalent of such

Transmission Upgrade, as determined by ISO New England Inc. The RTEP02 Upgrades are listed in Schedule 12B of the OATT.

RTO is a regional transmission organization or comparable independent transmission organization that complies with Order No. 2000 and the Commission's corresponding regulation.

Same Reserve Zone Export Transaction is defined in Section III.1.10.7(f)(iii) of Market Rule 1.

Sanctionable Behavior is defined in Section III.B.3 of Appendix B of Market Rule 1.

Schedule, Schedules, Schedule 1, 2, 3, 4 and 5 are references to the individual or collective schedules to Section IV.A. of the Tariff.

Schedule 20A Service Provider (SSP) is defined in Schedule 20A to Section II of this Tariff.

Scheduling Service, for purposes of Section IV.A and Section IV.B of the Tariff, is the service described in Schedule 1 to Section IV.A of the Tariff.

Scheduling, System Control and Dispatch Service, for purposes of Section II of the Tariff, is the form of Ancillary Service described in Schedule 1 of the OATT.

Seasonal Claimed Capability is the summer or winter claimed capability of a generating unit or ISO-approved combination of units, and represent the maximum dependable load carrying ability of such unit or units, excluding capacity required for station use.

Seasonal DR Audit is a seasonal audit of the demand response capability of a Demand Resource initiated pursuant to Section III.13.6.1.5.4.1.

Seasonal Peak Demand Resource is a type of Demand Resource and shall mean installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that reduce the total amount of electrical energy consumed during Demand Resource Seasonal Peak Hours, while delivering a comparable or acceptable level of end-use service. Such measures include Energy Efficiency, Load Management, and Distributed Generation.

Section III.1.4 Transactions are defined in Section III.1.4.2 of Market Rule 1.

Section III.1.4 Conforming Transactions are defined in Section III.1.4.2 of Market Rule 1.

Security Agreement is Attachment 1 to the ISO New England Financial Assurance Policy.

Self-Schedule is the action of a Market Participant in committing and/or scheduling its Resource, in accordance with applicable ISO New England Manuals, to provide service in an hour, whether or not in the absence of that action the Resource would have been scheduled or dispatched by the ISO to provide the service.

Self-Scheduled MW is an amount, in megawatts, that is Self-Scheduled and is equal to the greater of: (i) the Resource's Economic Minimum Limit; or (ii) the Resource's Minimum Consumption Limit; or (iii) for a generating Resource for which the Regulation Self-Schedule flag is set for the hour and the unit was on Regulation for at least 20 minutes during the applicable hour of the Operating Day, the median value of all Regulation setpoints (Desired Dispatch Point) used by the Resource while regulating.

Self-Supplied FCA Resource is described in Section III.13.1.6 of Market Rule 1.

Senior Officer means an officer of the subject entity with the title of vice president (or similar office) or higher, or another officer designated in writing to the ISO by that office.

Service Agreement is a Transmission Service Agreement or an MPSA.

Service Commencement Date is the date service is to begin pursuant to the terms of an executed Service Agreement, or the date service begins in accordance with the sections of the OATT addressing the filing of unexecuted Service Agreements.

Services means, collectively, the Scheduling Service, EAS and RAS; individually, a Service.

Settlement Financial Assurance is an amount of financial assurance required from a Designated FTR Participant awarded a bid in an FTR Auction. This amount is calculated pursuant to Section VI.D of the ISO New England Financial Assurance Policy.

Settlement Only Resources are generators of less than 5 MW or otherwise eligible for Settlement Only Resource treatment as described in ISO New England Operating Procedure No. 14 and that have elected Settlement Only Resource treatment as described in the ISO New England Manual for Registration and Performance Auditing.

Seven-Day Forecast has the meaning specified in Section III.H.3.3(a).

Shortage Event is defined in Section III.13.7.1.1.1 of Market Rule 1.

Shortage Event Availability Score is the average of the hourly availability scores for each hour or portion of an hour during a Shortage Event, as described in Section III.13.7.1.1.1.A of Market Rule 1.

Shortfall Funding Arrangement, as specified in Section 5.1 of the ISO New England Billing Policy, is a separate financing arrangement that can be used to make up any non-congestion related differences between amounts received on Invoices and amounts due for ISO Charges in any bill issued.

Short-Term is a period of less than one year.

Significantly Reduced Congestion Costs are defined in Section III.G.2.2 of Appendix G to Market Rule 1.

SMD Effective Date is March 1, 2003.

Solutions Study is described in Section 4.2(b) of Attachment K to the OATT.

Special Constraint Resource (SCR) is a Resource that provides Special Constraint Resource Service under Schedule 19 of the OATT.

Special Constraint Resource Service is the form of Ancillary Service described in Schedule 19 of the OATT.

Specified-Term Blackstart Capital Payment is the annual compensation level, as calculated pursuant to Section 5.1 of Schedule 16 of the OATT, for a Designated Blackstart Resource's capital Blackstart Equipment costs associated with the provision of Blackstart Service (except for capital costs associated

with adhering to NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Stage One Proposal is a first round submission, as defined in Sections 4A.5 of Attachment K of the OATT, of a proposal for a Public Policy Transmission Upgrade by a Qualified Transmission Project Sponsor.

Stage Two Solution is a second round submission, as defined in Section 4A.5 of Attachment K of the OATT, of a proposal for a Public Policy Transmission Upgrade by a Qualified Transmission Project Sponsor.

Standard Blackstart Capital Payment is the annual compensation level, as calculated pursuant to Section 5.1 of Schedule 16 of the OATT, for a Designated Blackstart Resource's capital Blackstart Equipment costs associated with the provision of Blackstart Service (except for capital costs associated with adhering to NERC Critical Infrastructure Protection Reliability Standards as part of Blackstart Service).

Start-of-Round Price is the highest price associated with a round of a Forward Capacity Auction as described in Section III.13.2.3.1 of Market Rule 1.

Start-Up Fee is the amount, in dollars, that must be paid for a generating unit to Market Participants with an Ownership Share in the unit each time the unit is scheduled in the New England Markets to start-up.

State Estimator means the computer model of power flows specified in Section III.2.3 of Market Rule 1.

Statements, for the purpose of the ISO New England Billing Policy, refer to both Invoices and Remittance Advices.

Static De-List Bid is a bid that may be submitted by an Existing Generating Capacity Resource, Existing Import Capacity Resource, or Existing Demand Resource in the Forward Capacity Auction to remove itself from the capacity market for a one year period, as described in Section III.13.1.2.3.1.1 of Market Rule 1.

Station is one or more Existing Generating Capacity Resources consisting of one or more assets located within a common property boundary.

Station Going Forward Common Costs are the net risk-adjusted going forward costs associated with a Station that are avoided only by (1) the clearing of the Static De-List Bids or the Permanent De-List Bids of all the Existing Generating Capacity Resources comprising the Station; or (2) the acceptance of a Non-Price Retirement Request of the Station, calculated in the same manner as the net-risk adjusted going forward costs of Existing Generating Capacity Resources as described in Section III.13.1.2.3.2.1.2.

Station-level Blackstart O&M Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Station-level Specified-Term Blackstart Capital Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Station-level Standard Blackstart Capital Payment is defined and calculated as specified in Section 5.1.2 of Schedule 16 to the OATT.

Successful FCA is a Forward Capacity Auction in which a Capacity Zone has neither Inadequate Supply nor Insufficient Competition.

Summer ARA Qualified Capacity is described in Section III.13.4.2.1.2.1.1.1 of Market Rule 1.

Summer Capability Period means one of two time periods defined by the ISO for the purposes of rating and auditing resources. The time period associated with the Summer Capability Period is the period of June 1 through September 30.

Summer Intermittent Reliability Hours are defined in Section III.13.1.2.2.2.1(c) of Market Rule 1.

Supplemental Availability Bilateral is described in Section III.13.5.3.2 of Market Rule 1.

Supplemental Capacity Resources are described in Section III.13.5.3.1 of Market Rule 1.

Supplemented Capacity Resource is described in Section III.13.5.3.2 of Market Rule 1.

Supply Offer is a proposal to furnish energy at a Node or Regulation from a Resource that meets the applicable requirements set forth in the ISO New England Manuals submitted to the ISO by a Market Participant with authority to submit a Supply Offer for the Resource. The Supply Offer will be submitted pursuant to Market Rule 1 and applicable ISO New England Manuals, and include a price and information with respect to the quantity proposed to be furnished, technical parameters for the Resource, timing and other matters. A Supply Offer is a subset of the information required in a Market Participant's Offer Data.

Supply Offer Block-Hours are Block-Hours assigned to the Lead Market Participant for each Supply Offer. The daily bid Blocks in the price-based Real-Time offer/bid will be multiplied by the number of hours in the day to determine the quantity of Supply Offer Block-Hours for a given day. In the case that a Resource has a Real-Time unit status of "unavailable" for the entire day, that day will not contribute to the quantity of Supply Offer Block-Hours. However, if the Resource has at least one hour of the day with a unit status of "available," the entire day will contribute to the quantity of Supply Offer Block-Hours.

Synchronous Condenser is a generator that is synchronized to the grid but supplying no energy for the purpose of providing Operating Reserve or VAR or voltage support.

System Condition is a specified condition on the New England Transmission System or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm MTF or OTF Service on the MTF or the OTF using the curtailment priority pursuant to Section II.44 of the Tariff or Curtailment of Local Long-Term Firm Point-to-Point Transmission Service on the non-PTF using the curtailment priority pursuant to Schedule 21 of the Tariff. Such conditions must be identified in the Transmission Customer's Service Agreement.

System Impact Study is an assessment pursuant to Part II.B, II.C, II.G, Schedule 21, Schedule 22, or Schedule 23 of the OATT of (i) the adequacy of the PTF or Non-PTF to accommodate a request for the interconnection of a new or materially changed generating unit or a new or materially changed interconnection to another Control Area or new Regional Network Service or new Local Service or an Elective Transmission Upgrade, and (ii) whether any additional costs may be required to be incurred in order to provide the interconnection or transmission service.

System Operator shall mean ISO New England Inc. or a successor organization.

TADO is the total amount due and owing (not including any amounts due under Section 14.1 of the RNA) at such time to the ISO, NEPOOL, the PTOs, the Market Participants and the Non-Market Participant Transmission Customers, by all PTOs, Market Participants and Non-Market Participant Transmission Customers.

Tangible Net Worth is the value, determined in accordance with international accounting standards or generally accepted accounting principles in the United States, of all of that entity's assets less the following: (i) assets the ISO reasonably believes to be restricted or potentially unavailable to settle a claim in the event of a default (e.g., regulatory assets, restricted assets, and Affiliate assets), net of any matching liabilities, to the extent that the result of that netting is a positive value; (ii) derivative assets, net of any matching liabilities, to the extent that the result of that netting is a positive value; (iii) the amount at which the liabilities of the entity would be shown on a balance sheet in accordance with international accounting standards or generally accepted accounting principles in the United States; (iv) preferred stock: (v) non-controlling interest; and (vi) all of that entity's intangible assets (e.g., patents, trademarks, franchises, intellectual property, goodwill and any other assets not having a physical existence), in each case as shown on the most recent financial statements provided by such entity to the ISO.

Technical Committee is defined in Section 8.2 of the Participants Agreement.

Ten-Minute Non-Spinning Reserve (TMNSR) is the reserve capability of a generating unit that can be converted fully into energy within ten minutes from the request of the ISO, and is provided by generating units that are either electrically synchronized or not electrically synchronized to the New England Transmission System or the reserve capability of a Dispatchable Asset Related Demand that can be fully utilized within ten minutes from the request of the ISO to reduce consumption.

Ten-Minute Non-Spinning Reserve Service is the form of Ancillary Service described in Schedule 6 of the OATT.

Ten-Minute Spinning Reserve (TMSR) is the reserve capability of a generating unit that can be converted fully into energy within ten minutes from the request of the ISO or a Dispatchable Asset Related Demand pump that can reduce energy consumption to provide reserve capability within ten minutes from the request of the ISO, and is provided by generating units and Dispatchable Asset Related Demand pumps electrically synchronized to the New England Transmission System.

Ten-Minute Spinning Reserve Service is the form of Ancillary Service described in Schedule 5 of the OATT.

Third-Party Sale is any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Regional Network Load or Local Network Load under the Regional Network Service or Local Network Service, as applicable.

Thirty-Minute Operating Reserve (TMOR) means the reserve capability of a generating unit that can be converted fully into energy within thirty minutes from the request of the ISO, and is provided by generating units that are either not electrically synchronized or synchronized to the New England Transmission System or the reserve capability of a Dispatchable Asset Related Demand that can be fully utilized within thirty minutes from the request of the ISO to reduce consumption.

Thirty-Minute Operating Reserve Service is the form of Ancillary Service described in Schedule 7 of the OATT.

Through or Out Rate (TOUT Rate) is the rate per hour for Through or Out Service, as defined in Section II.25.2 of the OATT.

Through or Out Service (TOUT Service) means Point-To-Point Service over the PTF provided by the ISO with respect to a transaction that goes through the New England Control Area, as, for example, a single transaction where energy or capacity is transmitted into the New England Control Area from New Brunswick and subsequently out of the New England Control Area to New York, or a single transaction where energy or capacity is transmitted into the New England Control Area from New York through one point on the PTF and subsequently flows over the PTF prior to passing out of the New England Control Area to New York, or with respect to a transaction which originates at a point on the PTF and flows over the PTF prior to passing out of the New England Control Area, as, for example, from Boston to New York.

Tie-Line Asset is a physical transmission tie-line, or an inter-state or intra-state border arrangement created according to the ISO New England Manuals and registered in accordance with the Asset Registration Process.

Time-on-Regulation Credit is the credit associated with provision of Time-on-Regulation Megawatts and is calculated in accordance with Section III.3.2.2(b) of Market Rule 1.

Time-on-Regulation Megawatts is the amount of Regulation capability provided during one hour calculated in accordance with Section III.3.2.2(g) of Market Rule 1.

Total Available Amount is the sum of the available amount of the Shortfall Funding Arrangement and the balance in the Payment Default Shortfall Fund.

Total Blackstart Capital Payment is the annual compensation calculated under either Section 5.1 or Section 5.2 of Schedule 16 of the OATT, as applicable.

Total Blackstart O&M Payment is the annual compensation calculated under either Section 5.1 or 5.2 of Schedule 16 of the OATT, as applicable.

Total Blackstart Service Payments is monthly compensation to Blackstart Owners or Market Participants, as applicable, and as calculated pursuant to Section 5.6 of Schedule 16 to the OATT.

Total Negative Hourly Demand Response Resource Deviation means the absolute value of the sum of the negative Hourly Real-Time Demand Response Resource Deviations and negative Hourly Real-Time Emergency Generation Deviations from all Real-Time Demand Response Resources and Real-Time Emergency Generation Resources receiving Dispatch Instructions in the same hour in the same Load Zone or, starting on June 1, 2011, in the same Dispatch Zone.

Total Positive Hourly Demand Response Resource Deviation means the sum of the positive Hourly Real-Time Demand Response Resource Deviations and positive Hourly Real-Time Emergency Generation Deviations from all Real-Time Demand Response Resources and Real-Time Emergency Generation Resources receiving Dispatch Instructions in the same hour in the same Load Zone or, starting on June 1, 2011, in the same Dispatch Zone.

Total System Capacity is the aggregate capacity supply curve for the New England Control Area as determined in accordance with Section III.13.2.3.3 of Market Rule 1.

Transaction Unit (TU) is a type of billing determinant under Schedule 2 of Section IV.A of the Tariff used to assess charges to Customers.

Transition Period: The six-year period commencing on March 1, 1997.

Transmission Charges, for the purposes of the ISO New England Financial Assurance Policy and the ISO New England Billing Policy, are all charges and payments under Schedules 1, 8 and 9 of the OATT.

Transmission Congestion Credit means the allocated share of total Transmission Congestion Revenue credited to each holder of Financial Transmission Rights, calculated and allocated as specified in Section III.5.2 of Market Rule 1.

Transmission Congestion Revenue is defined in Section III.5.2.5(a) of Market Rule 1.

Transmission Credit Limit is a credit limit, not to be used to meet FTR Requirements, established for each Market Participant in accordance with Section II.D and each Non-Market Participant Transmission Customer in accordance with Section V.B.2 of the ISO New England Financial Assurance Policy.

Transmission Credit Test Percentage is calculated in accordance with Section III.B.1(c) of the ISO New England Financial Assurance Policy.

Transmission Customer is any Eligible Customer that (i) executes, on its own behalf or through its Designated Agent, an MPSA or TSA, or (ii) requests in writing, on its own behalf or through its Designated Agent, that the ISO, the Transmission Owner, or the Schedule 20A Service Provider, as applicable, file with the Commission, a proposed unexecuted MPSA or TSA containing terms and conditions deemed appropriate by the ISO (in consultation with the applicable PTO, OTO or Schedule 20A Service Provider) in order that the Eligible Customer may receive transmission service under Section II of this Tariff. A Transmission Customer under Section II of this Tariff includes a Market Participant or a Non-Market Participant taking Regional Network Service, Through or Out Service, MTF Service, OTF Service, Ancillary Services, or Local Service.

Transmission Default Amount is all or any part of any amount of Transmission Charges due to be paid by any Covered Entity that the ISO, in its reasonable opinion, believes will not or has not been paid when due.

Transmission Default Period is defined in Section 3.4.f of the ISO New England Billing Policy.

Transmission Late Payment Account is defined in Section 4.2 of the ISO New England Billing Policy.

Transmission Late Payment Account Limit is defined in Section 4.2 of the ISO New England Billing Policy.

Transmission Late Payment Charge is defined in Section 4.1 of the ISO New England Billing Policy.

Transmission, Markets and Services Tariff (Tariff) is the ISO New England Inc. Transmission, Markets and Services Tariff, as amended from time to time.

Transmission Obligations are determined in accordance with Section III.A(vi) of the ISO New England Financial Assurance Policy.

Transmission Operating Agreement (TOA) is the Transmission Operating Agreement between and among the ISO and the PTOs, as amended and restated from time to time.

Transmission Owner means a PTO, MTO or OTO.

Transmission Provider is the ISO for Regional Network Service and Through or Out Service as provided under Section II.B and II.C of the OATT; Cross-Sound Cable, LLC for Merchant Transmission Service as provided under Schedule 18 of the OATT; the Schedule 20A Service Providers for Phase I/II HVDC-TF Service as provided under Schedule 20A of the OATT; and the Participating Transmission Owners for Local Service as provided under Schedule 21 of the OATT.

Transmission Requirements are determined in accordance with Section III.A(iii) of the ISO New England Financial Assurance Policy.

Transmission Service Agreement (TSA) is the initial agreement and any amendments or supplements thereto: (A) in the form specified in either Attachment A or B to the OATT, entered into by the Transmission Customer and the ISO for Regional Network Service or Through or Out Service; (B) entered into by the Transmission Customer with the ISO and PTO in the form specified in Attachment A

to Schedule 21 of the OATT; (C) entered into by the Transmission Customer with an OTO or Schedule 20A Service Provider in the appropriate form specified under Schedule 20 of the OATT; or (D) entered into by the Transmission Customer with a MTO in the appropriate form specified under Schedule 18 of the OATT. A Transmission Service Agreement shall be required for Local Service, MTF Service and OTF Service, and shall be required for Regional Network Service and Through or Out Service if the Transmission Customer has not executed a MPSA.

Transmission Upgrade(s) means an upgrade, modification or addition to the PTF that becomes subject to the terms and conditions of the OATT governing rates and service on the PTF on or after January 1, 2004. This categorization and cost allocation of Transmission Upgrades shall be as provided for in Schedule 12 of the OATT.

UDS is unit dispatch system software.

Unconstrained Export Transaction is defined in Section III.1.10.7(f)(iv) of Market Rule 1.

Uncovered Default Amount is defined in Section 3.3(i) of the ISO New England Billing Policy.

Uncovered Transmission Default Amounts are defined in Section 3.4.f of the ISO New England Billing Policy.

Unrated means a Market Participant that is not a Rated Market Participant.

Unsecured Covered Entity is, collectively, an Unsecured Municipal Market Participant and an Unsecured Non-Municipal Covered Entity.

Unsecured Municipal Default Amount is defined in Section 3.3(i) of the ISO New England Billing Policy.

Unsecured Municipal Market Participant is defined in Section 3.3(h) of the ISO New England Billing Policy.

Unsecured Municipal Transmission Default Amount is defined in Section 3.4.f of the ISO New England Billing Policy.

Unsecured Non-Municipal Covered Entity is a Covered Entity that is not a Municipal Market Participant or a Non-Market Participant Transmission Customer and has a Market Credit Limit or Transmission Credit Limit of greater than $0 under the ISO New England Financial Assurance Policy.

Unsecured Non-Municipal Default Amount is defined in Section 3.3(i) of the ISO New England Billing Policy.

Unsecured Non-Municipal Transmission Default Amount is defined in Section 3.3(i) of the ISO New England Billing Policy.

Unsecured Transmission Default Amounts are, collectively, the Unsecured Municipal Transmission Default Amount and the Unsecured Non-Municipal Transmission Default Amount.

Updated Measurement and Verification Plan is an optional Measurement and Verification Plan that may be submitted as part of a subsequent qualification process for a Forward Capacity Auction prior to the beginning of the Capacity Commitment Period of the Demand Resource project. The Updated Measurement and Verification Plan may include updated Demand Resource project specifications, measurement and verification protocols, and performance data as described in Section III.13.1.4.3.1.2 of Market Rule 1 and the ISO New England Manuals.

VAR CC Rate is the CC rate paid to Qualified Reactive Resources for VAR Service capability under Section IV.A of Schedule 2 of the OATT.

VAR Payment is the payment made to Qualified Reactive Resources for VAR Service capability under Section IV.A of Schedule 2 of the OATT.

VAR Service is the provision of reactive power voltage support to the New England Transmission System by a Qualified Reactive Resource or by other generators that are dispatched by the ISO to provide dynamic reactive power as described in Schedule 2 of the OATT.

Virtual Requirements are determined in accordance with Section III.A(iv) of the ISO New England Financial Assurance Policy.

Volt Ampere Reactive (VAR) is a measurement of reactive power.

Volumetric Measure (VM) is a type of billing determinant under Schedule 2 of Section IV.A of the Tariff used to assess charges to Customers under Section IV.A of the Tariff.

Winter ARA Qualified Capacity is described in Section III.13.4.2.1.2.1.1.2 of Market Rule 1.

Winter Capability Period means one of two time periods defined by the ISO for the purposes of rating and auditing resources. The time period associated with the Winter Capability Period is the period October 1 through May 31.

Winter Intermittent Reliability Hours are defined in Section III.13.1.2.2.2.2(c) of Market Rule 1.

Year means a period of 365 or 366 days, whichever is appropriate, commencing on, or on the anniversary of March 1, 1997. Year One is the Year commencing on March 1, 1997, and Years Two and higher follow it in sequence.

Zonal Price is calculated in accordance with Section III.2.7 of Market Rule 1.

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Non-discriminatory open-access transmission service over the New England Transmission System is provided by the ISO under the terms and conditions of this OATT. Ancillary Services will be supplied by the ISO in accordance with Section II.4 of this OATT. The ISO acts as Counterparty for sales to its Customers of Regional Transmission Service and Ancillary Services, and as Counterparty with suppliers of Ancillary Services. The ISO offers Regional Transmission Service, as made available to the ISO under the terms of the TOA for provision to its Customers, at the rates established by the PTOs. Where Ancillary Services are initially supplied to the ISO by Market Participants for provision to the ISO's Customers, the ISO pays to or charges its Market Participants or Customers (as applicable) the amounts produced by the pertinent market clearing process or through the other pricing mechanisms described in the Tariff.

This OATT is intended to provide for comparable, non-discriminatory treatment of all similarly situated Transmission Owners, Qualified Transmission Project Sponsors and all Transmission Customers, and it shall be construed in the manner which best achieves this objective.

This OATT provides for a two-tier transmission arrangement integrating regional service which is provided by the ISO under this OATT, and Local Service which is provided by the PTOs under Schedule 21 of this OATT.

II.8 Billing and Invoicing; Accounting

II.8.1 Billing Procedure: Billings to Transmission Customers shall be made in accordance with this Section II.8, Schedules 18, 20 and 21 and the ISO New England Billing Policy, as applicable, and as may be supplemented by other billing procedures established pursuant to the TOA, a MTOA or an OTOA, as applicable.

II.8.2 Invoicing: Invoicing and payments are addressed in Attachments L1, L2, L3 and L4 to Section II of the Transmission, Markets and Services Tariff.

II.8.3 Interest on Unpaid Balances: Interest on any unpaid amounts (including amounts placed in escrow) will be calculated in accordance with the methodology specified for interest on refunds in 18 C.F.R. §35.19a(a)(2)(iii) of the Commission's regulations. Interest on delinquent amounts will be

calculated from the due date of the bill to the date of payment. Payments must be made by Electronic Funds Transfer or in immediately available funds.

II.8.4 Customer Default: In the event a Transmission Customer fails to make payment to the ISO for services under this OATT, other than under Schedules 18, 20 and 21 of this OATT, on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the ISO notifies the Transmission Customer to cure such failure, a default by the Transmission Customer will be deemed to exist under this OATT. Additional default provisions may apply as stated under the ISO New England Billing Policy, Exhibit ID to Section I of the Transmission, Markets and Services Tariff. Upon the occurrence of a default under this OATT, the ISO may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission approves such termination. In the event of a billing dispute between the ISO and the Transmission Customer, service will continue to be provided under a Service Agreement, and service termination proceedings will not be initiated as long as the Transmission Customer continues to make all payments invoiced by the ISO, including any disputed amounts, subject to resolution of such dispute in favor of such Transmission Customer. If the Transmission Customer fails to meet this requirement for continuation of service, then the ISO may provide notice to the Transmission Customer of the ISO's intention to suspend service in sixty days, in accordance with applicable Commission rules and regulations, and may proceed with such suspension.

II.8.5 Study Costs and Revenues: Transmission Owners shall (i) include in a separate operating revenue account or sub-account the revenues, if any, it receives from transmission service when making Third-Party Sales under Section II of the Tariff, and (ii) include in a separate transmission operating expense account or sub-account, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Owner conducts or is subcontracted to conduct to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including Third-Party Sales, if any, under this OATT; and include in a separate operating revenue account or sub-account the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in a billing under the OATT.

II.8.6 Billing and Invoicing For Other Services and Transactions: Billings and invoicing for MTF Service, OTF Service, Local Service, Excepted Transactions, Grandfathered Intertie Agreements and MEPCO Grandfathered Transmission Service Agreements will be made pursuant to the terms and conditions of Schedules 18, 20 and 21 of this OATT, Excepted Transactions, Grandfathered Intertie

Agreements or MEPCO Grandfathered Transmission Service Agreements under which service is provided.

II. 8.7 Study Costs and Revenues of a Non-Incumbent Transmission Developer: Non-Incumbent Transmission Developers that are not otherwise party to the TOA shall include in a separate transmission operating expense account or sub-account, costs properly chargeable to expenses that are incurred to perform studies for Phase One Proposals and Phase Two Solutions, and Stage One Proposals and Stage Two Solutions pursuant to Attachment K of this OATT; and include in a separate operating revenue account or sub-account the revenues received for such studies when such amounts are separately stated and identified in a billing under the OATT.

II.8.8 Refund Obligations and Surcharge Rights Associated With Adjustments to Regional and Local Rates: The ISO, PTOs and Non-Incumbent Transmission Developers shall (consistent with Attachment L4 to this OATT) calculate refunds from the PTOs or Non-Incumbent Transmission Developers to the ISO and/or surcharges by the PTOs or Non-Incumbent Transmission Developers to the ISO, which will be passed through by the ISO to its Customers, attributable to adjustments associated with charges under Attachment F and Schedules 1, 8, 9, 13 and 14 of this OATT resulting from: (i) an audit of the regional rates; (ii) a Commission order, including, without limitation, orders approving settlements and letter orders or (iii) a billing correction. Any recalculations shall be made as though any such adjustments had been in effect as of the effective date of the required change(s), with interest to the extent required by applicable order or contract. The affected PTO(s) or Non-Incumbent Transmission Developer(s) shall individually calculate any refunds and/or surcharges associated with any changes in the rates under their respective Local Service Schedules or other rate recovery mechanisms, as appropriate. The ISO, PTOs and Non-Incumbent Transmission Developers shall, to the extent necessary, reasonably cooperate with each other in performing such recalculations. The refund obligations to the ISO associated with such adjustments to rates under Schedules 1, 8, 9 and 21 shall be several, and not joint, obligations and rights of the PTOs; the refund obligations to the ISO associated with such adjustments to rates under Schedules 13 and 14 shall be several, and not joint, obligations and rights of the Non-Incumbent Transmission Developers.

II.8.9 Creditworthiness: The creditworthiness procedures are specified in Attachments L1 through L4 to this OATT.

II.9 Regulatory Filings

Nothing contained in this OATT or any Service Agreement shall be construed as affecting in any way the right of the ISO, the Transmission Owners, a Schedule 20A Service Provider, or a Non-Incumbent Transmission Developer to file (as specified in and subject to the terms of the TOA, an MTOA, an OTOA or NTDOA, as applicable) with the Commission under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder for a change in any rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation.

Nothing contained in this OATT or any Service Agreement shall be construed as affecting in any way the ability of any Transmission Customer receiving service under this OATT, an Excepted Transaction, a Grandfathered Intertie Transaction or a MEPCO Grandfathered Transmission Service Agreement to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

II.21 Rates and Charges

II.21.1 Regional Network Service: Each Transmission Customer which has a load in the New England Control Area and takes Regional Network Service for a month shall be subject to the applicable provisions of Part II.B. of this OATT and shall pay to the ISO for such month an amount equal to its Monthly Regional Network Load for the month times the applicable Local Network RNS Rate, and shall pay in addition any amount which it is required to pay for the service pursuant to Section II.18.3 and Schedules 13 and 14 of this OATT. It shall also be obligated to pay for any Direct Assignment Facilities and its share of any new facilities or upgrades required to provide the requested service including applicable study costs to the extent they are consistent with Commission policy and Schedules 11 and 12, and any ancillary service charges and other charges and/or costs required to be paid pursuant to the Transmission, Markets and Services Tariff. The applicable Local Network RNS Rate shall be the rate, determined in accordance with Schedule 9 to this OATT, which is applicable to (i) a delivery to load in the particular Local Network in which the load served by the Transmission Customer is located, or (ii) to the extent that the ISO, after consultation with the affected PTOs, at the request of a PTO who owns the Local Network where the Regional Network Load is located, recognizes Regional Network Load to be the responsibility of another PTO, the applicable Local Network RNS Rate shall be the Local Network RNS Rate of the PTO responsible for such Regional Network Load. In the event the Transmission Customer serves Regional Network Load located on more than one Local Network, the amount to be paid by it shall be separately computed for the Regional Network Load located on each Local Network.

II.21.2 Determination of Network Customer's Monthly Regional Network Load: Network Customer's "Monthly Regional Network Load" is its hourly load (including its designated Regional Network Load not physically interconnected with the PTF under Section II.18.3 of this OATT) coincident with the coincident aggregate load of all Network Customers served in each Local Network in the hour in which the coincident load is at its maximum for the month ("Monthly Peak"). For Regional Network Load located within the New England Control Area, the Monthly Regional Network Load of all Network Customers within a Local Network shall be calculated by the associated PTO. For Regional Network Load located outside of the New England Control Area, the Monthly Regional Network Load of all Network Customers shall be calculated by the associated PTO (in consultation with the ISO and the associated Balancing Authority).

II.46 General

Additions to or modifications of the PTF may be required or permitted under this OATT, and be subject to related rights, obligations and procedures, in any of the following circumstances:

(a) An addition or modification may be required under Part II.B or Part II.C of the OATT in order to meet a new request for Regional Network Service or Through or Out Service. Where such an addition or modification is to be effected, the rights and obligations of the ISO, the PTOs and Transmission Customers shall be determined in accordance with the applicable provisions of Parts II.B and II.C of this OATT.

(b) An addition or modification may be required to permit the interconnection of a new or modified generating unit or the interconnection of an Elective Transmission Upgrade. Where such an addition or modification is to be effected, the rights and obligations of the ISO, the PTOs, and the Generator Owner or applicant for an Elective Transmission Upgrade, shall be determined in accordance with Section II.47 of this OATT and Schedules 11, 12, 22 and 23 to this OATT.

(c) A Reliability Transmission Upgrade, Market Efficiency Transmission Upgrade, NEMA Upgrade or Public Policy Transmission Upgrade may be required or proposed pursuant to a Regional System Plan and Attachment K of this OATT. Where a Reliability Transmission Upgrade, Market Efficiency Transmission Upgrade, NEMA Upgrade or Public Policy Transmission Upgrade is to be effected, the rights and obligations of the

ISO, the PTOs, Non-Incumbent Transmission Developers, and Transmission Customers shall be determined in accordance with the TOA, the NTDOA, Schedule 12 and Attachment K, as applicable.

(d) Consistent with reliability and safety standards, Transmission Owners, and operators of affected Local Control Centers in New England Control Area and the ISO will coordinate scheduled generation and transmission facility outages so as to minimize, to the extent practicable, Congestion Costs and Local Second Contingency Protection Resource NCPC Charges (as calculated pursuant to Market Rule 1) in accordance with the TOA, MTOA and applicable ISO New England Operating Procedures. The ISO shall provide Transmission Owners and the operators of the affected Local Control Centers with such information as is necessary to enable them to perform this function. Any information provided to Transmission Owners and the operators of the affected Local Control Centers pursuant to this provision will be subject to all the applicable requirements of the Commission's Order 889.

These provisions for PTF additions and modifications are not intended to be exclusive. Nothing in this OATT is intended to preclude any entity from identifying and constructing Elective Transmission Upgrades on a merchant or other basis, so long as it obtains all required legal rights and approvals and satisfies applicable ISO and affected Transmission Owner requirements relating to such facilities.

An addition or modification under the TOA which constitutes PTF under the OATT shall become part of the PTF and shall be fully subject to this OATT, whether or not all or any part of the costs of the addition or modification are included in Pool Supported PTF costs. The transmission priorities, if any, with respect to the use of the addition or modification as among the owner and supporters of the addition or modification and other Transmission Customers shall be determined under Parts II.A to II.D, inclusive, of this OATT.

To the extent that a Generator Owner is responsible for the costs of a Generator Interconnection Related Upgrade or Elective Transmission Upgrade, or an entity other than a Generator Owner is responsible for costs of any other system upgrade, the Generator Owner or entity which supports part or all of the costs of the addition or modification shall be entitled to a share of any associated Incremental ARRs equivalent to the share of the total costs of such upgrade which it supports, as assigned and allocated in accordance with Appendix C of Market Rule 1. Any incremental FTRs resulting from Generator Interconnection

Related Upgrades or other upgrades shall be auctioned along with other FTRs in accordance with Section 7 of Market Rule 1.

If issues of cost allocation arise with respect to the recovery of any of the costs provided for in this Part II.G of this OATT, or in Schedules 9, 11, 12, 13 or 14 to this OATT, such issues shall be subject to determination by the Commission in the appropriate proceeding.

II.49 Definition of PTF

PTF or Pool Transmission Facilities are the transmission facilities owned by PTOs, over which the ISO shall exercise Operating Authority in accordance with the terms set forth in the TOA, rated 69 kV or above required to allow energy from significant power sources to move freely on the New England Transmission System, and include:

1. All transmission lines and associated facilities owned by PTOs rated 69 kV and above, except for lines and associated facilities that (i) were not built as Public Policy Transmission Upgrades and (ii) contribute little or no parallel capability to the PTF. The following do not constitute PTF:

   (a) Unless they were built as part of a Public Policy Transmission Upgrade,

   i. Those lines and associated facilities which are required to serve local load only,

   ii. Generator leads, which are defined as radial transmission from a generation bus to the nearest point on the PTF; or

   iii. Lines that are normally operated open.

   (b) Lines and associated facilities that are classified as MTF or OTF.

2. All Public Policy Transmission Upgrades that are comprised of transmission lines rated 115 kV or above, and associated facilities rated 115kV or above, owned by PTOs, and identified pursuant to Attachment K to the OATT shall constitute PTF.

3. Parallel linkages in network stations owned by PTOs (including substation facilities such as transformers, circuit breakers and associated equipment) interconnecting the lines which constitute PTF.

4. If a PTOs with significant generation in its transmission and distribution system (initially 25 MW) is connected to the New England Transmission System and none of the transmission facilities owned by the PTO qualify to be included in PTF as defined in (1), (2) and (3) above, then such PTO's connection to PTF will constitute PTF if both of the following requirements are met for this connection:

(a) The connection is rated 69 kV or above.

(b) The connection is the principal transmission link between the PTO and the remainder of the PTF network.

5. Rights of way and land owned by PTOs required for the installation of facilities that constitute PTF under (1), (2), (3) or (4) above.

The ISO shall review at least annually the status of transmission lines and associated facilities and determine whether such facilities constitute PTF and shall prepare and keep current a schedule or catalogue of PTF facilities.

The following examples indicate the intent of the above definitions:

Unless they were built as part of a Public Policy Transmission Upgrade, radial tap lines to local load are excluded.

Lines which loop, from two geographically separate points on the PTF, the supply to a load bus from the PTF are included.

Lines which loop, from two geographically separate points on the PTF, the connections between a generator bus and the PTF are included

.

Radial connections or connections from a generating station to a single substation or switching station on the PTF are excluded, unless the requirements of paragraph (2) or (4) above are met.

Transmission facilities owned or supported by a Related Person of a PTO which are rated 69 kV or above and are required to allow Energy from significant power sources to move freely on the New England Transmission System shall also constitute PTF provided (i) such Related Person files with the ISO its consent to such treatment; and (ii) the ISO determines that treatment of the facilities as PTF will facilitate accomplishment of the ISO's objectives. If such facilities constitute PTF pursuant to this paragraph, they shall be treated as "owned" or "supported," as applicable, by a PTO for purposes of this OATT and the other provisions of the TOA, including the ability to include the cost associated with such PTF and any Transmission Support Expenses for support of PTF made by its Related Person in that PTO's Annual Transmission Revenue Requirements, pursuant to Attachment F of the OATT.

Of those transmission facilities that are upgrades, modifications or additions, on and after January 1, 2004, to the transmission system administered by the ISO under the Interim Independent System Operator Agreement, or to the New England Transmission System on or after the Operations Date, only those that: (i) are rated 115kV or above, and (ii) otherwise meet the non-voltage criteria specified in Section II.49 shall be classified as PTF. Those transmission facilities that were PTF pursuant to the Restated NEPOOL Agreement on December 31, 2003, and any upgrades to such facilities that meet the criteria specified in Section II.49, shall remain classified as PTF for all purposes under this Tariff.

SCHEDULE 12
TRANSMISSION COST ALLOCATION ON AND AFTER JANUARY 1, 2004

This Schedule 12 describes the cost allocation treatment of upgrades, modifications or additions to the transmission system in New England on and after January 1, 2004. Nothing in this Schedule 12 shall eliminate the PTF status of transmission facilities that were PTF on December 31, 2003; and any upgrades to such facilities that continue to meet the definition of PTF specified in this OATT shall be classified as PTF for all purposes under this OATT. The costs of all upgrades to the Highgate Transmission Facilities will be treated as HTF and allocated according to this schedule, as may be amended from time to time, provided that such HTF upgrades shall not be limited by Appendix B to Attachment F Implementation Rule under this OATT if classified as Regional Benefit Upgrades.

A. Process for Categorizing Upgrades for Cost Allocation:

Upgrades, modifications or additions to the New England Transmission System shall be categorized by the ISO, with advisory input from the Reliability Committee and the Planning Advisory Committee, as appropriate. A list of categorized Transmission Upgrades shall be made part of each annual and interim RSP, subject to the provisions of Attachment K of this OATT.

B. Transmission Cost Allocation By Category:

1. Generator Interconnection Related Upgrades:

The cost for all Generator Interconnection Related Upgrades shall be allocated pursuant to Schedule 11 of this OATT.

2. Elective Transmission Upgrades:

The cost for all Elective Transmission Upgrades shall not be included in the Pool-Supported PTF costs recoverable under this OATT, but shall be allocated solely to the entity or entities volunteering to make and pay for such Elective Transmission Upgrades.

3. NEMA Upgrades:

The cost for all NEMA Upgrades shall be included in the Pool-Supported PTF costs recoverable under this Tariff for so long as such Transmission Upgrades continue to meet the definition of PTF under this OATT and allocated to Transmission Customers taking service under this OATT.

4. RTEP02 Upgrades:

The costs for all RTEP02 Upgrades placed in service on or before December 20, 2007, shall be included in the Pool-Supported PTF costs recoverable under this OATT for so long as such Transmission Upgrades continue to meet the definition of PTF under this OATT and allocated to Transmission Customers taking service under this OATT.

5. Regional Benefit Upgrades:

The cost for all Regional Benefit Upgrades, as well as all transmission facilities that were PTF as of December 31, 2003 and upgrades to such facilities that meet the definition of PTF under this OATT, shall be included in the Pool-Supported PTF costs recoverable under this OATT for so long as such Transmission Upgrades and such existing PTF continue to meet the definition of PTF under this OATT and allocated to Transmission Customers taking service under this OATT. Market Efficiency Transmission Upgrades that are not RBUs shall not be included in the Pool-Supported PTF Costs recoverable under this OATT.

6. Public Policy Transmission Upgrade Costs:

The costs of Public Policy Transmission Upgrade(s) shall be allocated to the Regional Network Load for all opting-in states based on each state's respective load-ratio share of the Qualified Transmission Project Sponsors' proposal/solution costs for that project as set forth in Attachment K of the OATT. If an alternative cost allocation is specified in the NESCOE Public Policy Transmittal, costs will be allocated in accordance with mechanisms to implement such alternative cost allocation included in the Tariff and/or other documents filed with and accepted by the Commission by the applicable PTOs in accordance with the TOA or by a Qualified Transmission Project Sponsor that is not a PTO. If not already a party to the TOA, each Qualified Transmission Project Sponsor for a Public Policy Transmission Upgrade shall execute the TOA upon placing the upgrade into service. The revenue requirements for such Public Policy Transmission Upgrades shall be separately determined in accordance with the provisions of Attachment F to this OATT, subject to separate incentives or other modifications specifically approved by the Commission for such upgrades under Section 205 of the Federal Power Act.

7. Local Benefit Upgrades:

The cost for Local Benefit Upgrades shall not be included in the Pool-Supported PTF costs recoverable under this OATT.

8. Localized Costs:

Localized Costs shall not be included in the Pool-Supported PTF costs recoverable under this OATT, but instead the responsibility for Localized Costs related to any RTEP02 Upgrades and any Regional Benefit Upgrades shall be the responsibility of the entity or entities causing or subject to such Localized Costs. The System Operator, in accordance with Schedule 12C of this OATT, shall review RTEP02 Upgrades and Regional Benefit Upgrades and identify any Localized Costs associated with them.

9. Merchant Transmission Facilities Cost Allocation

The cost of all Merchant Transmission Facilities, including the cost of Transmission Upgrades required to interconnect the Merchant Transmission Facilities to the PTF, shall be the responsibility of the developer of the Merchant Transmission Facilities, and shall not be included in the Pool-Supported PTF costs recoverable under this OATT.

SCHEDULE 13

RECOVERY OF PUBLIC POLICY TRANSMISSION COSTS BY NON-INCUMBENT TRANSMISSION DEVELOPERS

1. Applicability

1.1 Use by Non-Incumbent Transmission Developers

This schedule is to be utilized by Non-Incumbent Transmission Developers that: (i) are not also Participating Transmission Owners, and (ii) are Qualified Transmission Project Sponsors. This schedule is designed to enable the recovery of all prudently incurred costs, to the extent permitted in Section 4A of Attachment K to this OATT, related to preparation of Stage One Proposals and Stage Two Solutions, and the recovery of "construction work in progress" costs stemming from the PTF transmission facilities associated with a Public Policy Transmission Upgrade.

1.2 Costs Recovered Under Schedule 13 May Not Also Be Recovered Through Another Schedule

Any costs recovered by the Non-Incumbent Transmission Developer under this Schedule 13 cannot also be recovered under another Schedule to this OATT.

1.3 Transfer of Unrecovered Costs Upon Execution of the Transmission Operating Agreement

Following the execution of the Transmission Operating Agreement by the Non-Incumbent Transmission Developer, any costs approved pursuant to Section 4A of Attachment K to this OATT that are not already recovered under this Schedule 13 may be recovered under the appropriate cost recovery mechanism set forth in this OATT.

2. Stage One Proposal and Stage Two Solution Costs

2.1 Section 205 Rate Filing

Prior to recovering any Stage One Proposal or Stage Two Solution costs that are subject to recovery in accordance with Section 4A of Attachment K to this OATT, a Non-Incumbent Transmission Developer shall submit a filing with the Commission pursuant to Section 205 of the Federal Power Act requesting approval of the actual Stage One Proposal or Stage Two Solution costs and the period of time over which the costs are to be recovered. Upon approval by the Commission, such terms of recovery shall be included in discrete schedules to this Schedule 13. The Non-Incumbent Transmission Developer shall notify the ISO of the Commission-approved

Stage One Proposal and Stage Two Solution costs and the applicable recovery period recognized in the Commission Order.

2.2 Invoicing and Collection by ISO

The ISO acts as counterparty for the billing and collection agent on behalf of Non-Incumbent Transmission Developers for recovery of their Commission-approved Stage One Proposal and Stage Two Solution costs, in accordance with Section 4A of Attachment K to this OATT and the applicable NESCOE Public Policy Transmittal. Upon notification from a Non-Incumbent Transmission Developer of the Commission Order approving costs for recovery, the ISO shall allocate and invoice such costs as identified in Section 4A of Attachment K.

3. Construction Work in Progress Costs

3.1 Section 205 Rate Filing

In accordance with the terms of the Non-Incumbent Transmission Developer Operating Agreement and the applicable NESCOE Public Policy Transmittal, a Non-Incumbent Transmission Developer may submit filings to the Commission pursuant to Section 205 of the Federal Power Act for recovery of its "construction work in progress" costs of the PTF transmission facilities associated with a Public Policy Transmission Upgrade. Upon approval by the Commission, such terms of recovery shall be included in discrete schedules to this Schedule 13.

SCHEDULE 14

RECOVERY OF REGIONAL BENEFIT UPGRADE COSTS BY NON-INCUMBENT TRANSMISSION DEVELOPERS

1. Applicability

1.1 Use by Non-Incumbent Transmission Developers

This schedule is to be utilized by Non-Incumbent Transmission Developers that: (i) are not also Participating Transmission Owners, and (ii) are Qualified Transmission Project Sponsors. This schedule is designed to enable the recovery of prudently incurred costs, to the extent permitted in Section 4.3 of Attachment K to this OATT, related to Phase 2 Solutions for Reliability Transmission Upgrades or Market Efficiency Transmission Upgrades (i.e., a Regional Benefit Upgrade), and the recovery of "construction work in progress" costs stemming from a Regional Benefit Upgrade.

1.2 Costs Recovered Under Schedule 14 May Not Also Be Recovered Through Another Schedule

Any cost recovered by the Non-Incumbent Transmission Developer under this Schedule 14 cannot also be recovered under another Schedule to this OATT.

1.3 Transfer of Unrecovered Costs Upon Execution of the Transmission Operating Agreement

Following the execution of the Transmission Operating Agreement by the Non-Incumbent Transmission Developer, any costs that are not already recovered under this Schedule 14 may be recovered under the appropriate cost recovery mechanism set forth to this OATT, as appropriate.

2. Phase Two Solution Costs

2.1 Section 205 Rate Filing

Prior to recovering any Phase Two Solutions costs and in accordance with Section 4.3(g) of Attachment K to this OATT, a Non-Incumbent Transmission Developer shall submit a filing with the Commission pursuant to Section 205 of the Federal Power Act requesting approval of the actual Phase Two Solution costs and the period of time over which the costs are to be recovered. Upon approval by the Commission, such terms of recovery shall be included in discrete schedules to this Schedule 14. The Non-Incumbent Transmission Developer shall notify the ISO of the Commission-approved Phase Two Solution costs and the applicable recovery period recognized in the Commission Order.

2.2 Invoicing and Collection by ISO

The ISO acts as counterparty for the billing and collection agent for Non-Incumbent Transmission Developers for recovery of their Commission-approved Phase Two Solution costs, in accordance with Section 4.3(h) of Attachment K to this OATT. Upon notification from a Non-Incumbent Transmission Developer of the Commission Order approving costs for recovery, the ISO shall allocate and invoice such costs on a pro rata basis to Monthly Regional Network Load over the period recognized in the Commission Order. The ISO shall disburse the monthly collected amounts to the Non-Incumbent Transmission Developed, as appropriate.

3. Construction Work in Progress Costs

3.1 Section 205 Rate Filing

In accordance with the terms of the Non-Incumbent Transmission Developer Operating Agreement, a Non-Incumbent Transmission Developer may submit filings to the Commission pursuant to Section 205 of the Federal Power Act for recovery of its "construction work in progress" costs associated with a Regional Benefit Upgrade. Upon approval by the Commission, such terms of recovery shall be included in discrete schedules to this Schedule 14.

SCHEDULE 22

LARGE GENERATOR INTERCONNECTION PROCEDURES

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SECTION I. DEFINITIONS

The definitions contained in this section are intended to apply in the context of the generator interconnection process provided for in this Schedule 22 (and its appendices). To the extent that the definitions herein are different than those contained in Section I.2.2 of the Tariff, the definitions provided below shall control only for purposes of generator interconnections under this Schedule 22. Capitalized terms in Schedule 22 that are not defined in this Section I shall have the meanings specified in Section I.2.2 of the Tariff.

Administered Transmission System shall mean the PTF, the Non-PTF, and distribution facilities that are subject to the Tariff.

Adverse System Impact shall mean any significant negative effects on the stability, reliability or operating characteristics of the electric system.

Affected System shall mean any electric system that is within the Control Area, including, but not limited to, generator owned transmission facilities, or any other electric system that is not within the Control Area that may be affected by the proposed interconnection.

Affected Party shall mean the entity that owns, operates or controls an Affected System, or any other entity that otherwise may be a necessary party to the interconnection process.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the reliability council applicable to the New England Transmission System.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the NPCC and the New England Control Area, including publicly available local reliability requirements of Interconnecting Transmission Owners or other Affected Parties.

At-Risk Expenditure shall mean money expended for the development of the Generating Facility that cannot be recouped if the Interconnection Customer were to withdraw the Interconnection Request for the Generating Facility. At-Risk Expenditure may include, but is not limited to, money expended on: (i) costs of federal, state, local, regional and town permits, (ii) Site Control, (iii) site-specific design and surveys, (iv) construction activities, and (v) non-refundable deposits for major equipment components. For purposes of this definition, At-Risk Expenditure shall not include costs associated with the Interconnection Studies.

Base Case shall have the meaning specified in Section 2.3.

Base Case Data shall mean the Base Case power flow, short circuit, and stability data bases used for the Interconnection Studies by the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Capacity Capability Interconnection Standard ("CC Interconnection Standard") shall mean the criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, and in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other Capacity Network Resources, as detailed in the ISO New England Planning Procedures.

Capacity Network Resource ("CNR") shall mean that portion of a Generating Facility that is interconnected to the Administered Transmission System under the Capacity Capability Interconnection Standard.

Capacity Network Resource Capability ("CNR Capability") shall mean: (i) in the case of a Generating Facility that is a New Generating Capacity Resource pursuant to Section III.13.1 of the Tariff or an Existing Generating Capacity Resource that is increasing its capability pursuant to Section III.13.1.2.2.5 of the Tariff, the highest megawatt amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff, and, if applicable, as specified in a filing by the System Operator with the Commission in accordance with Section III.13.8.2 of the Tariff, or (ii) in the case of a Generating Facility that meets the criteria under Section 5.2.3 of this LGIP, the total megawatt amount determined pursuant to the hierarchy established in Section 5.2.3. The CNR Capability shall not exceed the maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter. Where the Generating Facility includes multiple production devices, the CNR Capability shall not exceed the aggregate maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter.

Capacity Network Resource Group Study ("CNR Group Study") shall mean the study performed by the System Operator under Section III.13.1.1.2.3 of the Tariff to determine which resources qualify to participate in a Forward Capacity Auction.

Capacity Network Resource Interconnection Service ("CNR Interconnection Service") shall mean the Interconnection Service selected by the Interconnection Customer to interconnect its Large Generating Facility with the Administered Transmission System in accordance with the Capacity Capability Interconnection Standard. An Interconnection Customer's CNR Interconnection Service shall be for the megawatt amount of CNR Capability. CNR Interconnection Service does not in and of itself convey transmission service.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise. Confidential Information shall include, but not be limited to, information that is confidential pursuant to the ISO New England Information Policy.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Interconnecting Transmission Owner's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to the Interconnecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by the Commission or if filed unexecuted, upon the date specified by the Commission.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is likely to endanger life or property; or (2) that, in the case of the Interconnecting Transmission Owner, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the

security of, or damage to the New England Transmission System, Interconnecting Transmission Owner's Interconnection Facilities or any Affected System to which the New England Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Engineering & Procurement ("E&P") Agreement shall mean an agreement that authorizes the Interconnection Customer, Interconnecting Transmission Owner and any other Affected Party to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Interconnecting Transmission Owner's Interconnection Facilities to obtain back feed power.

Interconnecting Transmission Owner shall mean a Transmission Owner that owns, leases or otherwise possesses an interest in, or a Non-Incumbent Transmission Developer that is not a Participating Transmission Owner that is constructing, a portion of the Administered Transmission System at the Point of Interconnection and shall be a Party to the Standard Large Generator Interconnection Agreement. The term Interconnecting Transmission Owner shall not be read to include the System Operator.

Interconnecting Transmission Owner's Interconnection Facilities shall mean all facilities and equipment owned, controlled, or operated by the Interconnecting Transmission Owner from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Interconnecting Transmission Owner's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Customer shall mean any entity, including a transmission owner or its Affiliates or subsidiaries, that interconnects or proposes to interconnect its Generating Facility with the Administered Transmission System under the Standard Large Generator Interconnection Procedures.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located

between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Administered Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Interconnecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Administered Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the System Operator, Interconnecting Transmission Owner, or a third party consultant for the Interconnection Customer to determine a list of facilities (including Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Administered Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Administered Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures. The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study, or as part of the Interconnection System Impact Study. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 6 and Section 7.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to: (i) interconnect a new Generating Facility to the Administered Transmission System as either a CNR or a NR; (ii) increase the energy capability or capacity capability of an existing Generation Facility; (iii) make a Material Modification to the design or operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected with the Administered Transmission System; (iv) commence participation in the wholesale markets by an existing Generating Facility that is interconnected with the Administered Transmission System; or (v) change from NR Interconnection Service to CNR Interconnection Service for all or part of a Generating Facility's capability. Interconnection Request shall not include: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility.

Interconnection Service shall mean the service provided by the System Operator, and the Interconnecting Transmission Owner, associated with interconnecting the Interconnection Customer's Generating Facility to the Administered Transmission System and enabling the receipt of electric energy capability and/or capacity capability from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, the Interconnection Facilities Study and the Optional Interconnection Study described in the Standard Large Generator Interconnection Procedures. Interconnection Study shall not include a CNR Group Study.

Interconnection Study Agreement shall mean any of the following agreements: the Interconnection Feasibility Study Agreement, the Interconnection System Impact Study Agreement, the Interconnection Facilities Study Agreement, and the Optional Interconnection Study Agreement attached to the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of the Administered Transmission System and any other Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on Adverse System Impacts, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 6 and Section 7.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Large Generating Facility shall mean a Generating Facility having a maximum gross capability at or above zero degrees F of more than 20 MW.

Long Lead Time Generating Facility ("Long Lead Facility") shall mean a Generating Facility with an Interconnection Request for CNR Interconnection Service that has, as applicable, elected or requested long lead time treatment and met the eligibility criteria and requirements specified in Section 3.2.3.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from another Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the Indemnifying Party.

Major Permits shall be as defined in Section III.13.1.1.2.2.2(a) of the Tariff.

Material Modification shall mean: (i) except as expressly provided in Section 4.4.1, those modifications to the Interconnection Request, including any of the technical data provided by the Interconnection Customer in Attachment A to the Interconnection Request or to the interconnection configuration, requested by the Interconnection Customer, that either require significant additional study of the same Interconnection Request and could substantially change the interconnection design, or have a material impact on the cost or timing of any Interconnection Studies or upgrades associated with an Interconnection Request with a later queue priority date; (ii) a change to the design or operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected with the Administered Transmission System that may have a significant adverse effect on the reliability or operating characteristics of the New England Transmission System; (iii) a delay to the Commercial Operation Date, In-Service Date, or Initial Synchronization Date of greater than three (3) years where the reason for delay is unrelated to construction schedules or permitting which delay is beyond the Interconnection Customer's control; (iv) except as provided in Section 3.2.3.4, a withdrawal of a request for Long Lead Facility treatment; or (v) except as provided in Section 3.2.3.6, an election to participate in an earlier Forward Capacity Auction than originally anticipated.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

Network Capability Interconnection Standard ("NC Interconnection Standard") shall mean the minimum criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, as detailed in the ISO New England Planning Procedures.

Network Resource ("NR") shall mean the portion of a Generating Facility that is interconnected to the Administered Transmission System under the Network Capability Interconnection Standard.

Network Resource Capability ("NR Capability") shall mean the maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. Where the Generating Facility includes multiple energy production devices, the NR Capability shall be the aggregate maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. The NR Capability shall be equal to or greater than the CNR Capability. In the case of a Generating Facility that

meets the criteria under Section 5.2.4 of this LGIP, the NR Capability shall mean the total megawatt amount determined pursuant to Section 5.2.4.

Network Resource Interconnection Service ("NR Interconnection Service") shall mean the Interconnection Service selected by the Interconnection Customer to interconnect its Generating Facility to the Administered Transmission System in accordance with the Network Capability Interconnection Standard. An Interconnection Customer's NR Interconnection Service shall be solely for the megawatt amount of the NR Capability. NR Interconnection Service in and of itself does not convey transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the New England Transmission System required at or beyond the Point of Interconnection to accommodate the interconnection of the Large Generating Facility to the Administered Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party shall mean the System Operator, Interconnection Customer and Interconnecting Transmission Owner or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Interconnecting Transmission Owner's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Administered Transmission System.

Queue Position shall mean the order of a valid request in the New England Control Area, relative to all other pending requests in the New England Control Area, that is established based upon the date and time of receipt of such request by the System Operator. Requests are comprised of Interconnection Requests, requests for Elective Transmission Upgrades, requests for transmission service and notification of requests for interconnection to other electric systems, as notified by the other electric systems, that impact the Administered Transmission System. For purposes of this LGIP, references to a "higher-queued" Interconnection Request shall mean one that has been received by System Operator (and placed in queue order) earlier than another Interconnection Request, which is referred to as "lower-queued."

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting between representatives of the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (a) that the Interconnection Customer is the owner in fee simple of the real property for which new interconnection is sought; (b) that the Interconnection Customer holds a valid written leasehold interest in the real property for which new interconnection is sought; (c) that the Interconnection Customer holds a valid written option to purchase or leasehold property for which new interconnection is sought; (d) that the Interconnection Customer holds a duly executed written contract to purchase or leasehold the real property for which new interconnection is sought; or (e) that the Interconnection Customer has filed applications for required permits to site on federal or state property.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the New England Transmission System during their

construction. The System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement ("LGIA") shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility, that is included in this Schedule 22 to the Tariff.

Standard Large Generator Interconnection Procedures ("LGIP") shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in this Schedule 22 to the Tariff.

System Protection Facilities shall mean the equipment, including necessary signal protection communications equipment, required to protect (1) the New England Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the New England Transmission System or on other delivery systems or other generating systems to which the New England Transmission System is directly connected.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

SECTION 2. SCOPE, APPLICATION AND TIME REQUIREMENTS.

2.1 Application of Standard Large Generator Interconnection Procedures.

The LGIP and LGIA shall apply to Interconnection Requests pertaining to Large Generating Facilities. Except as expressly provided in the LGIP and LGIA, nothing in the LGIP or LGIA shall be construed to limit the authority or obligations that the Interconnecting Transmission Owner or System Operator, as applicable, has with regard to ISO New England Operating Documents.

2.2. Comparability.

The System Operator shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this LGIP. The System Operator and Interconnecting Transmission Owner will use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Generating Facilities are owned by the Interconnecting Transmission Owner, its subsidiaries or Affiliates, or others.

2.3 Base Case Data.

System Operator, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, shall provide Base Case power flow, short circuit and stability databases, including all underlying assumptions, and contingency lists upon request to any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer. The recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy as well as any other applicable requirement under Applicable Laws and Regulations regulating disclosure or confidentiality of such information. System Operator is permitted to require that the third party consultant or non-market affiliate sign a confidentiality agreement before the release of information governed by Section 13.1 or the ISO New England Information Policy, or the release of any other information that is commercially sensitive or Critical Energy Infrastructure Information. To the extent that any applicable information is not covered by any applicable confidentiality/disclosure requirements, such information may be provided directly to the Interconnection Customer. Such databases and lists, hereinafter referred to as Base Cases, shall include all generation projects and transmission projects, including merchant transmission projects that are proposed for the New England Transmission System, for which a transmission expansion plan has been submitted and approved by the applicable authority. The Interconnection Customer, where applicable, shall provide Base Case Data to the Interconnecting Transmission Owner and System Operator to facilitate required Interconnection Studies.

2.4 No Applicability to Transmission Service.

Nothing in this LGIP shall constitute a request for, nor the provision of, any service except for Interconnection Service, including, but not limited to, transmission delivery service, local delivery service, distribution service, capacity service, energy service or Ancillary Services under any applicable tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.

2.5 Time Requirements.

Parties that must perform a specific obligation under a provision of the Standard Large Generator Interconnection Procedure or Standard Large Generator Interconnection Agreement within a specified time period shall use Reasonable Efforts to complete such obligation within the applicable time period. A Party may, in the exercise of reasonable discretion and within the time period set forth by the applicable

procedure or agreement, request that the relevant Party consent to a mutually agreeable alternative time schedule, such consent not to be unreasonably withheld.

SECTION 3. INTERCONNECTION REQUESTS.

3.1 General.

To initiate an Interconnection Request, an Interconnection Customer must comply with all of the requirements set forth in Section 3.3.1. The Interconnection Customer shall submit a separate Interconnection Request for each site and may submit multiple Interconnection Requests for a single site. The Interconnection Customer must comply with the requirements specified in Section 3.3.1 for each Interconnection Request even when more than one request is submitted for a single site.

Within three (3) Business Days after its receipt of a valid Interconnection Request, System Operator shall submit a copy of the Interconnection Request to Interconnecting Transmission Owner.

At Interconnection Customer's option, System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, will identify alternative Point(s) of Interconnection and configurations at the Scoping Meeting to evaluate in this process and attempt to eliminate alternatives in a reasonable fashion given resources and information available. Interconnection Customer will select the definitive Point(s) of Interconnection to be studied no later than the execution of the Interconnection Feasibility Study Agreement, or the Interconnection System Impact Study Agreement if the Interconnection Customer elects not to pursue the Interconnection Feasibility Study.

3.2 Type of Interconnection Services and Long Lead Time Generating Facility Treatment

At the time the Interconnection Request is submitted, the Interconnection Customer must request either CNR Interconnection Service or NR Interconnection Service, as described in Sections 3.2.1 and 3.2.2 below. An Interconnection Customer that meets the requirements to obtain CNR Interconnection Service shall obtain NR Interconnection Service up to the NR Capability upon completion of all requirements for NR Interconnection Service, including all necessary upgrades. Upon completion of all requirements for the CNR Interconnection Service, the Interconnection Customer shall also receive CNR Interconnection Service for CNR Capability. An Interconnection Customer that meets the requirements to obtain NR Interconnection Service shall receive NR Interconnection Service for the Interconnection Customer's NR Capability. At the time the Interconnection Request is submitted, the Interconnection Customer may also request Long Lead Facility treatment in accordance with Section 3.2.3.

3.2.1 Capacity Network Resource Interconnection Service

3.2.1.1 The Product.

The System Operator must conduct the necessary studies in conjunction with the Interconnecting Transmission Owner, and with other Affected Parties as appropriate and in accordance with applicable codes of conduct and confidentiality requirements, and the Interconnecting Transmission Owner and other Affected Parties as appropriate must construct the Network Upgrades needed to interconnect the Large Generating Facility in a manner comparable to that in which CNRs are interconnected under the CC Interconnection Standard. CNR Interconnection Service allows the Interconnection Customer's Large Generating Facility to be designated as a CNR, and to participate in the New England Markets, in accordance with Market Rule 1, Section III of the Tariff, up to the CNR Capability or as otherwise provided in the Tariff, on the same basis as existing CNRs, and to be studied as a CNR on the assumption that such a designation will occur.

3.2.1.2 The Studies.

All Interconnection Studies for CNR Interconnection Service shall assure that the Interconnection Customer's Large Generating Facility satisfies the minimum characteristics required to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the unit. The CNR Group Study for CNR Interconnection Service shall assure that the Interconnection Customer's Large Generating Facility can be interconnected in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other CNRs, in accordance with the CC Interconnection Standard and as detailed in the ISO New England Planning Procedures. The System Operator, in coordination with the Interconnecting Transmission Owner, may also study the New England Transmission System under non-peak load conditions. However, upon request by the Interconnection Customer, the System Operator and as appropriate the Interconnecting Transmission Owner must explain in writing to the Interconnection Customer why the study of non-peak load conditions is required for reliability purposes.

3.2.1.3 Milestones for CNR Interconnection Service.

In addition to the requirements set forth in this LGIP, an Interconnection Customer with an Interconnection Request for CNR Interconnection Service shall complete the following milestones prior to receiving CNR Interconnection Service for the CNR Capability, such milestones to be specified in Appendix B of the LGIA, as either completed or to be completed: (i) submit the necessary requests for participation in the Forward Capacity Auction associated with the Generating Facility's requested Commercial Operation Date (except as modified pursuant to Sections 3.2.3 or 4.4 of this LGIP), in

accordance with the provisions of Section III.13 of the Tariff; (ii) participate in a CNR Group Study for the Forward Capacity Auction associated with the requested Generating Facility's Commercial Operation Date; (iii) qualify and receive a Capacity Supply Obligation in accordance with Section III.13 of the Tariff; and (iv) complete a re-study of the applicable Interconnection Study to determine the cost responsibility for facilities and upgrades necessary to accommodate the Interconnection Request based on the results of the Forward Capacity Auction or Reconfiguration Auction or bilateral transaction through which the Interconnection Customer received a Capacity Supply Obligation. With respect to (iv) above, if an Interconnection Study has been completed, the completed Interconnection Study shall be subject to re-study, in accordance with the re-study provisions in this LGIP. If an Interconnection Study Agreement has been executed, the Interconnection Study associated with the Interconnection Study Agreement shall include the necessary analysis that would otherwise have been performed in a re-study. If an LGIA has been either executed or filed with the Commission in unexecuted form, then the last Interconnection Study completed for the Interconnection Customer under this LGIP shall be subject to re-study. The Appendices to the LGIA shall be amended (pursuant to Article 30 of the LGIA) to reflect CNR Capability and the results of the re-study.

3.2.2 Network Resource Interconnection Service

3.2.2.1 The Product.

The System Operator must conduct the necessary studies in conjunction with the Interconnecting Transmission Owner, and with other Affected Parties as appropriate and in accordance with applicable codes of conduct and confidentiality requirements, and the Interconnecting Transmission Owner and other Affected Parties as appropriate must construct the Network Upgrades needed to interconnect the Large Generating Facility in a manner comparable to that in which Network Resources are interconnected under the NC Interconnection Standard. NR Interconnection Service allows the Interconnection Customer's Large Generating Facility to participate in the New England Markets, in accordance with the provisions of Market Rule 1, Section III of the Tariff, up to the gross and net NR Capability or as otherwise provided in Market Rule 1, Section III of the Tariff, on the same basis as other Network Resources. Notwithstanding the above, the portion of a Large Generating Facility that has been designated as a Network Resource interconnected under the NC Interconnection Standard cannot be a capacity resource under Section III.13 of the Tariff, except pursuant to a new Interconnection Request for CNR Interconnection Service.

3.2.2.2 The Studies.

The Interconnection Studies for an Network Resource shall assure that the Interconnection Customer's Large Generating Facility satisfies the minimum characteristics required to interconnect in a manner that avoids any significant adverse effect on reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the unit, in accordance with the NC Interconnection Standard and as detailed in the ISO New

England Planning Procedures. The System Operator, in coordination with the Interconnecting Transmission Owner, may also study the New England Transmission System under non-peak load conditions. However, upon request by the Interconnection Customer, the System Operator and as appropriate the Interconnecting Transmission Owner must explain in writing to the Interconnection Customer why the study of non-peak load conditions is required for reliability purposes.

3.2.2.3 Milestones for NR Interconnection Service.

An Interconnection Customer with an Interconnection Request for NR Interconnection Service shall complete the requirements in this LGIP prior to receiving NR Interconnection Service.

3.2.3 Long Lead Time Generating Facility Treatment

3.2.3.1 Treatment of Long Lead Facilities.

Long Lead Facilities receive the treatment described herein in connection with the associated request of the Interconnection Customer for CNR Interconnection Service for its Generating Facility. Long Lead Facility treatment provides for the Interconnection Customer's Generating Facility, after the completion of the Interconnection System Impact Study, to be modeled in the Base Cases for the next CNR Group Study to determine whether the Long Lead Facility would have qualified to participate in the Forward Capacity Auction associated with that CNR Group Study, in accordance with Section III.13.1.2 of the Tariff, but for its development cycle (which shall include development of required transmission upgrades). If the Long Lead Facility is deemed to qualify, the Long Lead Facility shall be included in the re-study pursuant to Section 3.2.1.3(iv) in order to determine the facilities and upgrades that would be necessary in order to accommodate the Interconnection Request of the Long Lead Facility, and for which costs the Interconnection Customer must be responsible. In order to maintain Long Lead Facility status, the Interconnection Customer must commit to the completion of these facilities and upgrades in time to allow the Long Lead Facility to achieve its Commercial Operation Date by the start of the associated Capacity Commitment Period. In addition, the Long Lead Facility will be treated as if it cleared as a New Generating Capacity Resource for the sole purpose of inclusion in the CNR Group Studies for the Forward Capacity Auctions that precede the Forward Capacity Auction for the Capacity Commitment Period by which the Long Lead Facility is expected to have achieved Commercial Operation. If an earlier-queued Generating Facility obtains a Capacity Supply Obligation in a Forward Capacity Auction prior to or simultaneous with the Forward Capacity Auction in which the Long Lead Facility obtains a Capacity Supply Obligation, the Long Lead Facility will be re-studied in order to determine whether any additional facilities and upgrades to those identified prior to the CNR Group Study must be completed, at the Interconnection Customer's cost, prior to its Commercial Operation Date. A Long Lead Facility's cost responsibility for the facilities necessary to accommodate the Interconnection Request shall not be impacted by a Generating Facility with a Queue Position lower than the Long Lead Facility that clears in a Forward Capacity Auction, in accordance with Section III.13.2 of the Tariff, prior to the clearance of the Long Lead Facility.

3.2.3.2 Request for Long Lead Facility Treatment.

An Interconnection Customer requesting CNR Interconnection Service for its proposed Generating Facility, which the Interconnection Customer projects to have a development cycle that would not be completed until after the beginning of the Capacity Commitment Period associated with the next Forward Capacity Auction (after the election for the Long Lead Facility is made) may elect or request Long Lead Facility treatment in the following manner:

(a) An Interconnection Customer proposing a Generating Facility with a requested Summer net electrical output of 100 MW or more at or above 90 degrees F may elect Long Lead Facility treatment at the time the Interconnection Request is submitted, together with the critical path schedule and deposits required in Section 3.2.3.3.

(b) An Interconnection Customer proposing a Generating Facility with a requested Summer net electrical output under 100 MW at or above 90 degrees F may request Long Lead Facility treatment by submitting a written request to the System Operator for its review and approval, explaining why the Generating Facility cannot achieve Commercial Operation by the beginning of the Capacity Commitment Period associated with the next Forward Capacity Auction (after the election for Long Lead Facility treatment is made), together with the critical path schedule and deposits required in Section 3.2.3.3. In reviewing the request, the System Operator shall evaluate the feasibility of the Generating Facility achieving Commercial Operation to meet an earlier Capacity Commitment Period based on the information provided in the request and the critical path schedule submitted pursuant to Section 3.2.3.3, in a manner similar to that performed under Section III.13.3.2 of the Tariff. Within forty-five (45) Business Days after its receipt of the request for Long Lead Facility treatment, the System Operator shall notify the Interconnection Customer in writing whether the request has been granted or denied. If the System Operator determines that the Generating Facility can achieve a Commercial Operation Date prior to the beginning of the Capacity Commitment Period associated with the next Forward Capacity Auction, the Interconnection Customer's request shall be denied. The dispute resolution provisions of this LGIP are not available for disputes or claims associated with the ISO's determination to deny an Interconnection Customer's request for Long Lead Facility Treatment.

(c) An Interconnection Customer that did not request Long Lead Facility treatment at the time the Interconnection Request was submitted, may thereafter submit a request for treatment as a Long Lead Facility, together with the critical path schedule and deposits required in Section 3.2.3.3 and, if applicable, a request for an extension of the Commercial Operation Date specified in the Interconnection Request in accordance with Sections 4.4.4 and 4.4.5. A request for Long Lead Facility treatment that is submitted after the initial Interconnection Request will not be eligible to participate in any Forward Capacity Auction prior to the Forward Capacity Auction

associated with the extended Commercial Operation Date. The Long Lead Facility will be modeled in the Base Cases for the CNR Study Group associated with the near term Forward Capacity Auction unless that CNR Study Group is underway, in which case the Long Lead Facility will be modeled in the next CNR Study Group.

3.2.3.3 Critical Path Schedule and Deposits for Long Lead Facility Treatment.

At the time an Interconnection Customer submits an election or request for Long Lead Facility treatment, the Interconnection Customer must submit, together with the request:

(1) Critical Path Schedule. A critical path schedule, in writing, for the Long Lead Facility (with a development cycle that would not be completed until after the beginning of the Capacity Commitment Period associated with the next Forward Capacity Auction (after the election for the Long Lead Facility is made)) that meets the requirements set forth in Section III.13.1.1.2.2.2 of the Tariff. The Interconnection Customer must submit annually, in writing, an updated critical path schedule to the System Operator by the closing deadline of each New Capacity Show of Interest Submission Window that precedes the Forward Capacity Auction associated with the Capacity Commitment Period by which the Long Lead Facility is expected to have achieved Commercial Operation, prior to the inclusion of the Long Lead Facility in the Base Case for the CNR Group Study associated with the corresponding New Capacity Show of Interest Submission Window. With its annual update, for each critical path schedule milestone achieved since the submission of the previous critical path schedule update, the Interconnection Customer must include in the critical path update documentation demonstrating that the milestone has been achieved by the date indicated and as otherwise described in the critical path schedule.

(2) Long Lead Facility Deposits.

(a) Deposits. In addition to the deposits required elsewhere in this LGIP, at the time of its request for Long Lead Facility treatment, in accordance with Section 3.2.3.3, and by each deadline for which a New Generating Capacity Resource is required to provide financial assurance under Section III.13.1.9.1 of the Tariff, the Interconnection Customer must provide a separate deposit in the amount of 0.25*Cost of New Entry*requested summer net capacity. For each calculation of the deposit, the System Operator shall use the CONE in effect for the upcoming Forward Capacity Auction at the time of that calculation, pursuant to Section III.13.2.4 of the Tariff. The total amount of deposits shall not exceed the total amount of financial assurance that the Long Lead Facility would be required to provide if cleared in the upcoming Forward Capacity Auction, in accordance with Section III.13.1.9.1 of the Tariff. The Long Lead Facility deposits will be fully refunded (with interest to be calculated in accordance with Section 3.6) (i) if the Interconnection Customer withdraws the Interconnection Request, pursuant to

Section 3.6, within thirty (30) Calendar Days of the Scoping Meeting or of the completion of the System Impact Study (including restudy of the System Impact Study), pursuant to Section 7, or (ii) once the Long Lead Facility clears in a Forward Capacity Auction.

(b) Reductions. Ten (10) percent of the Long Lead Facility deposits collected pursuant to Section 3.2.3.3(2)(a) shall be non-refundable if the Interconnection Customer withdraws its Interconnection Request (except as provided in Section 3.2.3.3(2)(a)) after the Long Lead Facility fails to qualify or qualifies and fails to clear in the Forward Capacity Auction that follows the first Forward Capacity Auction for which it could qualify based on the Commercial Operation Date specified in the initial critical path schedule for the Long Lead Facility. An additional five (5) percent of the Long Lead Facility deposits collected pursuant to Section 3.2.3.3(2)(a) shall be non-refundable if the Interconnection Customer withdraws its Interconnection Request (except as provided in Section 3.2.3.3(2)(a)) following each subsequent Forward Capacity Auction in which the Long Lead Facility fails to qualify or qualifies and fails to clear such Forward Capacity Auction, not to exceed the maximum period allowed under Sections 3.3.1, 4.4.4 and 4.4.5. The non-refundable portions of the deposits shall be credited to the revenue requirements under Schedule 1 of Section IV of the Tariff.

3.2.3.4 Withdrawal and Refunds After Expenditures for Upgrades.

An Interconnection Customer that provides documentation in the critical path schedule update to be submitted in accordance with Section 3.2.3.3(1), showing expenditures of the required amounts for upgrades identified in the Interconnection Studies for the Long Lead Facility, may submit a withdrawal of the Interconnection Request for the Long Lead Facility, in accordance with Section 3.6, at any time up to thirty (30) Calendar Days, after failure to clear in any Forward Capacity Auction. In such instance, the Interconnection Customer shall receive a refund from the System Operator of the Long Lead Facility deposits (with interest to be calculated in accordance with Section 3.6) as adjusted pursuant to 3.2.3.3(2), if appropriate, and from the Interconnecting Transmission Owner a refund of the payments for the upgrades that exceed the costs incurred by the Interconnecting Transmission Owner. If the Interconnection Customer withdraws only its election or request for Long Lead Facility treatment, such withdrawal will be considered a Material Modification and the Long Lead Facility will lose its Queue Position unless its withdrawal occurs within one of the thirty (30)-day periods described in Section 3.2.3.3(2) of this LGIP.

3.2.3.5 Additional Requirements to Maintain Long Lead Facility Treatment.

An Interconnection Customer with a Long Lead Facility must begin payment as required by the transmission expenditure schedule for the transmission upgrade costs that have been identified in the pertinent Interconnection Studies. The Interconnection Request for CNR Interconnection Service shall be deemed withdrawn under Section 3.6 if the Interconnection Customer fails to comply with the requirements for Long Lead Facility treatment, including the milestones specified in Section 3.2.1.4. In

this circumstance, the conditions specified in Appendix A of the LGIA for a Large Generating Facility that had an Interconnection Request of a Queue Position lower than the Long Lead Facility, but cleared in a Forward Capacity Auction prior to the Long Lead Facility, shall be removed.

3.2.3.6 Participation in Earlier Forward Capacity Auctions.

An Interconnection Customer with a Long Lead Facility may, without loss of Queue Position, elect to participate in an earlier Forward Capacity Auction than originally anticipated, but only if the election to accelerate is made to the System Operator in writing within thirty (30) Calendar Days of the Scoping Meeting or within thirty (30) Calendar Days of the completion of the System Impact Study (but before the Long Lead Facility and the results of the associated System Impact Study are incorporated into the Base Cases). Otherwise, such an election shall be considered a Material Modification.

3.3 Valid Interconnection Request.

3.3.1 Initiating an Interconnection Request.

To initiate an Interconnection Request, Interconnection Customer must submit all of the following to the System Operator: (i) an initial deposit of $50,000, (ii) a completed application in the form of Appendix 1, (iii) all information and deposits required under Section 3.2, and (iv) in the case of a request for CNR Interconnection Service, demonstration of Site Control or, in the case of a request for NR Interconnection Service, demonstration of Site Control or a posting of an additional deposit of $10,000. Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. The portions of the deposit of $50,000 that have not been applied as provided in this Section 3.3.1 shall be refundable if (i) the Interconnection Customer withdraws the Interconnection Request, pursuant to Section 3.6, within ten (10) Business Days of the Scoping Meeting, or (ii) if the Interconnection Customer executes an LGIA. Otherwise, any unused balance of the deposit of $50,000 shall be non-refundable and applied on a pro-rata basis to offset costs incurred by Interconnection Customers with lower Queue Positions that are subject to re-study, as determined by the System Operator in accordance with the provisions of this LGIP, as a result of the withdrawal of an Interconnection Request with a higher Queue Position.

The deposit of $50,000 shall be applied toward the costs incurred by the System Operator associated with the Interconnection Request and Long Lead Facility treatment, as well as, the costs of the Interconnection Feasibility Study and/or the Interconnection System Impact Study, including the cost of developing the study agreements and their attachments, and the cost of developing the LGIA.

If, in the case of a request for NR Interconnection Service, the Interconnection Customer demonstrates Site Control within the cure period specified in Section 3.3.3 after submitting its Interconnection Request, the additional deposit of $10,000 shall be refundable; otherwise, that deposit shall be applied as provided in Section 3.1, including, toward the costs of any Interconnection Studies pursuant to the Interconnection Request, the cost of developing the study agreement(s) and associated attachment(s), and the cost of developing the LGIA.

The expected Initial Synchronization Date of the new Large Generating Facility, of the increase in capacity of the existing Generating Facility, or of the implementation of the Material Modification to the existing Generating Facility shall not exceed seven (7) years from the date the Interconnection Request is received by the System Operator, unless the Interconnection

Customer demonstrates that such time required to actively engineer, permit and construct the new Large Generating Facility or increase in capacity of the existing Generating Facility or implement the Material Modification to the existing Generating Facility will take longer than the seven year period. Upon such demonstration, the Initial Synchronization Date may succeed the date the Interconnection Request is received by the System Operator by a period of greater than seven (7) years so long as the Interconnection Customer, System Operator, and Interconnecting Transmission Owner agree,; such agreement shall not be unreasonably withheld.

3.3.2 Acknowledgment of Interconnection Request.

System Operator shall acknowledge receipt of the Interconnection Request within five (5) Business Days of receipt of the request and attach a copy of the received Interconnection Request to the acknowledgement. With the System Operator's acknowledgement of a valid Interconnection Request, the System Operator shall provide to the Interconnection Customer an Interconnection Feasibility Study Agreement in the form of Appendix 2 or an Interconnection System Impact Study Agreement in the form of Appendix 3.

3.3.3 Deficiencies in Interconnection Request.

An Interconnection Request will not be considered to be a valid request until all items in Section 3.3.1 have been received by the System Operator. If an Interconnection Request fails to meet the requirements set forth in Section 3.3.1, the System Operator shall notify the Interconnection Customer within five (5) Business Days of receipt of the initial Interconnection Request of the reasons for such failure and that the Interconnection Request does not constitute a valid request. Interconnection Customer shall provide the System Operator the additional requested information needed to constitute a valid request within ten (10)

Business Days after receipt of such notice. Failure by Interconnection Customer to comply with this Section 3.3.3 shall be treated in accordance with Section 3.6.

3.3.4 Scoping Meeting.

Within ten (10) Business Days after receipt of a valid Interconnection Request, System Operator shall establish a date agreeable to Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, for a Scoping Meeting, and such date shall be no later than thirty (30) Calendar Days from receipt of the valid Interconnection Request, unless otherwise mutually agreed upon by the Parties.

The purpose of the Scoping Meeting shall be (i) to discuss the estimated timeline for completing all applicable Interconnection Studies, and alternative interconnection options, (ii) to exchange pertinent information including any transmission data that would reasonably be expected to impact such interconnection options, (iii) to analyze such information, (iv) to determine the potential feasible Points of Interconnection, and (v) to discuss any other information necessary to facilitate the administration of the Interconnection Procedures. If a PSCAD model is required, the Parties shall discuss this at the Scoping Meeting.

The Parties will bring to the meeting such technical data, including, but not limited to: (i) general facility loadings, (ii) general instability issues, (iii) information regarding general short circuit issues, (iv) general voltage issues, and (v) general reliability issues as may be reasonably required to accomplish the purpose of the meeting. The Parties will also bring to the meeting personnel and other resources as may be reasonably required to accomplish the purpose of the meeting in the time allocated for the meeting. On the basis of the meeting, Interconnection Customer shall designate its Point of Interconnection, pursuant to Section 6.1, and one or more available alternative Point(s) of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

Within five (5) Business Days following the Scoping Meeting Interconnection Customer shall notify the System Operator, in writing, (i) whether it wants the Interconnection Feasibility Study to be completed as a separate and distinct study or as part of the Interconnection System Impact Study; and (ii) the Point(s) of Interconnection and any reasonable alternative Point(s) of Interconnection for inclusion in the attachment to the Interconnection Feasibility Study Agreement, or the Interconnection System Impact Study Agreement if the Interconnection Customer elects not to pursue the Interconnection Feasibility Study.

3.4 OASIS Posting.

The System Operator will maintain on its OASIS a list of all Interconnection Requests in its Control Area. The list will identify, for each Interconnection Request: (i) the maximum summer and winter

megawatt electrical output; (ii) the location by county and state; (iii) the station or transmission line or lines where the interconnection will be made; (iv) the projected Initial Synchronization Date; (v) the status of the Interconnection Request, including Queue Position; (vi) the type of Interconnection Service being requested (i.e., CNR Interconnection Service or NR Interconnection Service); and (vii) the availability of any studies related to the Interconnection Request; (viii) the date of the Interconnection Request; (ix) the type of Generating Facility to be constructed (combined cycle, base load or combustion turbine and fuel type); and (x) for Interconnection Requests that have not resulted in a completed interconnection, an explanation as to why it was not completed. Except in the case of an Affiliate, the list will not disclose the identity of the Interconnection Customer until the Interconnection Customer executes an LGIA or requests that the System Operator and Interconnecting Transmission Owner jointly file an unexecuted LGIA with the Commission. Before participating in a Scoping Meeting with an Interconnection Customer that is also an Affiliate, the Interconnecting Transmission Owner shall post on OASIS an advance notice of its intent to do so. The System Operator shall post to its OASIS site any deviations from the study timelines set forth herein. Interconnection Study reports and Optional Interconnection Study reports shall be posted to the System Operator's OASIS site subsequent to the meeting between the System Operator, Interconnecting Transmission Owner, and Interconnection Customer to discuss the applicable study results. The System Operator shall also post any known deviations in the Large Generating Facility's Initial Synchronization Date.

3.5 Coordination with Affected Systems.

The System Operator will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected Parties and, if possible, include those results (if available) in its applicable Interconnection Study within the time frame specified in this LGIP. The System Operator will include such Affected Parties in all meetings held with the Interconnection Customer as required by this LGIP. The Interconnection Customer will cooperate with the System Operator and Interconnecting Transmission Owner in all matters related to the conduct of studies and the determination of modifications to Affected Systems. The Interconnection Customer shall be responsible for the costs associated with the studies or portions of studies associated with the Affected Systems. Payment and refunds associated with the costs of such studies will be coordinated between the Interconnection Customer and the Affected Party(ies).

The System Operator shall seek the cooperation of all Affected Parties in all matters related to the conduct of studies and the determination of modifications to Affected Systems. Nothing in the foregoing is intended to authorize the Interconnection Customer to receive interconnection, related facilities or other services on an Affected System, and provision of such services must be handled through separate arrangements with Affected Party(ies).

3.6 Withdrawal.

The Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to System Operator, which System Operator will transmit to Interconnecting Transmission Owner and any Affected Parties. In addition, if the Interconnection Customer fails to adhere to all requirements of this LGIP, except as provided in Section 13.5 (Disputes), the System Operator shall deem the Interconnection Request to be withdrawn and shall provide written notice to the Interconnection Customer of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, if the Interconnection Customer wishes to dispute the withdrawal notice, the Interconnection Customer shall have fifteen (15) Business Days, unless otherwise provided elsewhere in this LGIP, in which to either respond with information or actions that cure the deficiency or to notify the System Operator of its intent to pursue Dispute Resolution, and System Operator shall notify Interconnecting Transmission Owner and any Affected Parties of the same.

Withdrawal shall result in the loss of the Interconnection Customer's Queue Position. If an Interconnection Customer disputes the withdrawal and loss of its Queue Position, then during Dispute Resolution, the System Operator may eliminate the Interconnection Customer's Interconnection Request from the queue until such time that the outcome of Dispute Resolution would restore its Queue Position. An Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to System Operator, Interconnecting Transmission Owner, and any Affected Parties all costs prudently incurred with respect to that Interconnection Request prior to System Operator's receipt of notice described above. The Interconnection Customer must pay all monies due before it is allowed to obtain any Interconnection Study data or results.

The System Operator shall update the OASIS Queue Position posting. Except as otherwise provided elsewhere in this LGIP, the System Operator and the Interconnecting Transmission Owner shall arrange to refund to the Interconnection Customer any portion of the Interconnection Customer's deposit or study payments that exceeds the costs incurred, including interest calculated in accordance with section 35.19a(a)(2) of the Commission's regulations, or arrange to charge to the Interconnection Customer any amount of such costs incurred that exceed the Interconnection Customer's deposit or study payments, including interest calculated in accordance with section 35.19a(a)(2) of the Commission's regulations. In the event of such withdrawal, System Operator, subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information, shall provide, at Interconnection Customer's request, all information developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

SECTION 4. QUEUE POSITION.

4.1 General.

System Operator shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the

lack of required information on the application form, and Interconnection Customer provides such information in accordance with Section 3.3.3, then System Operator shall assign Interconnection Customer a Queue Position based on the date the application form was originally filed. A Material Modification pursuant to Section 4.4.2 shall be treated in accordance with Section 4.4.

Except as otherwise provided in this Section 4.4.1, the Queue Position of each Interconnection Request will be used to determine: (i) the order of performing the Interconnection Studies; (ii) the order in which CNR Interconnection Requests will be included in the CNR Group Study; and (iii) the cost responsibility for the facilities and upgrades necessary to accommodate the Interconnection Request. A higher queued Interconnection Request is one that has been placed "earlier" in the queue in relation to another Interconnection Request that is lower queued.

Where a CNR Interconnection Request with a lower Queue Position submits a New Capacity Show of Interest Form for qualification to participate in a particular Forward Capacity Auction for a Capacity Commitment Period and another CNR Interconnection Request with a higher Queue Position does not submit a New Capacity Show of Interest Form for qualification until a subsequent Forward Capacity Auction, the CNR Interconnection Request with the lower Queue Position will be included in the CNR Group Study prior to the CNR Interconnection Request with the higher Queue Position. The CNR Group Study (to be conducted in accordance with Section III.13.1.1.2.3 of the Tariff) shall include all Interconnection Requests for Capacity Network Resource Interconnection Service that have submitted a New Capacity Show of Interest Form during the New Capacity Show of Interest Submission Window for the purpose of qualification for participation in the same Forward Capacity Auction for a Capacity Commitment Period, in accordance with Section III.13.1.1.2 of the Tariff, as well as Long Lead Facilities, in accordance with Section 3.2.3. Participation in a CNR Group Study shall be a prerequisite for a Generating Facility seeking to qualify as a New Generating Capacity Resource under Section III.13.1 of the Tariff to obtain CNR Interconnection Service.

An Interconnection Customer with a CNR Interconnection Request for a Generating Facility that is treated as a Conditional Qualified New Generating Capacity Resource, in accordance with Section III.13.1.1.2.3(f) of the Tariff, may be responsible for the facilities and upgrades associated with an overlapping CNR Interconnection Request having a higher Queue Position if the Conditional Qualified New Generating Capacity Resource obtains a Capacity Supply Obligation through a Forward Capacity Auction under Section III.13.2.5 of the Tariff.

An Interconnection Customer with a lower queued CNR Interconnection Request for a Large Generating Facility that has achieved Commercial Operation and obtained a Capacity Supply Obligation through a Forward Capacity Auction may be responsible for additional facilities and upgrades if the related higher queued CNR Interconnection Request for a Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation through a Forward Capacity Auction. In such circumstance,

Appendix A to the LGIA for the lower queued CNR Interconnection Request shall specify the facilities and upgrades for which the Interconnection Customer shall be responsible if the higher queued CNR Interconnection Request for a Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation. System Operator may allocate the cost of the common upgrades for clustered Interconnection Requests, pursuant to Section 4.2, without regard to Queue Position.

4.2 Clustering.

At the System Operator's option, Interconnection Requests may be studied serially or in clusters for the purpose of the Interconnection System Impact Study.

Clustering shall be implemented on the basis of Queue Position. If the System Operator elects to study Interconnection Requests using Clustering, all Interconnection Requests received within a period not to exceed one hundred and eighty (180) Calendar Days, hereinafter referred to as the "Queue Cluster Window" shall be studied together. The deadline for completing all Interconnection System Impact Studies for which an Interconnection System Impact Study Agreement has been executed during a Queue Cluster Window shall be in accordance with Section 7.4, for all Interconnection Requests assigned to the same Queue Cluster Window. The Queue Cluster Window shall have a fixed time interval based on fixed annual opening and closing dates. Any changes to the established Queue Cluster Window interval and opening or closing dates shall be announced with a posting on System Operator's OASIS beginning at least one hundred and eighty (180) Calendar Days in advance of the change and continuing thereafter through the end date of the first Queue Cluster Window that is to be modified.

Clustering Interconnection System Impact Studies shall be conducted in such a manner to ensure the efficient implementation of the applicable regional transmission expansion plan in light of the New England Transmission System's capabilities at the time of each study. The System Operator may study an Interconnection Request separately to the extent warranted by Good Utility Practice based upon the electrical remoteness of the proposed Large Generating Facility.

4.3 Transferability of Queue Position.

An Interconnection Customer may transfer its Queue Position to another entity only if such entity acquires the specific Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change. The Interconnection Customer must notify the System Operator, in writing, of any transfers of Queue Position and must provide the System Operator with the transferee's contact information, and System Operator shall notify Interconnecting Transmission Owner and any Affected Parties of the same.

4.4 Modifications.

The Interconnection Customer shall submit to System Operator and Interconnecting Transmission Owner, in writing, modifications to any information provided in the Interconnection Request, including its attachments. The Interconnection Customer shall retain its Queue Position if the modifications are in accordance with Sections 4.4.1 or 4.4.4, or are determined not to be Material Modifications pursuant to Section 4.4.2. The System Operator will notify the Interconnecting Transmission Owner, and, when System Operator deems it appropriate in accordance with applicable codes of conduct and confidentiality requirements, it will notify any Affected Party of such modifications.

A request to: (1) increase the energy capability or capacity capability output of a Generating Facility above that specified in an Interconnection Request, an existing Interconnection Agreement (whether executed or filed in unexecuted form with the Commission), or as established pursuant to Section 5.2 of this LGIP shall require a new Interconnection Request for the incremental increase and such Interconnection Request will receive the lowest Queue Position available at that time for the purposes of cost allocation and study analysis; and (2) change from NR Interconnection Service to CNR Interconnection Service, at any time, shall require a new Interconnection Request for CNR Interconnection Service and such Interconnection Request will receive the lowest Queue Position available at that time for the purposes of cost allocation and study analysis. Notwithstanding the foregoing, in the circumstance in which the Interconnection Customer seeking New Generating Capacity Resource treatment for its Generating Facility (pursuant to Section III.13.1 of the Tariff) has offered into a Forward Capacity Auction the full megawatt amount for which the CNR Interconnection Service was requested in the original Interconnection Request (or as that amount has been modified in accordance with Section 4.4.1(a)), but the entire amount did not clear in that Auction, no new Interconnection Request will be required if the Interconnection Customer seeks to offer the uncleared amount in a subsequent Forward Capacity Auction for which the associated Capacity Commitment Period begins less than seven (7) years (or the years agreed to pursuant to Section 3.3.1 or Section 4.4.5) from the date of the original Interconnection Request.

During the course of the Interconnection Studies, either the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection, and the ability of the proposed change to accommodate the Interconnection Request. To the extent the identified changes are acceptable to the Parties, such acceptance not to be unreasonably withheld, System Operator and the Interconnecting Transmission Owner shall modify the Point of Interconnection and/or configuration in accordance with such changes and proceed with any re-studies necessary to do so in accordance with Section 6.4, Section 7.6 and Section 8.5 as applicable and Interconnection Customer shall retain its Queue Position.

4.4.1 Prior to the return of the executed Interconnection System Impact Study Agreement to System Operator, modifications permitted under this Section shall include specifically: (a) a decrease of up to 60 percent of electrical output (MW) of the proposed project; (b) modifying the technical parameters associated with the Large Generating Facility technology or the Large Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration.

4.4.2 Prior to making any modification other than those specifically permitted by Sections 4.4.1 and 4.4.4, Interconnection Customer may first request that the System Operator and Interconnecting Transmission Owner evaluate whether such modification is a Material Modification. In response to Interconnection Customer's request, the System Operator in consultation with the Interconnecting Transmission Owner, and in consultation with any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, shall evaluate, at the Interconnection Customer's cost, the proposed modifications prior to making them and the System Operator will inform the Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection, except those deemed acceptable under Sections 4.4.1, 6.1, 7.2 or so allowed elsewhere, shall constitute a Material Modification. The Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.

4.4.3 Upon receipt of Interconnection Customer's request for modification that does not constitute a Material Modification and therefore is permitted under this Section 4.4, the System Operator in consultation with the Interconnecting Transmission Owner and in consultation with any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, shall commence and perform any necessary additional studies as soon as practicable, but in no event shall the System Operator, Interconnecting Transmission Owner, or Affected Party commence such studies later than thirty (30) Calendar Days after receiving notice of Interconnection Customer's request. Any additional studies resulting from such modification shall be done at Interconnection Customer's cost.

4.4.4 Extensions of less than three (3) cumulative years in the Commercial Operation Date, In-Service Date or Initial Synchronization Date of the Large Generating Facility to which the Interconnection Request relates are not material and should be handled through construction sequencing, provided that the extension(s) do not exceed seven (7) years from the date the Interconnection Request was received by the System Operator.

4.4.5 Extensions of three (3) or more cumulative years in the Commercial Operation Date, In-Service Date or Initial Synchronization Date of the Large Generating Facility to which the Interconnection Request relates or any extension of a duration that results in the Initial Synchronization Date exceeding the date the Interconnection Request was received by the System Operator by seven (7) or more years is a

Material Modification unless the Interconnection Customer demonstrates to the System Operator due diligence, including At-Risk Expenditures, in pursuit of permitting, licensing and construction of the Large Generating Facility to meet the Commercial Operation Date, In-Service Date or Initial Synchronization Date provided in the Interconnection Request. Such demonstration shall be based on evidence to be provided by the Interconnection Customer of accomplishments in permitting, licensing, and construction in an effort to meet the Commercial Operation Date, In-Service Date or Initial Synchronization Date provided in this Interconnection Request. Such evidence may include filed documents, records of public hearings, governmental agency findings, documentation of actual construction progress or documentation acceptable to the System Operator showing At-Risk Expenditure made previously, including the previous four (4) months. If the evidence demonstrates that the Interconnection Customer did not undertake reasonable efforts to meet the Commercial Operation Date, In-Service Date or Initial Synchronization Date specified in the Interconnection Request, or demonstrates that reasonable efforts were not undertaken until four (4) months prior to the request for extension, the request for extension shall constitute a Material Modification. The Interconnection Customer may then withdraw the proposed Material Modification or proceed with a new Interconnection Request for such modification.

SECTION 5. PROCEDURES FOR TRANSITION.

5.1 Queue Position for Pending Requests.

5.1.1 Any Interconnection Customer assigned a Queue Position prior to February 1, 2009, shall retain that Queue Position subject to Section 4.4 of the LGIP.

5.1.1.1 If an Interconnection Study Agreement has not been executed prior to February 1, 2009, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with the version of this LGIP in effect on February 1, 2009 (or as revised thereafter).

5.1.1.2 If an Interconnection Study Agreement has been executed prior to February 1, 2009, such Interconnection Study shall be completed in accordance with the terms of such agreement

5.1.2 Transition Period. To the extent necessary, the System Operator, Interconnection Customers with an outstanding Interconnection Request (i.e., an Interconnection Request for which an LGIA has neither been executed nor submitted to the Commission for approval prior to February 1, 2009), Interconnecting Transmission Owner and any other Affected Parties, shall transition to proceeding under the version of the LGIP in effect as of February 1, 2009 (or as revised thereafter) within a reasonable period of time not

to exceed sixty (60) Calendar Days. The use of the term "outstanding Interconnection Request" herein shall mean any Interconnection Request, on February 1, 2009: (i) that has been submitted, together with the required deposit and attachments, but not yet accepted by the System Operator; (ii) where the related LGIA has not yet been submitted to the Commission for approval in executed or unexecuted form, (iii) where the relevant Interconnection Study Agreements have not yet been executed, or (iv) where any of the relevant Interconnection Studies are in process but not yet completed. Any Interconnection Customer with an outstanding request as of the effective date of this LGIP may request a reasonable extension of any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Interconnection Request. A reasonable extension, not to exceed sixty (60) Calendar Days, shall be granted by the System Operator to the extent consistent with the intent and process provided for under this LGIP.

5.1.3 One-Time Election for CNR Interconnection Service at Queue Position Assigned Prior to February 1, 2009.

An Interconnection Customer with an outstanding Interconnection Request will be eligible to make a one-time election to be considered for CNR Interconnection Service at the Queue Position assigned prior to February 1, 2009. The Interconnection Customer's one-time election must be made by the end of the New Generating Capacity Show of Interest Submission Window for the fourth Forward Capacity Auction. The Interconnection Customer's one-time election may also include a request for Long Lead Facility Treatment, which shall be subject to review pursuant to Section 3.2.3, and, if applicable, a request for a change of the Commercial Operation Date, in accordance with Sections 4.4.4 and 4.4.5. Interconnection Customers requesting CNR Interconnection Service will be required to comply with the requirements for CNR Interconnection Service set forth in Section 3.2.1. Interconnection Customers requesting CNR Interconnection Service that have not received a completed Interconnection System Impact Study may request a preliminary, non-binding, analysis of potential upgrades that may be necessary for the fourth Forward Capacity Auction – the prompt or near-term auction – pursuant to Sections 6.3 or 7.3, whichever is applicable.

5.2 Grandfathering.

5.2.1 An Interconnection Customer's Generating Facility that is interconnected pursuant to an Interconnection Agreement executed or submitted to the Commission for approval prior to February 1, 2009, will maintain its status as a Network Resource with Network Resource Interconnection Service eligible to participate in the New England Markets, in accordance with the requirements of Market Rule 1, Section III of the Tariff, up to the megawatt amount specified in the Interconnection Agreement, subject to the Interconnection Customer satisfying all requirements set forth in the Interconnection Agreement and this LGIP. If the Generating Facility does not meet the criteria set forth in Section 5.2.3 of this LGIP, the Interconnection Customer will be eligible to make a one-time election, pursuant to Section 5.1.3, for Capacity Network Resource treatment without submitting a new Interconnection

Request; however, the Interconnection Customer will be required to comply with the requirements for CNR Interconnection Service set forth in Section 3.2.1. Upon completion of the requirements to obtain CNR Interconnection Service, the Interconnection Customer's Interconnection Agreement shall be amended to conform to the LGIA in Appendix 6 of this LGIP.

5.2.2 An Interconnection Customer's Generating Facility governed by an Interconnection Agreement either executed or filed with the Commission in unexecuted form prior to August 1, 2008, shall maintain the Queue Position assigned as of August 1, 2008, and be eligible to participate in the New England Markets, in accordance with the requirements in Market Rule 1, Section III of the Tariff, as in effect as of August 1, 2008, so long as the Interconnection Customer complies with all of the requirements specified in the Interconnection Agreement, including achieving the milestones associated with At-Risk Expenditures, subject to Section 4.4 of this LGIP.

5.2.3 All resources that are treated as Existing Generating Capacity Resources in the fourth Forward Capacity Auction pursuant to Section III.13 of the Tariff shall receive treatment as a CNR and obtain CNR Interconnection Service, in accordance with this LGIP, up to the CNR Capability of the resource. The grandfathered CNR Capability for these resources shall be equal to the megawatt amount established pursuant to the following hierarchy:

(a) First, the megawatt amount specified in an Interconnection Agreement (whether executed or filed in unexecuted form with the Commission).

(b) Second, in the absence of an Interconnection Agreement with a specified megawatt amount, the megawatt amount specified in an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision).

(c) Third, in the absence of an Interconnection Agreement and an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) with a specified megawatt amount, as determined by the System Operator based on documented historic capability of the Generating Facility.

Where a resource has both an Interconnection Agreement and an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision), the lower megawatt amount will govern until the resource completes the applicable process(es) under the Tariff for obtaining the higher megawatt amount. The absence of an Interconnection Agreement or an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) specifying a megawatt amount shall be confirmed by an affidavit executed by a corporate officer of the resource attesting that the resource does not have an Interconnection Agreement and/or an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) that specifies a megawatt amount.

Where the governing document (as determined by the hierarchy set forth in Section 5.2.3) specifies a megawatt amount at an ambient temperature consistent with the definition of CNR Capability, the grandfathered CNR Capability shall be equal to that amount.

Where the governing document (as determined by the hierarchy set forth in Section 5.2.3) does not specify an ambient temperature, the megawatt amount will be deemed to be at the value consistent with the definition of CNR Capability.

Where the implementation of this Section 5.2.3 results in a CNR Capability that is different than previously had been identified, the revised CNR Capability will be applied commencing with the next Forward Capacity Auction qualification process (after the revised CNR Capability value is identified), which is initiated by the closing deadline of the Show of Interest Submission Window in accordance with Section III.13 of the Tariff. The revised CNR Capability will continue to govern until the resource completes the applicable process(es) for obtaining the higher megawatt amount.

5.2.4 All resources that are treated as Existing Generating Capacity Resources in the fourth Forward Capacity Auction pursuant to Section III.13 of the Tariff shall receive treatment as a NR and obtain NR Interconnection Service, in accordance with this LGIP, up to the NR Capability of the resource. The grandfathered NR Capability shall be determined pursuant to the hierarchy set forth in Section 5.2.3.

Where the governing document (as determined by the hierarchy set forth in Section 5.2.3) of a resource for which a temperature-adjustment curve is used for the claimed capability verification, as set forth in the ISO New England Manuals, specifies a megawatt amount at an ambient temperature, the grandfathered NR Capability shall be equal to a temperature-adjusted value consistent with the definition of NR Capability.

Where the governing document (as determined by the hierarchy set forth in Section 5.2.3) does not specify an ambient temperature, the megawatt amount will be deemed to be at the value consistent with the definition of NR Capability.

5.3 New System Operator or Interconnecting Transmission Owner.

If the System Operator transfers operational control of the New England Transmission System to a successor System Operator during the period when an Interconnection Request is pending, the System Operator shall transfer to the successor System Operator any amount of the deposit or payment with

interest thereon that exceeds the cost that it incurred to evaluate the request for interconnection. Any difference between such net amount and the deposit or payment required by this LGIP shall be paid by or refunded to the Interconnection Customer, as appropriate. The System Operator shall coordinate with the successor System Operator to complete any Interconnection Study, as appropriate, that the System Operator has begun but has not completed.

If the Interconnecting Transmission Owner transfers ownership of its transmission facilities to a successor transmission owner during the period when an Interconnection Request is pending, and System Operator in conjunction with Interconnecting Transmission Owner has tendered a draft LGIA to the Interconnection Customer but the Interconnection Customer has not either executed the LGIA or requested the filing of an unexecuted LGIA with the Commission, unless otherwise provided, the Interconnection Customer must complete negotiations with the successor transmission owner.

SECTION 6. INTERCONNECTION FEASIBILITY STUDY.

6.1 Interconnection Feasibility Study Agreement.

The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study under this Section 6, or as part of the Interconnection System Impact Study under Section 7. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and the System Operator shall be responsible for generating only one final report, which will include the results of both Section 6 and Section 7.

Within five (5) Business Days following the System Operator's and Interconnecting Transmission Owner's receipt from the Interconnection Customer of its designation of the Point(s) of Interconnection and of the type of study to be performed pursuant to Section 3.3.4, System Operator shall tender to Interconnection Customer the Interconnection Feasibility Study Agreement, which includes a good faith estimate of the cost for completing the Interconnection Feasibility Study. The Interconnection Feasibility Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Interconnection Feasibility Study, including the cost of developing the study agreement and its attachment(s). No later than thirty (30) Calendar Days after its receipt of the Interconnection Feasibility Study Agreement, (a) the Interconnection Customer shall execute and deliver the agreement to System Operator and the Interconnecting Transmission Owner, (b) the Interconnection Customer shall also deliver the refundable deposit for the Interconnection Feasibility Study to the System Operator, and (c)

the technical data called for in Appendix 1, Attachment B. The deposit for the study shall be 100 percent of the estimated cost of the study. The deposit shall be applied toward the cost of the Interconnection Feasibility Study, including the cost of developing the study agreement and its attachment(s). Any difference between the study deposit and the actual cost of the Interconnection Feasibility Study shall be paid by or refunded to the Interconnection Customer, except as otherwise provided in Section 13.3. In accordance with Section 13.3, the System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of the Interconnection Feasibility Study that have been incurred by the System Operator and/or the Interconnecting Transmission Owner on the Interconnection Feasibility Study, including the development of the study agreement and its attachment(s). The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold any amounts on deposit until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

On or before the return of the executed Interconnection Feasibility Study Agreement to the System Operator and Interconnecting Transmission Owner, the Interconnection Customer shall provide the technical data called for in Appendix 1, Attachment B. If the Interconnection Customer does not provide all such technical data when it delivers the Interconnection Feasibility Study Agreement, the System Operator shall notify the Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection Feasibility Study Agreement and the Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such deficiency does not include failure to deliver the executed Interconnection Feasibility Study Agreement or deposit.

If the Interconnection Feasibility Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting, a substitute Point of Interconnection identified by the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, and acceptable to the Parties, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and re-studies shall be completed pursuant to Section 6.4 as applicable. For the purpose of this Section 6.1, if the Parties cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to Section 3.3.4, shall be the substitute.

6.2 Scope of Interconnection Feasibility Study.

The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the Administered Transmission System with available data and information. The Interconnection Feasibility Study does not require detailed model development.

The Interconnection Feasibility Study will consider the base case as well as all generating facilities (and with respect to (iii), any identified Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced: (i) are directly interconnected to the New England Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the New England Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with the Commission. An Interconnection Customer with a CNR Interconnection Request may also request that the Interconnection Feasibility Study include a preliminary, non-binding, analysis to identify potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff, based on a limited set of assumptions to be specified by the Interconnection Customer and reflected in Attachment A to the Interconnection Feasibility Study Agreement. The Interconnection Feasibility Study will consist of a power flow, including thermal analysis and voltage analysis, and short circuit analysis. The Interconnection Feasibility Study report will provide (i) a list of facilities, and a non-binding good faith estimate of cost responsibility; (ii) a non-binding good faith estimated time to construct; (iii) a protection assessment to determine the required Interconnection Facilities; and may provide (iv) an evaluation of the siting of Interconnection Facilities and Network Upgrades; and (v) identification of the likely permitting and siting process including easements and environmental work. To the extent the Interconnection Customer requested a preliminary analysis as described in this Section 6.2, the Interconnection Feasibility Study report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

6.3 Interconnection Feasibility Study Procedures.

The System Operator in coordination with Interconnecting Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Interconnection Feasibility Study no later than forty-five (45) Calendar Days after System Operator and Interconnecting Transmission Owner receive the fully executed Interconnection Feasibility Study Agreement, study deposit and required technical data in accordance with Section 6.1. At the request of the Interconnection Customer or at any time the System Operator or the Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Feasibility Study, the System Operator shall notify the Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If the System Operator is unable to complete the Interconnection Feasibility Study within that time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, the System Operator with input from the Interconnecting Transmission Owner shall provide all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow and short circuit databases for the Interconnection Feasibility Study to any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer. The

recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/disclosure requirements, such information may be provided directly to the Interconnection Customer.

6.3.1 Meeting with Parties.

Within ten (10) Business Days of providing an Interconnection Feasibility Study report to the Interconnection Customer, the System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Interconnection Feasibility Study.

6.4 Re-Study.

If re-study of the Interconnection Feasibility Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project subject to Section 4.4, (iii) a re-designation of the Point of Interconnection pursuant to Section 6.1, (iv) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (v) a modification to a transmission project included in the Base Case, the System Operator shall notify the Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take not longer than sixty (60) Calendar Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection Feasibility Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection Feasibility Study Agreement.

The Interconnection Customer shall have the option to waive the re-study and elect to have the re-study performed as part of its Interconnection System Impact Study. The Interconnection Customer shall provide written notice of the waiver and election of moving directly to the Interconnection System Impact Study within five (5) Business Days of receiving notice from the System Operator of the required re-study.

SECTION 7. INTERCONNECTION SYSTEM IMPACT STUDY.

7.1 Interconnection System Impact Study Agreement.

If the Interconnection Customer did not request that the Interconnection Feasibility Study be completed as a separate and distinct study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and the System Operator shall be responsible for generating only one final report, which will include the results of both Section 6 and Section 7.

Within five (5) Business Days following the Interconnection Feasibility Study results meeting, or subsequent to the Scoping Meeting within five (5) Business Days following the receipt of designation of the Point(s) of Interconnection and type of study to be performed pursuant to Section 3.3.4, if the Interconnection Customer did not request that the Interconnection Feasibility Study be completed as a separate and distinct study, the System Operator and Interconnecting Transmission Owner shall provide to Interconnection Customer the Interconnection System Impact Study Agreement, which includes a non-binding good faith estimate of the cost and timeframe for completing the Interconnection System Impact Study. The Interconnection System Impact Study Agreement shall provide that the Interconnection Customer shall compensate the System Operator and Interconnecting Transmission Owner for the actual cost of the Interconnection System Impact Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the LGIA.

7.2 Execution of Interconnection System Impact Study Agreement.

The Interconnection Customer shall execute the Interconnection System Impact Study Agreement and deliver the executed Interconnection System Impact Study Agreement to the System Operator no later than thirty (30) Calendar Days after its receipt along with a demonstration of Site Control and the technical data called for in Appendix 1, Attachment A, and the Interconnection Customer shall also deliver simultaneously a refundable deposit. An Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. The deposit for the study shall be: (i) the greater of 100 percent of the estimated cost of the study or $250,000; or (ii) the lower of 100 percent of the estimated costs of the study or $50,000, if the Interconnection Customer can provide: (1) evidence of applications for all Major Permits, as defined in Section III.13.1.1.2.2.2(a) of the Tariff, required in support of the Interconnection Request or written certification that Major Permits are not required, or (2) evidence acceptable to the System Operator of At-Risk Expenditures (excluding Interconnection Study costs) totaling at least the amounts of money described in (i) above; or (iii) the lower of 100 percent of the estimated costs of the study or $50,000, if the Interconnection Request is for a modification to an existing Large Generating Facility that does not increase the energy capability or capacity capability of the Large Generating Facility.

The deposit shall be applied toward the cost of the Interconnection System Impact Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the LGIA. Any difference between the study deposit and the actual cost of the Interconnection System Impact Study shall be paid by or refunded to the Interconnection Customer, except as otherwise provided in Section 13.3. In accordance with Section 13.3, the System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of Interconnection System Impact Study that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the System Impact Study, including the study agreement and its attachment(s) and the LGIA. If the Interconnection Customer elects the deposit described in (ii) above, the System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection System Impact Study on each month. The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the amounts on deposit until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

On or before the return of the executed Interconnection System Impact Study Agreement to the System Operator and Interconnecting Transmission Owner, the Interconnection Customer shall provide the technical data called for in Appendix 1, Attachment A; provided that if a PSCAD model was determined to be needed at the Scoping Meeting, then the Interconnection Customer shall have ninety (90) Calendar Days from the execution of the System Impact Study Agreement to provide the PSCAD model.

If the Interconnection Customer does not provide all such technical data when it delivers the Interconnection System Impact Study Agreement, the System Operator shall notify the Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection System Impact Study Agreement and the Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such deficiency does not include failure to deliver the executed Interconnection System Impact Study Agreement or deposit.

If the Interconnection System Impact Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting or the Interconnection Feasibility Study, a substitute Point of Interconnection identified by the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, and acceptable to each Party, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and re-studies shall be completed pursuant to Section 7.6 as applicable. For the purpose of this Section 7.2, if the Parties cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement or Interconnection System Impact Study depending on whether Interconnection Customer requested that the Interconnection Feasibility Study be completed as a separate

and distinct study or as part of the Interconnection System Impact Study, as specified pursuant to Section 3.3.4, shall be the substitute.

7.3 Scope of Interconnection System Impact Study.

The Interconnection System Impact Study shall evaluate the impact of the proposed interconnection on the reliability and operation of the New England Transmission System. The Interconnection System Impact Study will consider the base case as well as all generating facilities (and with respect to (iii) below, any identified Network Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced: (i) are directly interconnected to the New England Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the New England Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with the Commission. An Interconnection Customer with a CNR Interconnection Request that elected to waive the Interconnection Feasibility Study may also request that the Interconnection System Impact Study include a preliminary, non-binding, analysis to identify potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff, based on a limited set of assumptions to be specified by the Interconnection Customer and reflected in Attachment A to the Interconnection System Impact Study Agreement.

The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, a power flow analysis, including thermal analysis and voltage analysis, a system protection analysis and any other analyses that are deemed necessary by the System Operator in consultation with the Interconnecting Transmission Owner. The Interconnection System Impact Study report will state the assumptions upon which it is based, state the results of the analyses, and provide the requirements or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study report will provide (i) a list of facilities that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility; (ii) a non-binding good faith estimated time to construct; (iii) a protection assessment to determine the required protection upgrades; and may provide (iv) an evaluation of the siting of the Interconnection Facilities and Network Upgrades; and (v) identification of the likely permitting and siting process including easements and environment work. To the extent the Interconnection Customer requested a preliminary analysis as described in this Section 7.3, the Interconnection System Impact Study report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

7.4 Interconnection System Impact Study Procedures.

The System Operator shall coordinate the Interconnection System Impact Study with the Interconnecting Transmission Owner, and with any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, that is affected by the Interconnection Request pursuant to Section 3.5 above. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Interconnection System Impact Study within ninety (90) Calendar Days after the receipt of the Interconnection System Impact Study Agreement, study deposit, demonstration of Site Control, if Site Control is required, and required technical data in accordance with Section 7.2. If System Operator or Interconnecting Transmission Owner uses Clustering, the System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to deliver a completed Interconnection System Impact Study within ninety (90) Calendar Days after the close of the Queue Cluster Window.

At the request of the Interconnection Customer or at any time the System Operator or Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection System Impact Study, the System Operator shall notify the Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If the System Operator and Interconnecting Transmission Owner are unable to complete the Interconnection System Impact Study within the time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, the System Operator and Interconnecting Transmission Owner shall provide all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases for the Interconnection System Impact Study to any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer. The recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/ disclosure requirements, such information may be provided directly to the Interconnection Customer.

7.5 Meeting with Parties.

Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer, the System Operator shall convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, to discuss the results of the Interconnection System Impact Study.

Within five (5) Business Days following the study results meeting, the Interconnection Customer shall provide to the System Operator written notice that it will either pursue the Interconnection Facilities Study or waive the Interconnection Facilities Study and elect an expedited interconnection. If the Interconnection Customer waives the Facilities Study, it shall commit to the following milestones in the LGIA: (i) Siting approval for the Generating Facility and Interconnection Facilities; (ii) Engineering of Interconnection Facilities approved by Interconnecting Transmission Owner; (iii) Ordering of long lead time material for Interconnection Facilities and system upgrades; (iv) Initial Synchronization Date; and (v) Commercial Operation Date.

Within thirty (30) Calendar Days of the Interconnection Customer receiving the Interconnection System Impact Study report, the Interconnection Customer shall provide written comments on the report or written notice that it has no comments on the report. The System Operator shall issue a final Interconnection System Impact Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving the Interconnection Customer's notice that it will not provide comments.

7.6 Re-Study.

If re-study of the Interconnection System Impact Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project subject to Section 4.4, (iii) re-designation of the Point of Interconnection pursuant to Section 7.2, (iv) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (v) a modification to a transmission project included in the Base Case, the System Operator shall notify the Interconnection Customer and Interconnecting Transmission Owner in writing.

Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take no longer than sixty (60) Calendar Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection System Impact Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection System Impact Study Agreement.

7.7 Operational Readiness.

The System Operator shall, as close to the Interconnection Customer's actual Synchronization Date as reasonably possible, ensure that current stability analyses, power flow analyses, and any other analyses deemed necessary by the System Operator, are performed or reviewed, as deemed appropriate by the System Operator, and to develop or update procedures to address the operation of the New England Transmission System with the addition of the Interconnection Customer's Generating Facility. The

operational analysis will also include tests of system performance with selected facilities out of service. Such studies shall be performed at the expense of the Interconnection Customer.

The System Operator is not obligated to perform the operational analyses described in this Section 7.7 if, in the exercise of reasonable discretion, the System Operator in consultation with Interconnecting Transmission Owner determines that interconnection of the Interconnection Customer's Generating Facility to the Administered Transmission System is remote and speculative.

SECTION 8. INTERCONNECTION FACILITIES STUDY.

8.1 Interconnection Facilities Study Agreement.

The Interconnection Customer may waive the Interconnection Facilities Study and instead elect expedited interconnection, which means that the Interconnection Customer may enter into E&P Agreements under Section 9 if it had not already done so, and shall enter into an LGIA in accordance with the requirements specified in Section 11.

If the Interconnection Customer waives the Interconnection Facilities Study, the Interconnection Customer, subject to the specific terms of the E&P Agreements, assumes all risks and shall pay all costs associated with equipment, engineering, procurement and construction work covered by the Interconnection Facilities Study as described in Section 8.2 below.

The System Operator shall provide to the Interconnection Customer an Interconnection Facilities Study Agreement in the form of Appendix 4 to this LGIP simultaneously with the delivery of the Interconnection System Impact Study to the Interconnection Customer.

The Interconnection Facilities Study Agreement shall provide that the Interconnection Customer shall compensate the System Operator and Interconnecting Transmission Owner for the actual cost of the Interconnection Facilities Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the LGIA. Within three (3) Business Days following the Interconnection System Impact Study results meeting, the System Operator and Interconnecting Transmission Owner shall provide to Interconnection Customer a non-binding good faith estimate of the cost for completing the Interconnection Facilities Study in accordance with requirements specified in Section 8.3. The Interconnection Customer shall execute the Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement to the System Operator within thirty (30) Calendar Days after its receipt, together with the required technical data and the refundable deposit

for the Interconnection Facilities Study. In accordance with Section 8.3, the Interconnection Customer shall specify in Attachment A to the Interconnection Facilities Study Agreement whether it wants no more than a +/- 20 percent or a +/- 10 percent good faith cost estimate contained in the report. The deposit for the study shall be either: (i) the greater of twenty-five percent of the estimated cost of the study or $250,000; or (ii) the greater of 100 percent of one month's estimated study cost or $100,000, if the Interconnection Customer can provide: (1) evidence of applications for all Major Permits, as defined in Section III.13.1.1.2.2.2 of the Tariff, required in support of the Interconnection Request, or provide certification that Major Permits are not required or (2) evidence acceptable to the System Operator of At-Risk Expenditures (excluding Interconnection Study costs) totaling at least the amounts of money in (i) above, not including the same At-Risk Expenditures demonstrated with the Interconnection System Impact Study Agreement, if applicable; or (iii) the greater of 100 percent of one month's estimated study cost or $100,000, if the Interconnection Request is for a modification to an existing Large Generating Facility that does not increase the energy capability or capacity capability of the Large Generating Facility.

Any difference between the study deposit and the actual cost of the Interconnection Facilities Study shall be paid by or refunded to the Interconnection Customer, except as otherwise provided in Section 13.3. In accordance with Section 13.3, the System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the cost of the Interconnection Facilities Studies that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the Interconnection Facilities Study, the study agreement and its attachment(s) and the LGIA. The System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month. The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the amounts on deposit until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

8.2 Scope of Interconnection Facilities Study.

The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Facility to the Administered Transmission System. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities. The scope and cost of the Interconnection Facilities Study shall include completion of any engineering work limited to what is reasonably required to (i) estimate such aforementioned cost to the accuracy specified by the Interconnection Customer pursuant to Section

8.3, (ii) identify, configurations of required facilities and (iii) identify time requirements for construction and installation of required facilities.

8.3 Interconnection Facilities Study Procedures.

The System Operator shall coordinate the Interconnection Facilities Study with Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, pursuant to Section 3.5 above. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the study and the System Operator shall issue a draft Interconnection Facilities Study report to the Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, within the following number of days after receipt of an executed Interconnection Facilities Study Agreement: ninety (90) Calendar Days, with no more than a +/- 20 percent good faith cost estimate contained in the report; or one hundred eighty (180) Calendar Days, if the Interconnection Customer requests a +/- 10 percent good faith cost estimate. Such cost estimates either individually or in the aggregate will be provided in the final study report.

At the request of the Interconnection Customer or at any time the System Operator or Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Facilities Study, System Operator shall notify the Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, as to the schedule status of the Interconnection Facilities Study. If the System Operator is unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, the System Operator shall notify the Interconnection Customer, Interconnecting Transmission Owner and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, and provide an estimated completion date and an explanation of the reasons why additional time is required.

The Interconnection Customer and appropriate Affected Parties may, within thirty (30) Calendar Days after receipt of the draft report, provide written comments to the System Operator and Interconnecting Transmission Owner, which the System Operator shall include in the final report. The System Operator shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving Interconnection Customer's statement that it will not provide comments. The System Operator may reasonably extend such fifteen-day period upon notice to the Interconnection Customer if the Interconnection Customer's comments require the System Operator or Interconnecting Transmission Owner to perform additional analyses or

make other significant modifications prior to the issuance of the final Interconnection Facilities Report. Upon request, the System Operator and Interconnecting Transmission Owner shall provide the Interconnection Customer and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, or any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer supporting documentation, with workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study. The recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/ disclosure requirements, such information may be provided directly to the Interconnection Customer.

8.4 Meeting with Parties.

Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, the System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Interconnection Facilities Study.

8.5 Re-Study.

If re-study of the Interconnection Facilities Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project subject to Section 4.4, (iii) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (iv) a modification to a transmission project included in the Base Case, the System Operator shall so notify The Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take no longer than sixty (60) Calendar Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection Facilities Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection Facilities Study Agreement.

SECTION 9. ENGINEERING & PROCUREMENT ("E&P") AGREEMENT.

Prior to executing an LGIA, an Interconnection Customer may request, in order to advance the implementation of its interconnection, and the Interconnecting Transmission Owner and any Affected

Party shall offer the Interconnection Customer, an E&P Agreement that authorizes the Interconnecting Transmission Owner and any Affected Party to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection. However, the Interconnecting Transmission Owner or any Affected Party shall not be obligated to offer an E&P Agreement if the Interconnection Customer is in Dispute Resolution as a result of an allegation that the Interconnection Customer has failed to meet any milestones or comply with any prerequisites specified in other parts of the LGIP. The E&P Agreement is an optional procedure and it will not alter the Interconnection Customer's Queue Position or Initial Synchronization Date. The E&P Agreement shall provide for the Interconnection Customer to pay the cost of all activities authorized by the Interconnection Customer, including a deposit of 100 percent of the estimated engineering and study costs, and to make advance payments or provide other satisfactory security for such costs.

The Interconnection Customer shall pay the cost of such authorized activities and any cancellation costs for equipment that is already ordered for its interconnection, which cannot be mitigated as hereafter described, whether or not such items or equipment later become unnecessary. If the Interconnection Customer withdraws its application for interconnection or an E&P Agreement is terminated by any Party, to the extent the equipment ordered can be canceled under reasonable terms, the Interconnection Customer shall be obligated to pay the associated cancellation costs. To the extent that the equipment cannot be reasonably canceled, the Interconnecting Transmission Owner or the Affected Party that is a party to an E&P Agreement may elect: (i) to take title to the equipment, in which event the Interconnecting Transmission Owner or relevant Affected Party shall refund the Interconnection Customer any amounts paid by the Interconnection Customer for such equipment and shall pay the cost of delivery of such equipment, or (ii) to transfer title to and deliver such equipment to the Interconnection Customer, in which event the Interconnection Customer shall pay any unpaid balance and cost of delivery of such equipment.

SECTION 10. OPTIONAL INTERCONNECTION STUDY.

10.1 Optional Interconnection Study Agreement.

On or after the date when the Interconnection Customer receives Interconnection System Impact Study report and no later than five (5) Business Days after the study results meeting to review the report, the Interconnection Customer may request in writing, and the System Operator in coordination with the Interconnecting Transmission Owner shall perform, an Optional Interconnection Study. The request shall describe the assumptions that the Interconnection Customer wishes the System Operator to study within the scope described in Section 10.2. Within five (5) Business Days after receipt of a request for an Optional Interconnection Study, the System Operator shall provide to the Interconnecting Transmission Owner and the Interconnection Customer an Optional Interconnection Study Agreement in the form of Appendix 5.

The Optional Interconnection Study Agreement shall: (i) specify the technical data that the Interconnection Customer must provide for each phase of the Optional Interconnection Study, (ii) specify the Interconnection Customer's assumptions as to which Interconnection Requests with earlier queue priority dates will be excluded from the Optional Interconnection Study case, and (iii) specify the System Operator's and Interconnecting Transmission Owner's estimate of the cost of the Optional Interconnection Study. To the extent known by the System Operator, such estimate shall include any costs expected to be incurred by any Affected System whose participation is necessary to complete the Optional Interconnection Study. The Optional Interconnection Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Optional Interconnection Study, including the cost of developing the study agreement and its attachment(s). Notwithstanding the above, the System Operator and Interconnecting Transmission Owner shall not be required as a result of an Optional Interconnection Study request to conduct any additional Interconnection Studies with respect to any other Interconnection Request.

The Interconnection Customer shall execute the Optional Interconnection Study Agreement within ten (10) Business Days of receipt and deliver the Optional Interconnection Study Agreement, the required technical data and the refundable deposit for the Optional Interconnection Study to the System Operator. The deposit for the study shall be 100 percent of the estimated cost of the study. Any difference between the study deposit and the actual cost of the Optional Interconnection Study shall be paid by or refunded to the Interconnection Customer, except as otherwise provided in Section 13.3. In accordance with Section 13.3, the System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of the Optional Interconnection Study that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the Optional Interconnection Study and the study agreement and its attachments(s). The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the amounts on deposits until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

10.2 Scope of Optional Interconnection Study.

The Optional Interconnection Study will consist of a sensitivity analysis based on the assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement. The Optional Interconnection Study will also identify the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or Interconnection Service based upon the results of the Optional Interconnection Study. The System Operator shall use Reasonable Efforts to coordinate the study with any Affected Systems that may be affected by the types of Interconnection Services that are being studied. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable in conducting the Optional Interconnection Study.

The Optional Interconnection Study will consist of a short circuit analysis, a stability analysis, a power flow analysis, including thermal analysis and voltage analysis, a system protection analysis, and any other analyses that are deemed necessary by the System Operator in consultation with the Interconnecting Transmission Owner.

10.3 Optional Interconnection Study Procedures.

The executed Optional Interconnection Study Agreement, the prepayment, and technical and other data called for therein must be provided to the System Operator and Interconnecting Transmission Owner within ten (10) Business Days of the Interconnection Customer receipt of the Optional Interconnection Study Agreement. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Optional Interconnection Study within a mutually agreed-upon time period specified within the Optional Interconnection Study Agreement. If the System Operator and Interconnecting Transmission Owner are unable to complete the Optional Interconnection Study within such time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required. Upon request, the System Operator and Interconnecting Transmission Owner shall provide the Interconnection Customer supporting documentation and workpapers and databases or data developed in the preparation of the Optional Interconnection Study to any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer. The recipient(s) of such information shall be subject to the confidentiality provisions of Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/disclosure requirements, such information may be provided directly to the Interconnection Customer.

10.4 Meeting with Parties.

Within ten (10) Business Days of providing an Optional Interconnection Study report to Interconnection Customer, System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Optional Interconnection Study.

10.5 Interconnection Agreement Developed Based on Optional Interconnection Study.

If the LGIA for a Large Generating Facility is based on the results of an Optional Interconnection Study, the LGIA shall reflect the conditions studied and any obligations that may involve: (i) additional studies if such conditions change, (ii) operational limits, or (iii) financial support for transmission upgrades.

SECTION 11. STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT (LGIA).

11.1 Tender.

Interconnection Customer shall tender comments or provide notice, in writing, to the System Operator and Interconnecting Transmission Owner that the Interconnection Customer has no comments on the draft Interconnection Facilities Study report or on the draft Interconnection System Impact Study report if the Interconnection Customer waived the Interconnection Facilities Study, within thirty (30) Calendar Days of receipt of the report. Except as provided in the E&P Agreement or any mutual agreement by the entities that would be Parties to the LGIA, the System Operator shall initiate the development of the LGIA process within fifteen (15) Calendar Days after the comments are submitted or waived, by tendering to the Interconnection Customer a draft LGIA, together with draft appendices completed by the System Operator, in conjunction with the Interconnecting Transmission Owner to the extent practicable. The draft LGIA shall be in the form of the System Operator's Commission-approved standard form LGIA which is in Appendix 6 to Schedule 22. The Interconnection Customer shall return the Interconnection Customer specific information required to complete the form of LGIA, including the appendices, in Appendix 6 of Schedule 22 that the Interconnection Customer is willing to execute within thirty (30) Calendar Days after receipt of the draft from the System Operator.

11.2 Negotiation.

Notwithstanding Section 11.1, at the request of the Interconnection Customer the System Operator and Interconnecting Transmission Owner shall begin negotiations with the Interconnection Customer concerning the appendices to the LGIA at any time after the Interconnection Facilities Study is complete or after the Interconnection System Impact Study is complete if the Interconnection Customer intends to waive the Interconnection Facilities Study. The System Operator, Interconnection Customer, and Interconnecting Transmission Owner shall negotiate concerning any disputed provisions of the appendices to the draft LGIA for not more than sixty (60) Calendar Days after tender by the System Operator of the draft LGIA pursuant to Section 11. If the Interconnection Customer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the draft LGIA pursuant to Section 11.1 and request submission of the unexecuted LGIA with the Commission or initiate Dispute Resolution procedures pursuant to Section 13.5. If the Interconnection Customer requests termination of the negotiations, but within sixty (60) Calendar Days thereafter fails to request either the filing of the unexecuted LGIA or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if the Interconnection Customer has not executed the LGIA, requested filing of an unexecuted LGIA, or initiated Dispute Resolution procedures pursuant to Section 13.5 within sixty (60) Calendar Days of tender of by the System Operator of the draft LGIA pursuant to Section 11.1, it shall be deemed to have withdrawn its Interconnection Request. The System Operator and Interconnecting Transmission Owner shall provide to the Interconnection Customer a final LGIA within fifteen (15) Business Days after the mutually agreed completion of the negotiation process.

11.3 Evidence to be Provided by Interconnection Customer; Execution and Filing of LGIA.

11.3.1 Evidence to be Provided by Interconnection Customer.

11.3.1.1 Site Control. Within fifteen (15) Business Days after receipt of the final LGIA, the Interconnection Customer shall provide (A) to the System Operator, reasonable evidence of continued Site Control, or (B) to the Interconnecting Transmission Owner, posting of $250,000, non-refundable additional security, which shall be applied toward future construction costs. Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property.

11.3.1.2 Development Milestones. Within fifteen (15) Business Days after receipt of the final LGIA, the Interconnection Customer also shall provide to the System Operator reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, to be elected by the Interconnection Customer, has been achieved: (i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility; (ii) the execution of a contract for the supply of cooling water to the Large Generating Facility; (iii) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Large Generating Facility; (iv) execution of a contract for the sale of electric energy or capacity from the Large Generating Facility; (v) application for an air, water, or land use permit.

At the same time, the Interconnection Customer shall commit to a schedule for the payment of upgrades identified in the Interconnection Studies or an E&P Agreement and either: (A) provide evidence of approvals for all Major Permits, as defined in Section III.13.1.1.2.2.2(a) of the Tariff, or (B) provide a refundable deposit to the Interconnecting Transmission Owner, at execution of the LGIA, of 20 percent of the total costs for the Interconnection Facilities and other upgrades identified in the Interconnection Studies or an E&P Agreement, unless the Interconnecting Transmission Owner's expenditure schedule for the Interconnection Facilities and other upgrades calls for an initial payment of greater than 20 percent of the total upgrade costs, in which case the scheduled initial payment must instead be made at time of LGIA execution. If the Interconnection Customer selects option (B) above, it shall also commit in the LGIA to the achievement of: (i) milestones for the completion of Major Permit approvals, and (ii) in the case of a CNR Interconnection Request, milestones to align the LGIA with the fulfillment of terms outlined in Section III.13 of the Tariff for participation in the Forward Capacity Market.

11.3.2 Execution and Filing of LGIA. Within fifteen (15) Business Days after receipt of the final LGIA, the Interconnection Customer shall either: (i) execute three (3) originals of the tendered LGIA and return one to the System Operator and one to the Interconnecting Transmission Owner; or (ii) request in writing that the System Operator and Interconnecting Transmission Owner jointly file with the Commission an LGIA in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either the executed originals of the tendered LGIA (if it does not conform with a Commission-approved standard form of interconnection agreement) or the request to file an unexecuted LGIA, the System Operator and Interconnecting Transmission Owner, in accordance with Section 11.3.3 or Section 11.3.4, as appropriate , shall jointly file the LGIA with the Commission, together with its explanation of any matters as to which the System Operator, Interconnection Customer or Interconnecting Transmission Owner disagree and support for the costs that the Interconnecting Transmission Owner proposes to charge to the Interconnection Customer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by the System Operator and Interconnecting Transmission Owner for the Interconnection Request. If the Parties agree to proceed with design, procurement, and construction of facilities and upgrades under the agreed-upon terms of the unexecuted LGIA, they may proceed pending Commission action.

With respect to the interconnection of an Interconnection Customer under Schedule 22, the LGIA shall be a three-party agreement among the Interconnecting Transmission Owner, the System Operator and the Interconnection Customer. If Interconnecting Transmission Owner, System Operator and Interconnection Customer agree to the terms and conditions of a specific LGIA, or any amendments to such an LGIA, then the System Operator and Interconnecting Transmission Owner shall jointly file the executed LGIA, or amendment thereto, with the Commission under Section 205 of the Federal Power Act. To the extent the Interconnecting Transmission Owner, System Operator and Interconnection Customer cannot agree to proposed variations from the standard form of LGIA in Appendix 6 or cannot otherwise agree to the terms and conditions of the LGIA for such Large Generating Unit, or any amendments to such an LGIA, then the System Operator and Interconnecting Transmission Owner shall jointly file an unexecuted LGIA, or amendment thereto, with the Commission under Section 205 of the Federal Power Act and shall identify the areas of disagreement in such filing, provided that, in the event of disagreement on terms and conditions of the LGIA related to the costs of upgrades to such Interconnecting Transmission Owner's transmission facilities, the anticipated schedule for the construction of such upgrades, any financial obligations of the Interconnecting Transmission Owner, and any provisions related to physical impacts of the interconnection on the Interconnecting Transmission Owner's transmission facilities or other assets, then the standard applicable under Section 205 of the Federal Power Act shall apply only to the Interconnecting Transmission Owner's position on such terms and conditions.

11.3.3 The Interconnecting Transmission Owner, acting on its own or jointly with the System Operator, may initiate a filing to amend this LGIP and the standard form of LGIA in Appendix 6 under Section 205 of the Federal Power Act and shall include in such filing the views of System Operator, provided that the standard applicable under Section 205 of the Federal Power Act shall apply only to the Interconnecting Transmission Owner's position on any financial obligations of the Interconnecting Transmission Owner

or the Interconnection Customer(s), and any provisions related to physical impacts of the interconnection on the Interconnecting Transmission Owner's transmission facilities or other assets.

11.4 Commencement of Interconnection Activities.

If the Interconnection Customer executes the final LGIA, the System Operator, Interconnection Customer and Interconnecting Transmission Owner shall perform their respective obligations in accordance with the terms of the LGIA, subject to modification by the Commission. Upon submission of an unexecuted LGIA, the System Operator, Interconnection Customer and Interconnecting Transmission Owner shall promptly comply with the unexecuted LGIA, subject to modification by the Commission.

SECTION 12. CONSTRUCTION OF INTERCONNECTING TRANSMISSION OWNER INTERCONNECTION FACILITIES AND NETWORK UPGRADES.

12.1 Schedule.

The Interconnection Customer, Interconnecting Transmission Owner and any other Affected Party shall negotiate in good faith concerning a schedule for the construction of the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades.

12.2 Construction Sequencing.

12.2.1 General. In general, the Initial Synchronization Date of an Interconnection Customer seeking interconnection to the Administered Transmission System will determine the sequence of construction of Network Upgrades.

12.2.2 Advance Construction of Network Upgrades that are an Obligation of an Entity other than the Interconnection Customer. An Interconnection Customer with an executed or unexecuted, but filed with the Commission, LGIA, in order to maintain its Initial Synchronization Date, may request that the Interconnecting Transmission Owner or appropriate Affected Party advance to the extent necessary the completion of Network Upgrades that: (i) were assumed in the Interconnection Studies for such Interconnection Customer, (ii) are necessary to support such Initial Synchronization Date, and (iii) would otherwise not be completed, pursuant to a contractual obligation of an entity other than the Interconnection Customer that is seeking interconnection to the Administered Transmission System, in time to support such Initial Synchronization Date. Upon such request, the Interconnecting Transmission Owner or appropriate Affected Party will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that the Interconnection Customer commits to

pay the Interconnecting Transmission Owner or appropriate Affected Party; (i) any associated expediting costs and (ii) the cost of such Network Upgrades.

The Interconnecting Transmission Owner or appropriate Affected Party will refund to the Interconnection Customer both the expediting costs and the cost of Network Upgrades, in accordance with Article 11.4 of the LGIA. Consequently, the entity with a contractual obligation to construct such Network Upgrades shall be obligated to pay only that portion of the costs of the Network Upgrades that the Interconnecting Transmission Owner or appropriate Affected Party has not refunded to the Interconnection Customer. Payment by that entity with a contractual obligation to construct such Network Upgrades shall be due on the date that it would have been due had there been no request for advance construction. The Interconnecting Transmission Owner or appropriate Affected Party shall forward to the Interconnection Customer the amount paid by the entity with a contractual obligation to construct the Network Upgrades as payment in full for the outstanding balance owed to the Interconnection Customer. The Interconnecting Transmission Owner or appropriate Affected Party then shall refund to that entity the amount that it paid for the Network Upgrades, in accordance with Article 11.4 of the LGIA.

12.2.3 Advancing Construction of Network Upgrades that are Part of the Regional System Plan of the System Operator. An Interconnection Customer with an LGIA, in order to maintain its Initial Synchronization Date, may request that Interconnecting Transmission Owner or appropriate Affected Party advance to the extent necessary the completion of Network Upgrades that: (i) are necessary to support such Initial Synchronization Date and (ii) would otherwise not be completed, pursuant to the Regional System Plan, in time to support such Initial Synchronization Date. Upon such request, the Interconnecting Transmission Owner or appropriate Affected Party will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that the Interconnection Customer commits to pay the Interconnecting Transmission Owner or appropriate Affected Party any associated expediting costs.

12.2.4 Amended Interconnection System Impact Study. An Interconnection System Impact Study will be amended to determine the facilities necessary to support the requested Initial Synchronization Date. This amended study will include those transmission and Large Generating Facilities that are expected to be in service on or before the requested Initial Synchronization Date. The LGIA will also be amended to reflect the results of the Amended Interconnection System Impact Study and any changes in obligations, including financial support, of the Parties.

SECTION 13. MISCELLANEOUS.

13.1 Confidentiality.

Confidential Information shall include, without limitation, all information treated as confidential under the ISO New England Information Policy, all information obtained from third parties under confidentiality agreements, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by any of the Parties to the others prior to the execution of an LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by any Party, the other Party(ies) shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

13.1.1 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of the LGIA; or (6) is required, in accordance with Section 13.1.6, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Parties that it no longer is confidential.

13.1.2 Release of Confidential Information. A Party shall not release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with these procedures, unless such person has first been advised of the confidentiality provisions of this Section 13.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Section 13.1.

13.1.3 Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party(ies). The disclosure by each Party to the other Party(ies) of Confidential Information shall not be deemed a waiver by any Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

13.1.4 No Warranties. By providing Confidential Information, a Party does not make any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, a Party does not obligate itself to provide any particular information or Confidential Information to the other Party(ies) nor to enter into any further agreements or proceed with any other relationship or joint venture.

13.1.5 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party(ies) under these procedures or its regulatory requirements.

13.1.6 Order of Disclosure. If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires a Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party(ies) with prompt notice of such request(s) or requirement(s) so that the other Party(ies) may seek an appropriate protective order or waive compliance with the terms of the LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

13.1.7 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's(ies') Breach of its obligations under this Section 13.1. Each Party accordingly agrees that the other Party(ies) shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Section 13.1, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Section 13.1, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Section 13.1.

13.1.8 Disclosure to the Commission, its Staff, or a State. Notwithstanding anything in this Section 13.1 to the contrary, and pursuant to 18 CFR section 1b.20, if the Commission or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to the LGIP, the Party shall provide the requested information to the Commission or its staff, within the time provided for in the request for information. In providing the information to the Commission or its staff, the Party must, consistent with 18 CFR. section 388.112, request that the information be treated as confidential and non-public by the Commission and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party(ies) prior to the release of the Confidential Information to the Commission or its staff. The Party shall notify the other Party(ies) to the LGIA when its is notified by the Commission or its staff that a request to release Confidential Information has been received by the Commission, at which time any of the Parties may respond before such information would be made public, pursuant to 18 CFR section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner, consistent with applicable state rules, regulations and Section 13.1.

13.1.9 Subject to the exception in Section 13.1.8, any information that a Party claims is competitively sensitive, commercial or financial information ("Confidential Information") shall not be disclosed by the other Party(ies) to any person not employed or retained by the other Party(ies), except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party(ies), such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIP or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a subregional, regional or national reliability organization or planning group. The Party asserting confidentiality shall notify the other Party(ies) in writing of the information it claims is confidential. Prior to any disclosures of the other Party's(ies') Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party(ies) in writing and agrees to assert confidentiality and cooperate with the other Party(ies) in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

13.1.10 This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a Breach of this provision).

13.1.11 The System Operator and Interconnecting Transmission Owner shall, at Interconnection Customer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time when Confidential Information is no longer needed.

13.2 Delegation of Responsibility.

The System Operator and Interconnecting Transmission Owner, or any Affected Party may use the services of subcontractors as it deems appropriate to perform its obligations under this LGIP. The Party using the services of a subcontractor shall remain primarily liable to the Interconnection Customer for the performance of such subcontractors and compliance with its obligations of this LGIP. The subcontractor shall keep all information provided confidential and shall use such information solely for the performance of such obligation for which it was provided and no other purpose.

13.3 Obligation for Study Costs.

The System Operator and the Interconnecting Transmission Owner shall charge, and the Interconnection Customer shall pay, the actual costs of the Interconnection Studies. Any difference between the study deposit and the actual cost of the applicable Interconnection Study shall be paid by or refunded, except as otherwise provided herein, to the Interconnection Customer or offset against the cost of any future Interconnection Studies associated with the applicable Interconnection Request prior to beginning of any such future Interconnection Studies. Any invoices for Interconnection Studies shall include a detailed and itemized accounting of the cost of each Interconnection Study. The Interconnection Customer shall pay any such undisputed costs within thirty (30) Calendar Days of receipt of an invoice therefore. The System Operator and Interconnecting Transmission Owner shall not be obligated to perform or continue to perform any studies unless the Interconnection Customer has paid all undisputed amounts in compliance herewith.

13.4 Third Parties Conducting Studies.

If (i) at the time of the signing of an Interconnection Study Agreement there is disagreement as to the estimated time to complete an Interconnection Study, (ii) the Interconnection Customer receives notice pursuant to Sections 6.3, 7.4 or 8.3 that the System Operator or Interconnecting Transmission Owner will not complete an Interconnection Study within the applicable timeframe for such Interconnection Study, or (iii) the Interconnection Customer receives neither the Interconnection Study nor a notice under Sections 6.3, 7.4 or 8.3 within the applicable timeframe for such Interconnection Study, then the Interconnection Customer may request, which request will not be unreasonably denied, that the System Operator and Interconnecting Transmission Owner utilize a third party consultant reasonably acceptable to the System Operator, Interconnection Customer, Interconnecting Transmission Owner and any appropriate Affected Party, to perform such Interconnection Study under the direction of the System Operator or Interconnecting Transmission Owner as applicable. At other times, System Operator or Interconnecting Transmission Owner may also utilize a third party consultant to perform such Interconnection Study, either in response to a general request of the Interconnection Customer, or on its own volition.

In all cases, use of a third party consultant shall be in accord with Article 26 of the LGIA (Subcontractors) and limited to situations where the System Operator or Interconnecting Transmission Owner determines

that doing so will help maintain or accelerate the study process for the Interconnection Customer's pending Interconnection Request and not interfere with the System Operator and Interconnecting Transmission Owner's progress on Interconnection Studies for other pending Interconnection Requests. In cases where the Interconnection Customer requests use of a third party consultant to perform such Interconnection Study, the Interconnection Customer, System Operator and Interconnecting Transmission Owner shall negotiate all of the pertinent terms and conditions, including reimbursement arrangements and the estimated study completion date and study review deadline. The System Operator and Interconnecting Transmission Owner shall convey all workpapers, data bases, study results and all other supporting documentation prepared to date with respect to the Interconnection Request as soon as soon as practicable upon the Interconnection Customer's request subject to the confidentiality provision in Section 13.1 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. In any case, such third party contract may be entered into with the System Operator, Interconnection Customer, or Interconnecting Transmission Owner at the System Operator and Interconnecting Transmission Owner's discretion. In the case of (iii) the Interconnection Customer maintains its right to submit a claim to Dispute Resolution to recover the costs of such third party study. Such third party consultant shall be required to comply with this LGIP, Article 26 of the LGIA (Subcontractors), and the relevant Tariff procedures and protocols as would apply if the System Operator and Interconnecting Transmission Owner were to conduct the Interconnection Study and shall use the information provided to it solely for purposes of performing such services and for no other purposes.

The System Operator and Interconnecting Transmission Owner shall cooperate with such third party consultant and Interconnection Customer to complete and issue the Interconnection Study in the shortest reasonable time.

13.5 Disputes.

13.5.1 Submission. In the event a Party has a dispute, or asserts a claim, that arises out of or in connection with the LGIA, the LGIP, or their performance, such Party (the "Disputing Party") shall provide the other Party(ies) with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party(ies). In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's(ies') receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, after thirty (30) Calendar Days, then (i) in the case of disputes arising out of or in conjunction with the LGIA, the System Operator and Interconnecting Transmission Owner shall jointly file an unexecuted LGIA, or amendment thereto, with the Commission in accordance with Section 11.3.4, or (ii) in the case of disputes arising out of or in connection with any

other matter regarding the administration of the LGIP, the System Operator may terminate the Interconnection Request and the Interconnection Customer may seek relief pursuant to Section 206 of the Federal Power Act. Each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this Schedule 22.

13.5.2 External Arbitration Procedures. Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The arbitrator so chosen by the System Operator shall chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable Commission regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Section 13, the terms of this Section 13 shall prevail.

13.5.3 Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons for such decision. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the LGIA and LGIP and shall have no power to modify or change any provision of the LGIA and LGIP in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

13.5.4 Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three-member panel and one-third of any associated arbitration costs; or (2) one-third the cost of the single arbitrator jointly chosen by the Parties and one-third of any associated arbitration costs.

13.6 Local Furnishing Bonds.

13.6.1 Facilities Financed by Local Furnishing Bonds. This provision is applicable only to interconnections associated with facilities financed for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of this LGIA and LGIP, the Interconnecting Transmission Owner shall not be required to provide Interconnection Service to the Interconnection Customer pursuant to this LGIA and LGIP if the provision of such Interconnection Service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance the Interconnecting Transmission Owner's facilities that would be used in providing such Interconnection Service.

13.6.2 Alternative Procedures for Requesting Interconnection Service. If the Interconnecting Transmission Owner determines that the provision of Interconnection Service requested by the Interconnection Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such Interconnection Service, it shall advise the Interconnection Customer within thirty (30) Calendar Days of receiving notice of the Interconnection Request. The Interconnection Customer thereafter may renew its Interconnection Request using the process specified in the Tariff.

APPENDICES TO LGIP

APPENDIX 1 INTERCONNECTION REQUEST

APPENDIX 2 INTERCONNECTION FEASIBILITY STUDY AGREEMENT

APPENDIX 3 INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT

APPENDIX 4 INTERCONNECTION FACILITIES STUDY AGREEMENT

APPENDIX 5 OPTIONAL INTERCONNECTION STUDY AGREEMENT

APPENDIX 6 LARGE GENERATOR INTERCONNECTION AGREEMENT

APPENDIX 1
INTERCONNECTION REQUEST

The undersigned Interconnection Customer submits this request to interconnect its Large Generating Facility to the Administered Transmission System under Schedule 22 - Large Generator Interconnection Procedures ("LGIP") of the ISO New England Inc. Open Access Transmission Tariff (the "Tariff"). Capitalized terms have the meanings specified in the Tariff.

PROJECT INFORMATION

Proposed Project Name: _____

1. This Interconnection Request is for (check one):

_____ **A proposed new Large Generating Facility**

_____ **An increase in the generating capacity or a modification that has the potential to be a Material Modification of an existing Generating Facility**

_____ **Commencement of participation in the wholesale markets by an existing Generating Facility**

_____ **A change from Network Resource Interconnection Service to Capacity Network Resource Interconnection Service**

2. The types of Interconnection Service requested:

_____ **Network Resource Interconnection Service (energy capability only)**

_____ **Capacity Network Resource Interconnection Service (energy capability and capacity capability)**

If Capacity Network Resource Interconnection Service, does Interconnection Customer request Long Lead Facility treatment? Check: ____Yes or ___ No

If yes, provide, together with this Interconnection Request, the Long Lead Facility deposit and other required information as specified in Section 3.2.3 of the LGIP, including (if the Large Generating Facility will be less than 100 MW) a justification for Long Lead Facility treatment.

3. This Interconnection Customer requests (check one, selection is not required as part of the initial Interconnection Request):

_____ A Feasibility Study to be completed as a separate and distinct study

_____ A System Impact Study with the Feasibility Study to be performed as the first step of the study

(The Interconnection Customer shall select either option and may revise any earlier selection up to within five (5) Business Days following the Scoping Meeting.)

4. The Interconnection Customer shall provide the following information:

Address or Location of the Facility (including Town/City, County and State):

_____

_____

_____

Approximate location of the proposed Point of Interconnection (information is not required as part of the initial Interconnection Request):

_____

Type of Generating Facility to be Constructed:_____

Generating Facility Fuel Type:

_____

Generating Facility Capacity (MW):

	Maximum Net MW Electrical Output	**Maximum Gross MW Electrical Output**
At or above 90 degrees F		
At or above 50 degrees F		
At or above 20 degrees F		
At or above 0 degrees F		

General description of the equipment configuration (# of units and GSUs):

_____

_____

Requested Commercial Operations Date:

_____

Requested Initial Synchronization Date:

_____

Requested In Service Date:

_____

Evidence of Site Control (check one):

_____ If for Capacity Network Resource Interconnection Service, Site Control is provided herewith, as required.

_____ If for Network Resource Interconnection Service: (Check one)

___ Is provided herewith

___ In lieu of evidence of Site Control, a $10,000 deposit is provided herewith (refundable within the cure period as described in Section 3.3.3 of the LGIP).

_____ Site Control is not provided because the proposed modification is to the Interconnection Customer's existing Large Generating Facility and, by checking this option, the Interconnection Customer certifies that it has Site Control and that the proposed modification does not require additional real property.

The technical data specified within the applicable attachment to this form (check one):

_____ Is included with the submittal of this Interconnection Request form

_____ Will be provided on or before the execution and return of the Feasibility Study Agreement (Attachment B) or the System Impact Study Agreement (Attachment A), as applicable

The ISO will post the Project Information on the ISO web site under "New Interconnections" and OASIS.

CUSTOMER INFORMATION

Company Name:_____

ISO Customer ID# (If available):_____

(Interconnection Customer)

Company Address: **PO Box No.:**
_____

Street Address:_____

City, State ZIP:_____

Company Representative: **Name:** _____

Title: _____

Company Representative's Company and Address (if different from above):

Company Name:_____

PO Box No.:_____

Street Address:_____

City, State ZIP:_____

Phone: _____ **FAX:** _____ **email:**_____

This Interconnection Request is submitted by:

Authorized Signature:_____

Name (type or print):_____

Title:_____

Date:_____

In order for an Interconnection Request to be considered a valid request, it must:

(a) Be accompanied by a deposit of $50,000.00, which may be refundable in accordance with Section 3.3.1 of the LGIP;

(b) For Capacity Network Resource Interconnection Service, include documentation demonstrating Site Control. If for Network Resource Interconnection Service, demonstrate Site Control or post an additional deposit of $10,000.00. If the Interconnection Customer with an Interconnection Request for Network Resource Interconnection Service demonstrates Site Control within the cure period specified in Section 3.3.1 of the LGIP, the additional deposit of $10,000.00 shall be refundable (An Interconnection Customer does not need to demonstrate Site Control for an Interconnection Request for a modification to its existing Large Generating Facility where the Interconnection Customer has certified that it has Site Control and that the proposed modification does not require additional real property);

(c) Include a detailed map (2 copies), such as a map of the quality produced by the U.S. Geological Survey, which clearly indicates the site of the new facility and pertinent surrounding structures; and

(d) Include all information required on the Interconnection Request form; and

(e) Include the deposit and all information required for Long Lead Facility treatment, if such treatment is requested in accordance with Section 3.2.3 of the LGIP.

Attachment A (page 1)
To Appendix 1
Interconnection Request
Technical Data Required For
Interconnection System Impact Study

The technical data required below must be submitted no later than the date of execution of the System Impact Study Agreement pursuant to Section 7.2 of the LGIP.

LARGE GENERATING FACILITY DATA

UNIT RATINGS

Kva	°F	Voltage
Power Factor		
Speed (RPM)		Connection (e.g. Wye) _____
Short Circuit Ratio		Frequency, Hertz _____
Stator Amperes at Rated Kva		Field Volts _____
Max Turbine MW	°F	

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 90 ^{o} OR ABOVE

Gross Unit Rating (MW)	Gross Lagging (MVAR)
Net Unit Rating (MW)	Gross Leading (MVAR)
Station Service (MW)	Station Service (MVAR)
Temperature (^{o}F)	

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 50^{o} OR ABOVE

Gross Unit Rating (MW)	Gross Lagging (MVAR)

Net Unit Rating (MW) Gross Leading (MVAR)

Station Service (MW) Station Service (MVAR)

Temperature (^{o}F)

Attachment A (page 2)

To Appendix 1

Interconnection Request

Technical Data Required For

Interconnection System Impact Study

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 20^{o} OR ABOVE

Gross Unit Rating (MW) Gross Lagging (MVAR)

Net Unit Rating (MW) Gross Leading (MVAR)

Station Service (MW) Station Service (MVAR)

Temperature (^{o} F)

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 0^{o} OR ABOVE

Gross Unit Rating (MW) Gross Lagging (MVAR)

Net Unit Rating (MW) Gross Leading (MVAR)

Station Service (MW) Station Service (MVAR)

Temperature (^{o}F)

COMBINED TURBINE-GENERATOR-EXCITER INERTIA DATA

Inertia Constant, H = kW sec/kVA

Moment-of-Inertia, WR2	=	lb. ft.2

REACTANCE DATA (PER UNIT-RATED KVA)

	DIRECT AXIS	**QUADRATURE AXIS**
Synchronous – saturated	Xdv	Xqv
Synchronous – unsaturated	Xdi	Xqi
Transient – saturated	X'dv	X'qv
Transient – unsaturated	X'di	X'qi
Subtransient – saturated	X"dv	X"qv
Subtransient – unsaturated	X"di	X"qi
Negative Sequence – saturated	X2v	
Negative Sequence – unsaturated	X2i	
Zero Sequence – saturated	X0v	
Zero Sequence – unsaturated	X0i	
Leakage Reactance	Xlm	

FIELD TIME CONSTANT DATA (SEC)

Open Circuit	T'qo	T'do
Three-Phase Short Circuit Transient	T'd3	T'q
Line to Line Short Circuit Transient	T'd2	
Line to Neutral Short Circuit Transient	T'd1	

Short Circuit Subtransient	T”d	T”q
Open Circuit Subtransient	T”do	T”qo

ARMATURE TIME CONSTANT DATA (SEC)

Three Phase Short Circuit	Ta3
Line to Line Short Circuit	Ta2
Line to Neutral Short Circuit	Ta1

NOTE: If requested information is not applicable, indicate by marking “N/A.”

MW CAPABILITY AND PLANT CONFIGURATION
LARGE GENERATING FACILITY DATA
ARMATURE WINDING RESISTANCE DATA (PER UNIT)

Positive	R1		
Negative	R2		
Zero	R0		
Rotor Short Time Thermal Capacity I^2t	=		
Field Current at Rated kVA, Armature Voltage and PF	=	amps	
Field Current at Rated kVA and Armature Voltage, 0 PF		amps	
Three Phase Armature Winding Capacitance	=	microfarad	
Field Winding Resistance	=	ohms	°C
Armature Winding Resistance (Per Phase)	=	ohms	°C

CURVES

Provide Saturation, Vee, Reactive Capability, Capacity Temperature Correction curves. Designate normal and emergency Hydrogen Pressure operating range for multiple curves.

GENERATOR STEP-UP TRANSFORMER DATA RATINGS

Capacity Self-cooled/Maximum Nameplate

/ Kva

Voltage Ratio Generator side/System side/Tertiary

/ kV

Winding Connections Generator side/System Side/Tertiary (Delta or Wye)

/

Fixed Taps Available

Present Tap Setting

IMPEDANCE

Positive	Z1 (on self-cooled kVA rating)	%	X/R
Zero	Z0 (on self-cooled kVA rating)	%	X/R

EXCITATION SYSTEM DATA

Identify appropriate IEEE model block diagram of excitation system and power system stabilizer ("PSS") for computer representation in power system stability simulations and the corresponding excitation system and PSS constants for use in the model.

GOVERNOR SYSTEM DATA

Identify appropriate IEEE model block diagram of governor system for computer representation in power system stability simulations and the corresponding governor system constants for use in the model.

WIND GENERATORS

Number of generators to be interconnected pursuant to
this Interconnection Request: _____
Elevation: _____ _____ Single Phase _____ Three Phase
Inverter manufacturer, model name, number, and version:

List of adjustable set points for the protective equipment or software:

For all generator types: A completed fully functioning, non-proprietary or non-confidential Siemens PTI's ("PSSE") power flow model or other compatible formats, such as IEEE and General Electric Company Power Systems Load Flow ("PSLF") data sheet , must be supplied with this Attachment A. If additional non-proprietary or non-confidential data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

A PSCAD model shall be provided pursuant to Section 7.2 of the LGIP if deemed required at the Scoping Meeting.

INDUCTION GENERATORS:

(*) Field Volts:
(*) Field Amperes:
(*) Motoring Power (kW):
(*) Neutral Grounding Resistor (If Applicable):
(*) I_2^2t or K (Heating Time Constant):
(*) Rotor Resistance:
(*) Stator Resistance:
(*) Stator Reactance:
(*) Rotor Reactance:
(*) Magnetizing Reactance:
(*) Short Circuit Reactance:
(*) Exciting Current:
(*) Temperature Rise:
(*) Frame Size:
(*) Design Letter:
(*) Reactive Power Required In Vars (No Load):
(*) Reactive Power Required In Vars (Full Load):
(*) Total Rotating Inertia, H: Per Unit on KVA Base

Note: Please consult System Operator prior to submitting the Interconnection Request to determine if the information designated by (*) is required.

Applicant Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Attachment A to the Interconnection Request is true and accurate.

For Interconnection Customer:_____Date:_____

Attachment B (page 1)
To Appendix 1
Interconnection Request
Technical Data Required For
Interconnection Feasibility Study

The technical data required below must be submitted no later than the date of execution of the Feasibility Study Agreement pursuant to Section 6.1 of the LGIP.

LARGE GENERATING FACILITY DATA
UNIT RATING

kVA	°F	Phase to Phase Voltage, kV
Rated Power Factor		
Speed (RPM)		Connection (e.g. Wye) _____
Short Circuit Ratio		Frequency, Hertz _____
Stator Amperes at Rated, kVA		Field Volts _____
Max Turbine MW	°F	

GREATEST UNIT RATING AT AMBIENT TEMPERATURE OF 50°F OR ABOVE

Gross Unit Rating (MW)	Gross Lagging (MVAR)
Net Unit Rating (MW)	Gross Leading (MVAR)
Station Service (MW)	Station Service (MVAR)
Temperature (°F)	

DATA (PER UNIT-RATED KVA AND RATED VOLTAGE)

Saturated Reactance

Direct axis positive sequence X''_{dv}

negative sequence X''_{2v} _____

zero sequence X''_{0v}

Resistance

Generator AC resistance R_a _____

negative sequence R_2 _____

zero sequence R_0 _____

Time Constant (seconds)

Three-phase short circuit armature time constant T_{a3} _____

CURVES

Provide Saturation, Vee, Reactive Capability, Capacity Temperature Correction curves. Designate normal and emergency Hydrogen Pressure operating range for multiple curves.

GENERATOR STEP-UP TRANSFORMER DATA RATINGS

Capacity Self-cooled/Maximum Nameplate

/ kVA

Voltage Ratio Generator side/System side/Tertiary

/ kV

Winding Connections Generator side/system side /Tertiary

(Delta or Wye)

/

Fixed Taps Available

Present Tap Setting

IMPEDANCE

For 2-Winding Transformers

Positive	Z1 (on self-cooled kVA rating)	%	X/R
Zero	Z0 (on self-cooled kVA rating)	%	X/R

Technical Data Required For
Interconnection Feasibility Study

IMPEDANCE

For 3-winding transformers

Positive $Z1_{H-L}$ (on self-cooled kVA rating)_____ %, X/R _____

$Z1_{H-T}$ (on self-cooled kVA rating)_____ %, X/R _____

$Z1_{L-T}$ (on self-cooled kVA rating)_____ %, X/R _____

Zero $Z0_{H-L}$ (on self-cooled kVA rating)_____ %, X/R _____

$Z0_{H-T}$ (on self-cooled kVA rating)_____ %, X/R _____

$Z0_{L-T}$ (on self-cooled kVA rating)_____ %, X/R _____

FEEDER IMPEDANCE (Per Unit)

From GSU to Point of Interconnection

Positive R1 _____ + j X1 _____ on 100 MVA base

Zero R0 _____ + j X0 _____ on 100 MVA base

WIND GENERATORS

Number of generators to be interconnected pursuant to this Interconnection Request: _____

Elevation:_____Single Phase_____Three Phase

Inverter manufacturer, model name, number, and version:

List of adjustable setpoints for the protective equipment or software:

For all generator types: A completed fully functioning, non-proprietary or non-confidential Siemens PTI's ("PSSE") power flow model or other compatible formats, such as IEEE and General Electric Company Power Systems Load Flow ("PSLF") data sheet, must be supplied with this Attachment B. If additional non-proprietary or non-confidential data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

Applicant Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Attachment B to the Interconnection Request is true and accurate.

For Interconnection Customer:_____Date:_____

APPENDIX 2
INTERCONNECTION FEASIBILITY STUDY AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State of _____ ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator, and Interconnecting Transmission Owner may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility to the Administered Transmission System; and

WHEREAS, Interconnection Customer has requested System Operator and Interconnecting Transmission Owner to perform an Interconnection Feasibility Study to assess the feasibility of interconnecting the proposed Large Generating Facility to the Administered Transmission System, and any Affected Systems.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the Commission-approved Large Generator Interconnection Procedures ("LGIP"), or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 Interconnection Customer elects and System Operator shall cause to be performed an Interconnection Feasibility Study consistent with Section 6.0 of the LGIP in accordance with the Tariff.

3.0 The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Interconnection Feasibility Study shall be based on the technical information provided by Interconnection Customer in Attachment B to the Interconnection Request, as may be modified as the result of the Scoping Meeting. System Operator and Interconnecting Transmission Owner reserve the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with Section 3.3.4 of the LGIP. If, after the designation of the Point of Interconnection pursuant to Section 3.3.4 of the LGIP, Interconnection Customer modifies its Interconnection Request pursuant to Section 4.4, the time to complete the Interconnection Feasibility Study may be extended.

5.0 The Interconnection Feasibility Study report shall provide the following information:

- preliminary identification of any circuit breaker or other facility short circuit capability limits exceeded as a result of the interconnection;
- preliminary identification of any thermal overload of any transmission facility or system voltage limit violations resulting from the interconnection;
- initial review of grounding requirements and electric system protection;

- preliminary description and non-binding estimated cost of facilities required to interconnect the Large Generating Facility to the New England Transmission System and to address the identified short circuit and power flow issues; and
- to the extent the Interconnection Customer requested a preliminary analysis as described in this Section 6.2 of the LGIP, the report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

  In accordance with the LGIP, in performing the Interconnection Feasibility Study, System Operator and Interconnecting Transmission Owner shall coordinate with each other and Affected Parties, and shall receive and incorporate input from such entities into its study, and shall provide copies of the final study report to such entities.

6.0 The Interconnection Customer is providing herewith a deposit equal to 100 percent of the estimated cost of the study. The deposit shall be applied toward the cost of the Interconnection Feasibility Study and the development of this Interconnection Feasibility Study Agreement and its attachment(s). Interconnecting Transmission Owner's and System Operator's good faith estimate for the time of completion of the Interconnection Feasibility Study Agreement is [insert date].

The total estimated cost of the performance of the Interconnection Feasibility Study consists of $_____ which is comprised of the System Operator's estimated cost of $_____ and the Interconnecting Transmission Owner's estimated cost of $_____. Any difference between the deposit and the actual cost of the Interconnection Feasibility Study shall be paid by or refunded to the Interconnection Customer, as appropriate. Upon receipt of the Interconnection Feasibility Study System Operator and Interconnecting Transmission Owner shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Feasibility Study.

Interconnection Customer shall pay any invoiced amounts within thirty (30) Calendar Days of receipt of the invoice.

7.0 Miscellaneous.

7.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

7.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection Feasibility Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection Feasibility Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection Feasibility Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection Feasibility Study, the content of the Interconnection Feasibility Study, or the conclusions of the Interconnection Feasibility Study. Interconnection Customer acknowledges that it has not relied on any

representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

7.3 Force Majeure, Liability and Indemnification.

7.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

7.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or an Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or an Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

7.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owner and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owner shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

7.4 Third-Party Beneficiaries. Without limitation of Sections 7.2 and 7.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection Feasibility Study shall be deemed third party beneficiaries of Sections 7.2 and 7.3.

7.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 7.5, shall continue in effect for a term of one year or until the Interconnection Feasibility Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 3.6 of the LGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

7.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state where the Point of Interconnection is located without regard to any choice of laws provisions.

7.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

7.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

7.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

7.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

7.11 Independent Contractor. Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

7.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect.

7.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

7.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

System Operator	Interconnecting Transmission Owner
By:	By:

Title:	Title:
Date:	Date:

[Insert name of Interconnection Customer]
By:
Title:
Date:

Attachment A to
Appendix 2
Interconnection Feasibility
Study Agreement

ASSUMPTIONS USED IN CONDUCTING THE INTERCONNECTION FEASIBILITY STUDY

The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the Scoping Meeting held on _____:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer, System Operator, and Interconnecting Transmission Owner]

APPENDIX 3
INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State of _____ ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator, and Interconnecting Transmission Owner may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility to the Administered Transmission System;

WHEREAS, System Operator and Interconnecting Transmission Owner have completed an Interconnection Feasibility Study (the "Feasibility Study") and provided the results of said study to the Interconnection Customer, or Interconnection Customer has requested that the Feasibility Study be completed as part of the System Impact Study pursuant to Section 6.1 of the LGIP, or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff")(This recital is to be omitted if Interconnection Customer has elected to forego the Interconnection Feasibility Study); and

WHEREAS, Interconnection Customer has requested System Operator and Interconnecting Transmission Owner to perform an Interconnection System Impact Study to assess the impact of

interconnecting the Large Generating Facility to the Administered Transmission System, and any Affected Systems.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the Commission-approved Large Generator Interconnection Procedure ("LGIP").

2.0 Interconnection Customer elects and System Operator and Interconnecting Transmission Owner shall cause to be performed an Interconnection System Impact Study consistent with Section 7.0 of the LGIP in accordance with the Tariff.

3.0 The scope of the Interconnection System Impact Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study, whether performed separately or as part of the Interconnection System Impact Study, and the technical information provided by Interconnection Customer in Attachment A to the Interconnection Request, subject to any modifications in accordance with Section 4.4 of the LGIP. System Operator and Interconnecting Transmission Owner reserve the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection System Impact Study. If Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the Interconnection System Impact Study may be extended.

5.0 The Interconnection System Impact Study report shall provide the following information:

- identification of any circuit breaker or other facility short circuit capability limits exceeded as a result of the interconnection;
- identification of any thermal overload of any transmission facility or system voltage limit violations resulting from the interconnection;
- initial review of grounding requirements and electric system protection;
- identification of any instability or inadequately damped response to system disturbances resulting from the interconnection;
- description and non-binding, good faith estimated cost of facilities required to interconnect the Large Generating Facility to the Administered Transmission

System and to address the identified short circuit, instability, and power flow issues; and

- to the extent the Interconnection Customer requested a preliminary analysis as described in this Section 7.4 of the LGIP, the report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

6.0 The Interconnection Customer is providing herewith a deposit equal to:

i. the greater of 100 percent of the estimated cost of the Interconnection System Impact Study or $250,000;
or

ii. the lower of 100 percent of the estimated cost of the Interconnection System Impact Study or $50,000, if the Interconnection Customer is providing herewith either:

(a) evidence of applications for all Major Permits, as defined in Section III.13.1.1.2.2.2(a) of the Tariff, required in support of the Interconnection Request, or provide certification that Major Permits are not required or

(b) evidence acceptable to the System Operator of At-Risk Expenditures (excluding study cots) totaling at least the amounts of money described in (i) above.

or

iii the lower of 100 percent of the estimated costs of the study or $50,000 if the Interconnection Request is for a modification to an existing Large Generating Facility that does not increase the energy capability or capacity capability of the Large Generating Facility.

The deposit shall be applied toward the cost of the Interconnection System Impact Study and the development of this Interconnection System Impact Study Agreement and its attachment(s) and the LGIA. Interconnecting Transmission Owner's and System Operator's good faith estimate for the time of completion of the Interconnection System Impact Study is [insert date].

The total estimated cost of the performance of the Interconnection System Impact Study consists of $_____ which is comprised of the System Operator's estimated cost of $_____ and the Interconnecting Transmission Owner's estimated cost of $_____.

Any difference between the deposit and the actual cost of the Interconnection System Impact Study shall be paid by or refunded to the Interconnection Customer, as appropriate.

Upon receipt of the Interconnection System Impact Study, System Operator and Interconnecting Transmission Owner shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection System Impact Study.
System Operator and Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection System Impact Study each month. Interconnection Customer shall pay any invoiced amounts within thirty (30) Calendar Days of receipt of the invoice.

In accordance with the LGIP, in performing the Interconnection System Impact Study, System Operator and Interconnecting Transmission Owner shall coordinate with Affected Parties, shall receive and incorporate input from such entities into its study, and shall provide copies of the final study report to such entities.

7.0 Miscellaneous.

7.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

7.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection System Impact Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection System Impact Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection System Impact Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection System Impact Study, the content of the Interconnection System Impact Study, or the conclusions of the Interconnection System Impact Study. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

7.3 Force Majeure, Liability and Indemnification.

7.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

7.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, an Interconnecting Transmission Owner or any Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

7.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owners and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owners shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

7.4 Third-Party Beneficiaries. Without limitation of Sections 7.2 and 7.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection System Impact Study shall be deemed third party beneficiaries of Sections 7.2 and 7.3.

7.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 7.5, shall continue in effect for a term of one year or until the Interconnection System Impact Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 3.6 of the LGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

7.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state where the Point of Interconnection is located without regard to any choice of laws provisions.

7.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed

severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

7.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

7.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

7.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

7.11 Independent Contractor. Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

7.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect.

7.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

7.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

System Operator	Interconnecting Transmission Owner
By:	By:
Title:	Title:
Date:	Date:

[Insert name of Interconnection Customer]
By:
Title:
Date:

Attachment A
To Appendix 3
Interconnection System Impact
Study Agreement

ASSUMPTIONS USED IN CONDUCTING THE INTERCONNECTION SYSTEM IMPACT STUDY

The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study, whether performed separately or as part of the Interconnection System Impact Study, subject to any modifications in accordance with Section 4.4 of the LGIP, and the following assumptions:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer, System Operator, and Interconnecting Transmission Owner]

APPENDIX 4
INTERCONNECTION FACILITIES STUDY AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State of _____ ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator, and Interconnecting Transmission Owner may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated ; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility to the Administered Transmission System; and

WHEREAS, System Operator and Interconnecting Transmission Owner have completed an Interconnection System Impact Study (the "System Impact Study") and provided the results of said study to the Interconnection Customer; and

WHEREAS, Interconnection Customer has requested System Operator and Interconnecting Transmission Owner to perform an Interconnection Facilities Study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the

Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Large Generating Facility to the Administered Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the Commission-approved Large Generator Interconnection Procedures ("LGIP"), or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 Interconnection Customer elects and System Operator shall cause an Interconnection Facilities Study consistent with Section 8.0 of the LGIP to be performed in accordance with the Tariff.

3.0 The scope of the Interconnection Facilities Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.

4.0 The Interconnection Facilities Study report (i) shall provide a description, estimated cost of (consistent with Attachment A), and schedule for required facilities to interconnect the Large Generating Facility to the Administered Transmission System and (ii) shall address the short circuit, instability, and power flow issues identified in the Interconnection System Impact Study.

5.0 The Interconnection Customer is providing herewith a deposit equal to:

i. the greater of 25 percent of the estimated cost of the Interconnection Facilities Study or $250,000;
or

ii. the greater of 100 percent of the estimated monthly cost of the Interconnection Facilities Study Agreement or $100,000, if the Interconnection Customer can provide either:

(a) evidence of application for all Major Permits, as defined in Section III.13.1.1.2.2.2(a) of the Tariff, required in support of the Interconnection Request, or provide certification that Major Permits are not required or

(b) evidence acceptable to the System Operator of At-Risk Expenditures (excluding Interconnection Study costs)

totaling at least the amount of the money in (i) above, not including the At-Risk Expenditures demonstrated with the Interconnection System Impact Study Agreement, if applicable.

or

iii. the greater of 100 percent of one month's estimated study cost or $100,000, if the Interconnection Request is for a modification to an existing Large Generating Facility that does not increase the energy capability or capacity capability of the Large Generating Facility.

The deposit shall be applied toward the cost of the Interconnection Facilities Study and the development of this Interconnection Facilities Study Agreement and its attachment(s) and the LGIA. The time for completion of the Interconnection Facilities Study is specified in Attachment A.

The total estimated cost of the performance of the Interconnection Facilities Study consists of $_____ which is comprised of the System Operator's estimated cost of $_____ and the Interconnecting Transmission Owner's estimated cost of $_____. Any difference between the deposit and the actual cost of the Interconnection Facilities Study shall be paid by or refunded to the Interconnection Customer, as appropriate. Upon receipt of the Interconnection Facilities Study, System Operator and Interconnecting Transmission Owner shall charge and Interconnection Customer shall pay the actual costs of the Interconnection Facilities Study. System Operator and Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month. Interconnection Customer shall pay any invoiced amounts within thirty (30) Calendar Days of receipt of the invoice. In accordance with the LGIP, in performing the Interconnection Facilities Study, Interconnecting Transmission Owner and System Operator shall coordinate with Affected Parties, shall receive and incorporate input from such entities into its study, and shall provide copies of the final study report to such entities.

6.0 Miscellaneous.

6.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

6.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection Facilities Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection Facilities Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection Facilities Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection Facilities Study, the content of the Interconnection Facilities Study, or the conclusions of the Interconnection Facilities Study. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

6.3 Force Majeure, Liability and Indemnification.

6.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

6.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission

Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or any Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

6.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owners and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owners shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

6.4 Third-Party Beneficiaries. Without limiting Sections 7.2 and 7.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, review, or to assist in the conducting, participating in, or reviewing of, an Interconnection Facilities Study shall be deemed third party beneficiaries of Sections 7.2 and 7.3.

6.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 7.5, shall continue in effect for a term of one year or until the Interconnection Facilities Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 3.6 of the LGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

6.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state where the Point of Interconnection is located without regard to any choice of laws provisions.

6.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

6.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

6.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

6.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

6.11 Independent Contractor. Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

6.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect.

6.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the

Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

6.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

System Operator	Interconnecting Transmission Owner
By:	By:
Title:	Title:
Date:	Date:

[Insert name of Interconnection Customer]
By:
Title:
Date:

Attachment A
To Appendix 4
Interconnection Facilities
Study Agreement

INTERCONNECTION CUSTOMER SCHEDULE ELECTION FOR CONDUCTING THE INTERCONNECTION FACILITIES STUDY

Interconnection Customer elects (check one):

☐ +/- 20 percent cost estimate contained in the Interconnection Facilities Study report.

☐ +/- 10 percent cost estimate contained in the Interconnection Facilities Study report.

Interconnecting Transmission Owner and System Operator shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to the Interconnection Customer within the following number of days after of receipt of an executed copy of this Interconnection Facilities Study Agreement:

- ninety (90) Calendar Days with no more than a +/- 20 percent cost estimate contained in the report, or
- one hundred eighty (180) Calendar Days with no more than a +/- 10 percent cost estimate contained in the report.

DATA FORM TO BE PROVIDED BY INTERCONNECTION CUSTOMER WITH THE INTERCONNECTION FACILITIES STUDY AGREEMENT

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

One set of metering is required for each generation connection to the new ring bus or existing New England Transmission System station. Number of generation connections:

On the one line indicate the generation capacity attached at each metering location. (Maximum load on Current Transformer/Power Transformer ("CT/PT"))

On the one line indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

Will an alternate source of auxiliary power be available during CT/PT maintenance?

Yes _____ No _____

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes _____ No _____

(Please indicate on one line).

What type of control system or Power Line Carrier ("PLC") will be located at the Interconnection Customer's Large Generating Facility?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle of the site. Sketch the plant, station, transmission line, and property line.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to Interconnecting Transmission Owner's transmission line.

Tower number observed in the field. (Painted on tower leg)*

Number of third party easements required for transmission lines*:

* To be completed in coordination with System Operator and Interconnecting Transmission Owner.

Is the Large Generating Facility in Interconnecting Transmission Owner's service area?

Yes _____ No _____ Local provider:
Please provide proposed schedule dates:
Begin Construction Date:
Generator step-up transformer Date:
Receives back feed power Date
Generation Testing Date:
Commercial Operation Date:

APPENDIX 5
OPTIONAL INTERCONNECTION STUDY AGREEMENT

THIS AGREEMENT is made and entered into this _____day of _____, 20___by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and __ _____, a _____ organized and existing under the laws of the State of _____ ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator, and Interconnecting Transmission Owner may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer is proposing to establish an interconnection to the Administered Transmission System; and

WHEREAS, Interconnection Customer has submitted to System Operator an Interconnection Request; and

WHEREAS, on or after the date when the Interconnection Customer receives the Interconnection System Impact Study results, Interconnection Customer has further requested that the System Operator and Interconnecting Transmission Owner prepare an Optional Interconnection Study.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the Commission-approved Large Generator Interconnection Procedures ("LGIP"), or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 Interconnection Customer elects and System Operator shall cause an Optional Interconnection Study consistent with Section 10.0 of the LGIP to be performed in accordance with the Tariff.

3.0 The scope of the Optional Interconnection Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Optional Interconnection Study shall be performed solely for informational purposes.

5.0 The Optional Interconnection Study report shall provide a sensitivity analysis based on the assumptions specified by the Interconnection Customer in Attachment A to this Agreement. The Optional Interconnection Study will identify Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or Interconnection Service based upon the assumptions specified by the Interconnection Customer in Attachment A.
In accordance with the LGIP, in performing the Optional Interconnection Study, the System Operator shall coordinate with Interconnecting Transmission Owner and Affected Parties, and shall receive and incorporate input from such entities into its study, and shall provide copies of the final study report to such entities.

6.0 The Interconnection Customer is providing herewith a deposit equal to 100 percent of the estimated cost of the study. Interconnecting Transmission Owner's and System Operator's good faith estimate for the time of completion of the Optional Interconnection Study is [insert date].

The total estimated cost of the performance of the Optional Interconnection Study consists of $_____ which is comprised of the System Operator's estimated cost of $_____ and the Interconnecting Transmission Owner's estimated cost of $_____.

Any difference between the initial payment and the actual cost of the study shall be paid by or refunded to the Interconnection Customer, as appropriate. Upon receipt of the Optional Interconnection Study, System Operator and Interconnecting Transmission Owner shall charge and the Interconnection Customer shall pay the actual costs of the

Optional Interconnection Study. Interconnection Customer shall pay any invoiced amounts within thirty (30) Calendar Days of receipt of invoice.

7.0 Miscellaneous.

7.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

7.2 Disclaimer of Warranty. In preparing and/or participating in the Optional Interconnection Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Optional Interconnection Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Optional Interconnection Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Optional Interconnection Study, the content of the Optional Interconnection Study, or the conclusions of the Optional Interconnection Study. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

7.3 Force Majeure, Liability and Indemnification.

7.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

7.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or any Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

7.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owners and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owners under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the

indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owners shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

7.4 Third-Party Beneficiaries. Without limitation of Sections 7.2 and 7.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Optional Interconnection Study shall be deemed third party beneficiaries of Sections 7.2 and 7.3.

7.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 7.5, shall continue in effect for a term of one year or until the Optional Interconnection Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 3.6 of the LGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

7.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state where the Point of Interconnection is located, without regard to any choice of laws provisions.

7.7 Severability. In the event that any part of this Agreement is deemed as a matter of law to be unenforceable or null and void, such unenforceable or void part shall be deemed severable from this Agreement and the Agreement shall continue in full force and effect as if each part was not contained herein.

7.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

7.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

7.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

7.11 Independent Contractor. Each of the Parties shall at all times be deemed to be an independent contractor of the other Parties, and none of its employees or the employees of its subcontractors shall be considered to be employees of the other Parties as a result of this Agreement.

7.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instances; rather, the same shall be and remain in full force and effect.

7.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

7.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

System Operator	Interconnecting Transmission Owner
By:	By:
Title:	Title:
Date:	Date:

[Insert name of Interconnection Customer]
By:
Title:
Date:

Attachment A
Appendix 5
Optional Interconnection
Study Agreement

ASSUMPTIONS USED IN CONDUCTING
THE OPTIONAL INTERCONNECTION STUDY

[To be completed by Interconnection Customer consistent with Section 10 of the LGIP.]

APPENDIX 6
LARGE GENERATOR INTERCONNECTION AGREEMENT

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THIS STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

("Agreement") is made and entered into this ____ day of _____ 20__, by and between _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnection Customer" with a Large Generating Facility), ISO New England Inc., a non-stock corporation organized and existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnecting Transmission Owner"). Under this Agreement the Interconnection Customer, System Operator, and Interconnecting Transmission Owner each may be referred to as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, System Operator is the central dispatching agency provided for under the Transmission Operating Agreement ("TOA") which has responsibility for the operation of the New England Control Area from the System Operator control center and the administration of the Tariff; and

WHEREAS, Interconnecting Transmission Owner is the owner or possessor of an interest in the Administered Transmission System; and

WHEREAS, Interconnection Customer intends to own, lease and/or control and operate the Generating Facility identified as a Large Generating Facility in Appendix C to this Agreement; and

WHEREAS, System Operator, Interconnection Customer and Interconnecting Transmission Owner have agreed to enter into this Agreement for the purpose of interconnecting the Large Generating Facility to the Administered Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

When used in this Standard Large Generator Interconnection Agreement, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used.

ARTICLE 1. DEFINITIONS

The definitions contained in this Article 1 and those definitions embedded in an Article of this Agreement are intended to apply in the context of the generator interconnection process provided for in Schedule 22 (and its appendices). To the extent that the definitions herein are different than those contained in Section I.2.2 of the Tariff, the definitions provided below shall control only for purposes of generator interconnections under Schedule 22. Capitalized terms in Schedule 22 that are not defined in this Article 1 shall have the meanings specified in Section I.2.2 of the Tariff.

Administered Transmission System shall mean the PTF, the Non-PTF, and distribution facilities that are subject to the Tariff.

Adverse System Impact shall mean any significant negative effects on the stability, reliability or operating characteristics of the electric system.

Affected Party shall mean the entity that owns, operates or controls an Affected System, or any other entity that otherwise may be a necessary party to the interconnection process.

Affected System shall mean any electric system that is within the Control Area, including, but not limited to, generator owned transmission facilities, or any other electric system that is not within the Control Area that may be affected by the proposed interconnection.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the reliability council applicable to the New England Transmission System.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the NPCC and the New England Control Area, including publicly available local reliability requirements of Interconnecting Transmission Owners or other Affected Parties.

At-Risk Expenditure shall mean money expended for the development of the Generating Facility that cannot be recouped if the Interconnection Customer were to withdraw the Interconnection Request for the Generating Facility. At-Risk Expenditure may include, but is not limited to, money expended on: (i) costs of federal, state, local, regional and town permits, (ii) Site Control, (iii) site-specific design and surveys, (iv) construction activities, and (v) non-refundable deposits for major equipment components. For purposes of this definition, At-Risk Expenditure shall not include costs associated with the Interconnection Studies.

Base Case shall have the meaning specified in Section 2.3 of the Large Generator Interconnection Procedures ("LGIP").

Base Case Data shall mean the Base Case power flow, short circuit, and stability data bases used for the Interconnection Studies by the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Capacity Capability Interconnection Standard ("CC Interconnection Standard") shall mean the criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, and in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other Capacity Network Resources, as detailed in the ISO New England Planning Procedures.

Capacity Network Resource ("CNR") shall mean that portion of a Generating Facility that is interconnected to the Administered Transmission System under the Capacity Capability Interconnection Standard.

Capacity Network Resource Capability ("CNR Capability") shall mean: (i) in the case of a Generating Facility that is a New Generating Capacity Resource pursuant to Section III.13.1 of the Tariff or an Existing Generating Capacity Resource that is increasing its capability pursuant to Section III.13.1.2.2.5 of the Tariff, the highest megawatt amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff, and, if applicable, as specified in a filing by the System Operator with the Commission in accordance with Section III.13.8.2 of the Tariff, or (ii) in the case of a Generating Facility that meets the criteria under Section 5.2.3 of this LGIP, the total megawatt amount determined pursuant to the hierarchy established in Section 5.2.3. CNR Capability shall not exceed the maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter. Where the Generating Facility includes multiple production devices, the CNR Capability shall not exceed the aggregate maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter.

Capacity Network Resource Group Study ("CNR Group Study") shall mean the study performed by the System Operator under Section III.13.1.1.2.3 of the Tariff to determine which resources qualify to participate in a Forward Capacity Auction.

Capacity Network Resource Interconnection Service ("CNR Interconnection Service") shall mean the Interconnection Service selected by the Interconnection Customer to interconnect its Large Generating Facility with the Administered Transmission System in accordance with the Capacity Capability Interconnection Standard. An Interconnection Customer's CNR Interconnection Service shall be for the megawatt amount of CNR Capability. CNR Interconnection Service does not in and of itself convey transmission service.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise. Confidential Information shall include, but not be limited to, information that is confidential pursuant to the ISO New England Information Policy.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Interconnecting Transmission Owner's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to Interconnecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect

Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by the Commission or if filed unexecuted, upon the date specified by the Commission.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is likely to endanger life or property; or (2) that, in the case of the Interconnecting Transmission Owner, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the New England Transmission System, Interconnecting Transmission Owner's Interconnection Facilities or any Affected System to which the New England Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Engineering & Procurement ("E&P") Agreement shall mean an agreement that authorizes the Interconnection Customer, Interconnecting Transmission Owner and any other Affected Party to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a *et seq.*

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Interconnecting Transmission Owner's Interconnection Facilities to obtain back feed power.

Interconnecting Transmission Owner shall mean a Transmission Owner that owns, leases or otherwise possesses an interest in, or a Non-Incumbent Transmission Developer that is not a Participating Transmission Owner that is constructing, a portion of the Administered Transmission System at the Point of Interconnection and shall be a Party to the Standard Large Generator Interconnection Agreement. The term Interconnecting Transmission Owner shall not be read to include the System Operator.

Interconnecting Transmission Owner's Interconnection Facilities shall mean all facilities and equipment owned, controlled, or operated by Interconnecting Transmission Owner from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Interconnecting Transmission Owner's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Customer shall mean any entity, including a transmission owner or its Affiliates or subsidiaries, that interconnects or proposes to interconnect its Generating Facility with the Administered Transmission System under the Standard Large Generator Interconnection Procedures.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Administered Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Interconnecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Administered Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the System Operator, Interconnecting Transmission Owner, or a third party consultant for the Interconnection Customer to determine a list of facilities (including Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Administered Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Administered Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures. The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study, or as part of the Interconnection System Impact Study. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection

System Impact Study, and there shall be only one final report, which will include the results of both Section 6 and Section 7.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request (a) shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to: (i) interconnect a new Generating Facility to the Administered Transmission System as either a CNR or a NR; (ii) increase the energy capability or capacity capability of an existing Generating Facility; (iii) make a Material Modification to the design or operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected with the Administered Transmission System; (iv) commence participation in the wholesale markets by an existing Generating Facility that is interconnected with the Administered Transmission System; or (v) change from NR Interconnection Service to CNR Interconnection Service. Interconnection Request shall not include: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility.

Interconnection Service shall mean the service provided by System Operator and the Interconnecting Transmission Owner, associated with interconnecting the Interconnection Customer's Generating Facility to the Administered Transmission System and enabling the receipt of electric energy capability and/or capacity capability from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, the Interconnection Facilities Study and the Optional Interconnection Study described in the Standard Large Generator Interconnection Procedures. Interconnection Study shall not include a CNR Group Study.

Interconnection Study Agreement shall mean any of the following agreements: the Interconnection Feasibility Study Agreement, the Interconnection System Impact Study Agreement, the Interconnection Facilities Study Agreement, and the Optional Interconnection Study Agreement attached to the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of the Administered Transmission System and any other Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on Adverse System Impacts, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 6 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 6 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 6 and Section 7.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Large Generating Facility shall mean a Generating Facility having a maximum gross capability at or above zero degrees F of more than 20 MW.

Long Lead Time Generating Facility ("Long Lead Facility") shall mean a Generating Facility with an Interconnection Request for CNR Interconnection Service that has, as applicable, elected or requested long lead time treatment and met the eligibility criteria and requirements specified in Section 3.2.3 of the LGIP.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from another Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the Indemnifying Party.

Major Permits shall be as defined in Section III.13.1.1.2.2.2(a) of the Tariff.

Material Modification shall mean (i) except as expressly provided in Section 4.4.1, those modifications to the Interconnection Request, including any of the technical data provided by the Interconnection Customer in Attachment A to the Interconnection Request or to the interconnection configuration, requested by the Interconnection Customer that either require significant additional study of the same Interconnection Request and could substantially change the interconnection design, or have a material impact on the cost or timing of any Interconnection Studies or upgrades associated with an Interconnection Request with a later queue priority date; (ii) a change to the design or operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected with the Administered Transmission System that may have a significant adverse effect on the reliability or operating characteristics of the New England Transmission System; (iii) a delay to the Commercial Operation Date, In-Service Date, or Initial Synchronization Date of greater than three (3)

years where the reason for delay is unrelated to construction schedules or permitting which delay is beyond the Interconnection Customer's control; or (iv) except as provided in Section 3.2.3.4 of the LGIP, a withdrawal of a request for Long Lead Facility treatment; or (v) except as provided in Section 3.2.3.6 of the LGIP, an election to participate in an earlier Forward Capacity Auction than originally anticipated.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

Network Capability Interconnection Standard ("NC Interconnection Standard") shall mean the criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, as detailed in the ISO New England Planning Procedures.

Network Resource ("NR") shall mean the portion of a Generating Facility that is interconnected to the Administered Transmission System under the Network Capability Interconnection Standard.

Network Resource Capability ("NR Capability") shall mean the maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. Where the Generating Facility includes multiple energy production devices, the NR Capability shall be the aggregate maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. NR Capability shall be equal to or greater than the CNR Capability. In the case of a Generating Facility that meets the criteria under Section 5.2.4 of this LGIP, the NR Capability shall equal the total megawatt amount determined pursuant to Section 5.2.4.

Network Resource Interconnection Service ("NR Interconnection Service") shall mean the Interconnection Service selected by the Interconnection Customer to interconnect its Generating Facility to the Administered Transmission System in accordance with the Network Capability Interconnection Standard. An Interconnection Customer's NR Interconnection Service shall be solely for the megawatt amount of the NR Capability. NR Interconnection Service in and of itself does not convey transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the New England Transmission System required at or beyond the Point of Interconnection to accommodate the interconnection of the Large Generating Facility to the Administered Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party shall mean the System Operator, Interconnection Customer and Interconnecting Transmission Owner or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to Interconnecting Transmission Owner's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Administered Transmission System.

Queue Position shall mean the order of a valid request in the New England Control Area, relative to all other pending requests in the New England Control Area, that is established based upon the date and time of receipt of such request by the System Operator. Requests are comprised of Interconnection Requests, requests for Elective Transmission Upgrades, requests for transmission service and notification of requests for interconnection to other electric systems, as notified by the other electric systems, that impact the Administered Transmission System. For purposes of this LGIA, references to a "higher-queued" Interconnection Request shall mean one that has been received by the System Operator (and placed in queue order) earlier than another Interconnection Request, which is referred to as "lower-queued."

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting between representatives of the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (a) that the Interconnection Customer is the owner in fee simple of the real property for which new interconnection is sought; (b) that the Interconnection Customer holds a valid written leasehold interest in the real property for which new

interconnection is sought; (c) that the Interconnection Customer holds a valid written option to purchase or leasehold property for which new interconnection is sought; (d) that the Interconnection Customer holds a duly executed written contract to purchase or leasehold the real property for which new interconnection is sought; or (e) that the Interconnection Customer has filed applications for required permits to site on federal or state property.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the New England Transmission System during their construction. The System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by System Operator in accordance with applicable codes of conduct and confidentiality requirements, must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement ("LGIA") shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility, that is included in this Schedule 22 to the Tariff.

Standard Large Generator Interconnection Procedures ("LGIP") shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in this Schedule 22 to the Tariff.

System Protection Facilities shall mean the equipment, including necessary signal protection communications equipment, required to protect (1) the New England Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the New England Transmission System or on other delivery systems or other generating systems to which the New England Transmission System is directly connected.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION

2.1 Effective Date. This LGIA shall become effective upon execution by the Parties subject to acceptance by the Commission (if applicable), or if filed unexecuted, upon the date specified by the Commission. System Operator and Interconnecting Transmission Owner, shall promptly and jointly file this LGIA with the Commission upon execution in accordance with Section 11.3 of the LGIP and Article 3.1, if required.

2.2 Term of Agreement. This LGIA, subject to the provisions of Article 2.3, and by mutual agreement of the Parties, shall remain in effect for a period of _____ years from the Effective Date (*term to be specified in individual Agreement, but in no case should the term be less than ten (10) years from the Effective Date or such other longer period as the Interconnection Customer may request)* and shall be automatically renewed for each successive one-year period thereafter.

2.3 Termination Procedures.

2.3.1 Written Notice. This LGIA may be terminated by the Interconnection Customer, subject to continuing obligations of this LGIA and the Tariff, after giving the System Operator and Interconnecting Transmission Owner ninety (90) Calendar Days advance written notice, or by System Operator or Interconnecting Transmission Owner notifying the Commission after a Generating Facility retires pursuant to the Tariff, provided that if an Interconnection Customer exercises its right to terminate on ninety (90) Calendar Days, any reconnection would be treated as a new interconnection request; or this LGIA may be terminated by Interconnecting Transmission Owner or System Operator by notifying the Commission after the Generating Facility permanently ceases Commercial Operation.

2.3.2 Default. Each Party may terminate this LGIA in accordance with Article 17. Notwithstanding Articles 2.3.1 and 2.3.2, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing, if applicable, with the Commission of a notice of termination of this LGIA, which notice has been accepted for filing by the Commission. Termination of the LGIA shall not supersede or alter any requirements for deactivation or retirement of a generating unit under ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

2.4 Termination Costs. If a Party elects to terminate this LGIA pursuant to Article 2.3 above, each Party shall pay all costs incurred (including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment) or charges assessed by the other Party(ies), as of the date of such Party's(ies') receipt of such notice of termination, that are the responsibility of such Party(ies) under this LGIA. In the event of termination by a Party, all Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. Upon termination of this LGIA, unless otherwise ordered or approved by the Commission:

2.4.1 With respect to any portion of the Interconnecting Transmission Owner's Interconnection Facilities, Network Upgrades, or Distribution Upgrades to the extent covered by this LGIA, that have not yet been constructed or installed, the Interconnecting Transmission Owner shall to the extent possible and with Interconnection Customer's authorization cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, such facilities; provided that in the event Interconnection Customer elects not to authorize such cancellation, Interconnection Customer shall assume all payment obligations with respect to such materials, equipment, and contracts, and the Interconnecting Transmission Owner shall deliver such material and equipment, and, if necessary, and to the extent possible, assign such contracts, to Interconnection Customer as soon as practicable, at Interconnection Customer's expense. To the extent that Interconnection Customer has already paid Interconnecting Transmission Owner for any or all such costs of materials or equipment not taken by Interconnection Customer, either (i) in the case of overpayment, Interconnecting Transmission Owner shall promptly refund such amounts to Interconnection Customer, less any costs, including penalties incurred by the Interconnecting Transmission Owner to cancel any pending orders of or return such materials, equipment, or contracts, or (ii) in the case of underpayment, Interconnection Customer shall promptly pay such amounts still due plus any costs, including penalties incurred by Interconnecting Transmission Owner to cancel any pending orders of or return such materials, equipment, or contracts.
If an Interconnection Customer terminates this LGIA, it shall be responsible for all costs incurred in association with that Interconnection Customer's interconnection, including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment, and other expenses including any Network Upgrades for which the Interconnecting Transmission Owner has incurred expenses and has not been reimbursed by the Interconnection Customer.

2.4.2 Interconnecting Transmission Owner may, at its option, retain any portion of such materials, equipment, or facilities that Interconnection Customer chooses not to accept delivery of, in which case Interconnecting Transmission Owner shall be responsible for all costs associated with procuring such materials, equipment, or facilities.

2.4.3 With respect to any portion of the Interconnection Facilities, and any other facilities already installed or constructed pursuant to the terms of this LGIA, Interconnection

Customer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.

2.5 Disconnection. Upon termination of this LGIA, Interconnection Service shall terminate and, the Parties will take all appropriate steps to disconnect the Large Generating Facility from the Interconnecting Transmission Owner's Interconnection Facilities. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from a non-terminating Party's Default of this LGIA or such non-terminating Party otherwise is responsible for these costs under this LGIA.

2.6 Survival. This LGIA shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder, including billings and payments pursuant to this LGIA; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this LGIA was in effect; and to permit each Party to have access to the lands of the other Party(ies) pursuant to this LGIA or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

ARTICLE 3. REGULATORY FILINGS

3.1 Filing. The System Operator and Interconnecting Transmission Owner shall jointly file this LGIA (and any amendment hereto) with the appropriate Governmental Authority, if required, in accordance with Section 11.3 of the LGIP. Interconnection Customer may request that any information so provided be subject to the confidentiality provisions of Article 22. If the Interconnection Customer has executed this LGIA, or any amendment thereto, the Interconnection Customer shall reasonably cooperate with the System Operator and Interconnecting Transmission Owner with respect to such filing and to provide any information reasonably requested by the System Operator and/or the Interconnecting Transmission Owner needed to comply with applicable regulatory requirements.

ARTICLE 4. SCOPE OF SERVICE

4.1 Interconnection Product Options. Interconnection Customer has selected the following (checked) type(s) of Interconnection Service:

Check: ___ NR for NR Interconnection Service (NR Capability Only)

___ CNR for CNR Interconnection Service (CNR Capability and NR Capability)

4.1.1 Capacity Network Resource Interconnection Service (CNR Interconnection Service).

4.1.1.1 The Product. The System Operator and Interconnecting Transmission Owner must conduct the necessary studies and the Interconnecting Transmission Owner and Affected Parties must construct the Network Upgrades needed to interconnect the Large Generating Facility in a manner comparable to that in which all other Capacity Network Resources are interconnected under the CNR Interconnection Standard. CNR Interconnection Service allows the Interconnection Customer's Large Generating Facility to be designated as a Capacity Network Resource, to participate in the New England Markets, in accordance with Market Rule 1, Section III of the Tariff, up to the net CNR Capability, or as otherwise provided in Market Rule 1, Section III of the Tariff, on the same basis as all other existing Capacity Network Resources, and to be studied as a Capacity Network Resource on the assumption that such a designation will occur.

4.1.2 Network Resource Interconnection Service (NR Interconnection Service).

4.1.2.1 The Product. The System Operator and Interconnecting Transmission Owner must conduct the necessary studies and Interconnecting Transmission Owner and Affected Parties must construct the Network Upgrades needed to interconnect the Large Generating Facility in a manner comparable to that in which all other Network Resources are interconnected under the NC Interconnection Standard. NC Interconnection Service allows the Interconnection Customer's Large Generating Facility to participate in the New England Markets, in accordance with Market Rule 1, Section III of the Tariff, up to the gross and net NR Capability or as otherwise provided in Market Rule l, Section III of the Tariff. Notwithstanding the above, the portion of a Large Generating Facility that has been designated as a Network Resource interconnected under the NC Interconnection Standard cannot be a capacity resource under Section III.13 of the Tariff, unless pursuant to a new Interconnection Request for CNR Interconnection Service.

4.2 Provision of Service. System Operator and Interconnecting Transmission Owner shall provide Interconnection Service for the Large Generating Facility at the Point of Interconnection.

4.3 Performance Standards. Each Party shall perform all of its obligations under this LGIA in accordance with Applicable Laws and Regulations, the ISO New England Operating Documents,

Applicable Reliability Standards, or successor documents, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such requirements and standards, such Party shall not be deemed to be in Breach of this LGIA for its compliance therewith. If such Party is the Interconnecting Transmission Owner, then that Party shall amend the LGIA and System Operator, in conjunction with the Interconnecting Transmission Owner, shall submit the amendment to the Commission for approval.

4.4 No Transmission Delivery Service. The execution of this LGIA does not constitute a request for, nor the provision of, any service except for Interconnection Service, including, but not limited to, transmission delivery service, local delivery service, distribution service, capacity service, energy service, or Ancillary Services under any applicable tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.

4.5 Transmission Delivery Service Implications. CNR Interconnection Service and NR Interconnection Service allow the Interconnection Customer's Large Generating Facility to be designated by any Network Customer under the Tariff on the New England Transmission System as a Capacity Network Resource or Network Resource, up to the net CNR Capability or NR Capability, respectively, on the same basis as all other existing Capacity Network Resources and Network Resources interconnected to the New England Transmission System, and to be studied as a Capacity Network Resource or a Network Resource on the assumption that such a designation will occur. Although CNR Interconnection Service and NR Interconnection Service do not convey a reservation of transmission service, any Network Customer can utilize its network service under the Tariff to obtain delivery of capability from the Interconnection Customer's Large Generating Facility in the same manner as it accesses Capacity Network Resources and Network Resources. A Large Generating Facility receiving CNR Interconnection Service or NR Interconnection Service may also be used to provide Ancillary Services, in accordance with the Tariff and Market Rule 1, after technical studies and/or periodic analyses are performed with respect to the Large Generating Facility's ability to provide any applicable Ancillary Services, provided that such studies and analyses have been or would be required in connection with the provision of such Ancillary Services by any existing Capacity Network Resource or Network Resource. However, if an Interconnection Customer's Large Generating Facility has not been designated as a Capacity Network Resource or as a Network Resource by any load, it cannot be required to provide Ancillary Services except to the extent such requirements extend to all Generating Facilities that are similarly situated.

CNR Interconnection Service and NR Interconnection Service do not necessarily provide the Interconnection Customer with the capability to physically deliver the output of its Large Generating Facility to any particular load on the New England Transmission System without incurring congestion costs. In the event of transmission constraints on the New England Transmission System, the Interconnection Customer's Large Generating Facility shall be subject to the applicable congestion management procedures

for the New England Transmission System in the same manner as other Capacity Network Resources or Network Resources.

There is no requirement either at the time of study or interconnection, or at any point in the future, that the Interconnection Customer's Large Generating Facility be designated as a Capacity Network Resource or as a Network Resource by a Network Service Customer under the Tariff or that the Interconnection Customer identify a specific buyer (or sink). To the extent a Network Customer does designate the Large Generating Facility as either a Capacity Network Resource or a Network Resource, it must do so pursuant to the Tariff.

Once an Interconnection Customer satisfies the requirements for obtaining CNR Interconnection Service or NR Interconnection Service, as long as the Large Generating Facility has not been deemed to be retired, any future transmission service request for delivery from the Large Generating Facility on the New England Transmission System of any amount of capacity capability and/or energy capability will not require that any additional studies be performed or that any further upgrades associated with such Large Generating Facility be undertaken, regardless of whether or not such Large Generating Facility is ever designated by a Network Customer as a Capacity Network Resource or Network Resource, and regardless of changes in ownership of the Large Generating Facility. To the extent the Interconnection Customer enters into an arrangement for long-term transmission service for deliveries from the Large Generating Facility outside the New England Transmission System, or if the unit has been deemed to be retired, such request may require additional studies and upgrades in order for Interconnecting Transmission Owner to grant such request.

4.6 Interconnection Customer Provided Services. The services provided by Interconnection Customer under this LGIA are set forth in Article 9.6 and Article 13.4. Interconnection Customer shall be paid for such services in accordance with Article 11.6.

ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION

5.1 Options. Unless otherwise mutually agreed to between the Parties, Interconnection Customer shall specify the In-Service Date, Initial Synchronization Date, and Commercial Operation Date as specified in the Interconnection Request or as subsequently revised pursuant to Section 4.4 of the LGIP; and select either Standard Option or Alternate Option set forth below for completion of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as set forth in Appendix A, and such dates and selected option shall be set forth in Appendix B (Milestones). In accordance with Section 8 of the LGIP and unless otherwise mutually agreed, the Alternate Option is not an available option if the Interconnection Customer waived the Interconnection Facilities Study.

5.1.1 Standard Option. The Interconnecting Transmission Owner shall design, procure, and construct the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades, using Reasonable Efforts to complete the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades by the dates set forth in Appendix B (Milestones). The Interconnecting Transmission Owner shall not be required to undertake any action which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. In the event the Interconnecting Transmission Owner reasonably expects that it will not be able to complete the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades by the specified dates, the Interconnecting Transmission Owner shall promptly provide written notice to the Interconnection Customer and shall undertake Reasonable Efforts to meet the earliest dates thereafter.

5.1.2 Alternate Option. If the dates designated by Interconnection Customer are acceptable to Interconnecting Transmission Owner, the Interconnecting Transmission Owner shall so notify Interconnection Customer within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities by the designated dates.
If Interconnecting Transmission Owner subsequently fails to complete Interconnecting Transmission Owner's Interconnection Facilities by the In-Service Date, to the extent necessary to provide back feed power; or fails to complete Network Upgrades by the Initial Synchronization Date to the extent necessary to allow for Trial Operation at full power output, unless other arrangements are made by the Parties for such Trial Operation; or fails to complete the Network Upgrades by the Commercial Operation Date, as such dates are reflected in Appendix B (Milestones); Interconnecting Transmission Owner shall pay Interconnection Customer liquidated damages in

accordance with Article 5.3, Liquidated Damages, provided, however, the dates designated by Interconnection Customer shall be extended day for day for each day that the applicable System Operator refuses to grant clearances to install equipment.

5.1.3 Option to Build. If the dates designated by Interconnection Customer are not acceptable to Interconnecting Transmission Owner, the Interconnecting Transmission Owner shall so notify the Interconnection Customer within thirty (30) Calendar Days, and unless the Parties agree otherwise, Interconnection Customer shall have the option to assume responsibility for the design, procurement and construction of Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades on the dates specified in Article 5.1.2. The System Operator, Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by System Operator in accordance with applicable codes of conduct and confidentiality requirements must agree as to what constitutes Stand Alone Network Upgrades and identify such Stand Alone Network Upgrades in Appendix A to the LGIA. Except for Stand Alone Network Upgrades, Interconnection Customer shall have no right to construct Network Upgrades under this option.

5.1.4 Negotiated Option. If the Interconnection Customer elects not to exercise its option under Article 5.1.3 (Option to Build), Interconnection Customer shall so notify Interconnecting Transmission Owner within thirty (30) Calendar Days, and the Parties shall in good faith attempt to negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives or the procurement and construction of a portion of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades by Interconnection Customer) pursuant to which Interconnecting Transmission Owner is responsible for the design, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades. If the Parties are unable to reach agreement on such terms and conditions, Interconnecting Transmission Owner shall assume responsibility for the design, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades pursuant to 5.1.1 (Standard Option).

5.2 General Conditions Applicable to Option to Build. If Interconnection Customer assumes responsibility for the design, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades,

(1) the Interconnection Customer shall engineer, procure equipment, and construct the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by the Interconnecting Transmission Owner;

(2) Interconnection Customer's engineering, procurement and construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network

Upgrades shall comply with all requirements of law to which Interconnecting Transmission Owner would be subject in the engineering, procurement or construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades;

(3) Interconnecting Transmission Owner shall review and approve the engineering design, equipment acceptance tests, and the construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades;

(4) prior to commencement of construction, Interconnection Customer shall provide to Interconnecting Transmission Owner a schedule for construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades, and shall promptly respond to requests for information from Interconnecting Transmission Owner;

(5) at any time during construction, Interconnecting Transmission Owner shall have the right to gain unrestricted access to the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades and to conduct inspections of the same;

(6) at any time during construction, should any phase of the engineering, equipment procurement, or construction of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades not meet the standards and specifications provided by Interconnecting Transmission Owner, the Interconnection Customer shall be obligated to remedy deficiencies in that portion of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades;

(7) the Interconnection Customer shall indemnify the Interconnecting Transmission Owner for claims arising from the Interconnection Customer's construction of Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades under the terms and procedures applicable to Article 18.1 (Indemnity);

(8) the Interconnection Customer shall transfer control of Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades to the Interconnecting Transmission Owner;

(9) Unless Parties otherwise agree, Interconnection Customer shall transfer ownership of Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades to Interconnecting Transmission Owner;

(10) Interconnecting Transmission Owner shall approve and accept for operation and maintenance the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades to the extent engineered, procured, and constructed in accordance with this Article 5.2; and

(11) Interconnection Customer shall deliver to Interconnecting Transmission Owner "as built" drawings, information, and any other documents that are reasonably required by Interconnecting

Transmission Owner to assure that the Interconnection Facilities and Stand Alone Network Upgrades are built to the standards and specifications required by Interconnecting Transmission Owner.

5.3 Liquidated Damages. The actual damages to the Interconnection Customer, in the event the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades are not completed by the dates designated by the Interconnection Customer and accepted by the Interconnecting Transmission Owner pursuant to subparagraphs 5.1.2 or 5.1.4, above, may include Interconnection Customer's fixed operation and maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. Because of such uncertainty, any liquidated damages paid by the Interconnecting Transmission Owner to the Interconnection Customer in the event that Interconnecting Transmission Owner does not complete any portion of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades by the applicable dates, shall be an amount equal to ½ of 1 percent per day of the actual cost of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades, in the aggregate, for which Interconnecting Transmission Owner has assumed responsibility to design, procure and construct.

However, in no event shall the total liquidated damages exceed 20 percent of the actual cost of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades for which the Interconnecting Transmission Owner has assumed responsibility to design, procure, and construct. The foregoing payments will be made by the Interconnecting Transmission Owner to the Interconnection Customer as just compensation for the damages caused to the Interconnection Customer, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this LGIA. Liquidated damages, when the Parties agree to them, are the exclusive remedy for the Interconnecting Transmission Owner's failure to meet its schedule.

No liquidated damages shall be paid to Interconnection Customer if: (1) Interconnection Customer is not ready to commence use of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades to take the delivery of power for the Large Generating Facility's Trial Operation or to export power from the Large Generating Facility on the specified dates, unless the Interconnection Customer would have been able to commence use of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades to take the delivery of power for Large Generating Facility's Trial Operation or to export power from the Large Generating Facility, but for Interconnecting Transmission Owner's delay; (2) the Interconnecting Transmission Owner's failure to meet the specified dates is the result of the action or inaction of the Interconnection Customer or any other Interconnection Customer who has entered into an LGIA with the Interconnecting Transmission Owner or any cause beyond Interconnecting Transmission Owner's reasonable control or reasonable ability to cure, including, but not limited to, actions by the System Operator that cause delays and/or delays in licensing, permitting or consents where the Interconnecting Transmission Owner has pursued such licenses, permits or consents in good faith; (3) the Interconnection Customer has assumed responsibility for the design, procurement and construction of the Interconnecting Transmission Owner's

Interconnection Facilities and Stand Alone Network Upgrades; or (4) the Parties have otherwise agreed.

5.4 **Power System Stabilizers**. If a Power System Stabilizer is required to be installed on the Large Generating Facility for the purpose of maintaining system stability, the Interconnection Customer shall procure, install, maintain and operate Power System Stabilizers in accordance with the guidelines and procedures established by the System Operator and Interconnecting Transmission Owner, and consistent with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. The System Operator and Interconnecting Transmission Owner reserve the right to reasonably establish minimum acceptable settings for any installed Power System Stabilizers, subject to the design and operating limitations of the Large Generating Facility. If the Large Generating Facility's Power System Stabilizers are removed from service or not capable of automatic operation, the Interconnection Customer shall immediately notify the System Operator and Interconnecting Transmission Owner, or their designated representative. The requirements of this paragraph shall not apply to non-synchronous power production equipment.

5.5 **Equipment Procurement**. If responsibility for construction of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades is to be borne by the Interconnecting Transmission Owner, then the Interconnecting Transmission Owner shall commence design of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades and procure necessary equipment as soon as practicable after all of the following conditions are satisfied, unless the Parties otherwise agree in writing:

5.5.1 The Interconnecting Transmission Owner has completed the Facilities Study pursuant to the Facilities Study Agreement;

5.5.2 The Interconnecting Transmission Owner has received written authorization to proceed with design and procurement from the Interconnection Customer by the date specified in Appendix B (Milestones); and

5.5.3 The Interconnection Customer has provided security to the Interconnecting Transmission Owner in accordance with Article 11.5 by the dates specified in Appendix B (Milestones).

5.6 **Construction Commencement**. The Interconnecting Transmission Owner shall commence construction of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:

5.6.1 Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;

5.6.2 Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of a discrete aspect of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades;

5.6.3 The Interconnecting Transmission Owner has received written authorization to proceed with construction from the Interconnection Customer by the date specified in Appendix B (Milestones); and

5.6.4 The Interconnection Customer has provided security to Interconnecting Transmission Owner in accordance with Article 11.5 by the dates specified in Appendix B (Milestones).

5.7 Work Progress. The Interconnection Customer and the Interconnecting Transmission Owner shall keep each Party informed, by written quarterly progress reports, as to the progress of their respective design, procurement and construction efforts in order to meet the dates specified in Appendix B (Milestones). Any Party may also, at any other time, request a written progress report from the other Parties. If, at any time, the Interconnection Customer determines that the completion of the Interconnecting Transmission Owner's Interconnection Facilities will not be required until after the specified In-Service Date, the Interconnection Customer, upon the System Operator's approval that the change in the In-Service Date will not constitute a Material Modification pursuant to Section 4.4 of the LGIP, will provide written notice to the Interconnecting Transmission Owner of such later date upon which the completion of the Interconnecting Transmission Owner's Interconnection Facilities will be required.

5.8 Information Exchange. As soon as reasonably practicable after the Effective Date, the Parties shall exchange information regarding the design and compatibility of the Parties' Interconnection Facilities and compatibility of the Interconnection Facilities with the New England Transmission System, and shall work diligently and in good faith to make any necessary design changes.

5.9 Limited Operation. If any of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of the Large Generating Facility, System Operator and the Interconnecting Transmission Owner shall, upon the request and at the expense of Interconnection Customer, perform operating studies on a timely basis to determine the extent to which the Large Generating Facility and the Interconnection Customer's Interconnection Facilities may operate prior to the completion of the Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades consistent with Applicable Laws and Regulations, Applicable Reliability Standards, Good Utility Practice, and this LGIA. System Operator and Interconnecting Transmission Owner shall permit Interconnection Customer to operate the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in accordance with the results of such studies.

5.10 Interconnection Customer's Interconnection Facilities ("ICIF"). Interconnection Customer shall, at its expense, design, procure, construct, own and install the ICIF, as set forth in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades).

5.10.1 Large Generating Facility Specifications. Interconnection Customer shall submit initial specifications for the ICIF, including System Protection Facilities, to Interconnecting Transmission Owner at least one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date; and final specifications for review and comment at least ninety (90) Calendar Days prior to the Initial Synchronization Date. Interconnecting Transmission Owner shall review such specifications to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of the Interconnecting Transmission Owner and comment on such specifications within thirty (30) Calendar Days of Interconnection Customer's submission. All specifications provided hereunder shall be deemed confidential.

5.10.2 Interconnecting Transmission Owner's Review. Interconnecting Transmission Owner's review of Interconnection Customer's final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Large Generating Facility, or the ICIF. Interconnection Customer shall make such changes to the ICIF as may reasonably be required by Interconnecting Transmission Owner, in accordance with Good Utility Practice, to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of the Interconnecting Transmission Owner.

5.10.3 ICIF Construction. The ICIF shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, the Interconnection Customer shall deliver to the Interconnecting Transmission Owner "as-built" drawings, information and documents for the ICIF, such as: a one-line diagram, a site plan showing the Large Generating Facility and the ICIF, plan and elevation drawings showing the layout of the ICIF, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with the Interconnection Customer's step-up transformers, the facilities connecting the Large Generating Facility to the step-up transformers and the ICIF, and the impedances (determined by factory tests) for the associated step-up transformers and the Large Generating Facilities. The Interconnection Customer shall provide Interconnecting Transmission Owner specifications for the excitation system, automatic voltage regulator, Large Generating Facility control and protection settings, transformer tap settings, and communications, if applicable.

5.11 Interconnecting Transmission Owner's Interconnection Facilities Construction. The Interconnecting Transmission Owner's Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Upon request, within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another

mutually acceptable deadline, the Interconnecting Transmission Owner shall deliver to the Interconnection Customer the following "as-built" drawings, information and documents for the Interconnecting Transmission Owner's Interconnection Facilities. The appropriate drawings and relay diagrams shall be included in Appendix A of this LGIA.
The System Operator will obtain operational control of the Interconnecting Transmission Owner's Interconnection Facilities and Stand Alone Network Upgrades upon completion of such facilities pursuant to the TOA.

5.12 Access Rights. Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party ("Granting Party") shall furnish at the incremental cost to another Party ("Access Party") any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents if allowed under the applicable agency agreement, that are necessary to enable the Access Party solely to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Large Generating Facility with the Administered Transmission System; (ii) operate and maintain the Large Generating Facility, the Interconnection Facilities and the New England Transmission System; and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this LGIA. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party.

5.13 Lands of Other Property Owners. If any part of the Interconnecting Transmission Owner's Interconnection Facilities and/or Network Upgrades is to be installed on property owned by persons other than Interconnection Customer or Interconnecting Transmission Owner, the Interconnecting Transmission Owner shall at Interconnection Customer's expense use Reasonable Efforts, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove the Interconnecting Transmission Owner's Interconnection Facilities and/or Network Upgrades upon such property. Notwithstanding the foregoing, the Interconnecting Transmission Owner shall not be obligated to exercise eminent domain authority in a manner inconsistent with Applicable Laws and Regulations or when an Interconnection Customer is authorized under Applicable Laws and Regulations to exercise eminent domain on its own behalf.

5.14 Permits. System Operator, Interconnecting Transmission Owner and Interconnection Customer shall cooperate with each other in good faith in obtaining all permits, licenses, and authorizations that are necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. With respect to this paragraph, Interconnecting Transmission Owner shall provide permitting assistance to the Interconnection Customer comparable to that provided to the Interconnecting Transmission Owner's own, or an Affiliate's generation.

5.15 Early Construction of Base Case Facilities. Interconnection Customer may request Interconnecting Transmission Owner to construct, and Interconnecting Transmission Owner shall construct, using Reasonable Efforts to accommodate Interconnection Customer's In-Service Date, all or any portion of any Network Upgrades required for Interconnection Customer to be interconnected to the Administered Transmission System, which are included in the Base Case of the Facilities Study for the Interconnection Customer, and which also are required to be constructed for another Interconnection Customer, but where such construction is not scheduled to be completed in time to achieve Interconnection Customer's In-Service Date. The Interconnection Customer shall reimburse the Interconnecting Transmission Owner for all costs incurred related to early construction to the extent such costs are not recovered from other Interconnection Customers included in the base case.

5.16 Suspension. Interconnection Customer reserves the right, upon written notice to Interconnecting Transmission Owner and System Operator, to suspend at any time all work by Interconnecting Transmission Owner associated with the construction and installation of Interconnecting Transmission Owner's Interconnection Facilities and/or Network Upgrades required under this LGIA with the condition that the New England Transmission System shall be left in a safe and reliable condition in accordance with Good Utility Practice and the System Operator's and Interconnecting Transmission Owner's safety and reliability criteria. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which Interconnecting Transmission Owner (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the New England Transmission System during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Interconnecting Transmission Owner cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, Interconnecting Transmission Owner shall obtain Interconnection Customer's authorization to do so. Interconnecting Transmission Owner shall invoice Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work by Interconnecting Transmission Owner required under this LGIA pursuant to this Article 5.16, and has not requested Interconnecting Transmission Owner to recommence the work required under this LGIA on or before the expiration of three (3) years following commencement of such suspension, this LGIA shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to Interconnecting Transmission Owner and System Operator, if no effective date is specified. A suspension under this Article 5.16 does not automatically permit an extension of the In-Service Date, the Initial Synchronization Date or the Commercial Operation Date. A request for extension of such dates is subject to Section 4.4.5 of the LGIP. Notwithstanding the extensions permitted under Section 4.4.5 of the LGIP, the three-year period shall in no way result in an extension of the In-Service Date, the Initial Synchronization Date or the Commercial Operation Date that exceeds seven (7) years from the date of the Interconnection Request; otherwise, this LGIA shall be deemed terminated.

5.17 Taxes.

5.17.1 Payments Not Taxable. The Parties intend that all payments or property transfers made by any Party for the installation of the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.

5.17.2 Representations and Covenants. In accordance with IRS Notice 2001-82 and IRS Notice 88-129, Interconnection Customer represents and covenants that (i) ownership of the electricity generated at the Large Generating Facility will pass to another party prior to the transmission of the electricity on the New England Transmission System, (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to the Interconnecting Transmission Owner for the Interconnecting Transmission Owner's Interconnection Facilities will be capitalized by Interconnection Customer as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of the Interconnecting Transmission Owner's Interconnection Facilities that is a "dual-use intertie," within the meaning of IRS Notice 88-129, is reasonably expected to carry only a de minimis amount of electricity in the direction of the Large Generating Facility. For this purpose, "de minimis amount" means no more than 5 percent of the total power flows in both directions, calculated in accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At Interconnecting Transmission Owner's request, Interconnection Customer shall provide Interconnecting Transmission Owner with a report from an independent engineer confirming its representation in clause (iii), above. Interconnecting Transmission Owner represents and covenants that the cost of the Interconnecting Transmission Owner's Interconnection Facilities paid for by Interconnection Customer will have no net effect on the base upon which rates are determined.

5.17.3 Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon Interconnecting Transmission Owner. Notwithstanding Article 5.17.1, Interconnection Customer shall protect, indemnify and hold harmless Interconnecting Transmission Owner from the cost consequences of any current tax liability imposed against Interconnecting Transmission Owner as the result of payments or property transfers made by Interconnection Customer to Interconnecting Transmission Owner under this LGIA, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Interconnecting Transmission Owner.

The Interconnecting Transmission Owner shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Interconnection Customer under this LGIA unless (i) Interconnecting Transmission Owner has determined, in good faith, that the payments or property transfers made by Interconnection Customer to Interconnecting Transmission Owner should be reported as income subject to taxation or (ii) any Governmental Authority directs Interconnecting Transmission Owner to report payments or property as income subject to taxation; provided, however, that Interconnecting Transmission Owner may require Interconnection Customer to provide security, in a form reasonably acceptable to Interconnecting Transmission Owner (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17. Interconnection Customer shall reimburse Interconnecting Transmission Owner for such costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from Interconnecting Transmission Owner of the amount due, including detail about how the amount was calculated.

The indemnification obligation shall terminate at the earlier of (1) the expiration of the ten year testing period, and the applicable statute of limitation, as it may be extended by the Interconnecting Transmission Owner upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.17.

5.17.4 Tax Gross-Up Amount. Interconnection Customer's liability for the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Interconnection Customer will pay Interconnecting Transmission Owner, in addition to the amount paid for the Interconnection Facilities and Network Upgrades, an amount equal to (1) the current taxes imposed on Interconnecting Transmission Owner ("Current Taxes") on the excess of (a) the gross income realized by Interconnecting Transmission Owner as a result of payments or property transfers made by Interconnection Customer to Interconnecting Transmission Owner under this LGIA (without regard to any payments under this Article 5.17) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit the Interconnecting Transmission Owner to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).For this purpose, (i) Current Taxes shall be computed based on Interconnecting Transmission Owner composite federal and state tax rates at the time the payments or property transfers are received and Interconnecting Transmission Owner will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting Interconnecting Transmission Owner's anticipated tax depreciation deductions as a result of such payments or property transfers by Interconnecting Transmission Owner current weighted average cost of capital. Thus, the formula for

calculating Interconnection Customer's liability to Transmission Owner pursuant to this Article 5.17.4 can be expressed as follows: (Current Tax Rate x (Gross Income Amount – Present Value of Tax Depreciation))/(1-Current Tax Rate). Interconnection Customer's estimated tax liability in the event taxes are imposed shall be stated in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades).

5.17.5 Private Letter Ruling or Change or Clarification of Law. At Interconnection Customer's request and expense, Interconnecting Transmission Owner shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Interconnection Customer to Interconnecting Transmission Owner under this LGIA are subject to federal income taxation. Interconnection Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Interconnection Customer's knowledge. Interconnecting Transmission Owner and Interconnection Customer shall cooperate in good faith with respect to the submission of such request.

Interconnecting Transmission Owner shall keep Interconnection Customer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Interconnection Customer to participate in all discussions with the IRS regarding such request for a private letter ruling. Interconnecting Transmission Owner shall allow Interconnection Customer to attend all meetings with IRS officials about the request and shall permit Interconnection Customer to prepare the initial drafts of any follow-up letters in connection with the request.

5.17.6 Subsequent Taxable Events. If, within ten (10) years from the date on which the relevant Interconnecting Transmission Owner's Interconnection Facilities are placed in service, (i) Interconnection Customer Breaches the covenant contained in Article 5.17.2, (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (iii) this LGIA terminates and Interconnecting Transmission Owner retains ownership of the Interconnection Facilities and Network Upgrades, the Interconnection Customer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on Interconnecting Transmission Owner, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.

5.17.7 Contests. In the event any Governmental Authority determines that Interconnecting Transmission Owner's receipt of payments or property constitutes income that is subject to taxation, Interconnecting Transmission Owner shall notify Interconnection Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Interconnection Customer and at Interconnection Customer's sole expense, Interconnecting Transmission Owner may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Interconnection Customer's written request and sole expense, Interconnecting Transmission Owner may file a claim for refund with

respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. Interconnecting Transmission Owner reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but Interconnecting Transmission Owner shall keep Interconnection Customer informed, shall consider in good faith suggestions from Interconnection Customer about the conduct of the contest, and shall reasonably permit Interconnection Customer or an Interconnection Customer representative to attend contest proceedings.

Interconnection Customer shall pay to Interconnecting Transmission Owner on a periodic basis, as invoiced by Interconnecting Transmission Owner, documented reasonable costs of prosecuting such appeal, protest, abatement or other contest. At any time during the contest, Interconnecting Transmission Owner may agree to a settlement either with Interconnection Customer's consent or after obtaining written advice from nationally-recognized tax counsel, selected by Interconnecting Transmission Owner, but reasonably acceptable to Interconnection Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Interconnection Customer's obligation shall be based on the amount of the settlement agreed to by Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally recognized tax counsel selected under the terms of the preceding sentence. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. Any settlement without Interconnection Customer's consent or such written advice will relieve Interconnection Customer from any obligation to indemnify Interconnecting Transmission Owner for the tax at issue in the contest.

5.17.8 Refund. In the event that (a) a private letter ruling is issued to Interconnecting Transmission Owner which holds that any amount paid or the value of any property transferred by Interconnection Customer to Interconnecting Transmission Owner under the terms of this LGIA is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to Interconnecting Transmission Owner in good faith that any amount paid or the value of any property transferred by Interconnection Customer to Interconnecting Transmission Owner under the terms of this LGIA is not taxable to Interconnecting Transmission Owner, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Interconnection Customer to Interconnecting Transmission Owner are not subject to federal income tax, or (d) if Interconnecting Transmission Owner receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Interconnection Customer to Interconnecting Transmission Owner pursuant to this LGIA, Interconnecting Transmission Owner shall promptly refund to Interconnection Customer the following:

(i) any payment made by Interconnection Customer under this Article 5.17 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,

(ii) interest on any amounts paid by Interconnection Customer to Interconnecting Transmission Owner for such taxes which Interconnecting Transmission Owner did not submit to the taxing authority, interest calculated in accordance with the methodology set forth in the Commission's regulations at 18 CFR §35.19a(a)(2)(iii) from the date payment was made by Interconnection Customer to the date Interconnecting Transmission Owner refunds such payment to Interconnection Customer, and

(iii) with respect to any such taxes paid by Interconnecting Transmission Owner, any refund or credit Interconnecting Transmission Owner receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to the Interconnecting Transmission Owner for such overpayment of taxes (including any reduction in interest otherwise payable by Interconnecting Transmission Owner to any Governmental Authority resulting from an offset or credit); provided, however, that Interconnecting Transmission Owner will remit such amount promptly to Interconnection Customer only after and to the extent that Interconnecting Transmission Owner has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to the Interconnecting Transmission Owner's Interconnection Facilities.

The intent of this provision is to leave Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for Interconnection Facilities and Network Upgrades hereunder, in the same position they would have been in had no such tax payments been made.

5.17.9 Taxes Other Than Income Taxes. Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, Interconnecting Transmission Owner shall appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against Interconnecting Transmission Owner for which Interconnection Customer may be required to reimburse Interconnecting Transmission Owner under the terms of this LGIA. Interconnection Customer shall pay to Interconnecting Transmission Owner on a periodic basis, as invoiced by Interconnecting Transmission Owner, Interconnecting Transmission Owner's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer and Interconnecting Transmission Owner shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer to Interconnecting Transmission Owner for such

taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by Interconnecting Transmission Owner.

5.18 Tax Status. Each Party shall cooperate with the others to maintain the other Party's(ies') tax status. Nothing in this LGIA is intended to adversely affect any Interconnecting Transmission Owner's tax-exempt status with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds.

5.19 Modification.

5.19.1 General. Either Interconnection Customer or Interconnecting Transmission Owner may undertake modifications to its facilities. If a Party plans to undertake a modification that reasonably may be expected to affect the other Party's facilities,the facilities of any Affected Parties, or the New England Transmission System, that Party shall provide to the other Parties and any Affected Party: (i) sufficient information regarding such modification so that the other Party(ies) may evaluate the potential impact of such modification prior to commencement of the work; and (ii) such information as may be required by the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Such information shall be deemed to be confidential hereunder and shall include information concerning the timing of such modifications and whether such modifications are expected to interrupt the flow of electricity from the Large Generating Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party(ies) at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed. Notwithstanding the foregoing, no Party shall be obligated to proceed with a modification that would constitute a Material Modification and therefore require an Interconnection Request under the LGIP, except as provided under and pursuant to the LGIP.

In the case of Large Generating Facility or Interconnection Customer's Interconnection Facility modifications that do not require Interconnection Customer to submit an Interconnection Request, Interconnecting Transmission Owner shall provide, within thirty (30) Calendar Days (or such other time as the Parties may agree), an estimate of any additional modifications to the New England Transmission System, Interconnecting Transmission Owner's Interconnection Facilities or Network Upgrades necessitated by such Interconnection Customer modification and a good faith estimate of the costs thereof.

5.19.2 Standards. Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this LGIA and Good Utility Practice.

5.19.3 Modification Costs. Interconnection Customer shall not be directly assigned for the costs of any additions, modifications, or replacements that Interconnecting Transmission Owner makes to the Interconnecting Transmission Owner's Interconnection Facilities or the New England Transmission System to facilitate the interconnection of a third party to the Interconnecting Transmission Owner's Interconnection Facilities or the New England Transmission System, or to provide transmission service to a third party under the Tariff, except as provided for under the Tariff or any other applicable tariff. Interconnection Customer shall be responsible for the costs of any additions, modifications, or replacements to the Large Generating Facility or Interconnection Customer's Interconnection Facilities that may be necessary to maintain or upgrade such Interconnection Customer's Interconnection Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

ARTICLE 6. TESTING AND INSPECTION

6.1 Pre-Commercial Operation Date Testing and Modifications. Prior to the Commercial Operation Date, the Interconnecting Transmission Owner shall test Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades and Interconnection Customer shall test the Large Generating Facility and the Interconnection Customer's Interconnection Facilities to ensure their safe and reliable operation. Similar testing may be required after initial operation. Each Party shall make any modifications to its facilities that are found to be necessary as a result of such testing. Interconnection Customer shall bear the cost of all such testing and modifications. Interconnection Customer shall generate test energy at the Large Generating Facility only if it has arranged for the delivery of such test energy.

6.2 Post-Commercial Operation Date Testing and Modifications. Each Interconnection Customer and Interconnecting Transmission Owner shall at its own expense perform routine inspection and testing of its facilities and equipment in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, as may be necessary to ensure the continued interconnection of the Large Generating Facility to the Administered Transmission System in a safe and reliable manner. The Interconnection Customer and Interconnecting Transmission Owner each shall have the right, upon advance written notice, to require reasonable additional testing of the other Party's(ies') facilities, at the requesting Party's expense, as may be in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. The System Operator shall also have the right to require reasonable additional testing of the other Party's (ies') facilities in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

6.3 Right to Observe Testing. Each Party shall notify the System Operator and other Party(ies) in advance of its performance of tests of its Interconnection Facilities. The other Party(ies) has the right, at its own expense, to observe such testing.

6.4 Right to Inspect. Each Party shall have the right, but shall have no obligation to: (i) observe the other Party's(ies') tests and/or inspection of any of its System Protection Facilities and other protective equipment, including Power System Stabilizers; (ii) review the settings of the other Party's(ies') System Protection Facilities and other protective equipment; and (iii) review the other Party's(ies') maintenance records relative to the Interconnection Facilities, the System Protection Facilities and other protective equipment. Each Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Parties. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Interconnection Facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 6.4 shall be governed by Article 22.

ARTICLE 7. METERING

7.1 General. Each Party shall comply with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, regarding metering. Interconnection Customer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment. Unless the System Operator otherwise agrees, the Interconnection Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under this Tariff and to communicate the information to the System Operator. Unless otherwise agreed, such equipment shall remain the property of the Interconnecting Transmission Owner.

7.2 Check Meters. Interconnection Customer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more check meters to check Interconnecting Transmission Owner's meters. Such check meters shall be for check purposes only and shall not be used for the measurement of power flows for purposes of this LGIA, except as provided in Article 7.4 below. The check meters shall be subject at all reasonable times to inspection and examination by Interconnecting Transmission Owner or its designee. The installation, operation and maintenance thereof shall be performed entirely by Interconnection Customer in accordance with Good Utility Practice.

7.3 Standards. Interconnecting Transmission Owner shall install, calibrate, and test revenue quality Metering Equipment in accordance with applicable ANSI standards and the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

7.4 Testing of Metering Equipment. Interconnecting Transmission Owner shall inspect and test all Interconnecting Transmission Owner-owned Metering Equipment upon installation and thereafter as specified in the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Interconnecting Transmission Owner shall give reasonable notice of the time when any inspection or test shall take place, and Interconnection Customer may have representatives present at the test or inspection. If at any time Metering Equipment is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at Interconnection Customer's expense, in order to provide accurate metering. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies by more than the values specified within ISO New England Operating Documents, or successor documents, from the measurement made by the standard meter used in the test, the Interconnecting Transmission Owner shall adjust the measurements, in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

7.5 Metering Data. At Interconnection Customer's expense, metered data shall be telemetered to one or more locations designated by System Operator and Interconnecting Transmission Owner. The hourly integrated metering, established in accordance with ISO New England Operating

Documents, Applicable Reliability Standards, or successor documents, used to transmit Megawatt hour ("MWh") per hour data by electronic means and the Watt-hour meters equipped with kilowatt-hour ("kwh") or MWh registers to be read at month's end shall be the official measurement of the amount of energy delivered from the Large Generating Facility to the Point of Interconnection. Instantaneous metering is required for all Generators in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

ARTICLE 8. COMMUNICATIONS

8.1 **Interconnection Customer Obligations.** Interconnection Customer shall maintain satisfactory operating communications with the System Operator and Interconnecting Transmission Owner in accordance with applicable provisions of ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

8.2 **Remote Terminal Unit.** Prior to the Initial Synchronization Date of the Large Generating Facility, a Remote Terminal Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by Interconnection Customer or Interconnecting Transmission Owner at Interconnection Customer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by System Operator and Interconnecting Transmission Owner through use of a dedicated point-to-point data circuit(s). The communication protocol for the data circuit(s) shall be specified by System Operator and Interconnecting Transmission Owner. All information required by the ISO New England Operating Documents, or successor documents, must be telemetered directly to the location(s) specified by System Operator and Interconnecting Transmission Owner.
Each Party will promptly advise the other Party(ies) if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by the other Party(ies). The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

8.3 **No Annexation.** Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

ARTICLE 9. OPERATIONS

9.1 **General.** Each Party shall comply with applicable provisions of ISO New England Operating Documents, Reliability Standards, or successor documents, regarding operations. Each Party shall provide to the other Party(ies) all information that may reasonably be required by the other Party(ies) to comply with Applicable Laws and Regulations and Applicable Reliability Standards.

9.2 Control Area Notification. Before Initial Synchronization Date, the Interconnection Customer shall notify the System Operator and Interconnecting Transmission Owner in writing in accordance with ISO New England Operating Documents, Reliability Standards, or successor documents. If the Interconnection Customer elects to have the Large Generating Facility dispatched and operated from a remote Control Area other than the Control Area in which the Large Generating Facility is physically located, and if permitted to do so by the relevant transmission tariffs and ISO New England Operating Documents, Reliability Standards, or successor documents, all necessary arrangements, including but not limited to those set forth in Article 7 and Article 8 of this LGIA, and remote Control Area generator interchange agreements, if applicable, and the appropriate measures under such agreements, shall be executed and implemented prior to the placement of the Large Generating Facility in the other Control Area for dispatch and operations.

9.3 Interconnecting Transmission Owner and System Operator Obligations. Interconnecting Transmission Owner and System Operator shall cause the Interconnecting Transmission Owner's Interconnection Facilities to be operated, maintained and controlled in a safe and reliable manner and in accordance with this LGIA and ISO New England Operating Documents, Reliability Standards, or successor documents. Interconnecting Transmission Owner or System Operator may provide operating instructions to Interconnection Customer consistent with this LGIA, ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, and Interconnecting Transmission Owner's and System Operator's operating protocols and procedures as they may change from time to time. Interconnecting Transmission Owner and System Operator will consider changes to their operating protocols and procedures proposed by Interconnection Customer.

9.4 Interconnection Customer Obligations. Interconnection Customer shall at its own expense operate, maintain and control the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA and ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.5 Start-Up and Synchronization. The Interconnection Customer is responsible for the proper start-up and synchronization of the Large Generating Facility to the New England Transmission System in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.6 Reactive Power.

9.6.1 Power Factor Design Criteria. Interconnection Customer shall design the Large Generating Facility and all generating units comprising the Large Generating Facility, as applicable, to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the System Operator or Interconnecting Transmission Owner has established different requirements that apply to all generators in the Control Area on a

comparable basis and in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. The requirements of this paragraph shall not apply to wind generators.

9.6.2 Voltage Schedules. Once the Interconnection Customer has synchronized the Large Generating Facility to the New England Transmission System, Interconnection Customer shall operate the Large Generating Facility at the direction of System Operator and Interconnecting Transmission Owner in accordance with applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, regarding voltage schedules in accordance with such requirements.

9.6.2.1 Voltage Regulators. The Interconnection Customer must keep and maintain a voltage regulator on all generating units comprising a Large Generating Facility in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. All Interconnection Customers that have, or are required to have, automatic voltage regulation shall normally operate the Large Generating Facility with its voltage regulators in automatic operation.

It is the responsibility of the Interconnection Customer to maintain the voltage regulator in good operating condition and promptly report to the System Operator and Interconnecting Transmission Owner any problems that could cause interference with its proper operation.

9.6.2.2 Governor Control. The Interconnection Customer is obligated to provide and maintain a functioning governor on all generating units comprising the Large Generating Facility in accordance with applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.6.2.3 System Protection. The Interconnection Customer shall install and maintain protection systems in accordance with applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.6.3 Payment for Reactive Power.

Interconnection Customers shall be compensated for Reactive Power service in accordance with Schedule 2 of the Section II of the Tariff.

9.7 Outages and Interruptions.

9.7.1 Outages.

9.7.1.1 Outage Authority and Coordination. The System Operator shall have the authority to coordinate facility outages in accordance with the ISO New England

Operating Documents, Applicable Reliability Standards, or successor documents. Each Party may in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, in coordination with the other Party(ies), remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact the other Party's(ies') facilities as necessary to perform maintenance or testing or to install or replace equipment, subject to the oversight of System Operator in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.1.2 Outage Schedules. Outage scheduling, and any related compensation, shall be in accordance with the applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.2 Interruption of Service. In accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, the System Operator or Interconnecting Transmission Owner may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect System Operator's or Interconnecting Transmission Owner's ability to perform such activities as are necessary to safely and reliably operate and maintain the New England Transmission System.

9.7.3 Under-Frequency and Over Frequency Conditions. Interconnection Customer shall implement under-frequency and over-frequency relay set points for the Large Generating Facility as required by the applicable provisions of ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Large Generating Facility response to frequency deviations of pre-determined magnitudes, both under-frequency and over-frequency deviations, shall be studied and coordinated with System Operator and Interconnecting Transmission Owner in accordance with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.4 System Protection and Other Control Requirements.

9.7.4.1 System Protection Facilities. Interconnection Customer shall, at its expense, install, operate and maintain System Protection Facilities as a part of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Interconnecting Transmission Owner shall install at Interconnection Customer's expense, in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, any System Protection Facilities that may be required on the Interconnecting Transmission Owner Interconnection Facilities or the New England Transmission System as a result of the interconnection of the Large

Generating Facility and the Interconnection Customer's Interconnection Facilities.

9.7.4.2 Each Party's protection facilities shall be designed and coordinated with other systems in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.4.3 Each Party shall be responsible for protection of its facilities consistent with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.4.4 Each Party's protective relay design shall allow for tests required in Article 6.

9.7.4.5 Each Party will test, operate and maintain System Protection Facilities in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

9.7.5 Requirements for Protection. In accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, and compliance with Good Utility Practice , Interconnection Customer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of the Large Generating Facility to any short circuit occurring on the New England Transmission System not otherwise isolated by Interconnecting Transmission Owner's equipment, such that the removal of the fault contribution shall be coordinated with the protective requirements of the New England Transmission System. Such protective equipment shall include, without limitation, a disconnecting device or switch with load-interrupting capability located between the Large Generating Facility and the New England Transmission System at a site selected upon mutual agreement (not to be unreasonably withheld, conditioned or delayed) of the Parties. Interconnection Customer shall be responsible for protection of the Large Generating Facility and Interconnection Customer's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field. Interconnection Customer shall be solely responsible to disconnect the Large Generating Facility and Interconnection Customer's other equipment if conditions on the New England Transmission System could adversely affect the Large Generating Facility.

9.7.6 Power Quality. A Party's facilities shall not cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, or any applicable superseding electric industry standard.

9.8 Switching and Tagging Rules. Each Party shall provide the other Party(ies) with a copy of its switching and tagging rules that are applicable to the other Party's activities. Such switching and tagging rules shall be developed on a non-discriminatory basis. The Parties shall comply with

applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.

9.9 Use of Interconnection Facilities by Third Parties.

9.9.1 Purpose of Interconnection Facilities. Except as may be required by Applicable Laws and Regulations, or as otherwise agreed to among the Parties, the Interconnection Facilities shall be constructed for the sole purpose of interconnecting the Large Generating Facility to the Administered Transmission System and shall be used for no other purpose.

9.9.2 Third Party Users. If required by Applicable Laws and Regulations or if the Parties mutually agree, such agreement not to be unreasonably withheld, to allow one or more third parties to use the Interconnecting Transmission Owner's Interconnection Facilities, or any part thereof, Interconnection Customer will be entitled to compensation for the capital expenses it incurred in connection with the Interconnection Facilities based upon the pro rata use of the Interconnection Facilities by Interconnecting Transmission Owner, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed-upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Interconnection Facilities, will be allocated between Interconnection Customer and any third party users based upon the pro rata use of the Interconnection Facilities by Interconnecting Transmission Owner, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed-upon methodology. If the issue of such compensation or allocation cannot be resolved through such negotiations, it shall be submitted to the Commission for resolution.

9.10 Disturbance Analysis Data Exchange. The Parties will cooperate with one another in the analysis of disturbances to either the Large Generating Facility or the New England Transmission System by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

ARTICLE 10. MAINTENANCE

10.1 Interconnecting Transmission Owner and Customer Obligations. Interconnecting Transmission Owner and Interconnection Customer shall each maintain that portion of its respective facilities that are part of the New England Transmission System and the Interconnecting Transmission Owner's Interconnection Facilities in a safe and reliable manner and in accordance with the applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

10.2 Operating and Maintenance Expenses. Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Interconnection Customer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Interconnection Customer's Interconnection Facilities; and (2) operation, maintenance, repair and replacement of Interconnecting Transmission Owner's Interconnection Facilities, Stand Alone Network Upgrades, Network Upgrades and Distribution Upgrades.

ARTICLE 11. PERFORMANCE OBLIGATION

11.1 Interconnection Customer's Interconnection Facilities. Interconnection Customer shall design, procure, construct, install, own and/or control the Interconnection Customer's Interconnection Facilities described in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades) at its sole expense.

11.2 Interconnecting Transmission Owner's Interconnection Facilities. Interconnecting Transmission Owner shall design, procure, construct, install, own and/or control the Interconnecting Transmission Owner's Interconnection Facilities described in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades) at the sole expense of the Interconnection Customer.

11.3 Network Upgrades and Distribution Upgrades. Interconnecting Transmission Owner shall design, procure, construct, install, and own the Network Upgrades, and to the extent provided by Article 5.1, Stand Alone Network Upgrades, and Distribution Upgrades described in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades). The Interconnection Customer shall be responsible for all costs related to Distribution Upgrades. Unless the Interconnecting Transmission Owner elects to fund the capital for the Network Upgrades, they shall be solely funded by the Interconnection Customer.

11.4 Cost Allocation; Compensation; Rights; Affected Systems

11.4.1 Cost Allocation. Cost allocation of Generator Interconnection Related Upgrades shall be in accordance with Schedule 11 of Section II of the Tariff.

11.4.2 Compensation. Any compensation due to the Interconnection Customer for increases in transfer capability to the PTF resulting from its Generator Interconnection Related Upgrade shall be determined in accordance with Sections II and III of the Tariff.

11.4.3 Rights. Notwithstanding any other provision of this LGIA, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission

credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades.

11.4.4 Special Provisions for Affected Systems. The Interconnection Customer shall enter into separate related facilities agreements to address any upgrades to the Affected System(s) that are necessary for safe and reliable interconnection of the Interconnection Customer's Generating Facility.

11.5 Provision of Security. At least thirty (30) Calendar Days prior to the commencement of the procurement, installation, or construction of a discrete portion of an Interconnecting Transmission Owner's Interconnection Facilities, Network Upgrades, or Distribution Upgrades, Interconnection Customer shall provide Interconnecting Transmission Owner a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Interconnecting Transmission Owner in accordance with Section 7 of Schedule 11 of the Tariff. In addition:

11.5.1 The guarantee must be made by an entity that meets the creditworthiness requirements of Interconnecting Transmission Owner, and contain terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.

11.5.2 The letter of credit must be issued by a financial institution reasonably acceptable to Interconnecting Transmission Owner and must specify a reasonable expiration date.

11.5.3 The surety bond must be issued by an insurer reasonably acceptable to Interconnecting Transmission Owner and must specify a reasonable expiration date.

11.6 Interconnection Customer Compensation. If System Operator or Interconnecting Transmission Owner requests or directs Interconnection Customer to provide a service pursuant to Articles 9.6.3 (Payment for Reactive Power), or 13.4.1 of this LGIA, Interconnection Customer shall be compensated pursuant to the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition. Interconnection Customer shall be compensated for its provision of real and reactive power and other Emergency Condition services that Interconnection Customer provides to support the New England Transmission System during an Emergency Condition in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

ARTICLE 12. INVOICE

12.1 General. Each Party shall submit to the other Party(ies), on a monthly basis, invoices of amounts due for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. The Parties may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts a Party owes to the other Party(ies) under this LGIA, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.

12.2 Final Invoice. Within six months after completion of the construction of the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades, Interconnecting Transmission Owner shall provide an invoice of the final cost of the construction of the Interconnecting Transmission Owner's Interconnection Facilities and the Network Upgrades and shall set forth such costs in sufficient detail to enable Interconnection Customer to compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates. Interconnecting Transmission Owner shall refund to Interconnection Customer any amount by which the actual payment by Interconnection Customer for estimated costs exceeds the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice. Interconnection Customer shall pay to Interconnecting Transmission Owner any amount by which the actual payment by Interconnection Customer for estimated costs falls short of the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice.

12.3 Payment. Invoices shall be rendered to the paying Party at the address specified in Appendix F. The Party receiving the invoice shall pay the invoice within thirty (30) Calendar Days of receipt. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party. Payment of invoices by any Party will not constitute a waiver of any rights or claims the other Party(ies) may have under this LGIA.

12.4 Disputes. In the event of a billing dispute between Interconnecting Transmission Owner and Interconnection Customer, Interconnecting Transmission Owner shall continue to provide Interconnection Service under this LGIA as long as Interconnection Customer: (i) continues to make all payments not in dispute; and (ii) pays to Interconnecting Transmission Owner or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Interconnection Customer fails to meet these two requirements for continuation of service, then Interconnecting Transmission Owner may provide notice to Interconnection Customer of a Default pursuant to Article 17. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accord with the methodology set forth in the Commission's Regulations at 18 CFR § 35.19a(a)(2)(iii).

ARTICLE 13. EMERGENCIES

13.1 Obligations. Each Party shall comply with the Emergency Condition procedures of the System Operator in accordance with the applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

13.2 Notice. Interconnecting Transmission Owner or System Operator as applicable shall notify Interconnection Customer and System Operator or Interconnecting Transmission Owner as applicable, promptly when it becomes aware of an Emergency Condition that affects the Interconnecting Transmission Owner's Interconnection Facilities or the New England Transmission System that may reasonably be expected to affect Interconnection Customer's operation of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities. Interconnection Customer shall notify Interconnecting Transmission Owner and System Operator promptly when it becomes aware of an Emergency Condition that affects the Large Generating Facility or the Interconnection Customer's Interconnection Facilities that may reasonably be expected to affect the New England Transmission System or the Interconnecting Transmission Owner's Interconnection Facilities. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of Interconnection Customer's or Interconnecting Transmission Owner's facilities and operations, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice.

13.3 Immediate Action. Unless, in Interconnection Customer's reasonable judgment, immediate action is required, Interconnection Customer shall obtain the consent of Interconnecting Transmission Owner and System Operator, such consent to not be unreasonably withheld, prior to performing any manual switching operations at the Large Generating Facility or the Interconnection Customer's Interconnection Facilities in response to an Emergency Condition either declared by the Interconnecting Transmission Owner or the System Operator or otherwise regarding the New England Transmission System.

13.4 System Operator's and Interconnecting Transmission Owner's Authority.

13.4.1 General. System Operator or Interconnecting Transmission Owner may take whatever actions or inactions with regard to the New England Transmission System or the Interconnecting Transmission Owner's Interconnection Facilities it deems necessary during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the New England Transmission System or Interconnecting Transmission Owner's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service.

System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Large Generating Facility or the Interconnection Customer's Interconnection Facilities. System Operator and Interconnecting Transmission Owner may, on the basis of technical considerations, require the Large Generating Facility to mitigate an Emergency Condition by taking

actions necessary and limited in scope to remedy the Emergency Condition, including, but not limited to, directing Interconnection Customer to shut-down, start-up, increase or decrease the real or reactive power output of the Large Generating Facility; implementing a reduction or disconnection pursuant to Article 13.4.2; directing the Interconnection Customer to assist with black start (if available) or restoration efforts; or altering the outage schedules of the Large Generating Facility and the Interconnection Customer's Interconnection Facilities. Interconnection Customer shall comply with all of System Operator's and Interconnecting Transmission Owner's operating instructions concerning Large Generating Facility real power and reactive power output within the manufacturer's design limitations of the Large Generating Facility's equipment that is in service and physically available for operation at the time, in compliance with Applicable Laws and Regulations.

13.4.2 Reduction and Disconnection. System Operator and Interconnecting Transmission Owner may reduce Interconnection Service or disconnect the Large Generating Facility or the Interconnection Customer's Interconnection Facilities when such reduction or disconnection is necessary in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. These rights are separate and distinct from any right of curtailment of the System Operator and Interconnecting Transmission Owner pursuant to the Tariff. When the System Operator and Interconnecting Transmission Owner can schedule the reduction or disconnection in advance, System Operator and Interconnecting Transmission Owner shall notify Interconnection Customer of the reasons, timing and expected duration of the reduction or disconnection. System Operator and Interconnecting Transmission Owner shall coordinate with the Interconnection Customer in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents to schedule the reduction or disconnection during periods of least impact to the Interconnection Customer and the System Operator and Interconnecting Transmission Owner. Any reduction or disconnection shall continue only for so long as reasonably necessary in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. The Parties shall cooperate with each other to restore the Large Generating Facility, the Interconnection Facilities, and the New England Transmission System to their normal operating state as soon as practicable in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

13.5 Interconnection Customer Authority. In accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents and the LGIA and the LGIP, the Interconnection Customer may take whatever actions or inactions with regard to the Large Generating Facility or the Interconnection Customer's Interconnection Facilities during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service. Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the New England

Transmission System and the Interconnecting Transmission Owner's Interconnection Facilities. System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to assist Interconnection Customer in such actions.

13.6 Limited Liability. Except as otherwise provided in Article 11.6.1 of this LGIA, a Party shall not be liable to another Party for any action it takes in responding to an Emergency Condition so long as such action is made in good faith and in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

ARTICLE 14. REGULATORY REQUIREMENTS AND GOVERNING LAW

14.1 Regulatory Requirements. Each Party's obligations under this LGIA shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this LGIA shall require Interconnection Customer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 1935, as amended. To the extent that a condition arises that could result in Interconnection Customer's inability to obtain, or its loss of, status or exemption under the Federal Power Act, the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978, the Parties shall engage in good faith negotiations to address the condition so that such result will not occur and so that this LGIA can be performed.

14.2 Governing Law.

14.2.1 The validity, interpretation and performance of this LGIA and each of its provisions shall be governed by the laws of the state where the Point of Interconnection is located, without regard to its conflicts of law principles.

14.2.2 This LGIA is subject to all Applicable Laws and Regulations.

14.2.3 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

ARTICLE 15. NOTICES

15.1 General. Unless otherwise provided in this LGIA, any notice, demand or request required or permitted to be given by a Party to another Party and any instrument required or permitted to be

tendered or delivered by a Party in writing to another Party shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix F (Addresses for Delivery of Notices and Billings).
A Party may change the notice information in this LGIA by giving five (5) Business Days written notice prior to the effective date of the change.

15.2 Billings and Payments. Billings and payments shall be sent to the addresses set out in Appendix F.

15.3 Alternative Forms of Notice. Any notice or request required or permitted to be given by a Party to another Party and not required by this Agreement to be given in writing may be so given by telephone, facsimile or email to the telephone numbers and email addresses set out in Appendix F.

15.4 Operations and Maintenance Notice. Each Party shall notify the other Party(ies) in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10.

ARTICLE 16. FORCE MAJEURE

16.1 Force Majeure.

16.1.1 Economic hardship is not considered a Force Majeure event.

16.1.2 A Party shall not be considered to be in Default with respect to any obligation hereunder (including obligations under Article 4), other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party(ies) in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

ARTICLE 17. DEFAULT

17.1 Default.

17.1.1 General. No Breach shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this LGIA or the result of an act or omission of the other Party(ies). Upon a Breach, the non-Breaching Party shall give written notice of such Breach to the breaching Party. Except as provided in Article 17.1.2, the Breaching Party shall have thirty (30) Calendar Days from receipt of the Breach notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the Breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Breach notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

17.1.2 Right to Terminate. If a Breach is not cured as provided in this Article, or if a Breach is not capable of being cured within the period provided for herein, the non-Breaching Party(ies) shall have the right to terminate this LGIA by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not those Parties terminate this LGIA, to recover from the Breaching Party all amounts due hereunder, plus all other damages and remedies to which they are entitled at law or in equity. The provisions of this Article will survive termination of this LGIA.

ARTICLE 18. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE

Notwithstanding any other provision of this Agreement, the liability, indemnification and insurance provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner and the liability, indemnification and insurance provisions of the Tariff apply to the relationship between the System Operator and the Interconnection Customer and between the Interconnecting Transmission Owner and the Interconnection Customer.

18.1 Indemnity. Each Party shall at all times indemnify, defend, and save the other Party(ies) harmless from any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's(ies') action or inactions of their obligations under this LGIA on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by an indemnified Party.

18.1.1 Indemnified Person. If an Indemnified Person is entitled to indemnification under this Article 18 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 18.1, to assume the defense of such claim, such Indemnified Person may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

18.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Article 18, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual Loss, net of any insurance or other recovery.

18.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 18.1 may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses.

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in which event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

18.2 Consequential Damages. Other than the Liquidated Damages heretofore described, in no event shall a Party be liable under any provision of this LGIA for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

18.3 Insurance. The Interconnecting Transmission Owner and the Interconnection Customer shall, at their own expense, maintain in force throughout the period of this LGIA, and until released by the other Party(ies), the following minimum insurance coverages, with insurers authorized to do business in the state where the Point of Interconnection is located:

18.3.1 Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located.

18.3.2 Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars ($1,000,000) per occurrence/One Million Dollars ($1,000,000) aggregate combined single limit for personal injury, bodily injury, including death, and property damage.

18.3.3 Comprehensive Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars ($1,000,000) per occurrence for bodily injury, including death, and property damage.

18.3.4 Excess Public Liability Insurance over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars ($20,000,000) per occurrence/Twenty Million Dollars ($20,000,000) aggregate.

18.3.5 The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Public Liability Insurance policies shall name the other Party(ies), its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall

contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this LGIA against the Other Party Group and provide thirty (30) Calendar Days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.

18.3.6 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.

18.3.7 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this LGIA, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.

18.3.8 The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this LGIA.

18.3.9 Within ten (10) days following execution of this LGIA, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, each Party shall provide certification of all insurance required in this LGIA, executed by each insurer or by an authorized representative of each insurer.

18.3.10 Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 18.3.2 through 18.3.8 to the extent it maintains a self-insurance program, provided that such Party's senior secured debt is rated at investment grade, or better, by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.2 through 18.3.8. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 18.3.2 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this Article, it shall notify the other Party(ies) that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.

18.3.11 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this LGIA.

ARTICLE 19. ASSIGNMENT

19.1 Assignment. This LGIA may be assigned by any Party only with the written consent of the other Parties; provided that the Parties may assign this LGIA without the consent of the other Parties to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this LGIA; and provided further that the Interconnection Customer shall have the right to assign this LGIA, without the consent of the Interconnecting Transmission Owner or System Operator, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that the Interconnection Customer will promptly notify the Interconnecting Transmission Owner and System Operator of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the Interconnecting Transmission Owner and System Operator of the date and particulars of any such exercise of assignment right(s), including providing the Interconnecting Transmission Owner with proof that it meets the requirements of Articles 11.5 and 18.3. Any attempted assignment that violates this Article is void and ineffective. Any assignment under this LGIA shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

ARTICLE 20. SEVERABILITY

20.1 Severability. If any provision in this LGIA is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this LGIA; provided that if the Interconnection Customer (or any third party, but only if such third party is not acting at the direction of the Interconnecting Transmission Owner) seeks and obtains such a final determination with respect to any provision of the Alternate Option (Article 5.1.2), or the Negotiated Option (Article 5.1.4), then none of these provisions shall thereafter have any force or effect and the Parties' rights and obligations shall be governed solely by the Standard Option (Article 5.1.1).

ARTICLE 21. COMPARABILITY

21.1 Comparability. The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

ARTICLE 22. CONFIDENTIALITY

22.1 Confidentiality. Confidential Information shall include, without limitation, all information governed by the ISO New England Information Policy, all information obtained from third parties under confidentiality agreements, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by a Party to another prior to the execution of this LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by a Party, the other Party(ies) shall provide, in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

22.1.1 Term. During the term of this LGIA, and for a period of three (3) years after the expiration or termination of this LGIA, except as otherwise provided in this Article 22, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

22.1.2 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this LGIA; or (6) is required, in accordance with Article 22.1.7 of the LGIA, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be

disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party(ies) that it no longer is confidential.

22.1.3 Release of Confidential Information. A Party shall not release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), subcontractors, employees, consultants, or to parties who may be or are considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with this LGIA, unless such person has first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 22.

22.1.4 Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party(ies). The disclosure by each Party to the other Party(ies) of Confidential Information shall not be deemed a waiver by a Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

22.1.5 No Warranties. By providing Confidential Information, a Party does not make any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, a Party does not obligate itself to provide any particular information or Confidential Information to the other Party(ies) nor to enter into any further agreements or proceed with any other relationship or joint venture.

22.1.6 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party(ies) under this LGIA or its regulatory requirements.

22.1.7 Order of Disclosure. If a court or a Governmental Authority or entity with the right, power, and apparent authority to do so requests or requires a Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party(ies) with prompt notice of such request(s) or requirement(s) so that the other Party(ies) may seek an appropriate protective order or waive compliance with the terms of this LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

22.1.8 Termination of Agreement. Upon termination of this LGIA for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from the other Party(ies), use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party(ies)) or return to the other Party(ies), without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party(ies).

22.1.9 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's(ies') Breach of its obligations under this Article 22. Each Party accordingly agrees that the other Party(ies) shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 22, which equitable relief shall be granted without bond or proof of damages, and the receiving Parties shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 22, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 22.

22.1.10 Disclosure to the Commission, its Staff, or a State. Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 CFR. section 1b.20, if the Commission or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this LGIA, the Party shall provide the requested information to the Commission or its staff, within the time provided for in the request for information. In providing the information to the Commission or its staff, the Party must, consistent with 18 CFR section 388.112, request that the information be treated as confidential and non-public by the Commission and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party(ies) to this LGIA prior to the release of the Confidential Information to the Commission or its staff. The Party shall notify the other Party(ies) to the LGIA when it is notified by the Commission or its staff that a request to release Confidential Information has been received by the Commission, at which time any of the Parties may respond before such information would be made public, pursuant to 18 CFR section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

22.1.11 Subject to the exception in Article 22.1.10, any information that a Party claims is competitively sensitive, commercial or financial information under this LGIA ("Confidential Information") shall not be disclosed by the other Party(ies) to any person not employed or retained by the other Party(ies), except to the extent disclosure

is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party(ies), such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIA or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Party(ies) in writing of the information it claims is confidential. Prior to any disclosures of the other Parties' Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party(ies) in writing and agrees to assert confidentiality and cooperate with the other Party(ies) in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

ARTICLE 23. ENVIRONMENTAL RELEASES

23.1 Each Party shall notify the other Party(ies), first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Large Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party(ies). The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four (24) hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Party(ies) copies of any publicly available reports filed with any Governmental Authorities addressing such events.

ARTICLE 24. INFORMATION REQUIREMENTS

24.1 **Information Acquisition.** Subject to any applicable confidentiality restrictions, including, but not limited to, codes of conduct, each Party shall submit specific information regarding the electrical characteristics of their respective facilities to each other as described below and in accordance with Applicable Reliability Standards.

24.2 **Information Submission by System Operator and Interconnecting Transmission Owner.** The initial information submission by System Operator and Interconnecting Transmission Owner shall occur no later than one hundred eighty (180) Calendar Days prior to the Initial

Synchronization Date and shall include information necessary to allow the Interconnection Customer to select equipment and meet any system protection and stability requirements, unless otherwise mutually agreed to by the Parties. On a monthly basis Interconnecting Transmission Owner shall provide Interconnection Customer a status report on the construction and installation of Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.

24.3 Updated Information Submission by Interconnection Customer. The updated information submission by the Interconnection Customer, including manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date. Interconnection Customer shall submit a completed copy of the Large Generating Facility data requirements contained in Appendix 1 to the LGIP. It shall also include any additional information provided to Interconnecting Transmission Owner and System Operator for the Interconnection Feasibility Study, Interconnection System Impact Study and Interconnection Facilities Study. Information in this submission shall be the most current Large Generating Facility design or expected performance data. Information submitted for stability models shall be compatible with Interconnecting Transmission Owner and System Operator standard models. If there is no compatible model, the Interconnection Customer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If the Interconnection Customer's data is different from what was originally provided to Interconnecting Transmission Owner pursuant to the Interconnection Study Agreement between Interconnecting Transmission Owner and Interconnection Customer, then the System Operator will review it and conduct appropriate studies, as needed, at the Interconnection Customer's cost, to determine the impact on the New England Transmission System based on the actual data submitted pursuant to this Article 24.3. The Interconnection Customer shall not begin Trial Operation until such studies are completed.

24.4 Information Supplementation. Prior to the Commercial Operation Date, the Parties shall supplement their information submissions described above in this Article 24 with any and all "as-built" Large Generating Facility information and "as-tested" performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. The Interconnection Customer shall conduct tests on the Large Generating Facility as required by Good Utility Practice such as an open circuit "step voltage" test on the Large Generating Facility to verify proper operation of the Large Generating Facility's automatic voltage regulator.

Unless otherwise agreed, the test conditions shall include: (1) Large Generating Facility at synchronous speed; (2) automatic voltage regulator on and in voltage control mode; and (3) a five percent change in Large Generating Facility terminal voltage initiated by a change in the voltage regulators reference voltage. Interconnection Customer shall provide validated test recordings showing the responses of Large Generating Facility terminal and field voltages. In the event that

direct recordings of these voltages is impractical, recordings of other voltages or currents that mirror the response of the Large Generating Facility's terminal or field voltage are acceptable if information necessary to translate these alternate quantities to actual Large Generating Facility terminal or field voltages is provided. Large Generating Facility testing shall be conducted and results provided to the Interconnecting Transmission Owner for each individual generating unit in a station.

The Interconnection Customer shall provide the Interconnecting Transmission Owner and System Operator with any information changes due to proposed equipment replacement, repair, or adjustment. Interconnecting Transmission Owner shall provide the Interconnection Customer and System Operator with any information changes due to proposed equipment replacement, repair or adjustment in the directly connected substation or any adjacent Interconnecting Transmission Owner-owned substation that may affect the Interconnection Customer's Interconnection Facilities equipment ratings, protection or operating requirements. The Parties shall provide such information in accordance with Article 5.19 of this Agreement.

ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS

25.1 Information Access. Each Party (the "disclosing Party") shall make available to the other Parties information that is in the possession of the disclosing Party and is necessary in order for the other Party(ies) to: (i) verify the costs incurred by the disclosing Party for which the other Party(ies) are responsible under this LGIA; and (ii) carry out its obligations and responsibilities under this LGIA. The Parties shall not use such information for purposes other than those set forth in this Article 25.1 and to enforce their rights under this LGIA.

25.2 Reporting of Non-Force Majeure Events. Each Party (the "notifying Party") shall notify the other Party(ies) when the notifying Party becomes aware of its inability to comply with the provisions of this LGIA for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this Article shall not entitle the Party receiving such notification to allege a cause for anticipatory Breach of this LGIA.

25.3 Audit Rights. Subject to the requirements of confidentiality under Article 22 of this LGIA, each Party shall have the right, during normal business hours, and upon prior reasonable notice to the other Party(ies), to audit at its own expense the other Party's(ies') accounts and records pertaining to a Party's performance or a Party's satisfaction of obligations under this LGIA. Such audit rights shall include audits of the other Party's(ies') costs, calculation of invoiced amounts, the efforts to allocate responsibility for the provision of reactive support to the New England Transmission System, the efforts to allocate responsibility for interruption or reduction of generation on the New England Transmission System, and each Party's actions in an Emergency Condition. Any audit authorized by this Article shall be performed at the offices where such

accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to each Party's performance and satisfaction of obligations under this LGIA. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 25.4.

25.4 Audit Rights Periods.

25.4.1 Audit Rights Period for Construction-Related Accounts and Records. Accounts and records related to the design, engineering, procurement, and construction of Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades shall be subject to audit for a period of twenty-four (24) months following Interconnecting Transmission Owner's issuance of a final invoice in accordance with Article 12.2.

25.4.2 Audit Rights Period for All Other Accounts and Records. Accounts and records related to a Party's performance or satisfaction of all obligations under this LGIA other than those described in Article 25.4.1 shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four (24) months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four (24) months after the event for which the audit is sought.

25.5 Audit Results. If an audit by a Party determines that an overpayment or an underpayment has occurred, a notice of such overpayment or underpayment shall be given to the other Party(ies) together with those records from the audit which support such determination.

ARTICLE 26. SUBCONTRACTORS

26.1 General. Nothing in this LGIA shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this LGIA; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this LGIA in providing such services and each Party shall remain primarily liable to the other Party(ies) for the performance of such subcontractor.

26.2 Responsibility of Principal. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this LGIA. The hiring Party shall be fully responsible to the other Party(ies) for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under Article 5 of this LGIA. Any applicable obligation imposed by this LGIA upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

26.3 No Limitation by Insurance. The obligations under this Article 26 will not be limited in any way by any limitation of subcontractor's insurance.

ARTICLE 27. DISPUTES

27.1 Submission. In the event a Party has a dispute, or asserts a claim, that arises out of or in connection with this LGIA or its performance, such Party (the "disputing Party") shall provide the other Party(ies) with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party(ies). In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's(ies') receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this LGIA.

27.2 External Arbitration Procedures. Any arbitration initiated under this LGIA shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The arbitrator so chosen by the System Operator shall chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable Commission regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail

27.3 Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this LGIA and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

27.4 Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel; or (2) a pro rata share of the cost of a single arbitrator chosen by the Parties.

ARTICLE 28. REPRESENTATIONS, WARRANTIES AND COVENANTS

28.1 General. Each Party makes the following representations, warranties and covenants:

28.1.1 Good Standing. Such Party is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Large Generating Facility, Interconnection Facilities and Network Upgrades owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this LGIA and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this LGIA.

28.1.2 Authority. Such Party has the right, power and authority to enter into this LGIA, to become a Party hereto and to perform its obligations hereunder. This LGIA is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

28.1.3 No Conflict. The execution, delivery and performance of this LGIA does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

28.1.4 Consent and Approval. Such Party has sought or obtained, or, in accordance with this LGIA will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this LGIA, and it will provide to any Governmental Authority notice of any actions under this LGIA that are required by Applicable Laws and Regulations.

ARTICLE 29. [OMITTED]

ARTICLE 30. MISCELLANEOUS

30.1 Binding Effect. This LGIA and the rights and obligations hereof shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

30.2 Conflicts. In the event of a conflict between the body of this LGIA and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this LGIA shall prevail and be deemed the final intent of the Parties.

30.3 Rules of Interpretation. This LGIA, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this LGIA, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this LGIA), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this LGIA or such Appendix of this LGIA, or such Section of the LGIP or such Appendix of the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this LGIA as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

30.4 Entire Agreement. Except for the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, this LGIA, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this LGIA. Except for the ISO New England Operating Documents, Applicable Reliability Standards, any applicable tariffs, related facilities agreements, or successor documents, there are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this LGIA.

30.5 No Third Party Beneficiaries. This LGIA is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

30.6 Waiver. The failure of a Party to this LGIA to insist, on any occasion, upon strict performance of any provision of this LGIA will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by a Party of its rights with respect to this LGIA shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this LGIA. Termination or Default of this LGIA for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Interconnecting Transmission Owner. Any waiver of this LGIA shall, if requested, be provided in writing.

30.7 Headings. The descriptive headings of the various Articles of this LGIA have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this LGIA.

30.8 Multiple Counterparts. This LGIA may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

30.9 Amendment. The Parties may by mutual agreement amend this LGIA by a written instrument duly executed by the Parties.

30.10 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this LGIA by a written instrument duly executed by all of the Parties. Such amendment shall become effective and a part of this LGIA upon satisfaction of all Applicable Laws and Regulations.

30.11 Reservation of Rights. Consistent with Section 11.3 of the LGIP, Interconnecting Transmission Owner and System Operator shall have the right to make unilateral filings with the Commission to modify this LGIA with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this LGIA pursuant to section 206 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Parties and to participate fully in any proceeding before the Commission in which such modifications may be considered. In the event of disagreement on terms and

conditions of the LGIA related to the costs of upgrades to such Interconnecting Transmission Owner's transmission facilities, the anticipated schedule for the construction of such upgrades, any financial obligations of Interconnecting Transmission Owner, and any provisions related to physical impacts of the interconnection on Interconnecting Transmission Owner's transmission facilities or other assets, then the standard applicable under Section 205 of the Federal Power Act shall apply only to Interconnecting Transmission Owner's position on such terms and conditions. Nothing in this LGIA shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

30.12 No Partnership. This LGIA shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Parties.

IN WITNESS WHEREOF, the Parties have executed this LGIA in triplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

ISO New England Inc. (System Operator)
By:
Title:
Date:

[*Insert Name of*] (Interconnecting Transmission Owner)
By:
Title:
Date:

[*Insert name of*] (Interconnection Customer)
By:
Title:
Date:

APPENDICES TO LGIA

Appendix A	Interconnection Facilities, Network Upgrades and Distribution Upgrades
Appendix B	Milestones
Appendix C	Interconnection Details
Appendix D	Security Arrangements Details
Appendix E	Commercial Operation Date
Appendix F	Addresses for Delivery of Notices and Billings
Appendix G	Interconnection Requirements for a Wind Generating Plant

APPENDIX A TO LGIA

Interconnection Facilities, Network Upgrades and Distribution Upgrades

1. Interconnection Facilities:

a. **Point of Interconnection and Point of Change of Ownership**. The Point of Interconnection shall be at the point where [*insert description of location*]. See Appendix A-[*insert*], which drawing is attached hereto and made part hereof.

The Point of Change of Ownership shall be at the point where *[insert description of location]*. See Appendix A – [*insert*], which drawing is attached hereto and made part hereof.

If not located at the Point of Interconnection, the metering point(s) shall be located at: [*insert location*].

b. **Interconnection Customer's Interconnection Facilities (including metering equipment)**. The Interconnection Customer shall construct [*insert Interconnection Customer's Interconnection Facilities*]. See Appendix A-[*insert*].

c. **Interconnecting Transmission Owner's Interconnection Facilities (including metering equipment)**. The Interconnecting Transmission Owner shall construct [*insert Interconnecting Transmission Owner's Interconnection Facilities*]. See Appendix – [*insert*].

2. Network Upgrades:

a. **Stand Alone Network Upgrades**. [*insert Stand Alone Network Upgrades*].

b. **Other Network Upgrades**. [*insert Other Network Upgrades*].

3. Distribution Upgrades. [*insert Distribution Upgrades*]

4. Affected System Upgrades. [insert Affected System Upgrades]

5. Contingency Upgrades List:

a. Long Lead Facility-Related Upgrades. The Interconnection Customer's Large Generating Facility is associated with a Long Lead Facility, in accordance with Section 3.2.3 of the LGIP. Pursuant to Section 4.1 of the LGIP, the Interconnection Customer shall be responsible for the following upgrades in the event that the Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation in accordance with Section III.13.1 of the Tariff:

[*insert list of upgrades*]

If the Interconnection Customer fails to cause these upgrades to be in-service prior to the commencement of the Long Lead Facility's Capacity Commitment Period, the Interconnection Customer shall be deemed to be in Breach of this LGIA in accordance with Article 17.1, and the System Operator will initiate all necessary steps to terminate this LGIA, in accordance with Article 2.3.

b. Other Contingency Upgrades. [*e.g*., list of upgrades associated with higher queued Interconnection Requests with LGIAs prior to this LGIA and any other contingency upgrades that the Parties may deem necessary for the interconnection of the Large Generating Facility.]

6. Post-Forward Capacity Auction Re-study Upgrade Obligations. [*insert any change in upgrade obligations that result from re-study conducted post receiving a Capacity Supply Obligation through a Forward Capacity Auction.*]

APPENDIX B TO LGIA

Milestones

1. **Selected Option Pursuant to Article 5.1:** Interconnection Customer selects the [*insert*]. Options as described in Articles 5.1.[*insert*], 5.1.[*insert*], and 5.1.[*insert*] shall not apply to this LGIA.

2. **Milestones and Other Requirements for all Large Generating Facilities:** The description and entries listed in the following table establish the required Milestones in accordance with the provisions of the LGIP and this LGIA. The referenced section of the LGIP or article of the LGIA should be reviewed by each Party to understand the requirements of each milestone.

Item No.	Milestone Description	Responsible Party	Date	LGIP/LGIA Reference
1	Provide evidence of continued Site Control to System Operator, or $250,000 non-refundable deposit to Interconnecting Transmission Owner	Interconnection Customer	Within 15 BD of final LGIA receipt	§ 11.3.1.1 of LGIP
2	Provide evidence of one or more milestones specified in § 11.3 of LGIP	Interconnection Customer	Within 15 BD of final LGIA receipt	§ 11.3.1.2 of LGIP
3	Commit to a schedule for payment of upgrades	Interconnection Customer	Within 15 BD of final LGIA receipt	§ 11.3.1.2 of LGIP
4	Provide either (1) evidence of Major Permits or (2) refundable deposit to Interconnecting Transmission Owner	Interconnection Customer	If (1) Within 15 BD of final LGIA receipt or if (2) At time of LGIA execution	§ 11.3.1.2 of LGIP
5	Provide certificate of insurance	Interconnection Customer and Interconnecting Transmission Owner	Within 10 Calendar Days of execution of LGIA	§ 18.3.9 of LGIA
6	Provide siting approval for	Interconnection	As may be agreed	§ 7.5 of LGIP

	Generating Facility and Interconnection Facilities to Interconnecting Transmission Owner	Customer	to by the Parties	
7A	Receive Governmental Authority approval for any facilities requiring regulatory approval	Interconnection Customer and/or Interconnecting Transmission Owner	If needed, as may be agreed to by the Parties	§ 5.6.1 of LGIA
7B	Obtain necessary real property rights and rights-of-way for the construction of a discrete aspect of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades	Interconnection Customer and/or Interconnecting Transmission Owner	If needed, as may be agreed to by the Parties	§ 5.6.2 of LGIA
7C	Provide to Interconnecting Transmission Owner written authorization to proceed with design, equipment procurement and construction	Interconnection Customer	As may be agreed to by the Parties	§ 5.5.2 and § 5.6.3 of LGIA
7D	Provide quarterly written progress reports	Interconnection Customer and Interconnecting Transmission Owner	15 Calendar Days after the end of each quarter beginning the quarter that includes the date for Milestone 7C and ending when the entire Large Generating Facility and all required Interconnection Facilities and Network Upgrades are in place	§ 5.7 of LGIA
8	Provision of Security to	Interconnection	At least 30	§§ 5.5.3 and 5.6.4

	Interconnecting Transmission Owner pursuant to Section 11.5 of LGIA	Customer	Calendar Days prior to design, procurement and construction	of LGIA
9	Provision of Security Associated with Tax Liability to Interconnecting Transmission Owner pursuant to Section 5.17.3 of LGIA	Interconnection Customer	As may be agreed to by the Parties	§ 5.17.3 of LGIA
10	Commit to the ordering of long lead time material for Interconnection Facilities and Network Upgrades	Interconnection Customer	As may be agreed to by the Parties	§ 7.5 of LGIP
11A	Provide initial design, engineering and specification for Interconnection Customer's Interconnection Facilities to Interconnecting Transmission Owner	Interconnection Customer	180 Calendar Days prior to Initial Synchronization Date	§ 5.10.1 of LGIA § 7.5 of LGIP
11B	Provide comments on initial design, engineering and specification for Interconnection Customer's Interconnection Facilities	Interconnecting Transmission Owner	Within 30 Calendar Days of receipt	§ 5.10.1 of LGIA § 7.5 of LGIP
12A	Provide final design, engineering and specification for Interconnection Customer's Interconnection Facilities to Interconnecting Transmission Owner	Interconnection Customer	90 Calendar Days prior to Initial Synchronization Date	§ 5.10.1 of LGIA § 7.5 of LGIP
12B	Provide comments on final design, engineering and specification for Interconnection Customer's Interconnection Facilities	Interconnecting Transmission Owner	Within 30 Calendar Days of receipt	§ 5.10.1 of LGIA § 7.5 of LGIP
13	Deliver to Transmission Owner "as built" drawings, information and documents	Interconnection Customer	Within 120 Calendar Days of Commercial	§ 5.10.3 of LGIA

	regarding Interconnection Customer's Interconnection Facilities		Operation date	
14	Provide protective relay settings to Interconnecting Transmission Owner for coordination and verification	Interconnection Customer	At least 90 Calendar Days prior to Initial Synchronization Date	§§ 5.10.1 of LGIA
15	Commencement of construction of Interconnection Facilities	Interconnecting Transmission Owner	As may be agreed to by the Parties	§ 5.6 of LGIA
16	Submit updated data "as purchased"	Interconnection Customer	No later than 180 Calendar Days prior to Initial Synchronization Date	§ 24.3 of LGIA
17	In Service Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	§ 3.3.1 and 4.4.5 of LGIP, § 5.1 of LGIA
18	Initial Synchronization Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	§ 3.3.1, 4.4.4, 4.4.5, and 7.5 of LGIP
19	Submit supplemental and/or updated data – "as built/as-tested"	Interconnection Customer	Prior to Commercial Operation Date	§ 24.4 of LGIA
20	Commercial Operation Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	§ 3.3.1, 4.4.4, 4.4.5, and 7.5 of LGIP
21	Deliver to Interconnection Customer "as built" drawings, information and documents regarding	Interconnecting Transmission Owner	If requested, within 120 Calendar Days after Commercial	§ 5.11 of LGIA

	Interconnecting Transmission Owner's Interconnection Facilities		Operation Date	
22	Provide Interconnection Customer final cost invoices	Interconnecting Transmission Owner	Within 6 months of completion of construction of Interconnecting Transmission Owner Interconnection Facilities and Network Upgrades	§ 12.2 of LGIA

3. **Milestones Applicable Solely for CNR Interconnection Service and Long Lead Facility Treatment.** In addition to the Milestones above, the following Milestones apply to Interconnection Customers requesting CNR Interconnection Service and/or Long Lead Facility Treatment:

Item No.	Milestone Description	Responsible Party	Date	LGIP/LGIA Reference
1	If Long Lead Facility, all dates by which Critical Path Schedule upgrades will be submitted to System Operator (end date for New Capacity Show of Interest Submission)	Interconnection Customer		§ 3.2.3 of LGIP
2	If Long Lead Facility, dates by which Long Lead Facility Deposits will be provided to System Operator (each deadline for which New Generating Capacity Resource would be required to provide financial assurance under § III.13.1.9 of the Tariff)	Interconnection Customer		§ 3.2.3 of LGIP
3	If Long Lead Facility, Capacity Commitment Period (not to exceed the Commercial Operation Date)	Interconnection Customer		§ 1 and 3.2 of LGIP
4	Submit necessary requests for participation in the Forward Capacity	Interconnection		§ 3.2.1.3 of LGIP

	Auction associated with the Generating Facility's requested Commercial Operation Date, in accordance with Section III.13 of the Tariff	Customer		
5	Participate in a CNR Group Study	Interconnection Customer		§ 3.2.1.3 of LGIP
6	Qualify and receive a Capacity Supply Obligation in accordance with Section III.13 of the Tariff	Interconnection Customer		§ 3.2.1.3 of LGIP
7	Complete a re-study of the applicable Interconnection Study to determine the cost responsibility for facilities and upgrades necessary to accommodate the Interconnection Request based on the results of the Forward Capacity Auction or Reconfiguration Auction or bilateral transaction through which the Interconnection Customer received a Capacity Supply Obligation	System Operator		§ 3.2.1.3 of LGIP

APPENDIX C TO LGIA

Interconnection Details

1. Description of Interconnection:

Interconnection Customer shall install a [*insert*] MW facility, rated at [*insert*]MW gross and [*insert*] MW net, with all studies performed at or below these outputs. The Generating Facility is comprised of [*insert*] units in a [*insert description of facility type - combined cycle, wind farm, etc*.] rated at: [*insert*] MW each, and will located at [*insert location*].

The Large Generating Facility shall receive:

Network Resource Interconnection Service for the NR Capability at a level not to exceed [*insert gross and net*] MW for Summer, and [*insert gross and net*] MW for Winter.

Capacity Network Resource Interconnection Service for: (i) the NR Capability at a level not to exceed [*insert gross and net at or above 50 degrees F*] MW for Summer and [*insert gross and net at or above 0 degrees F*] MW for Winter; and (ii) the CNR Capability at [*insert net*] MW for Summer and [*insert net*] MW for Winter, which shall not exceed [*insert the maximum net MW electrical output of the Generating Facility at an ambient temperature at or above 90 degrees F for summer and at or above 20 degrees F for winter*.] The CNR Capability shall be the highest amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff and, if applicable, as specified in filings by the System Operator with the Commission pursuant to Section III.13 of the Tariff.

2. Detailed Description of Generating Facility and Generator Step-Up Transformer, if applicable:

Generator Data	
Number of Generators	
Manufacturer	

Model	
Designation of Generator(s)	
Excitation System Manufacturer	
Excitation System Model	
Voltage Regulator Manufacturer	
Voltage Regulator Model	
Generator Ratings	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 90 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 50 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 20 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above zero Degrees F	
Station Service Load For Each Unit	
Overexcited Reactive Power at Rated MVA and Rated Power Factor	
Underexcited Reactive Power at Rated MVA and Rated Power Factor	
Generator Short Circuit and Stability Data	
Generator MVA rating	
Generator AC Resistance	
Subtransient Reactance (saturated)	
Subtransient Reactance (unsaturated)	

Transient Reactance (saturated)	
Negative sequence reactance	
Transformer Data	
Number of units	
Self Cooled Rating	
Maximum Rating	
Winding Connection (LV/LV/HV)	
Fixed Taps	
Z1 primary to secondary at self cooled rating	
Z1 primary to tertiary at self cooled rating	
Z1 secondary to tertiary at self cooled rating	
Positive Sequence X/R ratio primary to secondary	
Z0 primary to secondary at self cooled rating	
Z0 primary to tertiary at self cooled rating	
Z0 secondary to tertiary at self cooled rating	
Zero Sequence X/R ratio primary to tertiary	

3. Other Description of Interconnection Plan and Facilities:

[*Insert any other description relating to the Generating Facility, including, but not limited to switchyard, protection equipment, step-up transformer to the extent not described in Appendix A.*]

APPENDIX D TO LGIA

Security Arrangements Details

Infrastructure security of the New England Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day New England Transmission System reliability and operational security. The Commission will expect System Operator, Interconnecting Transmission Owners, market participants, and Interconnection Customers interconnected to the New England Transmission System to comply with the recommendations offered by the Critical Infrastructure Protection Committee and, eventually, best practice recommendations from NERC. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

APPENDIX E TO LGIA

Commercial Operation Date

This Appendix E is a part of the LGIA between System Operator Interconnecting, Transmission Owner and Interconnection Customer.

[*Date*]

[*Interconnecting Transmission Owner; Address*]
[to be supplied]

Generator Interconnections
Transmission Planning Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

Re: _____ Large Generating Facility

Dear _____:

On [Date] [Interconnection Customer] has completed Trial Operation of Unit No. ___. This letter confirms that [Interconnection Customer] commenced commercial operation of Unit No. ___ at the Large Generating Facility, effective as of [Date plus one day].

Thank you.

[*Signature*]
[*Interconnection Customer Representative*]

APPENDIX F TO LGIA

Addresses for Delivery of Notices and Billings Notices:

System Operator:

Generator Interconnections
Transmission Planning Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

With copy to:
Billing Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

Interconnecting Transmission Owner:

[To be supplied.]

Interconnection Customer:

[*To be supplied*.]

Billings and Payments:

System Operator:

Generator Interconnections
Transmission Planning Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

With copy to:
Billing Department
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

Interconnecting Transmission Owner:

[*To be supplied*.]

Interconnection Customer:
[*To be supplied.*]

Alternative Forms of Delivery of Notices (telephone, facsimile or email):

System Operator:
Facsimile: (413) 540-4203
E-mail: geninterconn@iso-ne.com

With copy to:
Facsimile: (413) 535-4024

E-mail: billingdept@iso-ne.com
Interconnecting Transmission Owner:
[*To be supplied.*]

Interconnection Customer:
[*To be supplied.*]

DUNS Numbers:
Interconnection Customer: [To be supplied]

Interconnecting Transmission Owner: [To be supplied]

APPENDIX G TO LGIA

Interconnection Requirements For A Wind Generating Plant

Appendix G sets forth requirements and provisions specific to a wind generating plant. All other requirements of this LGIA continue to apply to wind generating plant interconnections.

A. Technical Standards Applicable to a Wind Generating Plant

i. Low Voltage Ride-Through (LVRT) Capability

A wind generating plant shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The LVRT standard provides for a transition period standard and a post-transition period standard.

Transition Period LVRT Standard

The transition period standard applies to wind generating plants subject to FERC Order 661 that have either: (i) interconnection agreements signed and filed with the Commission, filed with the Commission in unexecuted form, or filed with the Commission as non-conforming agreements between January 1, 2006 and December 31, 2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generating turbines subject to a wind turbine procurement contract executed prior to December 31, 2005, for delivery through 2007.

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the System Operator and Interconnecting Transmission Owner. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15 p.u., as measured at the high side of the wind generating plant step-up transformer (i.e. the transformer that steps the voltage up to the transmission interconnection voltage or "GSU"), after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU or to faults that would result in a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.

3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.

4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAr Compensator, etc.) within the wind generating plant or by a combination of generator performance and additional equipment.

5. Existing individual wind generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT. Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual wind generator units that are replaced are required to meet the Appendix G LVRT Standard.

Post-transition Period LVRT Standard

All wind generating plants subject to FERC Order No. 661 and not covered by the transition period described above must meet the following requirements:

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the System Operator and Interconnecting Transmission Owner. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system. A wind generating plant shall remain interconnected during such a fault on the transmission system for a voltage level as low as zero volts, as measured at the high voltage side of the wind GSU.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU.

3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.

4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAr Compensator) within the wind generating plant or by a combination of generator performance and additional equipment.

5. Existing individual wind generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual wind generator units that are replaced are required to meet the Appendix G LVRT Standard.

ii. Power Factor Design Criteria (Reactive Power)

A wind generating plant shall maintain a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this LGIA, if the Interconnection System Impact Study shows that such a requirement is necessary to ensure safety or reliability. The power factor range standard can be met by using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors if agreed to by the System Operator and Interconnecting Transmission Owner, or a combination of the two. The Interconnection Customer shall not disable power factor equipment while the wind generating plant is in operation. Wind generating plants shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the Interconnection System Impact Study shows this to be required for system safety or reliability.

iii. Supervisory Control and Data Acquisition (SCADA) Capability

The wind generating plant shall provide SCADA capability to transmit data and receive instructions from the System Operator and Local Control Center to protect system reliability. The System Operator, Interconnecting Transmission Owner and the wind generating plant Interconnection Customer shall determine what SCADA information is essential for the proposed wind generating plant, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

APPENDIX 7
INTERCONNECTION PROCEDURES FOR WIND GENERATION

Appendix 7 sets forth procedures specific to a wind generating plant. All other requirements of this LGIP continue to apply to wind generating plant interconnections.

A. Special Procedures Applicable to Wind Generating Plants

The wind generating plant Interconnection Customer, in completing the Interconnection Request required by Section 3.3 of this LGIP, may provide to the System Operator a set of preliminary electrical design specifications depicting the wind generating plant as a single equivalent generator. Upon satisfying these and other applicable Interconnection Request conditions, the wind generating plant may enter the queue and receive the base case data as provided for in this LGIP.

No later than six months after submitting an Interconnection Request completed in this manner, the wind generating plant Interconnection Customer must submit completed detailed electrical design specifications and other data (including collector system layout data) needed to allow the System Operator to complete the Interconnection System Impact Study.

SCHEDULE 23

SMALL GENERATOR
INTERCONNECTION PROCEDURES

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EXHIBIT 1 - Small Generator Interconnection Agreement (SGIA)

SECTION 1. APPLICATION

1.1 Applicability

1.1.1 The Small Generator Interconnection Procedures ("SGIP") and Small Generator Interconnection Agreement ("SGIA") shall apply to Interconnection Requests, as defined in Attachment 1, pertaining to Small Generating Facilities, except that the SGIP and SGIA shall not apply to: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility. In the event the SGIP and SGIA do not apply, the Interconnection Customer shall follow the applicable state tariff, rules or procedures regarding generator interconnections.

A request to interconnect a certified Small Generating Facility (See Attachments 3 and 4 for description of certification criteria) no larger than 2 MW shall be evaluated under the section 2 Fast Track Process. A request to interconnect a certified inverter-based Small Generating Facility no larger than 10 kW (solely as a Network Resource) shall be evaluated under the Attachment 5 10 kW Inverter Process. A request to interconnect a Small Generating Facility larger than 2 MW but no larger than 20 MW or a Small Generating Facility that does not pass the Fast Track Process or the 10 kW Inverter Process, shall be evaluated under the section 3 Study Process.

1.1.2 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of these procedures. To the extent that the definitions herein are different than those contained in Section I.2.2 of the Tariff, the definitions provided below shall control only for the

purposes of generator interconnections under this Schedule 23. Capitalized terms in Schedule 23 that are not defined in Attachment 1 or the body of these procedures shall have the meanings specified in Section I.2.2 of the Tariff.

1.1.3 Neither these procedures nor the requirements included hereunder apply to Small Generating Facilities interconnected or approved for interconnection prior to May 9, 2006.

1.1.4 Prior to submitting its Interconnection Request (Attachment 2), the Interconnection Customer may ask the System Operator's interconnection contact employee or office whether the proposed interconnection is subject to these procedures. The System Operator shall respond within fifteen (15) Business Days.

1.1.5 Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Commission expects all ISOs/RTOs, Interconnecting Transmission Owners, market participants, and Interconnection Customers interconnected with electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices.

1.1.6 References in these procedures to interconnection agreement are to the SGIA.

1.2 Pre-Application

The System Operator shall designate an employee or office from which information on the application process and on an Affected System can be obtained through informal requests from the Interconnection Customer presenting a proposed project for a specific site. The names, telephone numbers, and e-mail addresses of the System Operator's contact employees or offices shall be made available on the System Operator's Internet web site. Electric system information provided to the Interconnection Customer

should include relevant system studies, interconnection studies, and other materials useful to an understanding of an interconnection at a particular point on the Administered Transmission System, to the extent such provision does not violate confidentiality provisions of prior agreements or critical infrastructure requirements. The System Operator shall comply with reasonable requests for such information.

1.3 Interconnection Request

To initiate an Interconnection Request, the Interconnection Customer shall submit its Interconnection Request to the System Operator, together with the processing fee or deposit specified in the Interconnection Request. The Interconnection Request shall be date- and time-stamped upon receipt. The original date- and time-stamp applied to the Interconnection Request at the time of its original submission shall be accepted as the qualifying date- and time-stamp for the purposes of any timetable in these procedures. The Interconnection Customer shall be notified of receipt by the System Operator within three (3) Business Days of receiving the Interconnection Request. The System Operator shall notify the Interconnection Customer within ten (10) Business Days of the receipt of the Interconnection Request as to whether the Interconnection Request is complete or incomplete. If the Interconnection Request is incomplete, the System Operator shall provide along with the notice that the Interconnection Request is incomplete, a written list detailing all information that must be provided to complete the Interconnection Request. The Interconnection Customer will have ten (10) Business Days after receipt of the notice to submit the listed information or to request an extension of time to provide such information. If the Interconnection Customer does not provide the listed information or a request for an extension of time within the deadline, the Interconnection Request will be deemed withdrawn. An Interconnection Request will be deemed complete upon submission of the listed information to the System Operator.

The Interconnection Customer must submit a separate Interconnection Request for each site. The Interconnection Customer must comply with the requirements specified in this Section 1.3 for each Interconnection Request even when more than one request is submitted for a single site.

1.3.1 Within three (3) Business Days of receiving the Interconnection Request, the System Operator shall provide a copy of the Interconnection Request to the Interconnecting Transmission Owner. The System

Operator, in consultation with the Interconnecting Transmission Owner, shall determine whether the Interconnection Request is complete or incomplete. If such request is to interconnect to a distribution facility, the Interconnecting Transmission Owner shall be responsible for determining whether the distribution facility is subject to the Tariff.

1.4 Site Control

Documentation of site control must be submitted with the Interconnection Request. Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. Site control may be demonstrated through:

1.4.1 Ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Small Generating Facility;

1.4.2 An option to purchase or acquire a leasehold site for such purpose; or

1.4.3 An exclusivity or other business relationship between the Interconnection Customer and the entity having the right to sell, lease, or grant the Interconnection Customer the right to possess or occupy a site for such purpose; or

1.4.4 Filed applications for required permits to site on federal or state property.

1.5 Queue Position

1.5.1 **General**. The System Operator shall assign a Queue Position based upon the date- and time-stamp of the Interconnection Request. Except as otherwise provided in this Section 1.5, the Queue Position of each Interconnection Request will be used to determine: (i) the order of performing the Interconnection Studies; (ii) the order in which CNR Interconnection Requests will be included in the CNR Group Study; and (iii) the cost responsibility for the interconnection facilities and upgrades necessary to accommodate the Interconnection Request. The System Operator shall maintain a single queue. At the System Operator's option, Interconnection Requests may be studied serially or in clusters for the purpose of the Interconnection System Impact Study.

1.5.2 **Implications**. Where a CNR Interconnection Request with a lower Queue Position submits a New Capacity Show of Interest Form for qualification to participate in a particular Forward Capacity Auction for a Capacity Commitment Period and another CNR Interconnection Request with a higher Queue Position does not submit a New Capacity Show of Interest Form for qualification until a subsequent Forward Capacity Auction, the CNR Interconnection Request with the lower Queue Position will be included in the CNR Group Study prior to the CNR Interconnection Request with the higher Queue Position. The CNR Group Study (to be conducted in accordance with Section III.13.1.1.2.3 of the Tariff) shall include all Interconnection Requests for CNR Interconnection Service that have submitted a New Capacity Show of Interest Form during the New Capacity Show of Interest Submission Window for the purpose of qualification for participation in the same Forward Capacity Auction for a Capacity Commitment Period, in accordance with Section III.13.1.1.2 of the Tariff, as well as Long Lead Facilities, in accordance with Section 3.2.3 of Schedule 22 of Section II of the Tariff. Participation in a CNR Group Study shall be a prerequisite for a Generating Facility seeking to qualify as a New Generating Capacity Resource under Section III.13.1 of the Tariff to obtain CNR Interconnection Service. An Interconnection Customer with a CNR Interconnection Request for a Generating Facility that is treated as a Conditional Qualified New Generating Capacity Resource, in accordance with Section III.13.1.1.2.3(f) of the Tariff, may be responsible for the facilities and upgrades associated with an overlapping CNR Interconnection Request having a higher Queue Position if the Conditional Qualified New Generating Capacity Resource obtains a Capacity Supply Obligation through a Forward Capacity Auction under Section III.13.2.5 of the Tariff. An Interconnection Customer with a lower queued CNR Interconnection Request for a Generating Facility that has achieved Commercial Operation and obtained a Capacity Supply Obligation through a Forward Capacity Auction may be responsible for additional facilities and upgrades if the related higher queued Generating Facility with a CNR Interconnection Request for a Long Lead Facility (as defined in Schedule 22 of Section II of the Tariff) achieves Commercial Operation and obtains a Capacity Supply

Obligation through a Forward Capacity Auction. In such circumstance, Attachment 2 to the SGIA for the lower queued CNR Interconnection Request shall specify the facilities and upgrades for which the Interconnection Customer shall be responsible if the higher queued CNR Interconnection Request for a Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation.

1.5.3 **Transferability of Queue Position.** An Interconnection Customer may transfer its Queue Position to another entity only if such entity acquires the specific Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change. The Interconnection Customer must notify the System Operator, in writing, of any transfers of Queue Position and must provide the System Operator with the transferee's contact information, and System Operator shall notify Interconnecting Transmission Owner and any Affected Parties of the same.

1.5.4 **Modifications**. Any modification to the Interconnection Request, including the information provided in the attachments, and to the machine data or equipment configuration or to the interconnection site of the Small Generating Facility not agreed to in writing by the System Operator, in consultation with the Interconnecting Transmission Owner, and the Interconnection Customer may be deemed a withdrawal of the Interconnection Request and may require submission of a new Interconnection Request, unless proper notification of each Party by the other and a reasonable time to cure the problems created by the change are undertaken. A request to: (1) increase the energy capability or capacity capability output of the Small Generating Facility above that specified in an Interconnection Request, an existing Interconnection Agreement (whether executed or filed in unexecuted form with the Commission), or as established pursuant to 1.6.4 of this SGIP shall require a new Interconnection Request for the incremental increase and such Interconnection Request will receive the lowest Queue Position available at that time for the purposes of cost allocation and study analysis; and (2) change from NR Interconnection Service to CNR Interconnection Service, at any time, shall require a new Interconnection Request for CNR Interconnection Service and such Interconnection Request will receive the lowest Queue Position available at that time for the purposes of cost allocation and study analysis.

Notwithstanding the foregoing, in the circumstance in which the Interconnection Customer seeking New Generating Capacity Resource treatment for its Generating Facility (pursuant to Section III.13.1 of the Tariff) has offered into a Forward Capacity Auction the full megawatt amount for which the CNR Interconnection Service was requested in the original Interconnection Request (or as that amount has been

modified in accordance with this Section 1.5.4), but the entire amount did not clear in that Auction, no new Interconnection Request will be required if the Interconnection Customer seeks to offer the uncleared amount in a subsequent Forward Capacity Auction for which the associated Capacity Commitment Period begins less than seven (7) years from the date of the original Interconnection Request.

1.6 Procedures for Transition

1.6.1 **Queue Position for Pending Requests.** Any Interconnection Customer assigned a Queue Position prior to February 1, 2009 shall retain that Queue Position subject to Section 1.6 of the SGIP.

1.6.1.1 If an Interconnection Study Agreement has not been executed prior to February 1, 2009, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with the version of this SGIP in effect on February 1, 2009 (or as revised thereafter).

1.6.1.2 If an Interconnection Study Agreement has been executed prior to February 1, 2009, such Interconnection Study shall be completed in accordance with the terms of such agreement.

1.6.2 **Transition Period**. To the extent necessary, the System Operator, Interconnection Customers with an outstanding Interconnection Request (i.e., an Interconnection Request for which an SGIA has neither been executed nor submitted to the Commission for approval prior to February 1, 2009), Interconnecting Transmission Owner and any other Affected Parties, shall transition to proceeding under the version of the SGIP in effect as of February 1, 2009 (or as revised thereafter) within a reasonable period of time not to exceed sixty (60) Calendar Days. The use of the term "outstanding Interconnection Request" herein shall mean any Interconnection Request, on February 1, 2009: (i) that has been submitted, together with the required deposit and attachments, but not yet accepted by the System Operator; (ii) where the related SGIA has not yet been submitted to the Commission for approval in executed or unexecuted form, (iii) where the relevant Interconnection Study Agreements have not yet been executed, or (iv) where any of the relevant Interconnection Studies are in process but not yet completed. Any Interconnection Customer with an outstanding request as of the effective date of this SGIP may request a reasonable extension of

any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Interconnection Request. A reasonable extension shall be granted by the System Operator to the extent consistent with the intent and process provided for under this SGIP.

1.6.3 **One-Time Election for CNR Interconnection Service at Queue Position Assigned Prior to February 1, 2009**. An Interconnection Customer with an outstanding Interconnection Request will be eligible to make a one-time election to be considered for CNR Interconnection Service at the Queue Position assigned prior to February 1, 2009. The Interconnection Customer's one-time election must be made by the end of the New Generating Capacity Show of Interest Submission Window for the fourth Forward Capacity Auction. Interconnection Customers requesting CNR Interconnection Service will be required to comply with the requirements for CNR Interconnection Service set forth in Section 1.7.1. Interconnection Customers requesting CNR Interconnection Service that have not received a completed Interconnection System Impact Study may request a preliminary, non-binding, analysis of potential upgrades that may be necessary for the fourth Forward Capacity Auction – the prompt or near-term auction – pursuant to Sections 3.3.2 or 3.4.3, whichever is applicable.

1.6.4 **Grandfathering.**

1.6.4.1 An Interconnection Customer's Generating Facility that is interconnected pursuant to an Interconnection Agreement executed or submitted to the Commission for approval prior to February 1, 2009, will maintain its status as a Network Resource with Network Resource Interconnection Service eligible to participate in the New England Markets, in accordance with the requirements of Market Rule 1, Section III of the Tariff, up to the megawatt amount specified in the Interconnection Agreement, subject to the Interconnection Customer satisfying all requirements set forth in the Interconnection Agreement and this SGIP. If the Generating Facility does not meet the criteria set forth in Section 1.6.4.3 of this SGIP, the Interconnection Customer will be eligible to make a one-time election, pursuant to Section 1.6.3, for Capacity Network Resource treatment without submitting a new Interconnection Request; however, the Interconnection Customer will be required to comply with the requirements for CNR Interconnection Service set forth in Section 1.7.1. Upon completion of the requirements to obtain CNR Interconnection Service, the Interconnection Customer's Interconnection Agreement shall be amended to conform to the SGIA in Exhibit 1 of this SGIP.

1.6.4.2 An Interconnection Customer's Generating Facility governed by an Interconnection Agreement either executed or filed with the Commission in unexecuted form prior to August 1, 2008, shall maintain the Queue Position assigned as of August 1, 2008, and be eligible to participate in the New England Markets, in accordance with the requirements in Market Rule 1, Section III of the Tariff, as in effect as of August 1, 2008, so long as the Interconnection Customer complies with all of the requirements specified in the Interconnection Agreement, including achieving the milestones associated with At-Risk Expenditures, subject to Section 1.5.4 of this SGIP.

1.6.4.3 All resources that are treated as Existing Generating Capacity Resources in the fourth Forward Capacity Auction pursuant to Section III.13 of the Tariff shall receive treatment as a CNR and obtain CNR Interconnection Service, in accordance with this SGIP, up to the CNR Capability of the resource. The grandfathered CNR Capability for these resources shall be equal to the megawatt amount established pursuant to the following hierarchy:

(a) First, the megawatt amount specified in an Interconnection Agreement (whether executed or filed in unexecuted form with the Commission).

(b) Second, in the absence of an Interconnection Agreement with a specified megawatt amount, the megawatt amount specified in an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision).

(c) Third, in the absence of an Interconnection Agreement and an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) with a specified megawatt amount, as determined by the System Operator based on the documented historic capability of the Generating Facility.

Where a resource has both an Interconnection Agreement and an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision), the lower megawatt amount will govern until the resource completes the applicable process(es) under the Tariff for obtaining the higher megawatt amount. The absence of an Interconnection Agreement or an approval pursuant to Section I.3.9 (or its predecessor provision) specifying a megawatt amount shall be confirmed by an affidavit executed by a corporate officer of the

resource attesting that the resource does not have an Interconnection Agreement and/or an approval pursuant to Section I.3.9 of the Tariff (or its predecessor provision) that specifies a megawatt amount.

Where the governing document (as determined by the hierarchy set forth in 1.6.4.3) specifies a megawatt amount at an ambient temperature consistent with the definition of CNR Capability, the grandfathered CNR Capability shall be equal to that amount.

Where the governing document (as determined by the hierarchy set forth in Section 1.6.4.3) does not specify an ambient temperature, the megawatt amount will be deemed to be at the value consistent with the definition of CNR Capability.

Where the implementation of this Section 1.6.4.3 results in a CNR Capability that is different than previously had been identified, the revised CNR Capability will be applied commencing with the next Forward Capacity Auction qualification process (after the revised CNR Capability value is identified), which is initiated by the Show of Interest Window in accordance with Section III.13 of the Tariff. The revised CNR Capability will continue to govern until the resource completes the applicable process(es) for obtaining the higher megawatt amount.

1.6.4.4 All resources that are treated as Existing Generating Capacity Resources in the fourth Forward Capacity Auction pursuant to Section III.13 of the Tariff shall receive treatment as a NR and obtain NR Interconnection Services in accordance with this SGIP, up to the NR Capability of the resource. The grandfathered NR Capability shall be determined pursuant to the hierarchy set forth in Section 1.6.4.3.

Where the governing document (as described by the hierarchy set forth in Section 1.6.4.3) of a resource for which a temperature-adjustment curve is used for the claimed capability verification, as set forth in the ISO New England Manuals, specifies a megawatt amount at an ambient temperature, the grandfathered NR Capability shall be equal to a temperature-adjusted value consistent with the definition of NR Capability.

Where the governing document (as determined by the hierarchy set forth in Section 1.6.4.3) does not specify an ambient temperature, the megawatt amount will be deemed to be at the value consistent with the definition of NR Capability.

1.7 Type of Interconnection Services

At the time the Interconnection Request is submitted, the Interconnection Customer must request either CNR Interconnection Service or NR Interconnection Service, as described in Sections 1.7.1 and 1.7.2 below. An Interconnection Customer that meets the requirements to obtain CNR Interconnection Service shall obtain NR Interconnection Service up to the NR Capability upon completion of all requirements for NR Interconnection Service, including all necessary upgrades. Upon completion of all requirements for the CNR Interconnection Service, the Interconnection Customer shall also receive CNR Interconnection Service for CNR Capability. An Interconnection Customer that meets the requirements to obtain NR Interconnection Service shall receive NR Interconnection Service for the Interconnection Customer's Generating Facility NR Capability.

1.7.1 Capacity Network Resource Interconnection Service

1.7.1.1 **The Product**. The System Operator must conduct the necessary studies in conjunction with the Interconnecting Transmission Owner, and with other Affected Parties as appropriate and in accordance with applicable codes of conduct and confidentiality requirements, and the Interconnecting Transmission Owner and other Affected Parties as appropriate must construct the Network Upgrades needed to interconnect the Small Generating Facility in a manner comparable to that in which CNRs are interconnected under the CC Interconnection Standard. CNR Interconnection Service allows the Interconnection Customer's Small Generating Facility to be designated as a CNR, and to participate in the New England Markets, in accordance with the Tariff, up to the CNR Capability or as otherwise provided in the Tariff, on the same basis as existing CNRs, and to be studied as a CNR on the assumption that such a designation will occur.

1.7.1.2 **The Studies**. All Interconnection Studies for CNR Interconnection Service shall assure that the Interconnection Customer's Small Generating Facility satisfies the minimum characteristics required to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System. The CNR Group Study for CNR Interconnection Service shall assure that the Interconnection Customer's Small Generating Facility can be interconnected in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other CNRs, in accordance with the CC Interconnection Standard and as detailed in the ISO New England Planning Procedures. The Interconnection Request may also be studied with the New England Transmission System under non-peak load conditions. However, upon request by the Interconnection Customer, the System Operator and as appropriate the Interconnecting Transmission Owner must explain in writing to the Interconnection Customer why the study of non-peak load conditions is required for reliability purposes.

1.7.1.3 **Milestones for CNR Interconnection Service**. In addition to the requirements set forth in this SGIP, an Interconnection Customer with an Interconnection Request for CNR Interconnection Service shall complete the following milestones prior to receiving CNR Interconnection Service for the CNR Capability, such milestones to be specified in Attachment 4 of the SGIA as either completed or to be completed: (i) submit the necessary requests for participation in the Forward Capacity Auction associated with the Generating Facility's requested Commercial Operation Date (except as modified by Agreement with the System Operator pursuant to Section 1.5.4 of this SGIP), in accordance with the provisions of Section III.13 of the Tariff; (ii) participate in a CNR Group Study for the Forward Capacity Auction associated with the requested Generating Facility's Commercial Operation Date; (iii) qualify and receive a Capacity Supply Obligation in accordance with Section III.13 of the Tariff; and (iv) complete a re-study of the applicable Interconnection Study to determine the cost responsibility for facilities and upgrades necessary to accommodate the Interconnection Request based on the results of the Forward Capacity Auction or Reconfiguration Auction or bilateral transaction, as applicable, through which the Interconnection Customer received a Capacity Supply Obligation. With respect to (iv) above, if an Interconnection Study has been completed, the completed Interconnection Study shall be subject to re-study, in accordance with the re-study provisions in this SGIP. If an Interconnection Study Agreement has been executed, the Interconnection Study associated with the Interconnection Study Agreement shall include the necessary analysis that would otherwise have been performed in a re-study. If an SGIA has been either executed or filed with the Commission in unexecuted form, then the last Interconnection Study completed for the Interconnection Customer under this SGIP shall be subject to re-study. The

Attachments to the SGIA shall be amended (pursuant to Article 12.2 of the SGIA) to reflect CNR Capability and the results of the re-study.

1.7.2 Network Resource Interconnection Service

1.7.2.1 **The Product.** The System Operator must conduct the necessary studies in conjunction with the Interconnecting Transmission Owner, and with other Affected Parties as appropriate and in accordance with applicable codes of conduct and confidentiality requirements, and the Interconnecting Transmission Owner and other Affected Parties as appropriate must construct the Network Upgrades needed to interconnect the Small Generating Facility in a manner comparable to that in which Network Resources are interconnected under the NC Interconnection Standard. NR Interconnection Service allows the Interconnection Customer's Small Generating Facility to participate in the New England Markets in accordance with the provisions of Market Rule 1, Section III of the Tariff, up to the gross and net NR Capability or as otherwise provided in Market Rule 1, Section III of the Tariff, on the same basis as other Network Resources. Notwithstanding the above, the portion of a Small Generating Facility that has been designated solely as a Network Resource interconnected under the NC Interconnection Standard cannot be a capacity resource under Section III.13 of the Tariff, except pursuant to a new Interconnection Request for CNR Interconnection Service.

1.7.2.2 **The Studies**. The Interconnection Studies for an Network Resource shall assure that the Interconnection Customer's Small Generating Facility satisfies the minimum characteristics required to interconnect in a manner that avoids any significant adverse effect on reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the unit, in accordance with the NR Interconnection Standard and as detailed in the ISO New England Planning Procedures. The System Operator, in coordination with the Interconnecting Transmission Owner, may also study the New England Transmission System under non-peak load conditions.

However, upon request by the Interconnection Customer, the System Operator and as appropriate the Interconnecting Transmission Owner must explain in writing to the Interconnecting Transmission Owner why the study of non-peak load conditions is required for reliability purposes.

1.7.2.3 Milestones for NR Interconnection Service. An Interconnection Customer with an Interconnection Request for NR Interconnection Service shall complete the requirements in this SGIP prior to receiving NR Interconnection Service.

1.8 Withdrawal

1.8.1 The Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to System Operator, which System Operator will transmit to the Interconnecting Transmission Owner and any Affected Parties. In addition, if the Interconnection Customer fails to adhere to all requirements of this SGIP, except as provided in Section 4.2 (Disputes), the System Operator shall deem the Interconnection Request to be withdrawn and shall provide written notice to the Interconnection Customer of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, if the Interconnection Customer wishes to dispute the withdrawal notice, the Interconnection Customer shall have fifteen (15) Business Days, unless otherwise provided elsewhere in this SGIP, in which to either respond with information or actions that cure the deficiency or to notify the System Operator of its intent to pursue dispute resolution, and the System Operator shall notify the Interconnecting Transmission Owner and any Affected Parties of the same.

1.8.2 Withdrawal shall result in the loss of the Interconnection Customer's Queue Position. If an Interconnection Customer disputes the withdrawal and loss of its Queue Position, then during dispute resolution, the System Operator may eliminate the Interconnection Customer's Interconnection Request from the queue until such time that the outcome of dispute resolution would restore its Queue Position. An Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to System Operator, Interconnecting Transmission Owner, and any Affected Parties all costs prudently incurred with respect to that Interconnection Request prior to the System Operator's receipt of

notice described above. The Interconnection Customer must pay all monies due before it is allowed to obtain any interconnection study data or results.

1.8.3 The System Operator shall update the OASIS Queue Position posting. The System Operator and Interconnecting Transmission Owner shall: (i) arrange to refund to the Interconnection Customer any portion of the Interconnection Customer's deposit or study payments that exceeds the costs incurred; or (ii) arrange to charge to the Interconnection Customer any amount of such costs incurred that exceed the Interconnection Customer's deposit or study payments. In the event of such withdrawal, the System Operator, subject to the confidentiality provisions of Section 4.5 and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information, shall provide, at Interconnection Customer's request, all information developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

SECTION 2. FAST TRACK PROCESS

2.1 Applicability

The Fast Track Process is available to an Interconnection Customer proposing to interconnect its Small Generating Facility with the Administered Transmission System if the Small Generating Facility is no larger than 2 MW and if the Interconnection Customer's proposed Small Generating Facility meets the codes, standards, and certification requirements of Attachments 3 and 4 of these procedures, or the System Operator in conjunction with the Interconnecting Transmission Owner has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

2.2 Initial Review

Within fifteen (15) Business Days after the System Operator notifies the Interconnection Customer it has received a complete Interconnection Request, the System Operator in conjunction with the Interconnecting Transmission Owner shall perform an initial review using the screens set forth below,

shall notify the Interconnection Customer of the results, and include with the notification copies of the analysis and data underlying the determinations under the screens.

2.2.1 Screens

2.2.1.1 The proposed Small Generating Facility's Point of Interconnection must be on a portion of the Interconnecting Transmission Owner's Distribution System that is subject to the Tariff.

2.2.1.2 For interconnection of a proposed Small Generating Facility to a radial distribution circuit, the aggregated generation, including the proposed Small Generating Facility, on the circuit shall not exceed 15 % of the line section annual peak load as most recently measured at the substation. A line section is that portion of an Interconnecting Transmission Owner's electric system connected to a customer bounded by automatic sectionalizing devices or the end of the distribution line.

2.2.1.3 For interconnection of a proposed Small Generating Facility to the load side of spot network protectors, the proposed Small Generating Facility must utilize an inverter-based equipment package and, together with the aggregated other inverter-based generation, shall not exceed the smaller of 5 % of a spot network's maximum load or 50 kW.

2.2.1.4 The proposed Small Generating Facility, in aggregation with other generation on the distribution circuit, shall not contribute more than 10 % to the distribution circuit's maximum fault current at the point on the high voltage (primary) level nearest the proposed point of change of ownership.

2.2.1.5 The proposed Small Generating Facility, in aggregate with other generation on the distribution circuit, shall not cause any distribution protective devices and equipment (including, but not limited to, substation breakers, fuse cutouts, and line reclosers), or Interconnection Customer equipment on the system to exceed 87.5 % of the short circuit interrupting capability; nor shall the interconnection be proposed for a circuit that already exceeds 87.5 % of the short circuit interrupting capability.

2.2.1.6 Using the table below, determine the type of interconnection to a primary distribution line. This screen includes a review of the type of electrical service provided to the Interconnecting Customer, including line configuration and the transformer connection to limit the potential for creating over-voltages on the Interconnecting Transmission Owner's electric power system due to a loss of ground during the operating time of any anti-islanding function.

Primary Distribution Line Type	Type of Interconnection to Primary Distribution Line	Result/Criteria
Three-phase, three wire	3-phase or single phase, phase-to-phase	Pass screen
Three-phase, four wire	Effectively-grounded 3 phase or Single-phase, line-to-neutral	Pass screen

2.2.1.7 If the proposed Small Generating Facility is to be interconnected on single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed Small Generating Facility, shall not exceed 20 kW.

2.2.1.8 If the proposed Small Generating Facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20 % of the nameplate rating of the service transformer.

2.2.1.9 The Small Generating Facility, in aggregate with other generation interconnected to the transmission side of a substation transformer feeding the circuit where the Small Generating Facility proposes to interconnect shall not exceed 10 MW in an area where there are known, or posted, transient stability limitations to generating units located in the general electrical vicinity (e.g., three or four transmission busses from the point of interconnection).

2.2.1.10 No construction of facilities by the Interconnecting Transmission Owner on its own system shall be required to accommodate the Small Generating Facility.

2.2.2 If the proposed interconnection passes the screens, the Interconnection Request shall be approved for Network Resource interconnection Service and the System Operator in conjunction with the Interconnecting Transmission Owner will provide the Interconnection Customer an executable SGIA within five (5) Business Days after the determination.

2.2.3 If the proposed interconnection fails the screens, but the System Operator in conjunction with the Interconnecting Transmission Owner determines that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards, the System Operator in conjunction with the Interconnecting Transmission Owner shall provide the Interconnection Customer an executable SGIA within five (5) Business Days after the determination. If the Interconnection Request is for Capacity Network Resource Interconnection Service, the Interconnection Customer must also comply with the milestones for CNR Interconnection Service specified in Section 1.7.1.3 of the SGIP.

2.2.4 If the proposed interconnection fails the screens, but the System Operator in conjunction with the Interconnecting Transmission Owner, does not or cannot determine from the initial review that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards unless the Interconnection Customer is willing to consider minor modifications or further study, the System Operator in conjunction with the Interconnecting Transmission Owner shall provide the Interconnection Customer with the opportunity to attend a customer options meeting.

2.3 Customer Options Meeting

If the System Operator in conjunction with the Interconnecting Transmission Owner determines the Interconnection Request cannot be approved without minor modifications at minimal cost; or a supplemental study or other additional studies or actions; or at significant cost to address safety, reliability, or power quality problems, within the five (5) Business Day period after the determination, the

System Operator shall notify the Interconnection Customer and provide copies of all data and analyses underlying its conclusion. Within ten (10) Business Days of such determination, the System Operator shall offer to convene a customer options meeting with the Interconnection Customer and Interconnecting Transmission Owner to review possible Interconnection Customer facility modifications or the screen analysis and related results, to determine what further steps are needed to permit the Small Generating Facility to be connected safely and reliably. At the time of notification of the determination, or at the customer options meeting:

2.3.1 The Interconnecting Transmission Owner shall offer to perform facility modifications or minor modifications to the Interconnecting Transmission Owner's electric system (e.g., changing meters, fuses, relay settings) and provide a non-binding good faith estimate of the limited cost to make such modifications to the Interconnecting Transmission Owner's electric system; or

2.3.2 The System Operator shall offer to perform a supplemental review if the System Operator in conjunction with the Interconnecting Transmission Owner concludes that the supplemental review might determine that the Small Generating Facility could continue to qualify for interconnection pursuant to the Fast Track Process, and provide a non-binding good faith estimate of the costs of such review; or

2.3.3 The System Operator shall obtain the Interconnection Customer's agreement to continue evaluating the Interconnection Request under the section 3 Study Process.

2.4 Supplemental Review

If the Interconnection Customer agrees to a supplemental review, the Interconnection Customer shall agree in writing within fifteen (15) Business Days of the offer, and submit a deposit to the System Operator for the estimated costs. The Interconnection Customer shall be responsible for the System Operator's and the Interconnecting Transmission Owner's actual costs for conducting the supplemental review. The Interconnection Customer must pay any review costs that exceed the deposit within twenty (20) Business Days of receipt of the invoice or resolution of any dispute. If the deposit exceeds the

invoiced costs, the System Operator and Interconnecting Transmission Owner will return such excess within twenty (20) Business Days of the invoice without interest.

2.4.1 Within ten (10) Business Days following receipt of the deposit for a supplemental review, the System Operator in conjunction with the Interconnecting Transmission Owner will determine if the Small Generating Facility can be interconnected safely and reliably.

2.4.1.1 If so, the System Operator in conjunction with the Interconnecting Transmission Owner, shall forward an executable SGIA to the Interconnection Customer within five (5) Business Days.

2.4.1.2 If so, and Interconnection Customer facility modifications are required to allow the Small Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under these procedures, the System Operator in conjunction with the Interconnecting Transmission Owner, shall forward an executable SGIA to the Interconnection Customer within five (5) Business Days after confirmation that the Interconnection Customer has agreed to make the necessary changes at the Interconnection Customer's cost. The Interconnection Customer shall provide written notice to the System Operator and the Interconnecting Transmission Owner of whether the Interconnection Customer agrees to make the necessary Interconnection Customer facility modifications at the Interconnection Customer's cost within thirty (30) Business Days of receiving notice that such modifications are required.

2.4.1.3 If so, and minor modifications to the Interconnecting Transmission Owner's electric system are required to allow the Small Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under the Fast Track Process, the System Operator in conjunction with the Interconnecting Transmission Owner, shall forward an executable SGIA to the Interconnection Customer within ten (10) Business Days that requires the Interconnection Customer to pay the costs of such system modifications prior to interconnection.

2.4.1.4.If not, the Interconnection Request will continue to be evaluated under the section 3 Study Process.

SECTION 3. STUDY PROCESS

3.1 Applicability

The Study Process shall be used by an Interconnection Customer proposing to interconnect its Small Generating Facility with the Administered Transmission System if the Small Generating Facility (1) is larger than 2 MW but no larger than 20 MW, (2) is 2 MW or less and is not certified, or (3) is 2 MW or less and is certified but did not pass the Fast Track Process or the 10 kW Inverter Process.

3.2 Scoping Meeting

3.2.1 A scoping meeting will be held within ten (10) Business Days after the Interconnection Request is deemed complete, or as otherwise mutually agreed to by the Parties. The System Operator, the Interconnecting Transmission Owner, the Interconnection Customer and the Affected Party(ies) will bring to the meeting personnel, including system engineers and other resources as may be reasonably required to accomplish the purpose of the meeting. Before participating in a scoping meeting with an Interconnection Customer that is also an Affiliate, the Interconnecting Transmission Owner shall post on the OASIS an advance notice of its intent to do so.

3.2.2 The purpose of the scoping meeting is to discuss the Interconnection Request and review existing studies relevant to the Interconnection Request, including: (i) the estimated timeline for completing all applicable Interconnection Studies, (ii) exchange pertinent information including any transmission data that would reasonably be expected to impact interconnection options, (iii) analyze such information, and (iv) determine the potential feasible Points of Interconnection, and (v) to discuss any other information necessary to facilitate the administration of the Interconnection Procedures. If a PSCAD model is required, the Parties shall discuss this at the Scoping Meeting. The Parties shall discuss whether the System Operator should perform an Interconnection Feasibility Study or proceed directly to an Interconnection System Impact Study, or an Interconnection Facilities Study, or an SGIA.

Within five (5) Business Days following the scoping meeting, the Interconnection Customer shall notify the System Operator, in writing: (i) whether it wants the Interconnection Feasibility Study to be

completed, as a separate and distinct study or as part of the Interconnection System Impact Study, and (ii) the Point(s) of Interconnection and any reasonable alternative Point(s) of Interconnection for inclusion in the attachment to the Interconnection Feasibility Study Agreement (Attachment 6), or the Interconnection System Impact Study Agreement (Attachment 7) if the Interconnection Customer elects not to pursue the Interconnection Feasibility Study.

3.2.3 The scoping meeting may be omitted by mutual agreement. In order to remain in consideration for interconnection, an Interconnection Customer who has requested an Interconnection Feasibility Study must return the executed Interconnection Feasibility Study Agreement (or Interconnection System Impact Study Agreement if the Interconnection Customer elected not to pursue the Interconnection Feasibility Study), within fifteen (15) Business Days.

3.3 Interconnection Feasibility Study

3.3.1 **Interconnection Feasibility Study Agreement**. Within five (5) Business Days following the Interconnection Customer's request for an Interconnection Feasibility Study, the System Operator shall tender to Interconnection Customer the Interconnection Feasibility Study Agreement signed by the System Operator and Interconnecting Transmission Owner, including an outline of the scope of the Interconnection Feasibility Study and a non-binding good faith estimate of the cost to perform the Interconnection Feasibility Study. The Interconnection Feasibility Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Interconnection Feasibility Study, including the cost of developing the study agreement and its attachment(s). No later than fifteen (15) Business Days after its receipt of the Interconnection Feasibility Study Agreement, the Interconnection Customer shall execute and deliver the agreement, including completed attachments, to System Operator and the Interconnecting Transmission Owner, together with the refundable deposit of the lesser of 50 percent of the good faith estimated Interconnection Feasibility Study costs or earnest money of $1,000. The deposit shall be applied toward the cost of the Interconnection Feasibility Study, including the cost of developing the study agreement and its attachment(s). Any difference between the study deposit and the actual cost of the Interconnection Feasibility Study shall be paid by or refunded to the Interconnection Customer. The System Operator and/or Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of the Interconnection Feasibility Study that have been

incurred by the System Operator and/or the Interconnecting Transmission Owner on the Interconnection Feasibility Study, including the development of the study agreement and its attachment(s). The System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Feasibility Study on each month. The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. System Operator shall continue to hold any amounts on deposits until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

3.3.2 **Scope of Interconnection Feasibility Study**. The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the Administered Transmission System with available data and information. The Interconnection Feasibility Study does not require detailed model development. The Interconnection Feasibility Study will consider the Base Cases as well as all generating facilities (and with respect to (iii), any identified Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced: (i) are directly interconnected to the New England Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the New England Transmission System; and (iv) have no Queue Position but have executed a SGIA or requested that an unexecuted SGIA be filed with the Commission. An Interconnection Customer with a CNR Interconnection Request may also request that the Interconnection Feasibility Study include a preliminary, non-binding, analysis to identify potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff, based on a limited set of assumptions to be specified by the Interconnection Customer and reflected in Attachment A to the Interconnection Feasibility Study Agreement. The Interconnection Feasibility Study will consist of a power flow, including thermal analysis and voltage analysis, and short circuit analysis. The Interconnection Feasibility Study report will provide (i) a list of facilities and a non-binding good faith estimate of cost responsibility; (ii) a non-binding good faith estimated time to construct; (iii) a protection assessment to determine the required Interconnection Facilities; and may provide (iv) an evaluation of the siting of Interconnection Facilities and Network Upgrades; and (v) identification of the likely permitting and siting process including easements and environmental work. To the extent the Interconnection Customer requested a preliminary analysis as described in this Section 3.3, the Interconnection Feasibility Study report will also provide a

list of potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

3.3.3 **Interconnection Feasibility Study Procedures**. The System Operator in coordination with Interconnecting Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Interconnection Feasibility Study no later than thirty (30) Business Days after System Operator and Interconnecting Transmission Owner receive the fully executed Interconnection Feasibility Study Agreement, study deposit and required technical data in accordance with Section 3.3.1. At the request of the Interconnection Customer or at any time the System Operator or the Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Feasibility Study, the System Operator shall notify the Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If the System Operator is unable to complete the Interconnection Feasibility Study within that time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

3.3.4 **Meeting with Parties.** Within ten (10) Business Days of providing an Interconnection Feasibility Study report to the Interconnection Customer, the System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Interconnection Feasibility Study.

If the feasibility study shows no potential for adverse system impacts, the System Operator shall send the Interconnection Customer an Interconnection Facilities Study Agreement (Attachment 8), including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study. If no additional facilities are required, an executable SGIA shall be tendered to the Interconnection Customer within five (5) Business Days of the provision of the Interconnection Feasibility Study report. If no Interconnection System Impact Study of the Administered Transmission System is required, as a result of the Interconnection Feasibility Study, but potential electric power Distribution System adverse system impacts are identified in the scoping meeting or shown in the Interconnection Feasibility Study, a

distribution system impact study must be performed. The System Operator shall send the Interconnection Customer a distribution system impact study agreement within fifteen (15) Business Days of transmittal of the feasibility study report, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or following the scoping meeting if no Interconnection Feasibility Study is to be performed.

3.3.5 **Re-Study**. If re-study of the Interconnection Feasibility Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project, (iii) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (iv) a modification to a transmission project included in the Base Case, the System Operator shall notify the Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take not longer than thirty (30) Business Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection Feasibility Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection Feasibility Study Agreement. The Interconnection Customer shall have the option to waive the re-study and elect to have the re-study performed as part of its Interconnection System Impact Study. The Interconnection Customer shall provide written notice of the waiver and election of moving directly to the Interconnection System Impact Study within five (5) Business Days of receiving notice from the System Operator of the required re-study.

3.4 Interconnection System Impact Study

3.4.1 **Interconnection System Impact Study Agreement**. Within five (5) Business Days following the Interconnection Feasibility Study results meeting, the System Operator and Interconnecting Transmission Owner shall provide to Interconnection Customer the Interconnection System Impact Study Agreement, which includes a non-binding good faith estimate of the cost and timeframe to perform the Interconnection System Impact Study. The Interconnection System Impact Study Agreement shall provide that the Interconnection Customer shall compensate the System Operator and Interconnecting

Transmission Owner for the actual cost of the Interconnection System Impact Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the SGIA.

3.4.2 **Execution of Interconnection System Impact Study Agreement.** The Interconnection Customer shall execute the Interconnection System Impact Study Agreement and deliver the executed Interconnection System Impact Study Agreement, including completed attachments, to the System Operator no later than fifteen (15) Business Days after its receipt along with (1) demonstration of Site Control, (2) a refundable deposit of 50 percent of the good faith estimated cost for the transmission portion of the Interconnection System Impact Study and 100 percent of the good faith estimated cost for the distribution portion of the Interconnection System Impact Study and (3) a PSCAD model if one was determined to be needed at the Scoping Meeting; provided that if a PSCAD model was determined to be needed at the Scoping Meeting, then the Interconnection Customer shall have ninety (90) Calendar Days from the execution of the System Impact Study Agreement to provide the PSCAD model. Interconnection Customer does not need to demonstrate Site Control where the Interconnection Request is for a modification to the Interconnection Customer's existing Large Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. The deposit shall be applied toward the cost of the Interconnection System Impact Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the SGIA. Any difference between the study deposit and the actual cost of the Interconnection System Impact Study shall be paid by or refunded to the Interconnection Customer. The System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the costs of Interconnection System Impact Study that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the System Impact Study, including the study agreement and its attachment(s) and the SGIA.

The System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the transmission portion of the Interconnection System Impact Study on each month. The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the

amounts on deposit until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

3.4.3 **Scope of Interconnection System Impact Study**. The Interconnection System Impact Study shall evaluate the impact of the proposed interconnection on the reliability and operation of the New England Transmission System. The Interconnection System Impact Study will consider the Base Case as well as all generating facilities (and with respect to (iii) below, any identified Network Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced: (i) are directly interconnected to the New England Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the New England Transmission System; and (iv) have no Queue Position but have executed a SGIA or requested that an unexecuted SGIA be filed with the Commission. An Interconnection Customer with a CNR Interconnection Request that elected to waive the Interconnection Feasibility Study may also request that the Interconnection System Impact Study include a preliminary, non-binding, analysis to identify potential upgrades that may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff, based on a limited set of assumptions to be specified by the Interconnection Customer and reflected in Attachment A to the Interconnection System Impact Study Agreement. The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, a power flow analysis, including thermal analysis and voltage analysis, a system protection analysis and any other analyses that are deemed necessary by the System Operator in consultation with the Interconnecting Transmission Owner. The Interconnection System Impact Study report will state the assumptions upon which it is based, state the results of the analyses, and provide the requirements or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study report will provide (i) a list of facilities that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility, (ii) a non-binding good faith estimated time to construct, (iii) a protection assessment to determine the required protection upgrades; and may provide (iv) an evaluation of the siting of the Interconnection Facilities and Network Upgrades; and (v) identification of the likely permitting and siting process including easements and environmental work. To the extent the Interconnection Customer requested a preliminary analysis as described in this Section 3.4.3, the Interconnection System Impact Study report will also provide a list of potential upgrades that

may be necessary for the Interconnection Customer's Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

3.4.4 **Interconnection System Impact Study Procedures.** The System Operator shall coordinate the Interconnection System Impact Study with the Interconnecting Transmission Owner, and with any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, that is affected by the Interconnection Request. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable when it performs the study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the Interconnection System Impact Study within forty-five (45) Business Days after the receipt of the Interconnection System Impact Study Agreement, study deposit, demonstration of Site Control, if Site Control is required, and required technical data in accordance with Section 3.4.2. At the request of the Interconnection Customer or at any time the System Operator or Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection System Impact Study, the System Operator shall notify the Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If the System Operator and Interconnecting Transmission Owner are unable to complete the Interconnection System Impact Study within the time period, the System Operator shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

3.4.5 **Meeting with Parties.** Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer, the System Operator shall convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, to discuss the results of the Interconnection System Impact Study. Within five (5) Business Days following the study results meeting, the Interconnection Customer shall provide to the System Operator written notice that it will either pursue the Interconnection Facilities Study or waive the Interconnection Facilities Study and elect an expedited interconnection.

If the Interconnection Customer waives the Facilities Study, it shall commit to the following milestones in the SGIA: (i) Siting approval for the Generating Facility and Interconnection Facilities; (ii) Engineering of Interconnection Facilities approved by Interconnecting Transmission Owner; (iii) Ordering of long lead time material for Interconnection Facilities and system upgrades; (iv) Initial Synchronization Date; and (v) Commercial Operation Date. Within thirty (30) Calendar Days of the Interconnection Customer receiving the Interconnection System Impact Study report, the Interconnection Customer shall provide written comments on the report or written notice that it has no comments on the report. The System Operator shall issue a final Interconnection System Impact Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving the Interconnection Customer's notice that it will not provide comments.

3.4.6 **Re-Study.** If re-study of the Interconnection System Impact Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project, (iii) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (iv) a modification to a transmission project included in the Base Case, the System Operator shall notify the Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take no longer than thirty (30) Business Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection System Impact Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection System Impact Study Agreement.

3.4.7 **Operational Readiness.** The System Operator shall, as close to the Interconnection Customer's actual Synchronization Date as reasonably possible, ensure that current stability analyses, power flow analyses, and any other analyses deemed necessary by the System Operator, are performed or reviewed, as deemed appropriate by the System Operator, and to develop or update procedures to address the operation of the New England Transmission System with the addition of the Interconnection Customer's Generating Facility. The operational analysis will also include tests of system performance with selected facilities out of service. Such studies shall be performed at the expense of the Interconnection Customer. The System Operator is not obligated to perform the operational analyses described in this Section 3.4.7 if, in the exercise of reasonable discretion, the System Operator in consultation with Interconnecting

Transmission Owner determines that interconnection of the Interconnection Customer's Generating Facility to the Administered Transmission System is remote and speculative.

3.5 Interconnection Facilities Study

3.5.1 **Interconnection Facilities Study Agreement**. The Interconnection Customer may waive the Interconnection Facilities Study and instead elect expedited interconnection and proceed with a SGIA in accordance with the requirements specified in Section 4.8. If the Interconnection Customer elects to proceed with an Interconnection Facilities Study, the System Operator shall provide to the Interconnection Customer an Interconnection Facilities Study Agreement in the form of Attachment 8 to this SGIP simultaneously with the delivery of the Interconnection System Impact Study report to the Interconnection Customer. The Interconnection Facilities Study Agreement shall provide that the Interconnection Customer shall compensate the System Operator and Interconnecting Transmission Owner for the actual cost of the Interconnection Facilities Study, including the cost of developing the study agreement and its attachment(s) and the cost of developing the SGIA. Within five (5) Business Days following the Interconnection Customer's Interconnection System Impact Study results meeting, the System Operator and Interconnecting Transmission Owner shall provide to the Interconnection Customer the Interconnection Facilities Study Agreement along with a non-binding good faith estimate of the cost to perform the Interconnection Facilities Study. The Interconnection Customer shall execute the Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement, including completed attachments, to the System Operator within thirty (30) Business Days after its receipt, together with the required refundable deposit of the non-binding good faith estimated costs for the Interconnection Facilities Study. The Interconnection Customer may request an extension of the deadline, not to exceed sixty (60) Business Days, by which to return the executed Interconnection Facilities Study Agreement. Any difference between the study deposit and the actual cost of the Interconnection Facilities Study shall be paid by or refunded to the Interconnection Customer. The System Operator and/or the Interconnecting Transmission Owner shall issue to the Interconnection Customer an invoice for the cost of the Interconnection Facilities Studies that have been incurred by the System Operator and/or the Interconnecting Transmission Owner for the Interconnection Facilities Study, the study agreement and its attachment(s) and the SGIA. The System Operator and the Interconnecting Transmission Owner may, in the exercise of reasonable discretion, invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study on each month.

The Interconnection Customer shall pay the invoiced amounts, to the extent such amounts are greater than the initial deposit, within thirty (30) Calendar Days of receipt of invoice. The System Operator shall continue to hold the amounts on deposits until settlement of the final invoice with the Interconnection Customer and the Interconnecting Transmission Owner.

3.5.2 **Scope of Interconnection Facilities Study**. The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Facility to the Administered Transmission System. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Interconnecting Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities. The scope and cost of the Interconnection Facilities Study shall include completion of any engineering work limited to what is reasonably required to (i) estimate such aforementioned cost, (ii) identify configurations of required facilities, and (iii) identify time requirements for construction and installation of required facilities. Design for any required Interconnection Facilities and/or Network Upgrades shall also be performed under the Interconnection Facilities Study. The Interconnection Customer, the System Operator, the Interconnecting Transmission Owner, and the Affected Party(ies), if any, may agree to allow the Interconnection Customer to separately arrange for the design of some of the Interconnection Facilities. In such cases, facilities design shall be reviewed and may be modified prior to acceptance by the Interconnecting Transmission Owner, under the provisions of the Interconnection Facilities Study Agreement. If the Parties agree to separately arrange for design and construction, and provided security and confidentiality requirements can be met, the System Operator and/or the Interconnecting Transmission Owner shall make sufficient information available to the Interconnection Customer in accordance with confidentiality and critical infrastructure requirements to permit the Interconnection Customer to obtain any independent design and cost estimates for any necessary facilities.

3.5.3 **Interconnection Facilities Study Procedures**. The System Operator shall coordinate the Interconnection Facilities Study with Interconnecting Transmission Owner, and any Affected Party as

deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements. The System Operator and Interconnecting Transmission Owner shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. The System Operator and Interconnecting Transmission Owner shall use Reasonable Efforts to complete the study and the System Operator shall issue a draft Interconnection Facilities Study report to the Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, within the following number of days after receipt of an executed Interconnection Facilities Study Agreement: forty-five (45) Business Days if upgrades are necessary, or thirty (30) Business Days if upgrades are not necessary. At the request of the Interconnection Customer or at any time the System Operator or Interconnecting Transmission Owner determines that it will not meet the required time frame for completing the Interconnection Facilities Study, System Operator shall notify the Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, as to the schedule status of the Interconnection Facilities Study. If the System Operator is unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, the System Operator shall notify the Interconnection Customer, Interconnecting Transmission Owner and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, and provide an estimated completion date and an explanation of the reasons why additional time is required. The Interconnection Customer and appropriate Affected Parties may, within thirty (30) Business Days after receipt of the draft report, provide written comments to the System Operator and Interconnecting Transmission Owner, which the System Operator shall include in the final report. The System Operator shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving Interconnection Customer's statement that it will not provide comments. The System Operator may reasonably extend such fifteen-day period upon notice to the Interconnection Customer if the Interconnection Customer's comments require the System Operator or Interconnecting Transmission Owner to perform additional analyses or make other significant modifications prior to the issuance of the final Interconnection Facilities report. Upon request, the System Operator and Interconnecting Transmission Owner shall provide the Interconnection Customer and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, or any third party consultant retained by the Interconnection Customer or to any non-market affiliate of the Interconnection Customer supporting documentation, with workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study. The

recipient(s) of such information shall be subject to the confidentiality provisions of this SGIP and the ISO New England Information Policy, as well as any other applicable requirement under Applicable Laws and Regulations regulating the disclosure or confidentiality of such information. To the extent that any applicable information is not covered by any applicable confidentiality/ disclosure requirements, such information may be provided directly to the Interconnection Customer.

3.5.4 **Meeting with Parties.** Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, the System Operator will convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements to discuss the results of the Interconnection Facilities Study. Within thirty (30) Business Days of receipt of the study results, the Interconnection Customer shall provide written notice whether it agrees to pay for the Interconnection Facilities and upgrades identified in the Interconnection Facilities Study. An executable SGIA shall be tendered by the System Operator in conjunction with the Interconnecting Transmission Owner to the Interconnection Customer within five (5) Business Days of receipt of such agreement.

3.5.5 **Re-Study.** If re-study of the Interconnection Facilities Study is required due to (i) a higher queued project dropping out of the queue, (ii) a modification of a higher queued project, (iii) a re-assessment of the upgrade responsibilities of a Generating Facility after it receives a Capacity Supply Obligation in accordance with Section III.13 of the Tariff, or (iv) a modification to a transmission project included in the Base Case, the System Operator shall so notify the Interconnection Customer and Interconnecting Transmission Owner in writing. Each re-study shall be conducted serially based on the Queue Position of each Interconnection Customer, and each re-study shall take no longer than thirty (30) Business Days from the date the re-study commences. Any cost of re-study shall be borne by the Interconnection Customer being re-studied. If the original Interconnection Facilities Study is complete and the final invoice has been issued, the re-study shall be performed under a new Interconnection Facilities Study Agreement.

SECTION 4. PROVISIONS THAT APPLY TO ALL INTERCONNECTION REQUESTS

4.1 Reasonable Efforts

The System Operator and Interconnecting Transmission Owner shall make Reasonable Efforts to meet all time frames provided in these procedures unless the System Operator, the Interconnecting Transmission Owner and the Interconnection Customer agree to a different schedule. If the System Operator or Interconnecting Transmission Owner cannot meet a deadline provided herein, it shall notify the other Parties, explain the reason for the failure to meet the deadline, and provide an estimated time by which it will complete the applicable interconnection procedure in the process.

4.2 Disputes

4.2.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.

4.2.2 In the event of a dispute, the Party initiating the dispute resolution process shall provide the other Party(ies) with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.

4.2.3 If the dispute has not been resolved within two (2) Business Days after receipt of the Notice, any Party may contact the Commission's Dispute Resolution Service (DRS) for assistance in resolving the dispute.

4.2.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at http://www.ferc.gov/legal/adr.asp.

4.2.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for its own costs and its pro rata share of any costs paid to the neutral party and any associated common negotiating costs.

4.2.6 If none of the Parties elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then each Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of these procedures.

4.3 Interconnection Metering

Any metering necessitated by the use of the Small Generating Facility shall be installed at the Interconnection Customer's expense in accordance with Commission, state, or local regulatory requirements and with ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

4.4 Commissioning

Commissioning tests of the Interconnection Customer's installed equipment shall be performed pursuant to applicable codes and standards.

4.4.1 The System Operator and the Interconnecting Transmission Owner must be given at least five (5) Business Days written notice, or as otherwise mutually agreed to by the Parties, of the tests and may be present to witness the commissioning tests.

4.5 Confidentiality

4.5.1 Confidential information shall mean any confidential and/or proprietary information provided by one Party to the other Party(ies) that is clearly marked or otherwise designated "Confidential." For purposes of these procedures all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed confidential information regardless of whether it is clearly marked or otherwise designated as such. Confidential information shall include, without limitation, all

information treated as confidential under the ISO New England Information Policy, all information obtained from third parties under confidentiality agreements, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by any of the Parties to the others prior to the execution of an SGIA.

4.5.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party(ies) and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce these procedures. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under these procedures, or to fulfill legal or regulatory requirements.

4.5.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party(ies) as it employs to protect its own Confidential Information.

4.5.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

4.5.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if the Commission, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to these procedures, the Party shall provide the requested information to the Commission, within the time provided for in the request for information. In providing the information to the Commission, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by the Commission and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party(ies) prior to the release of the Confidential Information to the Commission. The Party shall notify the other Party(ies) when it is notified by the Commission that a request to release Confidential Information has been received by the Commission, at which time any of the Parties may respond before

such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

4.6 Comparability

The System Operator shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this document. The System Operator and Interconnecting Transmission Owner shall use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Small Generating Facility is owned or operated by the Interconnecting Transmission Owner, its subsidiaries or affiliates, or others.

4.7 Record Retention

The System Operator shall maintain for three years records, subject to audit, of all Interconnection Requests received under these procedures, the times required to complete Interconnection Request approvals and disapprovals, and justification for the actions taken on the Interconnection Requests.

4.8 SGIA

In accordance with Section 3, the System Operator and the Interconnecting Transmission Owner shall tender to the Interconnection Customer a draft SGIA, together with draft attachments completed to the extent practicable. The Interconnection Customer shall return the Interconnection Customer specific information required to complete the form SGIA, including the attachments, within fifteen (15) Business Days. Within five (5) Business Days, the System Operator and the Interconnecting Transmission Owner shall issue a final draft of the SGIA to the Interconnection Customer. The Interconnection Customer shall have fifteen (15) Business Days or another mutually agreeable timeframe to sign and return the SGIA, or request that an unexecuted SGIA be filed with the Commission. If the Interconnection Customer does not sign the SGIA, or ask that it be filed unexecuted within thirty (30) Business Days after its receipt of the final draft of the SGIA, the Interconnection Request shall be deemed withdrawn. After the SGIA is signed by the Parties, the interconnection of the Small Generating Facility shall proceed under the provisions of the SGIA.

The Interconnection Customer, the Interconnecting Transmission Owner and the System Operator shall be Parties to the SGIA.

4.9 Coordination with Affected Systems

The System Operator shall coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System operators and, if possible, include those results (if available) in its applicable interconnection study within the time frame specified in these procedures. The System Operator will include such Affected System operators in all meetings held with the Interconnection Customer as required by the SGIP. The Interconnection Customer will cooperate with the System Operator and the Interconnecting Transmission Owner in all matters related to the conduct of studies and the determination of modifications to Affected Systems. The Interconnection Customer shall be responsible for the costs associated with the studies or portions of studies associated with the Affected Systems. Payment and refunds associated with the costs of such studies will be coordinated between the Interconnection Customer and the Affected Party(ies). The System Operator shall seek the cooperation of all Affected Parties in all matters related to the conduct of studies and the determination of modifications to Affected Systems. Nothing in the foregoing is intended to authorize the Interconnection Customer to receive interconnection, related facilities or other services on an Affected System, and provision of such services must be handled through separate arrangements with Affected Parties.

4.10 Evaluation of a Small Generating Facility Interconnection Request

4.10.1 If the Interconnection Request is for an increase in capacity for an existing Small Generating Facility, the Interconnection Request shall be evaluated on the basis of the new total energy capability or capacity capability of the Small Generating Facility.

4.10.2 If the Interconnection Request is for a Small Generating Facility that includes multiple energy production devices at a site for which the Interconnection Customer seeks a single Point of

Interconnection, the Interconnection Request shall be evaluated on the basis of the aggregate capacity of the multiple devices.

4.10.3 The Interconnection Request shall be evaluated using the maximum rated energy capability and capacity capability of the Small Generating Facility.

Attachment 1

Glossary of Terms

10 kW Inverter Process – The procedure for evaluating an Interconnection Request for a certified inverter-based Small Generating Facility no larger than 10 kW that uses the section 2 screens. The application process uses an all-in-one document that includes a simplified Interconnection Request, simplified procedures, and a brief set of terms and conditions. See SGIP Attachment 5.

Administered Transmission System – The PTF, the Non-PTF, and distribution facilities that are subject to the Tariff.

Affected Party– The entity that owns, operates or controls an Affected System, or any other entity that otherwise may be a necessary party to the interconnection process.

Affected System – Any electric system that is within the Control Area, including, but not limited to, generator owned transmission facilities, or any other electric system that is not within the Control Area that may be affected by the proposed interconnection.

Affiliate – With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

At-Risk Expenditure – Money expended for the development of the Generating Facility that cannot be recouped if the Interconnection Customer were to withdraw the Interconnection Request for the Generating Facility. At-Risk Expenditure may include, but is not limited to, money expended on: (i) costs of federal, state, local, regional and town permits, (ii) Site Control, (iii) site-specific design and surveys, (iv) construction activities, and (v) non-refundable deposits for major equipment components. For purposes of this definition, At-Risk Expenditure shall not include costs associated with the Interconnection Studies.

Base Case – Base power flow, short circuit and stability databases, including all underlying assumptions, and contingency lists provided by System Operator, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements; such databases and lists shall include all generation projects and transmission projects, including merchant transmission projects, that are proposed for the New England Transmission System for which a transmission expansion plan has been submitted and approved by the applicable authority. Base Cases also include data provided by the Interconnection Customer, where applicable, to the Interconnecting Transmission Owner and System Operator to facilitate required Interconnection Studies.

Business Day – Monday through Friday, excluding Federal Holidays.

Capacity Capability Interconnection Standard ("CC Interconnection Standard") – The criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, and in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other Capacity Network Resources, as detailed in the ISO New England Planning Procedures.

Capacity Network Resource ("CNR") – That portion of a Generating Facility that is interconnected to the Administered Transmission System under the Capacity Capability Interconnection Standard.

Capacity Network Resource Capability ("CNR Capability") – (i) In the case of a Generating Facility that is a New Generating Capacity Resource pursuant to Section III.13.1 of the Tariff or an Existing Generating Capacity Resource that is increasing its capability pursuant to Section III.13.1.2.2.5 of the Tariff, the highest megawatt amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff, and, if applicable, as specified in a filing by the System Operator with the Commission in accordance with Section III.13.8.2 of the Tariff, or (ii) in the case of a Generating Facility that meets the criteria under Section 1.6.4.3 of this SGIP, the total megawatt amount determined pursuant to the hierarchy established in Section 1.6.4.3. The CNR Capability shall not exceed the maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter. Where the Generating Facility includes multiple production devices, the CNR Capability shall not exceed the aggregate maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter.

Capacity Network Resource Group Study ("CNR Group Study") – The study performed by the System Operator under Section III.13.1.1.2.3 of the Tariff to determine which resources qualify to participate in a Forward Capacity Auction.

Capacity Network Resource Interconnection Service ("CNR Interconnection Service") – The Interconnection Service selected by the Interconnection Customer to interconnect its Small Generating Facility with the Administered Transmission System in accordance with the Capacity Capability Interconnection Standard. An Interconnection Customer's CNR Interconnection Service shall be for the megawatt amount of CNR Capability. CNR Interconnection Service does not in and of itself convey transmission service.

Commercial Operation – The status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date – For a unit, the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Standard Small Generator Interconnection Agreement.

Distribution System – The Interconnecting Transmission Owner's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Interconnecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Fast Track Process – The procedure for evaluating an Interconnection Request for a certified Small Generating Facility no larger than 2 MW that includes the section 2 screens, customer options meeting, and optional supplemental review.

Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Initial Synchronization Date – The date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date – The date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Interconnecting Transmission Owner's Interconnection Facilities to obtain back feed power.

Interconnecting Transmission Owner – A Transmission Owner that owns, leases or otherwise possesses an interest in, or a Non-Incumbent Transmission Developer that is constructing, a portion of the Administered Transmission System at the Point of Interconnection and shall be a Party to the Standard Small Generator Interconnection Agreement. The term Interconnecting Transmission Owner shall not be read to include the System Operator.

Interconnection Customer – Any entity, including a transmission owner or its Affiliates or subsidiaries, that interconnects or proposes to interconnect its Small Generating Facility with the Administered Transmission System under the Standard Small Generator Interconnection Procedures.

Interconnection Facilities – The Interconnecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Administered Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study – A study conducted by the System Operator, Interconnecting Transmission Owner, or a third party consultant for the Interconnection Customer to determine a list of facilities (including Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Administered Transmission System. The scope of the study is defined in Section 3.5.2 of the Standard Small Generator Interconnection Procedures.

Interconnection Facilities Study Agreement – The form of agreement contained in Attachment 8 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study – A preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Administered Transmission System, the scope of which is described in Section 3.3 of the Standard Small Generator Interconnection Procedures. The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study, or as part of the Interconnection System Impact Study. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 3.3 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 3.3 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 3.3 and Section 3.4.

Interconnection Feasibility Study Agreement – The form of agreement contained in Attachment 6 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request – The Interconnection Request shall mean an Interconnection Customer's request, in accordance with the Tariff, to: (i) interconnect a new Generating Facility to the Administered Transmission System as either a CNR or a NR; (ii) increase the energy capability or capacity capability of an existing Generating Facility; (iii) make a modification to the operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected to the Administered Transmission System; (iv) commence participation in the wholesale markets by, an existing Generating Facility that is interconnected with the Administered Transmission System; or (v) change from NR Interconnection Service to CNR Interconnection Service for all or part of a Generating Facility's capability. Interconnection Request shall not include: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies

Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility.

Interconnection Service – The service provided by the System Operator and the Interconnecting Transmission Owner, associated with interconnecting the Interconnection Customer's Generating Facility to the Administered Transmission System and enabling the receipt of electric energy capability and/or capacity capability from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Small Generator Interconnection Agreement and, if applicable, the Tariff.

Interconnection Study – Any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Small Generator Interconnection Procedures. Interconnection Study shall not include a CNR Group Study.

Interconnection Study Agreement – Any of the following agreements: The Interconnection Feasibility Study Agreement, the Interconnection System Impact Study Agreement, and the Interconnection Facilities Study Agreement attached to the Standard Small Generator Interconnection Procedures.

Interconnection System Impact Study – An engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of the Administered Transmission System and any other Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on Adverse System Impacts, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Small Generator Interconnection Procedures. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 3.3 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 3.3 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the

Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 3.3 and Section 3.4.

Interconnection System Impact Study Agreement – The form of agreement contained in Attachment 7 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

Network Capability Interconnection Standard ("NC Interconnection Standard") – The minimum criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, as detailed in the ISO New England Planning Procedures.

Network Resource ("NR") – The portion of a Generating Facility that is interconnected to the Administered Transmission System under the Network Capability Interconnection Standard.

Network Resource Capability ("NR Capability") – The maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. Where the Generating Facility includes multiple energy production devices, the NR Capability shall be the aggregate maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. The NR Capability shall be equal to or greater than the CNR Capability. In the case of a Generating Facility that meets the criteria under Section 1.6.4.4 of this SGIP, the NR Capability shall equal the total megawatt amount determined pursuant to Section 1.6.4.4.

Network Resource Interconnection Service ("NR Interconnection Service") – The Interconnection Service selected by the Interconnection Customer to interconnect its Generating Facility to the Administered Transmission System in accordance with the Network Capability Interconnection Standard.

An Interconnection Customer's NR Interconnection Service shall be solely for the megawatt amount of the NR Capability. NR Interconnection Service in and of itself does not convey transmission service.

Network Upgrades – Additions, modifications, and upgrades to the New England Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the Administered Transmission System to accommodate the interconnection with the Small Generating Facility to the Administered Transmission System. Network Upgrades do not include Distribution Upgrades.

Notice of Dispute – A written notice of a dispute or claim that arises out of or in connection with the Standard Small Generator Interconnection Agreement or its performance.

Party– The System Operator, Interconnecting Transmission Owner, Interconnection Customer or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Administered Transmission System.

Queue Position – The order of a valid request in the New England Control Area, relative to all other pending valid requests in the New England Control Area, that is established based upon the date and time of receipt of the valid Interconnection Request by the System Operator. Requests are comprised of Interconnection Requests, requests for Elective Transmission Upgrades, requests for transmission service and notification of requests for interconnection to other electric systems, as notified by the other electric systems, that impact the Administered Transmission System. For purposes of this SGIP, references to a "higher-queued" Interconnection Request shall mean one that has been received by System Operator (and placed in queue order) earlier than another Interconnection Request, which is referred to as "lower-queued."

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the SGIP or SGIA, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Small Generating Facility – A Generating Facility having a maximum gross capability at or above zero degrees F of 20 MW or less.

Stand Alone Network Upgrades – Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the New England Transmission System during their construction. The System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, must agree as to what constitutes Stand Alone Network Upgrades and identify them in Attachment 2 to the Standard Small Generator Interconnection Agreement.

Study Process – The procedure for evaluating an Interconnection Request that includes the section 3 scoping meeting, Interconnection Feasibility Study, Interconnection System Impact Study, and Interconnection Facilities Study.

Trial Operation – The period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

Upgrades – The required additions and modifications to the Administered Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Attachment 2

SMALL GENERATOR INTERCONNECTION REQUEST

(Application Form)

An Interconnection Request is considered complete when it provides all applicable and correct information required below. Per SGIP Section 1.4, documentation of Site Control must be submitted with the Interconnection Request, except where the Interconnection Request is for a modification to the Interconnection Customer's existing Small Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the proposed modifications do not require additional real property.

_____Site Control is not provided because the proposed modification is to the Interconnection Customer's existing Small Generating Facility and, by checking this option, the Interconnection Customer certifies that it has Site Control and that the proposed modification does not require additional real property.

Preamble and Instructions

An Interconnection Customer who requests a Federal Energy Regulatory Commission jurisdictional interconnection must submit this Interconnection Request by hand delivery, mail, e-mail, or fax to the System Operator.

Processing Fee or Deposit:

If the Interconnection Request is submitted under the Fast Track Process, the non-refundable processing fee is $500. The Fast Track Process is limited to a Small Generating Facility that is no larger than 2 MW that meets certain codes, standards and certification requirements.

If the Interconnection Request is submitted under the Study Process, whether a new submission or an Interconnection Request that did not pass the Fast Track Process, the Interconnection Customer shall submit to the System Operator a non-refundable deposit of $1,000 towards the cost of the scoping meeting and the interconnection studies.

Interconnection Customer Information

Proposed Project Name:_____

Legal Name of the Interconnection Customer (or, if an individual, individual's name)

Name: _____

ISO Customer ID# (if available):_____

Contact Person: _____

Mailing Address: _____

City: _____ County:_____ State: _____ Zip: _____

Facility Location (if different from above): _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address:_____

Alternative Contact Information (if different from the Interconnection Customer)

Contact Name: _____

Title: _____

Address: _____

_____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Application is for: _____New Small Generating Facility

_____Capacity addition to or modification of an Existing Small Generating Facility

_____Commencement of participation in the wholesale markets by an Existing Small Generating Facility

_____A change from Network Resource Interconnection Service to Capacity Network Resource Interconnection Service

If capacity addition to or modification of an existing facility, please describe: _____

_____

If the capacity addition increases the maximum gross megawatt electrical output at an ambient temperature of 20 degrees F of the Generating Facility to more than 20 MW, the Interconnection Customer shall apply under Schedule 22.

Will the Small Generating Facility be used for any of the following?

Net Metering? Yes ___ No ___

To Supply Power to the Interconnection Customer? Yes ___No ___

To Supply Power to Others? Yes ____ No ____

Is the Interconnection Request for:

Service Type (check one):

_____Capacity Network Resource Interconnection Service (energy capability and capacity capability)
or

_____Network Resource Interconnection Service (energy capability only)

A retail customer interconnecting a new Small Generating Facility that will produce electric energy to be consumed only on the retail customer's site? Yes_____No_____

A Qualifying Facility where 100% of the output will be sold to its host utility?

Yes_____No_____

An Interconnection Customer interconnecting a new Small Generating Facility that plans to participate in the wholesale markets? Yes_____No_____

An existing Small Generating Facility commencing participation in the wholesale markets? Yes_____No_____

For installations at locations with existing electric service to which the proposed Small Generating Facility will interconnect, provide:

_____ _____

(Local Electric Service Provider) (Existing Account Number)

Contact Name: _____

Title: _____

Address: _____

_____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Small Generating Facility Information

Interconnection Customer's Requested Initial Synchronization Date: _____

Interconnection Customer's Requested In-Service Date: _____

Interconnection Customer's Requested Commercial Operation Date:_____

Proposed Point of Interconnection:_____

Data apply only to the Small Generating Facility, not the Interconnection Facilities.

Energy Source: ___ Solar ___ Wind ___ Hydro ___ Hydro Type (e.g. Run-of-River):_____

Diesel ___ Natural Gas ___ Fuel Oil ___ Other (state type) _____

Prime Mover: ___Fuel Cell ___Recip Engine ___Gas Turb ___Steam Turb

___Microturbine ___PV ___Other

Type of Generator: ____Synchronous ____Induction ____ Inverter

Generator Nameplate Rating: _____kW (Typical) Generator Nameplate kVAR: _____

Interconnection Customer or Customer-Site Load: _____kW (if none, so state)

Typical Reactive Load (if known): _____

Maximum Physical Export Capability Requested: _____ kW

Generating Facility Capacity (MW):

	Maximum Net MW Electrical Output	**Maximum Gross MW Electrical Output**
At 90 degrees F or higher		
At 50 degrees F or higher		
At 20 degrees F or higher		
At zero degrees F or higher		

List components of the Small Generating Facility equipment package that are currently certified:

	Equipment Type	Certifying Entity
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

Is the prime mover compatible with the certified protective relay package? ___Yes ___No

Generator (or solar collector)

Manufacturer, Model Name & Number: _____

Version Number: _____

Nameplate Output Power Rating in kW: (Summer) _____ (Winter) _____

Nameplate Output Power Rating in kVA: (Summer) _____ (Winter) _____

Individual Generator Power Factor

Rated Power Factor: Leading: _____Lagging: _____

Total Number of Generators in wind farm to be interconnected pursuant to this

Interconnection Request: _____ Elevation: _____ ___Single phase ___Three phase

Inverter Manufacturer, Model Name & Number (if used): _____

List of adjustable set points for the protective equipment or software: _____

For all generation types: A completed fully functioning, non-proprietary or non-confidential Siemens PTI's ("PSSE") power flow model or other compatible formats, such as IEEE and General Electric Company Power Systems Load Flow ("PSLF") data sheet, must be supplied with this Interconnection Request. If additional non-proprietary or non-confidential data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

Small Generating Facility Characteristic Data (for inverter-based machines)

Max design fault contribution current: _____ Instantaneous ___ or RMS? _____

Harmonics Characteristics: _____

Start-up requirements: _____

Small Generating Facility Characteristic Data (for rotating machines)

RPM Frequency: _____

Neutral Grounding Resistor (If Applicable): _____

Synchronous Generators:

Generator AC resistance Ra_____

Direct Axis Synchronous Reactance, Xd: _____ P.U.

Direct Axis Transient Reactance, X'_d: _____P.U.

Direct Axis Subtransient Reactance, X''_d: _____P.U.

Negative Sequence Reactance, X_2: _____ P.U.

Zero Sequence Reactance, X_0: _____ P.U.

KVA Base: _____

Field Volts: _____

Field Amperes: _____

Induction Generators:

Motoring Power (kW): _____

I_2^2t or K (Heating Time Constant): _____

Rotor Resistance, Rr: _____

Stator Resistance, Rs: _____

Stator Reactance, Xs: _____

Rotor Reactance, Xr: _____

Magnetizing Reactance, Xm: _____

Short Circuit Reactance, Xd": _____

Exciting Current: _____

Temperature Rise: _____

Frame Size: _____

Design Letter: _____

Reactive Power Required In Vars (No Load): _____

Reactive Power Required In Vars (Full Load): _____

Total Rotating Inertia, H: _____ Per Unit on kVA Base

Note: Please contact the System Operator prior to submitting the Interconnection Request to determine if the specified information above is required.

Excitation and Governor System Data for Synchronous Generators Only

Provide appropriate IEEE model block diagram of excitation system, governor system and power system stabilizer (PSS) in accordance with the regional reliability council criteria. A PSS may be determined to be required by applicable studies. A copy of the manufacturer's block diagram may not be substituted.

Interconnection Facilities Information

Will a transformer be used between the generator and the point of common coupling? ___Yes ___No

Will the transformer be provided by the Interconnection Customer? ____Yes ____No

Transformer Data (If Applicable, for Interconnection Customer-Owned Transformer):

Is the transformer: ____single phase _____three phase? Size: _____kVA

Transformer Impedance: _____% on _____kVA Base

If Three Phase:

Transformer Primary: _____ Volts _____ Delta _____Wye _____ Wye Grounded

Transformer Secondary: _____ Volts _____ Delta _____Wye _____ Wye Grounded

Transformer Tertiary: _____ Volts _____ Delta _____Wye _____ Wye Grounded

Transformer Fuse Data (If Applicable, for Interconnection Customer-Owned Fuse):

(Attach copy of fuse manufacturer's Minimum Melt and Total Clearing Time-Current Curves)

Manufacturer: _____ Type: _____ Size: _____Speed: _____

Interconnecting Circuit Breaker (if applicable):

Manufacturer: _____ Type: _____

Load Rating (Amps): _____ Interrupting Rating (Amps): _____ Trip Speed (Cycles): _____

Interconnection Protective Relays (If Applicable):

If Microprocessor-Controlled:

List of Functions and Adjustable Setpoints for the protective equipment or software:

	Setpoint Function	Minimum	Maximum
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

4. _____ _____ _____

5. _____ _____ _____

6. _____ _____ _____

If Discrete Components:

(Enclose Copy of any Proposed Time-Overcurrent Coordination Curves)

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Current Transformer Data (If Applicable):

(Enclose Copy of Manufacturer's Excitation and Ratio Correction Curves)

Manufacturer: _____

Type: _____ Accuracy Class: ___ Proposed Ratio Connection: ____

Manufacturer: _____

Type: _____ Accuracy Class: ___ Proposed Ratio Connection: ____

Potential Transformer Data (If Applicable):

Manufacturer: _____

Type: _____ Accuracy Class: ___ Proposed Ratio Connection: ____

Manufacturer: _____

Type: _____ Accuracy Class: ___ Proposed Ratio Connection: ____

General Information

Enclose two copies of site electrical one-line diagram showing the configuration of all Small Generating Facility equipment, current and potential circuits, and protection and control schemes. This one-line diagram must be signed and stamped by a licensed Professional Engineer if the Small Generating Facility is larger than 50 kW. Are two copies of One-Line Diagram Enclosed? ____Yes ____No

Enclose copy of any site documentation that indicates the precise physical location of the proposed Small Generating Facility (e.g., USGS topographic map or other diagram or documentation).

Proposed location of protective interface equipment on property (include address if different from the Interconnection Customer's address) _____

Enclose copy of any site documentation that describes and details the operation of the protection and control schemes. Is Available Documentation Enclosed? ___Yes ____No

Enclose copies of schematic drawings for all protection and control circuits, relay current circuits, relay potential circuits, and alarm/monitoring circuits (if applicable).

Are Schematic Drawings Enclosed? ___Yes ____No

Applicant Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Interconnection Request is true and correct.

For Interconnection Customer: _____ Date: _____

In order for a Small Generator Interconnection Request to be considered a valid request, it must:

(a) Be accompanied by the applicable deposit, which shall be non-refundable;

(b) Include documentation of Site Control, if applicable;

(c) Include a detailed map (2 copies), such as a map of the quality produced by the U.S. Geological Survey, which clearly indicates the site of the new facility and pertinent surrounding structures;

(d) Include two copies, signed and stamped by a licensed Professional Engineer, of the site electrical one-line diagram; and

(e) Include all information and data required on the Interconnection Request form.

Attachment 3

Certification Codes and Standards

IEEE1547 Standard for Interconnecting Distributed Resources with Electric Power Systems (including use of IEEE 1547.1 testing protocols to establish conformity)

UL 1741 Inverters, Converters, and Controllers for Use in Independent Power Systems

IEEE Std 929-2000 IEEE Recommended Practice for Utility Interface of Photovoltaic (PV) Systems

NFPA 70 (2002), National Electrical Code

IEEE Std C37.90.1-1989 (R1994), IEEE Standard Surge Withstand Capability (SWC) Tests for Protective Relays and Relay Systems

IEEE Std C37.90.2 (1995), IEEE Standard Withstand Capability of Relay Systems to Radiated Electromagnetic Interference from Transceivers

IEEE Std C37.108-1989 (R2002), IEEE Guide for the Protection of Network Transformers

IEEE Std C57.12.44-2000, IEEE Standard Requirements for Secondary Network Protectors

IEEE Std C62.41.2-2002, IEEE Recommended Practice on Characterization of Surges in Low Voltage (1000V and Less) AC Power Circuits

IEEE Std C62.45-1992 (R2002), IEEE Recommended Practice on Surge Testing for Equipment Connected to Low-Voltage (1000V and Less) AC Power Circuits

ANSI C84.1-1995 Electric Power Systems and Equipment – Voltage Ratings (60 Hertz)

IEEE Std 100-2000, IEEE Standard Dictionary of Electrical and Electronic Terms

NEMA MG 1-1998, Motors and Small Resources, Revision 3

IEEE Std 519-1992, IEEE Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems

NEMA MG 1-2003 (Rev 2004), Motors and Generators, Revision 1

Attachment 4

Certification of Small Generator Equipment Packages

1.0 Small Generating Facility equipment proposed for use separately or packaged with other equipment in an interconnection system shall be considered certified for interconnected operation if (1) it has been tested in accordance with industry standards for continuous utility interactive operation in compliance with the appropriate codes and standards referenced below by any Nationally Recognized Testing Laboratory (NRTL) recognized by the United States Occupational Safety and Health Administration to test and certify interconnection equipment pursuant to the relevant codes and standards listed in SGIP Attachment 3, (2) it has been labeled and is publicly listed by such NRTL at the time of the interconnection application, and (3) such NRTL makes readily available for verification all test standards and procedures it utilized in performing such equipment certification, and, with consumer approval, the test data itself. The NRTL may make such information available on its website and by encouraging such information to be included in the manufacturer's literature accompanying the equipment.

2.0 The Interconnection Customer must verify that the intended use of the equipment falls within the use or uses for which the equipment was tested, labeled, and listed by the NRTL.

3.0 Certified equipment shall not require further type-test review, testing, or additional equipment to meet the requirements of this interconnection procedure; however, nothing herein shall preclude the need for an on-site commissioning test by the parties to the interconnection nor follow-up production testing by the NRTL.

4.0 If the certified equipment package includes only interface components (switchgear, inverters, or other interface devices), then an Interconnection Customer must show that the generator or other electric source being utilized with the equipment package is compatible with the equipment package and is consistent with the testing and listing specified for this type of interconnection equipment.

5.0 Provided the generator or electric source, when combined with the equipment package, is within the range of capabilities for which it was tested by the NRTL, and does not violate the interface

components' labeling and listing performed by the NRTL, no further design review, testing or additional equipment on the customer side of the point of common coupling shall be required to meet the requirements of this interconnection procedure.

6.0 An equipment package does not include equipment provided by the utility.

7.0 Any equipment package approved and listed in a state by that state's regulatory body for interconnected operation in that state prior to the effective date of these small generator interconnection procedures shall be considered certified under these procedures for use in that state.

Attachment 5

10 kW Inverter Process

Solely applicable for Network Resource Interconnection Service

1.0 The Interconnection Customer ("Customer") completes the Interconnection Request ("Application") and submits it to the System Operator.

2.0 The System Operator acknowledges to the Customer receipt of the Application within three Business Days of receipt.

3.0 The System Operator in conjunction with the Interconnecting Transmission Owner evaluates the Application for completeness and notifies the Customer within ten Business Days of receipt that the Application is or is not complete and, if not, advises what material is missing.

4.0 The System Operator in conjunction with the Interconnecting Transmission Owner verifies that the Small Generating Facility can be interconnected safely and reliably using the screens contained in the Fast Track Process in the Small Generator Interconnection Procedures (SGIP). The System Operator has 15 Business Days to complete this process. Unless the System Operator in conjunction with the Interconnecting Transmission Owner determines and demonstrates that the Small Generating Facility cannot be interconnected safely and reliably, the System Operator approves the Application and returns it to the Customer. Note to Customer: Please check with the System Operator before submitting the Application if disconnection equipment is required.

5.0 After installation, the Customer returns the Certificate of Completion to the System Operator. Prior to parallel operation, the System Operator and Interconnecting Transmission Owner may inspect the Small Generating Facility for compliance with standards which may include a witness test, and may schedule appropriate metering replacement, if necessary.

6.0 The System Operator in conjunction with the Interconnecting Transmission Owner notifies the Customer in writing that interconnection of the Small Generating Facility is authorized. If the witness test is not satisfactory, the Interconnecting Transmission Owner has the right to disconnect the Small Generating Facility. The Customer has no right to operate in parallel until a witness test has been performed, or previously waived on the Application. The Interconnecting Transmission Owner is obligated to complete this witness test within ten Business Days of the receipt of the Certificate of Completion. If the Interconnecting Transmission Owner does not inspect within ten Business Days or by mutual agreement of the Parties, the witness test is deemed waived.

7.0 Contact Information – The Customer must provide the contact information for the legal applicant (i.e., the Interconnection Customer). If another entity is responsible for interfacing with the System Operator and the Interconnecting Transmission Owner, that contact information must be provided on the Application.

8.0 Ownership Information – Enter the legal names of the owner(s) of the Small Generating Facility. Include the percentage ownership (if any) by any utility or public utility holding company, or by any entity owned by either.

9.0 UL1741 Listed – This standard ("Inverters, Converters, and Controllers for Use in Independent Power Systems") addresses the electrical interconnection design of various forms of generating equipment. Many manufacturers submit their equipment to a Nationally Recognized Testing Laboratory (NRTL) that verifies compliance with UL1741. This "listing" is then marked on the equipment and supporting documentation.

Application for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10kW

This Application is considered complete when it provides all applicable and correct information required below. Per SGIP section 1.4, documentation of Site Control must be submitted with the Interconnection Request, except where the Interconnection Request is for a modification to the Interconnection Customer's existing Small Generating Facility and the Interconnection Customer has certified in the Interconnection Request that it has Site Control and that the modification proposed in the Interconnection Request does not require additional real property. Additional information to evaluate the Application may be required.

Processing Fee

A non-refundable processing fee of $100 must accompany this Application.

Interconnection Customer

Name: _____

Contact Person: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Contact (if different from Interconnection Customer)

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Owner of the facility (include % ownership by any electric utility): _____

Small Generating Facility Information

Location (if different from above): _____

Electric Service Company: _____

Account Number: _____

Is the Interconnection Request for:

A retail customer interconnecting a new Small Generating Facility that will produce electric energy to be consumed only on the retail customer's site? Yes_____No_____

A Qualifying Facility where 100% of the output will be sold to its host utility?

Yes_____No_____

An Interconnection Customer interconnecting a new Small Generating Facility that plans to participate in the wholesale markets? Yes_____No_____

An existing Small Generating Facility commencing participation in the wholesale markets? Yes_____No_____

Inverter Manufacturer:_____Model_____

Nameplate Rating: _____ (kW) _____ (kVA) _____ (AC Volts)

Single Phase _____ Three Phase_____

System Design Capacity: _____ (kW) _____ (kVA)

Prime Mover: Photovoltaic □ Reciprocating Engine □ Fuel Cell□

Turbine□ Other _____

Energy Source: Solar □ Wind □ Hydro □ Diesel □ Natural Gas □

Fuel Oil □ Other (describe) _____

Is the equipment UL1741 Listed? Yes_____ No ___

If Yes, attach manufacturer's cut-sheet showing UL1741 listing

Estimated Installation Date: _____ Estimated In-Service Date: _____

The 10 kW Inverter Process is available only for inverter-based Small Generating Facilities no larger than 10 kW that meet the codes, standards, and certification requirements of Attachments 3 and 4 of the Small Generator Interconnection Procedures (SGIP), or the Interconnecting Transmission Owner has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

List components of the Small Generating Facility equipment package that are currently certified:

Equipment Type	Certifying Entity
1. _____	_____
2. _____	_____

3. _____ _____

4. _____ _____

5. _____ _____

Interconnection Customer Signature

I hereby certify that, to the best of my knowledge, the information provided in this Application is true. I agree to abide by the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return the Certificate of Completion when the Small Generating Facility has been installed.

Signed: _____

Title: _____ Date: _____

Contingent Approval to Interconnect the Small Generating Facility

(For Internal use only)

Interconnection of the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return of the Certificate of Completion.

Interconnecting Transmission Owner Signature: _____

Title: _____ Date: _____

Application ID number: _____

Interconnecting Transmission Owner waives inspection/witness test? Yes___No___

System Operator Signature:_____

Title: _____ Date: _____

Application ID number: _____

Small Generating Facility Certificate of Completion

Is the Small Generating Facility owner-installed? Yes_____ No _____

Interconnection Customer: _____

Contact Person:_____

Address: _____

Location of the Small Generating Facility (if different from above):

_____

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Electrician:

Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

License number: _____

Date Approval to Install Facility granted by the Interconnecting Transmission Owner: _____

Application ID number: _____

Inspection:

The Small Generating Facility has been installed and inspected in compliance with the local

building/electrical code of _____

Signed (Local electrical wiring inspector, or attach signed electrical inspection):

_____

Print Name: _____

Date: _____

As a condition of interconnection, you are required to send/fax a copy of this form along with a copy of the signed electrical permit to (insert System Operator and Interconnecting Transmission Owner information below):

Name: _____

System Operator: _____

Address:_____

_____

City, State ZIP: _____

Fax: _____

Name: _____

Interconnecting Transmission Owner:

_____

Address:_____

_____

City, State ZIP: _____

Fax: _____

Approval to Energize the Small Generating Facility

(For Internal use only)

Energizing the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

Interconnecting Transmission Owner Signature: _____

Title: _____ Date: _____

System Operator Signature: _____

Title: _____ Date: _____

Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

1.0 **Construction of the Facility**

The Interconnection Customer (the "Customer") may proceed to construct (including operational testing not to exceed two hours) the Small Generating Facility when the System Operator approves the Interconnection Request (the "Application") and returns it to the Customer.

2.0 **Interconnection and Operation**

The Customer may operate Small Generating Facility and interconnect with the Interconnecting Transmission Owner's (the "Company") electric system once all of the following have occurred:

2.1 Upon completing construction, the Customer will cause the Small Generating Facility to be inspected or otherwise certified by the appropriate local electrical wiring inspector with jurisdiction, and

2.2 The Customer returns the Certificate of Completion to the System Operator and the Company, and

2.3 The Company has either:

2.3.1 Completed its inspection of the Small Generating Facility to ensure that all equipment has been appropriately installed and that all electrical connections have been made in accordance with applicable codes. All inspections must be conducted by the Company, at its own expense, within ten Business Days after receipt of the Certificate of Completion and shall take place at a time agreeable to the Parties. The Company shall provide a written statement that the Small Generating Facility has passed inspection or shall notify the Customer of what steps it must take to pass inspection as soon as practicable after the inspection takes place; or

2.3.2 If the Company does not schedule an inspection of the Small Generating Facility within ten business days after receiving the Certificate of Completion, the witness test is deemed waived (unless the Parties agree otherwise); or

2.3.3 The Company waives the right to inspect the Small Generating Facility.

2.4 The Company has the right to disconnect the Small Generating Facility in the event of improper installation or failure to return the Certificate of Completion.

2.5 Revenue quality metering equipment must be installed and tested in accordance with applicable ANSI standards.

3.0 **Safe Operations and Maintenance**

The Customer shall be fully responsible to operate, maintain, and repair the Small Generating Facility as required to ensure that it complies at all times with the interconnection standards to which it has been certified.

4.0 **Access**

The Company shall have access to the disconnect switch (if the disconnect switch is required) and metering equipment of the Small Generating Facility at all times. The Company shall provide reasonable notice to the Customer when possible prior to using its right of access.

5.0 **Disconnection**

The Company may temporarily disconnect the Small Generating Facility upon the following conditions:

5.1 For scheduled outages upon reasonable notice.

5.2 For unscheduled outages or emergency conditions.

5.3 If the Small Generating Facility does not operate in the manner consistent with these Terms and Conditions.

5.4 The Company shall inform the Customer in advance of any scheduled disconnection, or as is reasonable after an unscheduled disconnection.

6.0 **Indemnification**

The Parties shall at all times indemnify, defend, and save the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.0 **Insurance**

The Parties agree to follow all applicable insurance requirements imposed by the state in which the Point of Interconnection is located. All insurance policies must be maintained with insurers authorized to do business in that state.

8.0 **Limitation of Liability**

Each party’s liability to the other party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney’s fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either party be liable to the other party for any indirect, incidental, special, consequential, or punitive damages of any kind whatsoever, except as allowed under paragraph 6.0.

9.0 **Termination**

The agreement to operate in parallel may be terminated under the following conditions:

9.1 By the Customer

9.2 By providing written notice to the Company and the System Operator.

9.3 By the Company or the System Operator

9.4 If the Small Generating Facility fails to operate for any consecutive 12 month period or the Customer fails to remedy a violation of these Terms and Conditions.

10.0 **Permanent Disconnection**

In the event this Agreement is terminated, the Company shall have the right to disconnect its facilities or direct the Customer to disconnect its Small Generating Facility.

11.0 **Survival Rights**

This Agreement shall continue in effect after termination to the extent necessary to allow or require any Party to fulfill rights or obligations that arose under the Agreement.

12. **Assignment/Transfer of Ownership of the Facility**

This Agreement shall survive the transfer of ownership of the Small Generating Facility to a new owner when the new owner agrees in writing to comply with the terms of this Agreement and so notifies the System Operator and the Company.

Attachment 6

Interconnection Feasibility Study Agreement

THIS AGREEMENT is made and entered into this_____day of_____ 20___ by and between_____, a_____organized and existing under the laws of the State of _____, ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and_____, a_____ existing under the laws of the State of_____, ("Interconnecting Transmission Owner"). Interconnection Customer, System Operator and Interconnecting Transmission Owner each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by Interconnection Customer on_____; and

WHEREAS, Interconnection Customer desires to interconnect the Small Generating Facility with the Administered Transmission System; and

WHEREAS, Interconnection Customer has requested the System Operator and Interconnecting Transmission Owner to perform an Interconnection Feasibility Study to assess the feasibility of interconnecting the proposed Small Generating Facility with the facilities that are part of the Interconnecting Transmission Owner's Administered Transmission System, and of any Affected Systems.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures ("SGIP"), or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 The Interconnection Customer elects and the System Operator and Interconnecting Transmission Owner shall cause to be performed an Interconnection Feasibility Study consistent the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.

3.0 The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Interconnection Feasibility Study shall be based on the technical information provided by the Interconnection Customer in the Interconnection Request, as may be modified as the result of the scoping meeting. The System Operator and Interconnecting Transmission Owner reserve the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with the standard Small Generator Interconnection Procedures. If the Interconnection Customer modifies its Interconnection Request, the time to complete the Interconnection Feasibility Study may be extended by agreement of the Parties.

5.0 In performing the study, the System Operator and Interconnecting Transmission Owner shall rely, to the extent reasonably practicable, on existing studies of recent vintage. The Interconnection Customer shall not be charged for such existing studies; however, the Interconnection Customer shall be responsible for charges associated with any new study or modifications to existing studies that are reasonably necessary to perform the Interconnection Feasibility Study.

6.0 The Interconnection Feasibility Study report shall provide the following analyses for the purpose of identifying any potential adverse system impacts that would result from the interconnection of the Small Generating Facility as proposed:

6.1 Initial identification of any circuit breaker or other facility short circuit capability limits exceeded as a result of the interconnection;

6.2 Initial identification of any thermal overload or voltage limit violations resulting from the interconnection;

6.3 Initial review of grounding requirements and electric system protection; and

6.4 Description and non-binding estimated cost of facilities required to interconnect the proposed Small Generating Facility and to address the identified short circuit and power flow issues.

6.5 To the extent the Interconnection Customer requested a preliminary analysis as described in Section 3.3.2 of the SGIP, the report will also provide a list of potential upgrades that may be necessary for the Interconnection Customer’s Generating Facility to qualify for participation in a Forward Capacity Auction under Section III.13 of the Tariff.

7.0 The Interconnection Feasibility Study shall model the impact of the Small Generating Facility regardless of purpose in order to avoid the further expense and interruption of operation for reexamination of feasibility and impacts if the Interconnection Customer later changes the purpose for which the Small Generating Facility is being installed.

8.0 The study shall include the feasibility of any interconnection at a proposed project site where there could be multiple potential Points of Interconnection, as requested by the Interconnection Customer and at the Interconnection Customer's cost.

9.0 A deposit, paid to the System Operator, of the lesser of 50 percent of good faith estimated Interconnection Feasibility Study costs or earnest money of $1,000 shall be required from the Interconnection Customer.

10.0 Once the Interconnection Feasibility Study is completed, an Interconnection Feasibility Study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the Interconnection Feasibility Study must be completed and the Interconnection Feasibility Study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct an Interconnection Feasibility Study.

11.0 The total estimated cost of the performance of the Interconnection Feasibility Study consists of $ [insert], which is comprised of the System Operator's cost of $[insert] and the Interconnecting Transmission Owner's cost of $[insert]. The Interconnection Customer may be invoiced on a monthly basis for work to be conducted. 12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days of receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the System Operator shall refund such excess within 30 calendar days of the invoice without interest.

13.0 Miscellaneous.

13.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

13.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection Feasibility Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection Feasibility Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection Feasibility Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection Feasibility Study, the content of the Interconnection Feasibility Study, or the conclusions of the Interconnection Feasibility Study. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

13.3 Force Majeure, Liability and Indemnification.

13.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all Reasonable Efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

13.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

13.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owner and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or

Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owner shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

13.4 Third-Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns. Notwithstanding the foregoing, and without limitation of Sections 13.2 and 13.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection Feasibility Study shall not be deemed third party beneficiaries of Sections 13.2 and 13.3.

13.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 13.5, shall continue in effect for a term of one year or until the Interconnection Feasibility Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 1.8 of the SGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

13.6 Governing Law, Regulatory Authority, and Rules. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

13.7 Severability. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority: (1) such portion or provision shall be deemed separate and independent; (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling; and (3) the remainder of this Agreement shall remain in full force and effect.

13.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

13.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

13.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

13.11 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

13.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect. Any waiver at any time by any Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the System Operator and the Interconnecting Transmission Owner. Any waiver of this Agreement shall, if requested, be provided in writing.

13.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

13.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

13.15 Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

13.15.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the System Operator or Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

13.15.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

13.16 Reservation of Rights. Subject to the TOA, the System Operator and the Interconnecting Transmission Owner shall have the right to make a unilateral filing with the Commission to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this Agreement under any applicable provision of the Federal Power Act and the Commission's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before the Commission in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of System Operator] **[Insert name of Interconnection Customer]**

_____ _____

Signed_____ Signed_____

Name (Printed): Name (Printed):

_____ _____

Title_____ Title_____

[Insert name of Interconnecting Transmission Owner]

_____

Signed_____

Name (Printed):

_____

Title_____

Attachment A to

Interconnection Feasibility Study Agreement

Assumptions Used in Conducting the Interconnection Feasibility Study

The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the scoping meeting held on _____:

1) Designation of Point of Interconnection and configuration to be studied.

2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer, System Operator and Interconnecting Transmission Owner.

Attachment 7

Interconnection System Impact Study Agreement

THIS AGREEMENT is made and entered into this_____day of_____

20___ by and between_____,

a_____organized and existing under the laws of the State of

_____, ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and

_____, a_____

existing under the laws of the State of_____,

("Interconnecting Transmission Owner"). Interconnection Customer, System Operator and Interconnecting Transmission Owner each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by the Interconnection Customer on_____; and

WHEREAS, the Interconnection Customer desires to interconnect the Small Generating Facility with the Administered Transmission System;

WHEREAS, the System Operator and Interconnecting Transmission Owner have completed an Interconnection Feasibility Study and provided the results of said study to the Interconnection Customer (This recital to be omitted if the Parties have agreed to forego the Interconnection Feasibility Study.); and

WHEREAS, the Interconnection Customer has requested the System Operator and Interconnecting

Transmission Owner to perform an Interconnection System Impact Study(s) to assess the impact of interconnecting the Small Generating Facility with the facilities that are part of the Interconnecting Transmission Owner's Administered Transmission System, and of any Affected Systems.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.

2.0 The Interconnection Customer elects and the System Operator and Interconnecting Transmission Owner shall cause to be performed an Interconnection System Impact Study(s) consistent with the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.

3.0 The scope of an Interconnection System Impact Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 An Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study and the technical information provided by Interconnection Customer in the Interconnection Request. The System Operator and Interconnecting Transmission Owner reserve the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection System Impact Study. If the Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the Interconnection System Impact Study may be extended.

5.0 An Interconnection System Impact Study shall consist of a short circuit analysis, a stability analysis, a power flow analysis, voltage drop and flicker studies, protection and set point coordination studies, and grounding reviews, as necessary. An Interconnection System Impact Study shall state the assumptions upon which it is based, state the results of the analyses, and provide the requirement or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. An Interconnection System Impact Study shall provide a list of facilities that are required as a result

of the Interconnection Request and non-binding good faith estimates of cost responsibility and time to construct.

6.0 A distribution Interconnection System Impact Study shall incorporate a distribution load flow study, an analysis of equipment interrupting ratings, protection coordination study, voltage drop and flicker studies, protection and set point coordination studies, grounding reviews, and the impact on electric system operation, as necessary.

7.0 Affected Systems may participate in the preparation of an Interconnection System Impact Study, with a division of costs among such entities as they may agree. All Affected Systems shall be afforded an opportunity to review and comment upon an Interconnection System Impact Study that covers potential adverse system impacts on their electric systems, and the System Operator and Interconnecting Transmission Owner have 20 additional Business Days to complete an Interconnection System Impact Study requiring review by Affected Systems.

8.0 If the System Operator uses a queuing procedure for sorting or prioritizing projects and their associated cost responsibilities for any required Network Upgrades, the Interconnection System Impact Study shall consider all generating facilities (and with respect to paragraph 8.3 below, any identified Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced.

8.1 Are directly interconnected with the Administered Transmission System; or

8.2 Are interconnected with Affected Systems and may have an impact on the proposed interconnection; and

8.3 Have a pending higher queued Interconnection Request to interconnect with the Administered Transmission System.

9.0 A distribution Interconnection System Impact Study, if required, shall be completed and the results transmitted to the Interconnection Customer within 30 Business Days after this Agreement is signed by the Parties. A transmission Interconnection System Impact Study, if required, shall be completed and the results transmitted to the Interconnection Customer within 45 Business Days after this Agreement is signed by the Parties.

10.0 A deposit of the equivalent of the good faith estimated cost of a distribution Interconnection System Impact Study shall be paid to the System Operator by the Interconnection Customer; and the one half the good faith estimated cost of a transmission Interconnection System Impact Study shall be paid to the System Operator by the Interconnection Customer.

11.0 The total estimated cost of the performance of the Interconnection System Impact Study consists of $[insert], which is comprised of the System Operator's cost of $[insert] and the Interconnecting Transmission Owner's cost of $[insert]. The Interconnection Customer may be invoiced on a monthly basis for work to be conducted.

12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the System Operator or Interconnecting Transmission Owner, as applicable, shall refund such excess within 30 calendar days of the invoice without interest.

13.0 Miscellaneous.

13.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

13.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection System Impact Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection System Impact Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection System Impact Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection System Impact Study, the content of the Interconnection System Impact Study, or the conclusions of the Interconnection System Impact Study. Interconnection Customer acknowledges that it

has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

13.3 Force Majeure, Liability and Indemnification.

13.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all Reasonable Efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

13.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

13.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owner and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owner shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

13.4 Third-Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns. Notwithstanding the foregoing, and without limitation of Sections 13.2 and 13.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection System Impact Study shall not be deemed third party beneficiaries of Sections 13.2 and 13.3.

13.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 13.5, shall continue in effect for a term of one year or until the Interconnection System Impact Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 1.8 of the SGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

13.6 Governing Law, Regulatory Authority, and Rules. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____(where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to

all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

13.7 Severability. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority: (1) such portion or provision shall be deemed separate and independent; (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling; and (3) the remainder of this Agreement shall remain in full force and effect.

13.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

13.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

13.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

13.11 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

13.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect. Any waiver at any time by any Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the System Operator and the Interconnecting Transmission Owner. Any waiver of this Agreement shall, if requested, be provided in writing.

13.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

13.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

13.15 Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

13.15.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the System Operator or Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

13.15.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

13.16 Reservation of Rights. Subject to the TO Agreement, the System Operator and the Interconnecting Transmission Owner shall have the right to make a unilateral filing with the Commission to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this Agreement under any applicable provision of the Federal Power Act and the Commission's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before the Commission in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of System Operator] **[Insert name of Interconnection Customer]**

_____ _____

Signed_____ Signed_____

Name (Printed): Name (Printed):

_____ _____

Title_____ Title_____

[Insert name of Interconnecting Transmission Owner]

_____

Signed_____

Name (Printed):

_____

Title_____

Attachment A to System

Impact Study Agreement

Assumptions Used in Conducting the System Impact Study

The Interconnection System Impact Study shall be based upon the results of the Interconnection Feasibility Study, subject to any modifications in accordance with the standard Small Generator Interconnection Procedures, and the following assumptions:

1) Designation of Point of Interconnection and configuration to be studied.

2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer, System Operator and Interconnecting Transmission Owner.

Attachment 8

Interconnection Facilities Study Agreement

THIS AGREEMENT is made and entered into this_____day of_____

20___ by and between_____,

a_____organized and existing under the laws of the State of

_____, ("Interconnection Customer,") and ISO New England Inc., a non-stock corporation existing under the laws of the State of Delaware ("System Operator"), and

_____, a_____

existing under the laws of the State of_____,

("Interconnecting Transmission Owner"). Interconnection Customer, System Operator and Interconnecting Transmission Owner each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by the Interconnection Customer on_____; and

WHEREAS, the Interconnection Customer desires to interconnect the Small Generating Facility with the Administered Transmission System;

WHEREAS, the System Operator and Interconnecting Transmission Owner have completed an Interconnection System Impact Study and provided the results of said study to the Interconnection Customer; and

WHEREAS, the Interconnection Customer has requested the System Operator and Interconnecting Transmission Owner to perform an Interconnection Facilities Study to specify and estimate the cost of the

equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Small Generating Facility with the facilities that are part of the Interconnecting Transmission Owner's Administered Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures, or in the other provisions of the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff").

2.0 The Interconnection Customer elects and the System Operator and Interconnecting Transmission Owner shall cause an Interconnection Facilities Study consistent with the standard Small Generator Interconnection Procedures to be performed in accordance with the Open Access Transmission Tariff.

3.0 The scope of the Interconnection Facilities Study shall be subject to data provided in Attachment A to this Agreement.

4.0 The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the Interconnection System Impact Study(s). The Interconnection Facilities Study shall also identify (1) the electrical switching configuration of the equipment, including, without limitation, transformer, switchgear, meters, and other station equipment, (2) the nature and estimated cost of the Interconnecting Transmission Owner's Interconnection Facilities and Upgrades necessary to accomplish the interconnection, and (3) an estimate of the time required to complete the construction and installation of such facilities.

5.0 The System Operator and Interconnecting Transmission Owner may propose to group facilities required for more than one Interconnection Customer in order to minimize facilities costs through economies of scale, but any Interconnection Customer may require the installation of facilities required for its own Small Generating Facility if it is willing to pay the costs of those facilities.

6.0 A deposit, paid to the System Operator, of the good faith estimated Interconnection Facilities Study costs shall be required from the Interconnection Customer.

7.0 In cases where Upgrades are required, the Interconnection Facilities Study must be completed within 45 Business Days of the receipt of this Agreement. In cases where no Upgrades are necessary, and the required facilities are limited to Interconnection Facilities, the Interconnection Facilities Study must be completed within 30 Business Days.

8.0 Once the Interconnection Facilities Study is completed, an Interconnection Facilities Study report

shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the Interconnection Facilities Study must be completed and the Interconnection Facilities Study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct an Interconnection Facilities Study.

9.0 The total estimated cost of the performance of the Interconnection Facility Study consists of $ [insert], which is comprised of the System Operator's cost of $[insert] and the Interconnecting Transmission Owner's cost of $[insert]. The Interconnection Customer may be invoiced on a monthly basis for work to be conducted.

10.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the System Operator or Interconnecting Transmission Owner, as applicable, shall refund such excess within 30 calendar days of the invoice without interest.

11.0 Miscellaneous.

11.1 Accuracy of Information. Except as a Party ("Providing Party") may otherwise specify in writing when it provides information to the other Parties under this Agreement, the Providing Party represents and warrants that, to the best of its knowledge, the information it provides to the other Parties shall be accurate and complete as of the date the information is provided. The Providing Party shall promptly provide the other Parties with any additional information needed to update information previously provided.

11.2 Disclaimer of Warranty. In preparing and/or participating in the Interconnection Facilities Study, as applicable, each Party and any subcontractor consultants employed by it shall have to rely on information provided by the Providing Party, and possibly by third parties, and may not have control over the accuracy of such information. Accordingly, beyond the commitment to use Reasonable Efforts in preparing and/or participating in the Interconnection Facilities Study (including, but not limited to, exercise of Good Utility Practice in verifying the accuracy of information provided for or used in the Interconnection Facilities Study), as applicable, no Party nor any subcontractor consultant employed by it makes any warranties, express or implied, whether arising by operation of law, course of performance or dealing, custom, usage in the trade or profession, or otherwise, including without limitation implied warranties of merchantability and fitness for a particular purpose, with regard to the accuracy of the information considered in conducting the Interconnection Facilities Study, the content of the Interconnection Facilities Study, or the conclusions of the Interconnection Facilities Study. Interconnection Customer acknowledges that it has not relied on any representations or

warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.

11.2 Force Majeure, Liability and Indemnification.

11.3.1 Force Majeure. Neither System Operator, Interconnecting Transmission Owner nor an Interconnection Customer will be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder. However, an entity whose performance under this Agreement is hindered by an event of Force Majeure shall make all Reasonable Efforts to perform its obligations under this Agreement, and shall promptly notify the System Operator, the Interconnecting Transmission Owner or the Interconnection Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

11.3.2 Liability. System Operator shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by System Operator in performing its obligations under this Agreement, except to the extent such act or omission by System Operator is found to result from its gross negligence or willful misconduct. Interconnecting Transmission Owner shall not be liable for money damages or other compensation to the Interconnection Customer for action or omissions by Interconnecting Transmission Owner in performing its obligations under this Agreement, except to the extent such act or omission by Interconnecting Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Interconnection Customer has claims against System Operator or Interconnecting Transmission Owner, the Interconnection Customer may only look to the assets of System Operator or Interconnecting Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either who, the Interconnection Customer acknowledges and agrees, have no personal or other liability for obligations of System Operator or Interconnecting Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of System Operator or Interconnecting Transmission Owner or Affiliate of either. In no event shall System Operator, Interconnecting Transmission Owner or Interconnection Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under this Agreement. Notwithstanding the foregoing, nothing in this section shall diminish an Interconnection Customer's obligations under the Indemnification section below.

11.3.3 Indemnification. Interconnection Customer shall at all times indemnify, defend, and save harmless System Operator and the Interconnecting Transmission Owner and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities ("Losses") by or to third parties arising out of or resulting from the performance by System Operator or Interconnecting Transmission Owner under this Agreement, any bankruptcy filings made by the Interconnection Customer, or the actions or omissions of the Interconnection Customer in connection with this Agreement, except in the case of System Operator, to the extent such Losses arise from the gross negligence or willful misconduct by System Operator or its directors, officers, members, employees or agents, and, in the case of Interconnecting Transmission Owner, to the extent such Losses arise from the gross negligence or willful misconduct by Interconnecting Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of Interconnection Customer to indemnify System Operator and Interconnecting Transmission Owner shall be several, and not joint or joint and several. The liability provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnecting Transmission Owner.

11.4 Third-Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns. Notwithstanding the foregoing, and without limitation of Sections 11.2 and 11.3 of this Agreement, the Parties agree that subcontractor consultants hired by them to conduct, participate in, or review, or to assist in the conducting, participating in, or reviewing of, an Interconnection Facilities Study shall not be deemed third party beneficiaries of Sections 11.2 and 11.3.

11.5 Term and Termination. This Agreement shall be effective from the date hereof and unless earlier terminated in accordance with this Section 11.5, shall continue in effect for a term of one year or until the Interconnection Facilities Study is completed. This Agreement shall automatically terminate upon the withdrawal of Interconnection Request under Section 1.8 of the SGIP. The System Operator or the Interconnecting Transmission Owner may terminate this Agreement fifteen (15) days after providing written notice to the Interconnection Customer that it has breached one of its obligations hereunder, if the breach has not been cured within such fifteen (15) day period.

11.6 Governing Law, Regulatory Authority, and Rules. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____(where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all

Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

11.7 Severability. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority: (1) such portion or provision shall be deemed separate and independent; (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling; and (3) the remainder of this Agreement shall remain in full force and effect.

11.8 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as the original instrument.

11.9 Amendment. No amendment, modification or waiver of any term hereof shall be effective unless set forth in writing and signed by the Parties hereto.

11.10 Survival. All warranties, limitations of liability and confidentiality provisions provided herein shall survive the expiration or termination hereof.

11.11 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

11.12 No Implied Waivers. The failure of a Party to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party's right to insist or rely on any such provision, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect. Any waiver at any time by any Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the System Operator and the Interconnecting Transmission Owner. Any waiver of this Agreement shall, if requested, be provided in writing.

11.13 Successors and Assigns. This Agreement may not be assigned, by operation of law or otherwise, without the prior written consent of the other Parties hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, to the extent the same are authorized hereunder.

11.14 Due Authorization. Each Party to this Agreement represents and warrants that it has full power and authority to enter into this Agreement and to perform its obligations hereunder, that execution of this Agreement will not violate any other agreement with a third party, and that the person signing this Agreement on its behalf has been properly authorized and empowered to enter into this Agreement.

11.15 Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall 1require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

11.15.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the System Operator or Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

11.15.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

11.16 Reservation of Rights. Subject to the TOA, the System Operator and the Interconnecting Transmission Owner shall have the right to make a unilateral filing with the Commission to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this Agreement under any applicable provision of the Federal Power Act and the Commission's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before the Commission in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of System Operator] **[Insert name of Interconnection Customer]**

_____ _____

Signed_____ Signed_____

Name (Printed): Name (Printed):

_____ _____

Title_____ Title_____

[Insert name of Interconnecting Transmission Owner]

_____

Signed_____

Name (Printed):

_____

Title_____

Attachment A to

Interconnection Facilities Study Agreement

Data to Be Provided by the Interconnection Customer

with the Interconnection Facilities Study Agreement

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

On the one-line diagram, indicate the generation capacity attached at each metering location. (Maximum load on Current Transformer/Power Transformer ("CT/PT")

On the one-line diagram, indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

One set of metering is required for each generation connection to the new ring bus or existing Transmission Provider station. Number of generation connections: _____

Will an alternate source of auxiliary power be available during CT/PT maintenance?

Yes ____ No _____

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes _____ No _____

(Please indicate on the one-line diagram).

What type of control system or Power Line Carrier ("PLC") will be located at the Small Generating Facility?

_____

_____

What protocol does the control system or PLC use?

_____

_____

Please provide a 7.5-minute quadrangle map of the site. Indicate the plant, station, transmission line, and property lines.

Physical dimensions of the proposed interconnection station:

_____

Bus length from generation to interconnection station:

_____

Line length from interconnection station to Administered Transmission System.

_____

Tower number observed in the field. (Painted on tower leg)*:

_____

Number of third party easements required for transmission lines*:

_____

* To be completed in coordination with Transmission Provider.

Is the Small Generating Facility located in Transmission Provider's service area?

Yes _____ No _____ If No, please provide name of local provider:

_____

Please provide the following proposed schedule dates:

Begin Construction Date:_____

Generator step-up transformers receive back feed power Date:_____

Generation Testing Date:_____

Commercial Operation Date:_____

STANDARD SMALL GENERATOR
INTERCONNECTION AGREEMENT (SGIA)

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Attachment 2 – Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment

Attachment 3 – One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades

Attachment 4 – Milestones

Attachment 5 – Additional Operating Requirements for the New England Transmission System and Affected Systems Needed to Support the Interconnection Customer's Needs

Attachment 6 – Interconnecting Transmission Owner's Description of its Upgrades and Best Estimate of Upgrade Costs

Attachment 7 – Commercial Operation Date

THIS STANDARD SMALL GENERATOR INTERCONNECTION AGREEMENT ("Agreement") is made and entered into this _____ day of _____, 20__, by and between _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnection Customer" with a Small Generating Facility), ISO New England Inc., a non-stock corporation organized and existing under the laws of the State of Delaware ("System Operator"), and _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnecting Transmission Owner"). Under this Agreement the Interconnection Customer, System Operator, and Interconnecting Transmission Owner each may be referred to as a "Party" or collectively as the "Parties."

In consideration of the mutual covenants set forth herein, the Parties agree as follows

Article 1. Scope and Limitations of Agreement

1.1 Applicability:

This Agreement shall be used for all Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP) except for those submitted under the 10 kW Inverter Process contained in SGIP Attachment 5.

1.2 Purpose

This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the Interconnecting Transmission Owner's facilities that are part of the Administered Transmission System.

1.3 No Agreement to Purchase or Deliver Power

This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection

Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the applicable Party.

1.4 Limitations

Nothing in this Agreement is intended to affect any other agreement between the Parties.

1.5 Responsibilities of the Parties

1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.

1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.

1.5.3 The Interconnecting Transmission Owner shall construct, operate, and maintain its transmission facilities and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.

1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Interconnecting Transmission Owner, the New England Transmission System and any Affected Systems.

1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Interconnecting Transmission Owner and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the New England Transmission System [or Interconnecting Transmission Owner's transmission facilities], personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.

1.5.6 The System Operator, with input from the Interconnecting Transmission Owner, shall coordinate with all Affected Systems to support the interconnection.

1.6 Parallel Operation Obligations

Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable control area, including, but not limited to the ISO New England Operating Documents, and the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

The Interconnection Customer shall be responsible for the Interconnecting Transmission Owner's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachment 2 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

1.8 Reactive Power

1.8.1 The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of

Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the System Operator or Interconnecting Transmission Owner has established different requirements that apply to all similarly situated generators on a comparable basis and in accordance with Operating Requirements. The requirements of this paragraph shall not apply to wind generators.

1.8.2 Interconnection Customers shall be compensated for reactive power service in accordance with Schedule 2 of the Tariff.

1.9 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement. Capitalized terms in Schedule 23 that are not defined in the Glossary of Terms shall have the meanings specified in Sections I.2.2. of the Tariff.

1.10 Scope of Service

1. 10.1 Interconnection Product Options. Interconnection Customer has selected the following (checked) type of Interconnection Service:

_____ NR for NR Interconnection Service (NR Capability Only)

_____ CNR for CNR Interconnection Service (NR Capability and CNR Capability)

1.10.1.1 Capacity Network Resource Interconnection Service (CNR Interconnection Service

(a) The Product. The System Operator and Interconnecting Transmission Owner must conduct the necessary studies and the Interconnecting Transmission Owner and Affected Parties must construct the Network Upgrades needed to interconnect the Small Generating Facility in a manner comparable to that in which all other CNRs are interconnected under the CC Interconnection Standard. CNR Interconnection Service allows the Interconnection Customer's Small Generating Facility to be designated as a CNR to participate in the New England Markets, in accordance with Market Rule 1,

Section III of the Tariff, up to the net CNR Capability, or as otherwise provided in Market Rule 1, Section III of the Tariff, on the same basis as all other existing Capacity Network Resources, and to be studied as a Capacity Network Resource on the assumption that such a designation will occur.

1.10.1.2 Network Resource Interconnection Service (NR Interconnection Service).

(a) The Product. The System Operator and Interconnecting Transmission Owner must conduct the necessary studies and Interconnecting Transmission Owner and Affected Parties must construct the Network Upgrades needed to interconnect the Small Generating Facility in a manner comparable to that in which all other Network Resources are interconnected under the NC Interconnection Standard.

NR Interconnection Service allows the Interconnection Customer's Small Generating Facility to participate in the New England Markets, in accordance with Market Rule, Section III of the Tariff, up to the gross and net NR Capability or as otherwise provided in Market Rule 1, Section III of the Tariff. Notwithstanding the above, the portion of a Small Generating Facility that has been designated as a Network Resource interconnected under the NC Interconnection Standard cannot be a capacity resource under Section III.13 of the Tariff, except pursuant to a new Interconnection Request for CNR Interconnection Service.

1.10.1.3 Provision of Service. System Operator and Interconnecting Transmission Owner shall provide Interconnection Service for the Small Generating Facility at the Point of Interconnection.

1.10.1.4 Performance Standards. Each Party shall perform all of its obligations under this SGIA in accordance with Applicable Laws and Regulations, the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such requirements and standards, such Party shall not be deemed to be in Breach of this SGIA for its compliance therewith. If such Party is the Interconnecting Transmission Owner, then that Party shall amend the SGIA and System

Operator, in conjunction with the Interconnecting Transmission Owner, shall submit the amendment to the Commission for approval.

1.10.1.5 No Transmission Service Delivery. The execution of this SGIA does not constitute a request for, nor the provision of, any service except for Interconnection Service, including, but not limited to, transmission delivery service, local delivery service, distribution service, capacity service, energy service, or Ancillary Services under any applicable tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.

1.10.1.6 Transmission Delivery Service Implications. CNR Interconnection Service and NR Interconnection Service allow the Interconnection Customer's Small Generating Facility to be designated by any Network Customer under the Tariff on the New England Transmission System as a Capacity Network Resource or Network Resource, up to the net CNR Capability or NR Capability, respectively, on the same basis as all other existing Capacity Network Resources and Network Resources interconnected to the New England Transmission System, and to be studied as a Capacity Network Resource or a Network Resource on the assumption that such a designation will occur. Although CNR Interconnection Service and NR Interconnection Service do not convey a reservation of transmission service, any Network Customer can utilize its network service under the Tariff to obtain delivery of capability from the Interconnection Customer's Small Generating Facility in the same manner as it accesses Capacity Network Resources and Network Resources. A Small Generating Facility receiving CNR Interconnection Service or NR Interconnection Service may also be used to provide Ancillary Services, in accordance with the Tariff and Market Rule 1, after technical studies and/or periodic analyses are performed with respect to the Small Generating Facility's ability to provide any applicable Ancillary Services, provided that such studies and analyses have been or would be required in connection with the provision of such Ancillary Services by any existing Capacity Network Resource or Network Resource. However, if an Interconnection Customer's Small Generating Facility has not been designated as a Capacity Network Resource or as a Network Resource by any load, it cannot be required to provide Ancillary Services except to the extent such requirements extend to all Generating Facilities that are similarly situated.

CNR Network Interconnection Service and NR Interconnection Service do not necessarily provide the Interconnection Customer with the capability to physically deliver the output of its Small Generating Facility to any particular load on the New England Transmission System without incurring congestion costs. In the event of transmission constraints on the New England Transmission System, the Interconnection Customer's Small Generating Facility shall be subject to the applicable congestion management procedures for the New England Transmission System in the same manner as other Capacity Network Resources or Network Resources.

There is no requirement either at the time of study or interconnection, or at any point in the future, that the Interconnection Customer's Small Generating Facility be designated as a Capacity Network Resource or as a Network Resource by a Network Customer under the Tariff or that the Interconnection Customer identify a specific buyer (or sink). To the extent a Network Customer does designate the Small Generating Facility as either a Capacity Network Resource or a Network Resource, it must do so pursuant to the Tariff.

Once an Interconnection Customer satisfies the requirements for obtaining CNR Interconnection Service or NR Interconnection Service, as long as the Small Generating Facility has not been deemed to be retired, any future transmission service request for delivery from the Small Generating Facility on the New England Transmission System of any amount of capacity capability and/or energy capability will not require that any additional studies be performed or that any further upgrades associated with such Small Generating Facility be undertaken, regardless of whether or not such Small Generating Facility is ever designated by a Network Customer as a Capacity Network Resource or Network Resource and regardless of changes in ownership of the Small Generating Facility. To the extent the Interconnection Customer enters into an arrangement for long-term transmission service for deliveries from the Small Generating Facility outside the New England Transmission System, or if the unit has been deemed to be retired, such request may require additional studies and upgrades in order for Interconnecting Transmission Owner to grant such request.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

2.1.1. The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the System Operator and the Interconnecting Transmission Owner of such activities no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Interconnecting Transmission Owner may, at its own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Interconnecting Transmission Owner a written test report when such testing and inspection is completed.

2.1.2 The Interconnecting Transmission Owner shall provide the Interconnection Customer and the System Operator written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Interconnecting Transmission Owner of the safety, durability, suitability, or reliability of the Small Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Small Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

2.2.1 The Interconnecting Transmission Owner [and System Operator] shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Interconnecting Transmission Owner shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Interconnecting Transmission Owner shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.

2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the New England Transmission System [or Interconnecting Transmission Owner's transmission facilities] without prior written authorization of the Interconnecting Transmission Owner. The Transmission Provider will provide such authorization once the Transmission Provider receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

2.3.1 Upon reasonable notice, the Interconnecting Transmission Owner may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Small Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Small Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Interconnecting Transmission Owner at least five Business Days prior to conducting any on-site verification testing of the Small Generating Facility.

2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Interconnecting Transmission Owner shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.

2.3.3 Each Party shall be responsible for its own costs associated with following this article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties subject to acceptance by the Commission (if applicable), or if filed unexecuted, upon the date specified by the Commission. System Operator and Interconnecting Transmission Owner shall promptly file this Agreement with the Commission upon execution, if required.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and by mutual agreement of the Parties shall remain in effect for a period of _____ years, (Term to be specified in individual

Agreements, but in no case should the term be less than ten years from the Effective Date or such other longer period as the Interconnection Customer may request) and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with the Commission of a notice of termination of this Agreement (if required), which notice has been accepted for filing by the Commission.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the System Operator and Interconnecting Transmission Owner 20 Business Days written notice.

3.3.2 Each Party may terminate this Agreement after Default pursuant to article 7.6.

3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the Interconnecting Transmission Owner's Interconnection Facilities. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this SGIA or such non-terminating Party otherwise is responsible for these costs under this SGIA.

3.3.4 The termination of this Agreement shall not relieve any Party of its liabilities and obligations, owed or continuing at the time of the termination.

3.3.5 The provisions of this article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.

3.4.1 Emergency Conditions

"Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is likely to endanger life or property; or (2) that, in the case of the Interconnecting Transmission Owner, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the New England Transmission System, the Interconnecting Transmission Owner's Interconnection Facilities or any Affected System to which the New England Transmission System is directly connected; or (3) that, in the case of the Interconnection Customer, is likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. The System Operator and the Interconnecting Transmission Owner may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility in accordance with applicable provisions of the Operating Requirements. The System Operator and Interconnecting Transmission Owner shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility. The Interconnection Customer shall notify the System Operator and Interconnecting Transmission Owner promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the New England Transmission System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of the Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

3.4.2.1 Outage Authority and Coordination. The System Operator shall have the authority to coordinate facility outages in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents. Each Party may in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, in coordination with the other Party(ies), remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact the other Party's(ies') facilities as necessary to perform maintenance or testing or to install or replace equipment,

subject to the oversight of System Operator in accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

3.4.2.2 Outage Schedules. Outage scheduling, and any related compensation, shall be in accordance with the applicable provisions of the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

3.4.2.3 Interruption of Service. In accordance with the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, the System Operator or Interconnecting Transmission Owner may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect System Operator's or Interconnecting Transmission Owner's ability to perform such activities as are necessary to safely and reliably operate and maintain the New England Transmission System.

3.4.3 Forced Outages

During any forced outage, the Interconnecting Transmission Owner [and the System Operator] may suspend interconnection service to effect immediate repairs on the New England Transmission System. The Interconnecting Transmission Owner shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Interconnecting Transmission Owner shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The Interconnecting Transmission Owner shall notify the Interconnection Customer and the System Operator as soon as practicable if, based on Good Utility Practice, operation of the Small Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generating Facility could cause damage to the New England Transmission System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the

Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Interconnecting Transmission Owner may disconnect the Small Generating Facility. The Interconnecting Transmission Owner shall provide the Interconnection Customer and the System Operator with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the Small Generating Facility

The Interconnection Customer must receive written authorization from: (1) the Interconnecting Transmission Owner before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the Interconnecting Transmission Owner's Interconnection Facilities; and (2) the System Operator before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the New England Transmission System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the System Operator's or the Interconnecting Transmission Owner's, as appropriate, prior written authorization, the latter shall have the right to temporarily disconnect the Small Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, and the New England Transmission System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Interconnecting Transmission Owner shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may

benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Interconnecting Transmission Owner.

4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Interconnecting Transmission Owner's Interconnection Facilities.

4.2 Distribution Upgrades

The Interconnecting Transmission Owner shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Interconnecting Transmission Owner and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer. The Interconnection Customer shall be responsible for its share of all reasonable expenses, associated with operating, maintaining, repairing, and replacing such Distribution Upgrades, except to the extent that a retail tariff of, or an agreement with, the Interconnecting Transmission Owner or its distribution company affiliate, if appropriate, provides otherwise.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this article 5 shall apply unless the interconnection of the Small Generating Facility requires Network Upgrades, including Stand Alone Network Upgrades.

5.2 Network Upgrades

The Interconnecting Transmission Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Interconnecting

Transmission Owner and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Interconnecting Transmission Owner elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne by the Interconnection Customer.

5.2.1.1 Cost Allocation. Cost allocation of Generator Interconnection Related Upgrades shall be in accordance with Schedule 11 of Section II of the Tariff.

5.2.1.2 Compensation. Any compensation due to the Interconnection Customer for increases in transfer capability to the PTF resulting from its Generator Interconnection Related Upgrade shall be determined in accordance with Sections II and III of the Tariff.

5.3 Special Provisions for Affected Systems

The Interconnection Customer shall enter into separate related facilities agreements to address any upgrades to the Affected System(s) that are necessary for safe and reliable interconnection of the Interconnection Customer's Small Generating Facility.

5.4 Rights Under Other Agreements

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades.

Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

6.1.1 The Interconnecting Transmission Owner shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties.

6.1.2 Within three months of completing the construction and installation of the Interconnecting Transmission Owner's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Transmission Provider shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Interconnecting Transmission Owner for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Interconnecting Transmission Owner shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Interconnecting Transmission Owner within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Interconnecting Transmission Owner shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, it shall immediately notify the other Party(ies) of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless (1) it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Financial Security Arrangements

At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Interconnecting Transmission Owner's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Interconnecting Transmission Owner a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the Interconnecting Transmission Owner in accordance with Section 7 of Schedule 11 of the Tariff. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Interconnecting Transmission Owner's Interconnection Facilities and Upgrades. In addition:

6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Interconnecting Transmission Owner, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.

6.3.2 The letter of credit or surety bond must be issued by a financial institution or insurer reasonably acceptable to the Interconnecting Transmission Owner and must specify a reasonable expiration date.

Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default

Notwithstanding any other provision of this Agreement, the liability, indemnification and insurance provisions of the Transmission Operating Agreement ("TOA") or other applicable operating agreements shall apply to the relationship between the System Operator and the Interconnection Transmission Owner and the liability, indemnification and insurance provisions of the Tariff apply to the relationship between the System Operator and the Interconnection Customer and between the Interconnecting Transmission Owner and the Interconnection Customer.

7.1 Assignment

This Agreement may be assigned by a Party upon 15 Business Days prior written notice and opportunity to object by the other Parties; provided that:

7.1.1 The Parties may assign this Agreement without the consent of the other Parties to any affiliate of the assigning Party with an equal or greater credit rating and with the legal

authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the other Parties of any such assignment.

7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Interconnecting Transmission Owner or the System Operator, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly notify the Interconnecting Transmission Owner and the System Operator of any such assignment.

7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 Limitation of Liability

Each Party's liability to the other Party(ies) for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall a Party be liable to another Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

7.3 Indemnity

7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.

7.3.2 Each Party shall at all times indemnify, defend, and hold the other Parties harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or

resulting from the other Party's(ies') action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

7.3.4 If an indemnifying Party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.

7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

7.4 Consequential Damages

Other than as expressly provided for in this Agreement, in no event shall a Party be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.5 Force Majeure

7.5.1 As used in this article, a Force Majeure Event shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing."

7.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Party(ies), either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party(ies) informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

7.6 Default

7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an act or omission of the other Party(ies). Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party(ies) shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not those Parties terminate this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all

other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 8. Insurance Requirements

8.1 General Liability

The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Interconnecting Transmission Owner, except that the Interconnection Customer shall show proof of insurance to the Interconnecting Transmission Owner no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.

8.2 Insurer Requirements and Endorsements

All required insurance shall be carried by reputable insurers qualified to underwrite insurance in the state where the interconnection is located having a Best Rating of "A-". In addition, all insurance shall, (a) include Interconnecting Transmission Owner and System Operator as additional insureds; (b) contain a severability of interest clause or cross-liability clause; (c) provide that Interconnecting Transmission Owner and System Operator shall not incur liability to the insurance carrier for payment of premium for such insurance; and (d) provide for thirty (30) calendar days' written notice to Interconnecting Transmission Owner and System Operator prior to cancellation, termination, or material change of such insurance; provided that to the extent the Interconnection Customer is satisfying the requirements of subpart (d) of this paragraph by means of a presently existing insurance policy, the Interconnection Customer shall only be required to make good faith efforts to satisfy that requirement and will assume the responsibility for notifying the Interconnecting Transmission Owner and System Operator as required above.

If the requirement of clause (a) in the paragraph above prevents Interconnection Customer from obtaining the insurance required without added cost or due to written refusal by the insurance carrier, then upon Interconnection Customer's written notice to Interconnecting Transmission Owner and System Operator, the requirements of clause (a) shall be waived.

8.3 Evidence of Insurance

Evidence of the insurance required shall state that coverage provided is primary and is not in excess to or contributing with any insurance or self-insurance maintained by Interconnection Customer.

The Interconnection Customer is responsible for providing the Interconnecting Transmission Owner and the System Operator with evidence of insurance in compliance with this Tariff on an annual basis.

Prior to the Interconnecting Transmission Owner commencing work on Interconnection Facilities, Network Upgrades and Distribution Upgrades, the Interconnection Customer shall have its insurer furnish to the Interconnecting Transmission Owner and the System Operator certificates of insurance evidencing the insurance coverage required above. The Interconnection Customer shall notify and send to the Interconnecting Transmission Owner and the System Operator a certificate of insurance for any policy written on a "claims-made" basis. The Interconnecting Transmission Owner and the System Operator may at their discretion require the Interconnection Customer to maintain tail coverage for three years on all policies written on a "claims-made" basis.

8.4 Self Insurance

If Interconnection Customer is a company with a self-insurance program established in accordance with commercially acceptable risk management practices, Interconnection Customer may comply with the following in lieu of the above requirements as reasonably approved by the Interconnecting Transmission Owner and the System Operator:

- Interconnection Customer shall provide to Interconnecting Transmission Owner and System Operator, at least thirty (30) calendar days prior to the Date of Initial Operation, evidence of such program to self-insure to a level of coverage equivalent to that required.

- If Interconnection Customer ceases to self-insure to the standards required hereunder, or if Interconnection Customer is unable to provide continuing evidence of Interconnection Customer's financial ability to self-insure, Interconnection Customer agrees to promptly obtain the coverage required under Article 8.1.

8.5 Interconnecting Transmission Owner Insurance

The Interconnecting Transmission Owner agrees to maintain general liability insurance or self-insurance consistent with the Interconnecting Transmission Owner's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Interconnecting Transmission Owner's liabilities undertaken pursuant to this Agreement.

Article 9. Confidentiality

9.1 Confidential Information shall include without limitation, all information governed by the ISO New England Information Policy, all information obtained from third parties under confidentiality agreements, and any confidential and/or proprietary information provided by a Party to the another Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.

9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party(ies) and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.

9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party(ies) as it employs to protect its own Confidential Information.

9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if the Commission, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to the Commission, within the time provided for in the request for information. In providing the information to the Commission, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by the Commission and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party(ies) to this Agreement prior to the release of the Confidential Information to the Commission. The Party shall notify the other Party(ies) to this Agreement when it is notified by the Commission that a request to release Confidential Information has been received by the Commission, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

Article 10. Disputes

10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.

10.2 In the event of a dispute, a Party shall provide the other Party(ies) with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.

10.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, any Party may contact the Commission's Dispute Resolution Service (DRS) for assistance in resolving the dispute.

10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at http://www.ferc.gov/legal/adr.asp.

10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for its pro-rata share of any costs paid to neutral third-parties.

10.6 If no Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then each Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

Article 11. Taxes

11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with Commission policy and Internal Revenue Service requirements.

11.2 Each Party shall cooperate with the other to maintain the other Party's(ies') tax status. Nothing in this Agreement is intended to adversely affect the Interconnecting Transmission Owner's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by the Parties, or under article 12.12 of this Agreement.

12.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

12.4 Waiver

The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

12.4.1 Any waiver at any time by a Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Interconnecting Transmission Owner. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

Except for the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, this Agreement, including all Attachments, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and

contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. Except for the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents, there are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Parties.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of the New England Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Commission expects the System Operator, Interconnecting Transmission Owners,

market participants, and Interconnection Customers interconnected to the New England Transmission System to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

12.10 Environmental Releases

Each Party shall notify the other Party(ies), first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party(ies). The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party(ies) copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party(ies) for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party(ies) for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Interconnecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

12.12 Reservation of Rights

Consistent with Section 4.8 of Schedule 23, the Interconnecting Transmission Owner and the System Operator shall have the right to make a unilateral filing with the Commission to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and the Commission's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this Agreement under any applicable provision of the Federal Power Act and the Commission's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party(ies) and to participate fully in any proceeding before the Commission in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of the Commission under sections 205 or 206 of the Federal Power Act and the Commission's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national currier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

[To be supplied]

If to the Interconnecting Transmission Owner:

[To be supplied]

If to the System Operator:

ISO New England Inc.

Attention: Generation Interconnection, Transmission Planning Department

One Sullivan Road

Holyoke, MA 01040-2841

Phone: _____ Fax: 413-540-4203

With a copy to:

Billing Department

ISO New England Inc.

One Sullivan Road

Holyoke, MA 01040-2841

13.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below:

Interconnection Customer: [To be supplied]

Interconnecting Transmission Owner[To be supplied]

System Operator: ISO New England Inc.

Attention: Generation Interconnection, Transmission Planning Department

One Sullivan Road

Holyoke, MA 01040-2841

Phone: _____ Fax: 413-540-4203

With a copy to:

Billing Department

ISO New England Inc.

One Sullivan Road

Holyoke, MA 01040-2841

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by a Party to the other Party(ies) and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Phone: _____ Fax: _____

E-mail: _____

If to the Interconnecting Transmission Owner:

Phone: _____ Fax: _____

E-mail: _____

If to the System Operator:

Phone: _____ Fax: 413-540-4203

E-mail: geninterconn@iso-ne.com

With a copy to:

Billing Department

Facsimile: (413) 535-4024

E-mail: billingdept@iso-ne.com

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

[To be supplied]

Interconnecting Transmission Owner's Operating Representative:

[To be supplied]

System Operator's Operating Representative:

ISO New England Inc.

Attention: Generation Interconnection, Transmission Planning Department

One Sullivan Road

Holyoke, MA 01040-2841

Phone: _____ Fax: (413) 540-4203

E-mail: geninterconn@iso-ne.com

DUNS Numbers:

Interconnection Customer: [To be supplied]

Interconnecting Transmission Owner: [To be supplied]

13.5 Changes to the Notice Information

A Party may change this information by giving five Business Days written notice prior to the effective date of the change.

Article 14. Signatures

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

[*Insert name of*](Interconnecting Transmission Owner)

Name: _____

Title: _____

Date: _____

[*Insert name of*](Interconnection Customer)

Name: _____

Title: _____

Date: _____

ISO New England Inc (System Operator)

Name: _____

Title: _____

Date: _____

ATTACHMENTS TO SGIA

Attachment 1	Glossary of Terms
Attachment 2	Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment
Attachment 3	One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment and Upgrades
Attachment 4	Milestones
Attachment 5	Additional Operating Requirements for the New England Transmission System and Affected Systems Needed to Support the Interconnection Customer's Needs
Attachment 6	Interconnecting Transmission Owner's Description of its Upgrades, and Best Estimates of Upgrade Costs
Attachment 7	Commercial Operation Date

Attachment 1

Glossary of Terms

Administered Transmission System – The PTF, the Non-PTF, and distribution facilities that are subject to the Tariff.

Affected Party– The entity that owns, operates or controls an Affected System, or any other entity that otherwise may be a necessary party to the interconnection process.

Affected System – Any electric system that is within the Control Area, including, but not limited to, generator owned transmission facilities, or any other electric system that is not within the Control Area that may be affected by the proposed interconnection.

Affiliate – With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Standards – The requirements and guidelines of NERC, NPCC and the New England Control Area, including publicly available local reliability requirements of Interconnecting Transmission Owners or other Affected Systems.

At-Risk Expenditure – Money expended for the development of the Generating Facility that cannot be recouped if the Interconnection Customer were to withdraw the Interconnection Request for the

Generating Facility. At-Risk Expenditure may include, but is not limited to, money expended on: (1) costs of federal, state, local, regional and town permits, (ii) Site Control, (iii) site-specific design and survey, (iv) construction activities, and (v) non-refundable deposits for major equipment components. For purposes of this definition, At-

Risk Expenditure shall not include costs associated with the Interconnection Studies.

Base Case – Base power flow, short circuit and stability databases, including all underlying assumptions, and contingency lists provided by System Operator, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements; such databases and lists shall include all generation projects and transmission projects, including merchant transmission projects that are proposed for the New England Transmission System for which a transmission expansion plan has been submitted and approved by the applicable authority. Base Cases also include data provided by the Interconnection Customer, where applicable, to the Interconnecting Transmission Owner and System Operator to facilitate required Interconnection Studies.

Business Day – Monday through Friday, excluding Federal Holidays.

Capacity Capability Interconnection Standard ("CC Interconnection Standard") – The criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, and in a manner that ensures intra-zonal deliverability by avoidance of the redispatch of other Capacity Network Resources, as detailed in the ISO New England Planning Procedures.

Capacity Network Resource ("CNR") – That portion of a Generating Facility that is interconnected to the Administered Transmission System under the Capacity Capability Interconnection Standard.

Capacity Network Resource Capability ("CNR Capability") -- (i) In the case of a Generating Facility that is a New Generating Capacity Resource pursuant to Section III.13.1 of the Tariff or an Existing Generating Capacity Resource that is increasing its capability pursuant to Section III.13.1.2.2.5 of the Tariff, the highest megawatt amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff, and, if applicable, as specified in a filing by the System Operator with the Commission in accordance with Section III.13.8.2 of the Tariff, or (ii) in the case of a Generating Facility that meets the criteria under Section 1.6.4.3 of the Small Generator Interconnection Procedures ("SGIP"), the total megawatt amount determined pursuant to the hierarchy established in Section 1.6.4.3. The CNR Capability shall not exceed the maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90degrees F for Summer and at or above 20 degrees F for Winter. Where the Generating Facility includes multiple production devices, the CNR Capability shall not exceed the aggregate maximum net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 90 degrees F for Summer and at or above 20 degrees F for Winter.

Capacity Network Resource Group Study ("CNR Group Study") – The study performed by the System Operator under Section III.13.1.1.2.3 of the Tariff to determine which resources qualify to participate in a Forward Capacity Auction.

Capacity Network Resource Interconnection Service ("CNR Interconnection Service") -- The Interconnection Service selected by the Interconnection Customer to interconnect its Small Generating Facility with the Administered Transmission System in accordance with the Capacity Capability Interconnection Standard. An Interconnection Customer's CNR Interconnection Service shall be for the megawatt amount of CNR Capability. CNR Interconnection Service does not in and of itself convey transmission service.

Commercial Operation – The status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date – The date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Attachment 7 to the Standard Small Generator Interconnection Agreement.

Default – The failure of a breaching Party to cure its breach under the Small Generator Interconnection Agreement.

Distribution System – The Interconnecting Transmission Owner's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Interconnecting Transmission Owner's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative,

executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, the Interconnection Provider, or any Affiliate thereof.

Initial Synchronization Date – The date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date – The date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Interconnecting Transmission Owner's Interconnection Facilities to obtain back feed power.

Interconnecting Transmission Owner – A Transmission Owner that owns, leases or otherwise possesses an interest in, or a Non-Incumbent Transmission Developer that is not a Participating Transmission Owner that is constructing, a portion of the Administered Transmission System at the Point of Interconnection and shall be a Party to the Standard Small Generator Interconnection Agreement. The term Interconnecting Transmission Owner shall not be read to include the System Operator.

Interconnection Customer – Any entity, including a transmission owner or its Affiliates or subsidiaries, that interconnects or proposes to interconnect its Small Generating Facility with the Administered Transmission System under the Standard Small Generator Interconnection Procedures.

Interconnection Facilities – The Interconnecting Transmission Owner's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Administered Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study – A study conducted by the System Operator, Interconnecting Transmission Owner, or a third party consultant for the Interconnection Customer to determine a list of facilities (including Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Administered Transmission System. The scope of the study is defined in Section 3.5 of the Standard Small Generator Interconnection Procedures.

Interconnection Facilities Study Agreement – The form of agreement contained in Attachment 8 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study – A preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Administered Transmission System, the scope of which is described in Section 3.3 of the Standard Small Generator Interconnection Procedures. The Interconnection Customer has the option to request either that the Interconnection Feasibility Study be completed as a separate and distinct study, or as part of the Interconnection System Impact Study. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 3.3 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 3.3 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 3.3 and Section 3.4.

Interconnection Feasibility Study Agreement – The form of agreement contained in Attachment 6 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request – The Interconnection Request (a) shall mean an Interconnection Customer's request, in accordance with the Tariff, to: (i) interconnect a new Generating Facility to the Administered Transmission System as either a CNR or a NR; (ii) increase the energy capability or capacity capability of

an existing Generating Facility; (iii) make a modification to the operating characteristics of an existing Generating Facility, including its Interconnection Facilities, that is interconnected to the Administered Transmission System; (iv) commence participation in the wholesale markets by an existing Generating Facility that is interconnected with the Administered Transmission System; or (v) change from NR Interconnection Service to CNR Interconnection Service for all or part of a Generating Facility's capability. Interconnection Request shall not include: (i) a retail customer interconnecting a new Generating Facility that will produce electric energy to be consumed only on the retail customer's site; (ii) a request to interconnect a new Generating Facility to a distribution facility that is subject to the Tariff if the Generating Facility will not be used to make wholesale sales of electricity in interstate commerce; or (iii) a request to interconnect a Qualifying Facility (as defined by the Public Utility Regulatory Policies Act, as amended by the Energy Policy Act of 2005 and the regulations thereto), where the Qualifying Facility's owner intent is to sell 100% of the Qualifying Facility's output to its interconnected electric utility.

Interconnection Service – The service provided by the System Operator and the Interconnecting Transmission Owner, associated with interconnecting the Interconnection Customer's Generating Facility to the Administered Transmission System and enabling the receipt of electric energy capability and/or capacity capability from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Small Generator Interconnection Agreement and, if applicable, the Tariff.

Interconnection Study – Any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Small Generator Interconnection Procedures. Interconnection Study shall not include a CNR Group Study.

Interconnection Study Agreement – Any of the following agreements: the Interconnection Feasibility Study Agreement, the Interconnection System Impact Study Agreement, and the Interconnection Facilities Study Agreement attached to the Standard Small Generator Interconnection Procedures.

Interconnection System Impact Study – An engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of the Administered Transmission System and any other Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on Adverse System Impacts, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Small Generator Interconnection Procedures. If the Interconnection Customer requests that the Interconnection Feasibility Study be completed as part of the Interconnection System Impact Study, Section 3.3 shall be performed as the first step of the Interconnection System Impact Study, and shall be regarded as part of the Interconnection System Impact Study. When the requirements of Section 3.3 are performed as part of the Interconnection System Impact Study, the Interconnection Customer shall be responsible only for the deposit requirements of the Interconnection System Impact Study, and there shall be only one final report, which will include the results of both Section 3.3 and 3.4.

Interconnection System Impact Study Agreement – The form of agreement contained in Attachment 7 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

Network Capability Interconnection Standard ("NC Interconnection Standard")– The minimum criteria required to permit the Interconnection Customer to interconnect in a manner that avoids any significant adverse effect on the reliability, stability, and operability of the New England Transmission System, including protecting against the degradation of transfer capability for interfaces affected by the Generating Facility, as detailed in the ISO New England Planning Procedures.

Network Resource ("NR") – The portion of a Generating Facility that is interconnected to the Administered Transmission System under the Network Capability Interconnection Standard.

Network Resource Capability ("NR Capability") – The maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. Where the Generating Facility includes

multiple energy production devices, the NR Capability shall be the aggregate maximum gross and net megawatt electrical output of the Generating Facility at the Point of Interconnection at an ambient temperature at or above 50 degrees F for Summer and at or above 0 degrees F for Winter. The NR Capability shall be equal to or greater than the CNR Capability. In the case of a Generating Facility that meets the criteria under Section 1.6.4.4 of this SGIP, the NR Capability shall equal the total megawatt amount determined pursuant to Section 1.6.4.4.

Network Resource Interconnection Service ("NR Interconnection Service") – The Interconnection Service selected by the Interconnection Customer to interconnect its Generating Facility to the Administered Transmission System in accordance with the Network Capability Interconnection Standard. An Interconnection Customer's NR Interconnection Service shall be solely for the megawatt amount of the NR Capability. NR Interconnection Service in and of itself does not convey transmission service.

Network Upgrades – Additions, modifications, and upgrades to the New England Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the Administered Transmission System to accommodate the interconnection of the Small Generating Facility with the Administered Transmission System. Network Upgrades do not include Distribution Upgrades.

Notice of Dispute – A written notice of a dispute or claim that arises out of or in connection with the Standard Small Generator Interconnection Agreement or its performance.

Operating Requirements – Any operating and technical requirements that may be applicable due to System Operator or the Interconnecting Transmission Owner's requirements, including those set forth in the Small Generator Interconnection Agreement, ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

Party– The System Operator, Interconnecting Transmission Owner, Interconnection Customer or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Administered Transmission System.

Queue Position -- The order of a valid request in the New England Control Area, relative to all other pending requests in the New England Control Area, that is established based upon the date and time of receipt of such request by the System Operator. Requests are comprised of Interconnection Requests, requests for Elective Transmission Upgrades, requests for transmission service and notification of requests for interconnection to other electric systems, as notified by the other electric systems, that impact the Administered Transmission System. For purposes of the SGIP, references to a "higher-queued" Interconnection Request shall mean one that has been received by System Operator (and placed in queue order) earlier than another Interconnection Request, which is referred to as "lower-queued."

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the Small Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Small Generating Facility – A Generating Facility having a maximum gross capability at or above zero degrees F of 20 MW or less.

Stand Alone Network Upgrades – Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the New England Transmission System

during their construction. The System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, must agree as to what constitutes Stand Alone Network Upgrades and identify them in Attachment 2 to the Standard Small Generator Interconnection Agreement.

Tariff – The System Operator's or Affected System's Tariff through which open access transmission service and Interconnection Service are offered, as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff.

Trial Operation – The period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

Upgrades – The required additions and modifications to the Administered Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Attachment 2

Description and Costs of the Small Generating Facility,

Interconnection Facilities, and Metering Equipment

Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer or the Interconnecting Transmission Owner. The Interconnecting Transmission Owner will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

I. DESCRIPTION OF MAJOR COMPONENTS

A. Small Generating Facility

(1) Description of Small Generating Facility.

[*insert*]

(2) The Small Generating Facility shall receive:

___ Network Resource Interconnection Service for the NR Capability at a level not to exceed [insert gross and net at or above 50 degrees F] MW for Summer, and [insert gross and net at or above 0 degrees F] MW for Winter.

___ Capacity Network Resource Interconnection Service for: (a)(i) the NR Capability at a level not to exceed [insert gross and net at or above 50 degrees F] MW for Summer and [insert gross and net at or above 0 degrees F] MW for Winter; and (ii) the CNR Capability at [insert net] MW for Summer and [insert net] MW for Winter, which shall not exceed [insert the maximum net MW electrical output of the Generating Facility at an ambient temperature at or above 90 degrees F for summer and at or above 20 degrees F for winter]. The CNR Capability shall be the amount of the Capacity Supply Obligation obtained by the Generating Facility in accordance with Section III.13 of the Tariff and, if applicable, as specified in filings by the System Operator with the Commission pursuant to Section III.13 of the Tariff.

(3) Detailed Description of Small Generating Facility and Generator Step-Up Transformer, if applicable:

Generator Data	
Number of Generators	
Manufacturer	
Model	
Designation of Generator(s)	
Excitation System Manufacturer	
Excitation System Model	
Voltage Regulator Manufacturer	
Voltage Regulator Model	

Generator Ratings	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 90 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 50 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above 20 Degrees F	
Greatest Unit Gross and Net MW Output at Ambient Temperature at or above zero Degrees F	
Station Service Load For Each Unit	
Overexcited Reactive Power at Rated MVA and Rated Power Factor	
Underexcited Reactive Power at Rated MVA and Rated Power Factor	

Generator Short Circuit and Stability Data	
Generator MVA rating	
Generator AC Resistance	
Subtransient Reactance (saturated)	
Subtransient Reactance (unsaturated)	
Transient Reactance (saturated)	
Negative sequence reactance	
Transformer Data	
Number of units	
Self Cooled Rating	
Maximum Rating	
Winding Connection (LV/LV/HV)	
Fixed Taps	
Z1 primary to secondary at self cooled rating	
Z1 primary to tertiary at self cooled rating	
Z1 secondary to tertiary at self cooled rating	
Positive Sequence X/R ratio primary to secondary	
Z0 primary to secondary at self cooled rating	
Z0 primary to tertiary at self cooled rating	

Z0 secondary to tertiary at self cooled rating	
Zero Sequence X/R ratio primary to tertiary	

B. Interconnection Facilities

[*insert*]

C. Metering Equipment

[*insert*]

D. Other Components

[*insert*]

II. INTERCONNECTION EQUIPMENT OWNERSHIP, OPERATION AND MAINTENANCE

A. Point of Change of Ownership; Point of Interconnection

[*insert*]

B. Description of Responsibilities

[*insert*]

III. PRICING ESTIMATES

A. Interconnection Facilities

[*insert*]

B. Metering Equipment

[*insert*]

C. Operation and Maintenance

[*insert*]

Attachment 3

One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades

[*insert*]

Attachment 4

Milestones

1. **Milestones and Other Requirements:** The description and entries listed in the following table establish the required Milestones in accordance with the provisions of the SGIP and this SGIA. The referenced section of the SGIP or article of the SGIA should be reviewed to understand the requirements of each milestone.

Item No.	Milestone Description	Responsible Party	Date	SGIP/SGIA Reference
1	Submit updated data "as purchased"	Interconnection Customer	No later than 180 Calendar Days prior to Initial Synchronization Date	
2	Submit supplemental and/or updated data "as built/as-tested"	Interconnection Customer	Prior to Commercial Operation Date	
3	Provide quarterly written progress reports	Interconnection Customer and Interconnecting Transmission Owner	15 Calendar Days after the end of each quarter beginning the quarter that includes the date for Milestone #3 below and ending when the entire Small Generating Facility and all required Interconnection Facilities and Network Upgrades	

			are in place	
4	Deliver to Transmission Owner "as built" drawings, information and documents regarding Interconnection Customer's Interconnection Facility	Interconnection Customer	If requested, within 120 Calendar Days after Commercial Operation date	

2. Milestones Applicable If Facilities Study Has Been Waived by Interconnection Customer:

Item No.	Milestone Description	Responsible Party	Date	SGIP/SGIA Reference
1	Siting approval for the Generating Facility and Interconnection Facilities	Interconnection Customer	As agreed to by the Parties	SGIP § 3.4.5(i)
2	Engineering of Interconnection Facilities approved by Interconnecting Transmission Owner	Interconnection Customer	As agreed to by the Parties	SGIP § 3.4.5(ii)
3	Commit to the ordering of long lead time material for Interconnection Facilities and system upgrades	Interconnection Customer	As agreed to by the Parties	SGIP § 3.4.5(iii)
4	In-Service Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	

5	Initial Synchronization Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	SGIP § 3.4.5(iv)
6	Commercial Operation Date	Interconnection Customer	Same as Interconnection Request unless subsequently modified	SGIP § 3.4.5(v)

3. Milestones Applicable Solely for CNR Interconnection Service. In addition to the Milestones above, the following Milestones apply to Interconnection Customers requesting CNR Interconnection Service:

Item #	Milestone	Responsible Party	Date	SGIP/SGIA Reference
1	Submit necessary requests for participation in the Forward Capacity Auction associated with the Generating Facility's requested Commercial Operation Date, in accordance with Section III.13 of the Tariff	Interconnection Customer		1.7.1.3(i)
2	Participate in a CNR Group Study	Interconnection Customer; System Operator		1.7.1.3(ii)
3	Qualify and receive a Capacity Supply Obligation in accordance with Section III.13 of the Tariff	Interconnection Customer		1.7.1.3(iii)
4	Complete a re-study of the applicable Interconnection Study to determine the cost responsibility for facilities and upgrades necessary to accommodate the Interconnection Request based on the results of the Forward Capacity Auction, Reconfiguration Auction or bilateral transaction through which the Interconnection Customer received a Capacity Supply Obligation	System Operator		1.7.1.3(iv)

Attachment 5

Additional Operating Requirements for the

New England Transmission System and Affected Systems Needed to Support

the Interconnection Customer's Needs

The Interconnecting Transmission Owner shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the New England Transmission System.

I. OPERATING REQUIREMENTS

[*Insert*]

Attachment 6

Interconnecting Transmission Owner's

Description of its Upgrades

and Best Estimate of Upgrade Costs

The Interconnecting Transmission Owner shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Interconnecting Transmission Owner shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

I. DESCRIPTION OF UPGRADES

A. Distribution Upgrades

[*Insert*]

B. Network Upgrades

[*Insert*]

(1) Stand Alone Network Upgrades

(2) Other Network Upgrades

C. Affected System Upgrades

[Insert]

D. Contingency Upgrades

(1) Long Lead Facility-Related Upgrades. The Interconnection Customer's Small Generating Facility is associated with a Long Lead Facility, in accordance with Section 3.2.3 of the LGIP. Pursuant to Section 4.1 of the LGIP, the Interconnection Customer shall be responsible for the following upgrades in the event that the Long Lead Facility achieves Commercial Operation and obtains a Capacity Supply Obligation in accordance with Section III.13.1 of the Tariff:

[*insert list of upgrades*]

If the Interconnection Customer fails to cause these upgrades to be in-service prior to the commencement of the Long Lead Facility's Capacity Commitment Period, the Interconnection Customer shall be deemed to be in Breach of this SGIA in accordance with Article 7, and the System Operator will initiate all necessary steps to terminate this SGIA, in accordance with Article 3.

(2) Other Contingency Upgrades. [*e.g.*, list of upgrades associated with higher queued Interconnection Requests with SGIAs prior to this SGIA and any other contingency upgrades that the Parties may deem necessary for the interconnection of the Small Generating Facility.]

E. Post-Forward Capacity Auction Re-study Upgrade Obligations.

[*Insert any changes in upgrade obligations that result from re-study conducted post receiving a Capacity Supply Obligation in accordance with the Tariff.*]

Attachment 7

Commercial Operation Date

This Attachment 7 is a part of the SGIA between System Operator, Interconnecting Transmission Owner and Interconnection Customer.

[*Date*]

[*Interconnecting Transmission Owner; Address*]

Generator Interconnections

Transmission Planning Department

ISO New England Inc.

One Sullivan Road

Holyoke, MA 01040-2841

Re: _____ Small Generating Facility

Dear _____:

On [Date] [Interconnection Customer] has completed Trial Operation of Unit No. ___. This letter confirms that [Interconnection Customer] commenced commercial operation of Unit No. ___ at the Small Generating Facility, effective as of [Date plus one day].

Thank you.

[*Signature*]

[*Interconnection Customer Representative*]

ATTACHMENT K

REGIONAL SYSTEM PLANNING PROCESS

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1. Overview

This Attachment describes the regional system planning process conducted by the ISO, as well as the coordination with transmission-owning entities in, or other entities interconnected to, the New England Transmission System and neighboring systems to ensure the reliability of the New England Transmission System and compliance with national and regional planning standards, criteria and procedures, while accounting for market performance, economic, environmental, and other considerations, as may be agreed upon from time to time. The New England Transmission System is comprised of PTF, Non-PTF, OTF and MTF within the New England Control Area that is under the ISO's operational authority or control pursuant to the ISO Tariff and/or various transmission operating agreements. This Attachment describes the regional system planning process for the PTF conducted by the ISO, and local system planning process conducted by the PTOs, pursuant to their responsibilities defined in the Tariff, the various transmission operating agreements and this Attachment. Additional details regarding the regional system planning process are also provided in the ISO New England Planning Procedures and ISO New England Operating Procedures, which are available on the ISO's website.

The ISO shall conduct the regional system planning process for the PTF in coordination with the transmission-owning entities in, or other entities interconnected to, the New England Transmission System and neighboring systems, consistent with the rights and obligations defined in the Tariff, applicable transmission operating agreements and this Attachment. As described in this Attachment's Section 6 and Appendix 1, entitled "Attachment K -Local System Planning Process", the PTOs are responsible for the Local System Planning ("LSP") process for the Non-PTF in the New England Transmission System. As also described in Section 6, and pursuant to the Tariff and/or transmission operating agreements, the OTOs and MTOs are required to participate in the ISO's regional system planning process for reliability purposes and to perform and/or support studies of the impact of regional system planning projects on their respective OTF and MTF.

The regional system planning process described in this Attachment provides for the ISO to undertake assessments of the needs of the PTF system on a systemwide or specific area basis. These assessments shall be referred to as Needs Assessments, as described in Section 4.1 of this Attachment. The ISO shall incorporate market responses that have met the criteria specified in Section 4.2(a) of this Attachment into the Needs Assessments or the Regional System Plan ("RSP"), described below. Where market responses incorporated into the Needs Assessments do not eliminate or address the needs identified by the ISO in Needs Assessments or the RSP, the ISO shall develop or evaluate, pursuant to Sections 4.2(b) or 4.3 of

this Attachment, as applicable, regulated transmission solutions proposed in response to the needs identified by the ISO.

Pursuant to Sections 3 and 7 of this Attachment, the ISO shall develop the RSP for approval by the ISO Board of Directors following stakeholder input through the Planning Advisory Committee established pursuant to Section 2 of this Attachment. The RSP is a compilation of the regional system planning process activities conducted by the ISO during a given year. The RSP shall address needs of the PTF system determined by the ISO through Needs Assessments initiated and updated on an ongoing basis by the ISO to: (i) account for changes in the PTF system conditions; (ii) ensure reliability of the PTF system; (iii) comply with national and regional planning standards, criteria and procedures; and (iv) account for market performance, economic, environmental and other considerations as may be agreed upon from time to time.

As more fully described in Section 3 of this Attachment, the RSP shall identify:

(i) PTF system reliability and market efficiency needs,

(ii) the requirements and characteristics of the types of resources that may satisfy PTF system reliability and market efficiency needs to provide stakeholders an opportunity to develop and propose efficient market responses to meet the needs identified in Needs Assessments;

(iii) regulated transmission solutions to meet the needs identified in Needs Assessments where market responses do not address such needs or additional transmission infrastructure may be required to comply with national and regional planning standards, criteria and procedures or provide market efficiency benefits in accordance with Attachment N of this OATT; and

(iv) those projects for which there has been a Public Policy Transmittal pursuant to the procedures described in Section 4A of this Attachment K.

In addition, the RSP shall also provide information on a broad variety of power system requirements that serves as input for reviewing the design of the markets and the overall economic performance of the system. The RSP shall also describe the coordination of the ISO's regional system plans with regional, local and inter-area planning activities.

Pursuant to Section 3.6 of this Attachment, the ISO shall also develop, maintain and post on its website a cumulative list reflecting the regulated transmission solutions proposed in response to Needs Assessments (the "RSP Project List"). The RSP Project List shall be a cumulative representation of the regional transmission planning expansion efforts ongoing in New England.

2. Planning Advisory Committee

2.1 Establishment

A Planning Advisory Committee shall be established by the ISO to perform the functions set forth in Section 2.2 of this Attachment. It shall have a Chair and Secretary, who shall be appointed by the chief executive officer of the ISO or his or her designee. Before appointing an individual to the position of the Chair or Secretary, the ISO shall notify the Planning Advisory Committee of the proposed assignment and, consistent with its personnel practices, provide any other information about the individual reasonably requested by the Planning Advisory Committee. The chief executive officer of the ISO or his or her designee shall consider the input of the members of the Planning Advisory Committee in selecting, removing or replacing such officers. The Planning Advisory Committee shall be advisory only and shall have no formal voting protocol.

The ISO may form subcommittees that, at the discretion of the ISO, may report to the Planning Advisory Committee.

2.2 Role of Planning Advisory Committee

The Planning Advisory Committee may provide input and feedback to the ISO concerning the regional system planning process, including the development of and review of Needs Assessments, the conduct of Solutions Studies, the development of the RSP, and updates to the RSP Project List. Specifically, the Planning Advisory Committee serves to review and provide input and comment on: (i) the development of the RSP, (ii) assumptions for studies, (iii) the results of Needs Assessments, Solutions Studies, and competitive solutions developed pursuant to Section 4.3 of this Attachment, and (iv) potential market responses to the needs identified by the ISO in a Needs Assessment or the RSP. The Planning Advisory Committee, with the assistance of and in coordination with the ISO, serves also to identify and prioritize requests for Economic Studies to be performed by the ISO, and provides input and feedback to the ISO concerning the conduct of Economic Studies and Public Policy Transmission Studies, including the criteria and assumptions for such studies. Based on input and feedback related to the regional system planning process provided by the Planning Advisory Committee to the ISO, the ISO shall consult with the appropriate NEPOOL technical committees, including but not limited to, the Markets, Reliability and

Transmission Committees, on issues and concerns identified by the Planning Advisory Committee as requiring further investigation and consideration of potential changes to ISO New England Operating Documents.

2.3 Membership

Any entity, including State regulators or agencies and NESCOE, as specified in Attachment N of the OATT, may designate a member to the Planning Advisory Committee by providing written notice to the Secretary of that Committee identifying the name of the entity represented by the member and the member's name, address, telephone number, facsimile number and electronic mail address. The entity may remove or replace such member at any time by written notice to the Secretary of the Planning Advisory Committee.

2.4 Procedures

(a) Notice of Meetings

Prior to the beginning of each year, the ISO shall list on the ISO Calendar, which is available on the ISO's website, the proposed meeting dates for the Planning Advisory Committee for each month of the year. Prior to a Planning Advisory Committee meeting, the ISO shall provide notice to the Planning Advisory Committee by electronic email with the date, time, format for the meeting (i.e., in person or teleconference), and the purpose for the meeting.

(b) Frequency of Meetings

Meetings of the Planning Advisory Committee shall be held as frequently as necessary to serve the purposes stated in Section 2.2 of this Attachment and as further specified elsewhere in this Attachment, generally expected to be no less than four (4) times per year.

(c) Availability of Meeting Materials

The ISO shall post materials for Planning Advisory Committee meetings on the Planning Advisory Committee section on the ISO's website prior to meetings. The materials for the Planning Advisory Committee meetings shall be made available to the members of the Planning Advisory Committee subject to protections warranted by confidentiality requirements of the ISO New England Information Policy set forth in Attachment D of

the ISO Tariff and Critical Energy Infrastructure Information ("CEII") policy as further described in Section 2.4(d) of this Attachment.

(d) Access to Planning-Related Materials that Contain CEII

CEII is defined as specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure (physical or virtual) that:

(i) Relates details about the production, generation, transportation, transmission, or distribution of energy;

(ii) Could be useful to a person in planning an attack on critical infrastructure;

(iii) Is exempt from mandatory disclosure under the Freedom of Information Act, 5 U.S.C. 552; and

(iv) Does not simply give the location of critical infrastructure.

CEII pertains to existing and proposed system and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of those matters. CEII does not include information that is otherwise publicly available. Simplified maps and general information on engineering, vulnerability, or design that relate to production, generation, transportation, transmission or distribution of energy shall not constitute CEII.

Planning-related materials determined to be CEII will be posted on the ISO's password-protected website. To obtain access to planning-related materials determined to be CEII, the entity seeking to obtain such access must contact the ISO's Customer Service department. Authorized Market Participants or their representatives, such as consultants, are bound by the ISO New England Information Policy and will be able to access CEII materials through the ISO's password-protected website. State and federal governmental agency employees and their consultants will be able to access such materials through the ISO's password-protected website upon submittal of a signed non-disclosure agreement, which is available on the ISO's website. Personnel of the ERO, NPCC, other regional transmission organizations or independent system operators, and transmission owners from neighboring regions will be able to access CEII materials pursuant to governing

agreements, rules and protocols. All external requests by other persons for planning-related materials determined to be CEII shall be recorded and tracked by ISO's Customer Services staff. Such requestors will be able to obtain access to CEII documents filed with the Commission pursuant to the Commission's regulations governing access to CEII. To the extent a requestor seeks access to planning-related material that is not filed with the Commission, such requestor shall comply with the requirements provided in the CEII procedures of the ISO, available on the ISO's website, prior to receiving access to CEII information. Upon compliance with the ISO's CEII procedures, the ISO shall grant the requestor access to the planning-related CEII document through direct distribution or access to the ISO password-protected website.

2.5 Local System Planning Process

The LSP process described in Appendix 1 to this Attachment applies to the transmission system planning for the Non-PTF in the New England Transmission System. The PTOs will utilize interested members of the Planning Advisory Committee for advisory stakeholder input in the LSP process that will meet, as needed, at the conclusion of, or independent of, scheduled Planning Advisory Committee meetings. The LSP meeting agenda and meeting materials will be developed by representatives of the pertinent PTOs and PTO representatives will chair the LSP meeting. The ISO will post the LSP agenda and materials for LSP.

3. RSP: Principles, Scope, and Contents

3.1 Description of RSP

The ISO shall develop the RSP based on periodic comprehensive assessments (conducted not less than every third year) of the PTF systemwide needs to maintain the reliability of the New England Transmission System while accounting for market efficiency, economic, environmental, and other considerations, as agreed upon from time to time. The ISO shall update the RSP to reflect the results of ongoing Needs Assessments conducted pursuant to Section 4.1 of this Attachment. The RSP shall also account for projected improvements to the PTF that are needed to maintain system reliability in accordance with national and regional standards and the operation of efficient markets under a set of planning assumptions.

The RSP shall, among other things:

(i) describe, in a consolidated manner, the assessment of the PTF system needs, the results of such assessments, and the projected improvements;

(ii) provide the projected annual and peak demands for electric energy for a five-to ten-year horizon, the needs for resources over this period and how such resources are expected to be provided;

(iii) specify the physical characteristics of the physical solutions that can meet the needs defined in the Needs Assessments and include information on market responses that can address them; and

(iv) provide sufficient information to allow Market Participants to assess the quantity, general locations, operating characteristics and required availability criteria of the type of incremental supply or demand-side resources, or merchant transmission projects, that would satisfy the identified needs or that may serve to modify, offset or defer proposed regulated transmission upgrades.

The RSP shall also include a description of proposed regulated transmission solutions that, based on the Solutions Studies described in Section 4.2 of this Attachment and the competitive solution process described in Section 4.3 of this Attachment, may meet the needs identified in the Needs Assessments. To this end, as further described in Section 3.6 below, the ISO shall develop and maintain a RSP Project List, a cumulative listing of proposed regulated transmission solutions classified, to the extent known, as Reliability Transmission Upgrades, Market Efficiency Transmission Upgrades, and Public Policy Transmission Upgrades. The RSP shall also provide reasons for any new regulated transmission solutions or Transmission Upgrades included in the RSP Project List, any change in status of a regulated transmission solution or Transmission Upgrade in the RSP Project List, or for any removal of regulated transmission solutions or Transmission Upgrades from the RSP Project List that are known as of that time.

Each RSP shall be built upon the previous year's RSP.

3.2 Baseline of RSP

The RSP shall account for: (i) all projects that have met milestones, including market responses and regulated transmission solutions (e.g., planned demand-side projects, generation and transmission projects, Merchant Transmission Facilities, and Elective Transmission Upgrades) as determined by the ISO, in collaboration with the Planning Advisory Committee, pursuant to Sections 4.1, 4.2 and 4.3 of this

Attachment; and (ii) the requirements for system operation and restoration services, not including the development of a system operations or restoration plan, which is outside the scope of the regional system planning process.

3.3 RSP Planning Horizon and Parameters

The RSP shall be based on a five-to ten-year planning horizon, and reflect five-to ten-year capacity and load forecasts.

The RSP shall conform to: Good Utility Practice; applicable Commission compliance requirements related to the regional system planning process; applicable reliability principles, guidelines, criteria, rules, procedures and standards of the ERO, NPCC, and any of their successors; planning criteria adopted and/or developed by the ISO; Transmission Owner criteria, rules, standards, guides and policies developed by the Transmission Owner for its facilities consistent with the ISO planning criteria, the applicable criteria of the ERO and NPCC; local transmission planning criteria; and the ISO New England Planning Procedures and ISO New England Operating Procedures, as they may be amended from time to time (collectively, the "Planning and Reliability Criteria").

The revisions to this Attachment K submitted to comply with FERC's Order No. 1000 shall not apply to any identified needs or transmission solutions included in an RSP approved by the ISO Board of Directors prior to the effective date of the Order No. 1000 compliance filing of the ISO and the PTOs or to any needs assessment concluded by the ISO or proposed solutions listed in an RSP update prior to such effective date.

3.4 Other RSP Principles

The RSP shall be designed and implemented to: (i) avoid unnecessary duplication of facilities; (ii) identify facilities that are necessary to meet Planning and Reliability Criteria; (iii) avoid the imposition of unreasonable costs upon any Transmission Owner, Transmission Customer or other user of a transmission facility; (iv) take into account the legal and contractual rights and obligations of the Transmission Owners and the transmission-related legal and contractual rights and obligations of any other entity; (v) provide for coordination with existing transmission systems and with appropriate inter-area and local expansion plans; and (vi) properly coordinate with market responses, including, but not limited to generation, merchant transmission and demand-side responses.

3.5 Market Responses in RSP

Market responses shall include investments in resources (e.g., demand-side projects, generation and distributed generation) and Merchant Transmission Facilities, and shall be evaluated by the ISO, in consultation with the Planning Advisory Committee, pursuant to Sections 4.2(a) and 7 of this Attachment.

In developing the RSP, the ISO shall account for market responses: (i) proposed by Market Participants as addressing needs (and any critical time constraints for addressing such needs) identified in a RSP or Needs Assessment, developed pursuant to Section 4.1 of this Attachment; and (ii) that have proved to be viable by meeting the criteria specified in Section 4.2(a) of this Attachment, as applicable.

Specifically, market responses that are identified to the ISO and are determined by the ISO, in consultation with the Planning Advisory Committee, to be sufficient to alleviate the need for a particular regulated transmission solution or Transmission Upgrade, based on the criteria specified in the pertinent Needs Assessment or RSP, and are judged by the ISO to be achievable within the required time period, shall be reflected in the next RSP and/or in a new or updated Needs Assessment. That particular regulated transmission solution or Transmission Upgrade may continue to be included in the appropriate category on the RSP Project List (as described in Section 3.6 below), subject to the ISO having the flexibility to indicate that the project should proceed at a later date or it may be removed if it is determined to be no longer needed. If the market response does not fully address the defined needs, or if additional transmission infrastructure is required to facilitate the efficient operation of the market, the RSP shall also include that particular regulated transmission solution or Transmission Upgrade, subject to the ISO having the flexibility to indicate that the Transmission Upgrade or regulated transmission solution should proceed at a later date and be modified, if necessary.

3.6 The RSP Project List

(a) Elements of the RSP Project List

The RSP Project List shall identify regulated transmission solutions proposed in response to the needs identified in a RSP or Needs Assessments conducted pursuant to Section 4.1 of this Attachment, and shall identify Public Policy Transmission Upgrades identified pursuant to Section 4A of this Attachment. The RSP Project List shall identify the proposed regulated transmission solutions separately as a Reliability Transmission Upgrade, a Market Efficiency Transmission Upgrade, or a Public Policy Transmission Upgrade.

With regard to Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, the following subcategories will be utilized to indicate the status of each proposed regulated transmission solution in the evaluation process. These subcategories include: (i) Concept; (ii) Proposed; (iii) Planned; (iv) Under Construction; and (v) In-Service. A Public Policy Transmission Upgrade will be identified in the RSP Project List as (i) Proposed; (ii) Planned: (iii) Under Construction; or (iv) In-Service.

The regulated transmission solution subcategories are defined as follows:

(i) For purposes of Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, "Concept" shall include a transmission project that is being considered by its proponent as a potential solution to meet a need identified by the ISO in a Needs Assessment or the RSP, but for which there is little or no analysis available to support the transmission project.

(ii) For purposes of Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, "Proposed" shall include a regulated transmission solution that (a) has been proposed in response to a specific need identified by the ISO in a Needs Assessment or the RSP and (b) has been evaluated or further defined and developed in a Solutions Study, as specified in Section 4.2(b) of this Attachment, or in the competitive solutions process specified in Section 4.3 of this Attachment, such that there is significant analysis that supports a determination by the ISO, as communicated to the Planning Advisory Committee, that the proposed regulated transmission solution would likely meet the need identified by the ISO in a Needs Assessment or the RSP, but has not received approval by the ISO under Section I.3.9 of the Tariff.

For purposes of Public Policy Transmission Upgrades, "Proposed" means that the inclusion of the project in the RSP Project List has received a Public Policy Transmittal pursuant to the procedures described in Section 4A of this Attachment K, but that the project has not yet been approved by the ISO under Section I.3.9 of the Tariff.

(iii) "Planned" shall include a Transmission Upgrade that has met the requirements for a Proposed project and has been approved by the ISO under Section I.3.9 of the Tariff.

(iv) “Under Construction” shall include a Transmission Upgrade that has received the approvals required under the Tariff and engineering and construction is underway.

(v) “In Service” shall include a Transmission Upgrade that has been placed in commercial operation.

Each Reliability Transmission Upgrade and Market Efficiency Transmission Upgrade shall be cross-referenced to the specific systemwide or area needs identified in a Needs Assessment or RSP. Each proposed Public Policy Transmission Upgrade shall be cross-referenced in the RSP Project List to a specific Public Policy Transmission Study.

For completeness, the RSP Project List shall also include transmission facilities (as determined under the ISO interconnection process specified in this OATT) to be built to accommodate new generation, merchant transmission, and elective transmission interconnections that have satisfied the requirements of this OATT.

(b) Periodic Updating of RSP Project List

The RSP Project List will be updated by the ISO periodically by adding, removing or revising regulated transmission solutions or Transmission Upgrades in consultation with the Planning Advisory Committee and, as appropriate, the Reliability Committee.

Updating of the RSP Project List shall be considered an update of the RSP to be reflected in the next RSP, as appropriate, pursuant to Section 3.1 of this Attachment.

(c) RSP Project List Updating Procedures and Criteria

As part of the periodic updating of the RSP Project List, the ISO: (i) shall modify (in accordance with the provisions of this Attachment) regulated transmission solutions or Transmission Upgrades to reflect changes to the PTF system configurations, including ongoing investments by Market Participants or other stakeholders; (ii) may add to and classify accordingly, regulated transmission solutions; and (iii) may remove from the RSP Project List regulated transmission solutions or Transmission Upgrades previously identified in the RSP Project List if the ISO determines that the need for the proposed regulated transmission solution or the approved Transmission Upgrade no longer exists or is no longer feasible. With regard to (iii) above, this may include a removal of a

regulated transmission solution or Transmission Upgrade because a market response meeting the need reaches the maturity specified in Section 4.2(a) of this Attachment and has been determined, pursuant to Section 4.2(a) of this Attachment, to meet the need described in the pertinent Needs Assessment or RSP. In doing so, the ISO shall consult with and consider the input from the Planning Advisory Committee and, as appropriate, the Reliability Committee. In addition, the ISO shall remove from the RSP Project List any Public Policy Transmission Upgrade if requested to do so in a written NESCOE communication reflecting decisions to terminate support of such upgrade by all of the states that previously agreed to support it as communicated in the Public Policy Transmittal described in Section 4A.8 below.

If a regulated transmission solution or Transmission Upgrade is removed from the RSP Project List by the ISO, the entity responsible for the construction of the regulated transmission solution or Transmission Upgrade shall be reimbursed for any costs prudently incurred or prudently committed to be incurred (plus a reasonable return on investment at existing Commission-approved ROE levels) in connection with the planning, designing, engineering, siting, permitting, procuring and other preparation for construction, and/or construction of the regulated transmission solution or Transmission Upgrade proposed for removal from the RSP Project List. The provisions of Schedule 12 of this OATT shall apply to any cost reimbursement under this Section. Prior to finalizing the RSP, the ISO shall provide the Planning Advisory Committee with written information explaining the reasons for any removal under this Section.

(d) Posting of LSP Project Status

Each PTO will be individually responsible for publicly posting and updating the status of its respective LSP and the transmission projects arising therefrom on its company website. The ISO's posting of the RSP Project Lists will include links to each PTO's specific LSP posting to be provided to the ISO by the PTOs.

4. Procedures for the Conduct of Needs Assessments, Treatment of Market Responses and Evaluation of Regulated Transmission Solutions

4.1 Non-Applicability of Sections 4.1 through 4.3; Needs Assessments

The reliability planning process established in this Attachment K shall apply to all transmission solutions adopted to resolve a reliability need. The market efficiency planning process established in this Attachment K shall apply to all transmission solutions adopted to resolve a market efficiency need. The public policy planning process established in this Attachment K shall apply to all transmission solutions adopted to resolve a public policy need. For needs identified initially as reliability, market efficiency or public policy needs, the collateral benefits of potential solutions to those needs shall not change the planning process applicable to those identified needs; notwithstanding the foregoing, the ISO shall report its views as to whether a project or preferred solution may also satisfy identified reliability needs of the system as described in Sections 4A.5(e) or 4A.7, respectively, of this Attachment K. Sections 4.1 through 4.3 of this Attachment are not applicable to the planning of Public Policy Transmission Upgrades, which is governed instead by Section 4A of this Attachment.

On a regular and ongoing basis, the ISO, in coordination with the PTOs and the Planning Advisory Committee, shall conduct assessments (i.e., Needs Assessments) of the adequacy of the PTF system, as a whole or in part, to maintain the reliability of such facilities while promoting the operation of efficient wholesale electric markets in New England. A Needs Assessment shall analyze whether the PTF in the New England Transmission System: (i) meet applicable reliability standards; (ii) have adequate transfer capability to support local, regional, and inter-regional reliability; (iii) support the efficient operation of the wholesale electric markets; (iv) are sufficient to integrate new resources and loads on an aggregate or regional basis; or (v) otherwise examine various aspects of its performance and capability. A Needs Assessment shall also identify: (i) the location and nature of any potential problems with respect to the PTF and (ii) situations that significantly affect the reliable and efficient operation of the PTF along with any critical time constraints for addressing the needs of the PTF to facilitate the development of market responses and to initiate the pursuit of regulated transmission solutions.

(a) Triggers for Needs Assessments

The ISO, in coordination with the PTOs and the Planning Advisory Committee, shall perform Needs Assessments, inter alia, if:

(i) a need for additional transfer capability is identified by the ISO in its ongoing evaluation of the PTF's adequacy and performance;

(ii) a need for additional transfer capability is identified as a result of an ERO and/or NPCC reliability assessment or more stringent publicly available local reliability criteria, if any;

(iii) constraints or available transfer capability limitations that are identified possibly as a result of generation additions or retirements, evaluation of load forecasts or proposals for the addition of transmission facilities in the New England Control Area;

(iv) as requested by a stakeholder pursuant to the provisions of Section 4.1(b) of this Attachment; or

(v) as otherwise deemed appropriate by the ISO as warranting such an assessment.

(b) Requests by Stakeholders for Needs Assessments for Economic Considerations

The ISO's stakeholders may request the ISO to initiate a Needs Assessment to examine situations where potential regulated transmission solutions or market responses or investments could result in (i) a net reduction in total production cost to supply system load based on the factors specified in Attachment N of this OATT, (ii) reduced congestion, or (iii) the integration of new resources and/or loads on an aggregate or regional basis (an "Economic Study").

Requests for Economic Studies shall be submitted, considered and prioritized as follows:

(i) By no later than April 1 of each year, any stakeholder may submit to the ISO for public posting on the ISO's website a request for an Economic Study.

(ii) The ISO shall thereafter add any of its own proposals for Economic Studies. The ISO shall also develop a rough work scope and cost estimate for all requested Economic Studies, and develop preliminary prioritization based on the ISO's perceived regional and/or, as coordinated with the applicable neighboring system, inter-area benefits to assist stakeholders in the prioritization of Economic Studies.

(iii) By no later than May 1 of each year, the ISO shall provide the foregoing information to the Planning Advisory Committee, and a Planning Advisory Committee meeting shall be held at which Economic Study proponents will provide an explanation of their request.

(iv) By no later than June 1 of each year, the ISO shall hold a meeting of the Planning Advisory Committee for the members of the Planning Advisory Committee to discuss,

identify and prioritize, as further facilitated by the ISO's preparation of a straw priority list to be further discussed at such meeting, up to two (2) Economic Studies (the costs of which will be recovered by the ISO pursuant to Section IV.A of the Tariff) to be performed by the ISO in a given year taking into consideration their impact on the ISO budget and other priorities. The ISO may consider performing up to three (3) Economic Studies if a Public Policy Transmission Study will not be concurrently performed.

(v) The ISO and the Planning Advisory Committee may agree to hold additional meetings to further discuss and resolve any issue concerning the substance of the Economic Studies themselves and/or their prioritization.

(vi) If the Planning Advisory Committee, after discussions between the Planning Advisory Committee and ISO management, is not able to prioritize the Economic Studies to be performed by the ISO in a given year, any member of the Planning Advisory Committee must submit a request for Regional Planning Dispute Resolution Process pursuant to Section 12 of this Attachment, such request to be submitted no later than August 30, to resolve the issues concerning the substance of the Economic Studies themselves and/or their prioritization.

(vii) The ISO will issue a notice to the Planning Advisory Committee detailing the prioritization of the Economic Studies as identified by the Planning Advisory Committee or, if a request for Regional Planning Dispute Resolution Process is submitted pursuant to Section 4.1.(b)(vi), as determined through that Process.

The foregoing timelines are subject to adjustment as determined by the ISO in coordination with the Planning Advisory Committee. The ISO will provide periodic updates on the status of Economic Studies to the Planning Advisory Committee.

Economic Study requests not within the two or three studies identified to be performed in a given year shall be treated in the same manner as a request for Elective Transmission Upgrade described in the OATT.

(c) Conduct of a Needs Assessment for Rejected Non-Price Retirement Requests and De-List Bids

(i) Where a Needs Assessment is underway for an area affected by a rejected Permanent De-List Bid or Non-Price Retirement Request, the Needs Assessment will represent the resource with the rejected Permanent De-List Bid as being interconnected, but unavailable for reliability purposes, and the Non-Price Retirement Request as being retired in the base representation being used to assess the system to identify reliability needs that must be addressed.

(ii) Where there is not a Needs Assessment underway for an area affected by a rejected Permanent De-List Bid or Non-Price Retirement Request, the ISO will initiate a Needs Assessment for that area.

(iii) In the case of a rejected Static De-List Bid or Dynamic De-List Bid, the ISO may as warranted, with advisory input from the Reliability Committee, examine the unavailability of the resource(s) with the rejected bid as a sensitivity in a Needs Assessment, or examine the unavailability of the resource(s) in the base representation in a Needs Assessment. The ISO may as warranted, with advisory input from the Reliability Committee, initiate a Needs Assessment for the purpose of modeling rejected Static De-List Bids or Dynamic De-List Bids where the ISO believes that the initiation of such a study is warranted.

(iv) Prior to the start of each new capacity qualification period the ISO shall present to the Reliability Committee the status of any prior rejected de-list bids or Non-Price Retirement Requests being studied in the regional system planning process.

(d) Notice of Initiation of Needs Assessments

Prior to its commencement, the ISO shall provide notice of the initiation of a Needs Assessment to the Planning Advisory Committee consistent with Section 2 of this Attachment.

(e) Preparation of Needs Assessment

Needs Assessments may examine resource adequacy, transmission adequacy, projected congestion levels and other relevant factors as may be agreed upon from time to time. Needs Assessments shall also consider the views, if any, of the Planning Advisory Committee, State regulators or agencies, NESCOE, the Market Advisor to the ISO Board of Directors, and the ISO

Board of Directors. A corresponding assessment shall be performed by the PTOs to identify any needs relating to the Non-PTF transmission facilities (of whatever voltage) that could affect the provision of Regional Transmission Service over the PTF.

(f) Needs Assessment Study Groups

For the development of the Needs Assessments, the ISO may form a targeted study group of representatives of affected stakeholders based on the scope of the particular Needs Assessment. Participation in such study groups is voluntary and is intended to provide an opportunity to affected stakeholders for early involvement in the regional system planning process. The ISO may form sub-working groups with limited participation due to ISO New England Information Policy/Code of Conduct and CEII constraints.

(g) Input from the Planning Advisory Committee

Meetings of the Planning Advisory Committee shall be convened to identify additional considerations relating to a Needs Assessment that were not identified in support of initiating the assessment, and to provide input on the Needs Assessment's scope, assumptions and procedures, consistent with the responsibilities of the Planning Advisory Committee as set forth in Section 2.2 of this Attachment.

(h) Publication of Needs Assessment and Response Thereto

The ISO shall report the results of Needs Assessments to the Planning Advisory Committee, subject to CEII constraints. Needs Assessments containing CEII will be posted on the ISO's password-protected website consistent with Section 2.4(d) of this Attachment. Needs Assessments will identify high-level functional requirements and characteristics for regulated transmission solutions and market responses that can meet the needs described in the assessment. The ISO will also present the Needs Assessments in appropriate market forums to facilitate market responses. Where the forecast year of need is five years or less from the completion of a Needs Assessment (unless the solution to the Needs Assessment will likely be a Market Efficiency Transmission Upgrade), the ISO will evaluate the adequacy of proposed regulated solutions by performing Solutions Studies, as described in Section 4.2 of this Attachment. Where the solution to a Needs Assessment will likely be a Market Efficiency Transmission Upgrade, or where the forecast year of need for a solution that is likely to be a Reliability Transmission Upgrade is more than five years from the completion of a Needs Assessment, the ISO will

conduct a solution process based on a two-stage competition, as described in Section 4.3 of this Attachment.

4.2 Treatment of Market Responses and Evaluation of Regulated Transmission Solutions

(a) Treatment of Market Solutions in Needs Assessments

The ISO shall reflect proposed market responses in the regional system planning process. Market responses may include, but are not limited to, resources (e.g., demand-side projects and distributed generation), Merchant Transmission Facilities and Elective Transmission Upgrades.

Specifically, the ISO shall incorporate or update information regarding resources in Needs Assessments that have been proposed and (i) have cleared in a Forward Capacity Auction pursuant to Market Rule 1 of the ISO Tariff, (ii) have been selected in, and are contractually bound by, a state-sponsored Request For Proposals, or (iii) have a financially binding obligation pursuant to a contract. With respect to (ii) or (iii) above, the proponent of the market response shall inform the ISO, in writing, of its selection or its assumption of financially binding obligations, respectively. The ISO shall incorporate or update information regarding a proposed Merchant Transmission Facility or Elective Transmission Upgrade in a Needs Assessment at a time after the studies corresponding to the Merchant Transmission Facility or Elective Transmission Upgrade are completed (including receipt of approval under Section I.3.9 of the Tariff) and a commercial operation date has been ascertained, with the exception of Elective Transmission Upgrades that are proposed in conjunction with the interconnection of a resource, which shall be considered at the same time as the proposed resource is considered in the Needs Assessment.

(b) Evaluation and Development of Regulated Transmission Solutions in Solutions Studies for Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades

In the case of Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades, the ISO, in coordination with the proponents of regulated transmission solutions and other interested or affected stakeholders, shall conduct or participate in studies ("Solutions Studies") to evaluate whether proposed regulated transmission solutions meet the PTF system needs identified in Needs Assessments. The ISO, in coordination with affected stakeholders shall also identify regulated transmission projects for addressing the needs identified in Needs Assessments.

The ISO may form ISO-led targeted study groups to conduct Solutions Studies. Such study groups will include representatives of the proponents of regulated transmission solutions and other interested or affected stakeholders. Through this process, the ISO may identify the most cost-effective and reliable solutions for the region that meets a need identified in a Needs Assessment. These solutions may differ from a transmission solution proposed by a transmission owner.

Proponents of regulated transmission proposals in response to Needs Assessments shall also identify any LSP plans that require coordination with their regulated transmission proposals addressing the PTF system needs.

(c) Notice of Initiation of a Solutions Study

The ISO shall provide notice of the initiation and scope of a Solutions Study to the Planning Advisory Committee.

(d) Classification of Regulated Transmission Solutions as Market Efficiency Transmission Upgrades or Reliability Transmission Upgrades

As described in Section 3.1 and 3.6(a) of this Attachment, proposed regulated transmission solutions determined by the ISO, in consultation with the Planning Advisory Committee, to address needs identified in Needs Assessments shall be classified as either a Reliability Transmission Upgrade and/or a Market Efficiency Transmission Upgrade pursuant to the standards set forth in Attachment N of this OATT.

(e) Identification of the Preferred Solution and Inclusion of Results of Solutions Studies for Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades in the RSP

The results of Solutions Studies related to Market Efficiency Transmission Upgrades and Reliability Transmission Upgrades will be reported to the Planning Advisory Committee. After receiving feedback from the Planning Advisory Committee, the ISO will identify the preferred solution. The ISO will inform the appropriate Transmission Owners in writing regarding the identification of the preferred solution.

Once identified, the preferred solution, as appropriate, will be reflected (with an overview of why the solution is preferred) in the RSP and/or its Project List, as it is updated from time to time in accordance with this Attachment.

4.3 Competitive Solution Process for Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades

(a) Public Notice Initiating Competitive Solution Process

The ISO will issue a public notice with respect to each Needs Assessment for which, pursuant to Section 4.1(h) of this Attachment, a competitive solution process will be utilized. The notice will indicate that Qualified Transmission Project Sponsors may submit Phase One Proposals offering solutions that comprehensively address the identified needs. Neither the submission of a project by a Qualified Transmission Project Sponsor nor the selection by the ISO of a project submitted by a Qualified Transmission Project Sponsor for inclusion in the RSP Project List shall alter a PTO's use and control of an existing right of way, the retention, modification, or transfer of which remain subject to the relevant law or regulation, including property or contractual rights, that granted the right-of-way. Nothing in the processes described in this Attachment K requires a PTO to relinquish any of its rights-of-way in order to permit a Qualified Transmission Project Sponsor to develop, construct or own a project.

A PTO or PTOs shall submit an individual or joint Phase One Proposal for any need that would be solved by a project located within or connected to its/their existing electric system, and which it/they would therefore have an obligation to build under Schedule 3.09(a) of the TOA. Such PTOs may recover the costs of preparing Phase One Proposals in accordance with the mechanisms reflected in the OATT and the terms of the TOA.

(b) Information Required for Phase One Proposals; Timing

Phase One Proposals shall provide the following information:

(i) a detailed description of the proposed solution, including an identification of the proposed route for the solution and technical details of the project;
(ii) a detailed explanation of how the proposed solution addresses the identified need;
(iii) feasibility studies, as requested by ISO, to demonstrate how the proposed solution would address the identified need;

(iv) the proposed schedule for development and completion of the proposed solution;

(v) right, title, and interest in rights of way, substations, and other property or facilities, if any, that would contribute to the proposed solution or the means and timeframe by which such would be obtained;

(vi) a list of affected existing transmission system facilities that the PTO or Qualified Transmission Project Sponsor believe will require modification as part of the proposal; and

(vii) the estimated lifecycle cost of the proposed solution, including an itemization of the components of the cost estimate.

Phase One Proposals must be submitted by the deadline specified in the posting by the ISO of the public notice described in Section 4.3(a) of this Attachment, which shall not be less than 60 days from the posting date of the notice. The ISO may reject submittals which are insufficient or not adequately supported.

(c) LSP Coordination

Sponsors of Phase One Proposals shall also identify any LSP plans that require coordination with their proposals.

(d) Preliminary Review by ISO

If the sole Phase One Proposal in response to a given Needs Assessment has been submitted by PTO(s), proposing a project that would be located within or connected to its/their existing electric system, the ISO shall proceed under Section 4.2(b)-(e) of this Attachment, rather than pursuant to the procedures set forth in the remainder of this Section 4.3.

If more than one Phase One Proposal has been submitted in response to the public notice described in Section 4.3(a) of this Attachment K, the ISO shall perform a preliminary feasibility review of each proposal to determine whether the proposed solution:

(i) provides sufficient data and that the data is of sufficient quality to satisfy Section 4.3(b) of this Attachment;

(ii) appears to satisfy the needs described in the Needs Assessment;

(iii) is technically practicable and indicates possession of, or an approach to acquiring, the necessary rights of way, property and facilities that will make the proposal reasonably feasible in the required timeframe; and

(iv) is eligible to be constructed only by an existing PTO in accordance with Schedule 3.09(a) of the TOA because the proposed solution is an upgrade to existing PTO facilities, or because the costs of the proposed solution are not eligible for regional cost allocation under the OATT and will be allocated only to the local customers of a PTO.

(e) Proposal Deficiencies; Further Information

If the ISO identifies any minor deficiencies in meeting the requirements of Section 4.3(b) in the information provided in connection with a proposed Phase One Proposal, the ISO will notify the Phase One Proposal sponsor and provide an opportunity for the sponsor to cure the deficiencies within the timeframe specified by the ISO. Upon request, sponsors of Phase One Proposals shall provide the ISO with additional information reasonably necessary for the ISO's evaluation of the proposed solutions.

(f) Listing of Qualifying Phase One Proposals

For each Needs Assessment, the ISO will provide the Planning Advisory Committee with, and post on the ISO's website, a listing of Phase One Proposals that meet the criteria of Section 4.3(b). A meeting of the Planning Advisory Committee will be held thereafter in order to solicit stakeholder input on the listing, and the listed proposals. The ISO with input from the PAC may exclude projects from consideration under Phase Two based on a determination that the project is not competitive with other projects that have been submitted in terms of cost, electrical performance, future system expandability, or feasibility. Information on Phase One Proposals containing CEII will be posted on the ISO's protected website consistent with Section 2.4(d) of this Attachment. The ISO may amend its listing based on stakeholder input.

(g) Phase Two Solutions

The ISO will work with Qualified Transmission Project Sponsors of projects reflected on the final listing developed pursuant to Section 4.3(f) of this Attachment, and with affected PTOs, to evaluate and further develop the listed projects to create a Phase Two Solution(s) for each Needs Assessment. The ISO will identify the project that offers the best combination of electrical performance, cost, future system expandability and feasibility to meet the need in the required timeframe as the preliminary preferred Phase Two Solution in response to each Needs

Assessment. The ISO will report the preliminary preferred Phase Two Solution, together with explanatory materials, to the Planning Advisory Committee and seek stakeholder input on the preliminary preferred solution.

(h) Reimbursement of Phase Two Solution Costs

Qualified Transmission Project Sponsors whose projects are listed pursuant to Section 4.3(f) for review as Phase Two Solutions shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff (and, as applicable, the TOA and NTDOA), all prudently incurred costs associated with developing a Phase Two Solution. PTOs shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff, all prudently incurred study costs and costs associated with developing any upgrades or modifications to such PTOs' existing facilities necessary to facilitate the development of a listed project proposed by any other Qualified Transmission Project Sponsor.

(i) Inclusion of Preferred Phase Two Solution in RSP and/or RSP Project List

Following receipt of stakeholder input, the ISO will identify the preferred Phase Two Solution (with an overview of why the solution is preferred) by a posting on its website. The ISO's identification will select the project that offers the best combination of electrical performance, cost, future system expandability and feasibility to meet the need in the required timeframe. The ISO will also notify the Qualified Transmission Project Sponsor that proposed the preferred Phase Two Solution that its project has been selected for development. The ISO will include the project as a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade, as appropriate, in the RSP and/or its Project List, as it is updated from time to time in accordance with this Attachment.

(j) Milestone Schedules

Within 30 Business Days of its receiving notification pursuant to Section 4.3(i) of this Attachment, the Qualified Transmission Project Sponsor shall submit to the ISO (and shall update periodically) a schedule that indicates the dates by which applications for siting and other approvals necessary to develop and construct the project by the required in-service date shall be submitted. Within 30 Business Days of its receiving all necessary siting and other approvals, the Qualified Transmission Project Sponsor shall submit to the ISO (and shall update periodically) a schedule of dates by which typical project construction phases will be completed. If the ISO finds, after consultation with the Qualified Transmission Project Sponsor, that the sponsor is

failing to pursue approvals or construction in a reasonably diligent fashion, or that the sponsor is unable to proceed with the project due to forces beyond its reasonable control, the ISO shall prepare a report, including a proposed course of action. If prepared with respect to a Qualified Transmission Project Sponsor that is a PTO, the report shall be made consistent with the provisions of Section 1.1(e) of Schedule 3.09(a) of the Transmission Operating Agreement. If prepared with respect to a Qualified Transmission Project Sponsor that is not a PTO, the report shall include a report from that sponsor. The ISO shall file its report with the Commission.

4A. Public Policy Transmission Studies; Public Policy Transmission Upgrades

4A.1 NESCOE Requests for Public Policy Transmission Studies

No less often than every three years, by January 15 of that year, the ISO will post a notice indicating that members of the Planning Advisory Committee may provide NESCOE with input regarding state and federal public policy requirements identified as driving transmission needs relating to the New England Transmission System, and regarding particular transmission needs driven by public policy requirements. A meeting of the Planning Advisory Committee may be held for this purpose. By no later than April 1 of that year, NESCOE may submit to the ISO in writing a request for a new Public Policy Transmission Study, or an update of a previously conducted study. The request will identify the public policy requirements identified as driving transmission needs relating to the New England Transmission System, and may identify particular NESCOE-identified public policy-related transmission needs as well. Along with any such request, NESCOE will provide the ISO with a written explanation of which transmission needs driven by public policy requirements the ISO will evaluate for potential solutions in the regional planning process, including why other suggested transmission needs will not be evaluated. The ISO will post the NESCOE request and explanation on the ISO's website.

4A.1.1 Study of Federal Public Policies Not Identified by NESCOE

If a stakeholder believes that a federal public policy requirement that may drive transmission needs relating to the New England Transmission System has not been appropriately addressed by NESCOE, it may file with the ISO a written request that explains the stakeholder's reasoning and that seeks consideration by the ISO of NESCOE's position regarding that requirement. Where the ISO agrees with a stated stakeholder position, or on its own finding, the ISO may perform an

evaluation under Sections 4A.2 through 4A.4 of this Attachment of a federal public policy not otherwise identified by NESCOE.

4A.2 Preparation for Conduct of Public Policy Transmission Studies; Stakeholder Input

Upon receipt of the NESCOE request, or as the result of a study related to a federal public policy requirement initiated by the ISO pursuant to Section 4A.1.1, the ISO will prepare and post on its website a proposed scope for the Public Policy Transmission Study, and associated parameters and assumptions, and provide the foregoing to the Planning Advisory Committee by no later than June 1 of the request year. A meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit stakeholder input for consideration by NESCOE and the ISO on the scope, parameters and assumptions for those public policies that have been identified by NESCOE. In the case of an ISO-initiated study regarding a federal public policy under Section 4A.1.1, the ISO shall determine, with input from the Planning Advisory Committee, the scope, parameters and assumptions for the study.

4A.3 Conduct of Public Policy Transmission Studies; Stakeholder Input

In the case of public policy requirements that have been identified by NESCOE, following NESCOE's consideration of input and upon receipt in writing from NESCOE of the final scope, parameters and assumptions for the Public Policy Transmission Study, the ISO will conduct the initial phase of the study, and provide NESCOE and the Planning Advisory Committee with the results of its analyses. In the case of a federal public policy study, initiated by the ISO pursuant to Section 4A.1.1, the ISO will conduct the initial phase of the study utilizing the scope, parameters and assumptions that the ISO has identified with input from the Planning Advisory Committee, and will provide NESCOE and the Planning Advisory Committee with the result of its analysis. With input from PAC and potentially impacted PTOs, ISO will develop a rough estimate of the costs and benefits of conceptual projects that could meet transmission needs driven by public policy requirements. As part of the initial phase of the Public Policy Transmission Study, the results will be posted on the ISO's website, and a meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input for NESCOE and the ISO on the results of the initial phase of the study, and the scope, parameters and assumptions for any follow-on phase of the study. Except for studies for federal public policy requirements initiated by the ISO pursuant to Section 4A.1.1, following NESCOE's receipt and consideration of input, and upon receipt of a request in writing from NESCOE to proceed, the ISO will − as a follow-on phase of the Public Policy Transmission Study − perform more detailed

analysis and engineering work on the conceptual projects. In its notice to proceed, NESCOE may include in, or exclude from, the follow-on study, particular conceptual projects or alternatives, and may provide associated parameters and assumptions for the follow-on study. In the case of studies for federal public policy requirements initiated by the ISO pursuant to Section 4A.1.1, the ISO will proceed to the follow-on study phase without a request from NESCOE and will utilize parameters and assumptions that the ISO determines to be appropriate with input from the Planning Advisory Committee. This follow-on study will provide more detail regarding options for system upgrades that would need to be performed in order to accommodate the public policy alternatives for which the follow-on ISO study has been requested.

4A.4 Response to Follow-On Phase of Public Policy Transmission Studies

The results of the follow-on phase of the Public Policy Transmission Study will be provided to NESCOE and the Planning Advisory Committee and posted on the ISO's website, and a meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input for NESCOE and the ISO on those results. The ISO's costs of performing both phases of the Public Policy Transmission Study described in Section 4A.3 will be collected by the ISO pursuant to Schedule 1 of Section IV.A of the Tariff. Any prudently incurred PTO costs for assistance requested by the ISO to support both phases of the Public Policy Transmission Study will be recovered by the applicable PTO(s) in accordance with Attachment F and Schedule 21 of the Tariff.

Upon NESCOE's receipt and consideration of Planning Advisory Committee input, NESCOE may provide the ISO, within ninety days of receipt, with a written list of transmission options if any, that one or more of the states are interested in exploring further through Stage One Proposals, including transmission options identified through ISO-initiated studies for a federal public policy requirement pursuant to Section 4A.1.1, together with a matrix of the key desirable features for each of the options that will be explored further. The matrix is non-binding on any subsequent decision by any state in connection with any project proposal. The list will indicate which states have elected to support further analysis of these options. The ISO will provide the results of the Public Policy Transmission Study and the NESCOE list/matrix to Qualified Transmission Project Sponsors for their use in preparing Stage One Proposals to develop, build and operate one or more projects based on the options identified by NESCOE for further exploration. The ISO may refer to the matrix in assessing Stage One Proposals.

Where there is an ISO-initiated study for federal public policy pursuant to Section 4A.1.1 that is not selected by one or more states through NESCOE for further development through Stage One proposals, the ISO will determine the appropriate next steps to take with regard to such study with input from NESCOE and the Planning Advisory Committee. The ISO will not undertake steps in the regional planning process with regard to such a study that have not been approved by the Commission where necessary.

Neither the submission of a project by a Qualified Transmission Project Sponsor nor the selection in a Public Policy Transmittal of a project submitted by a Qualified Transmission Project Sponsor for inclusion in the RSP Project List shall alter a PTO's use and control of an existing right of way, the retention, modification, or transfer of which remain subject to the relevant law or regulation, including property or contractual rights, that granted the right-of-way. Nothing in the processes described in this Attachment K shall require a PTO to relinquish any of its rights-of-way in order to permit a Qualified Transmission Project Sponsor to develop, construct or own a project.

4A.5 Stage One Proposals

(a) Information Required for Stage One Proposals

For each general project concept identified by the ISO pursuant to Section 4A.3 above, Qualified Transmission Project Sponsors may, prepare (by the deadline specified by the ISO) a Stage One Proposal providing the following information:

(i) a detailed description of the proposed solution, including an identification of the proposed route for the solution and technical details of the project;

(ii) a detailed explanation of how the proposed solution addresses the identified need;

(iii) feasibility studies, as requested by ISO, to demonstrate how the proposed solution would address the identified need;

(iv) the proposed schedule for development and completion of the proposed solution;

(v) right, title, and interest in rights of way, substations, and other property or facilities, if any, that would contribute to the proposed solution or the means and timeframe by which such would be obtained;

(vi) a list of affected existing transmission system facilities that the Qualified Transmission Project Sponsor believes will require modification as part of the proposal;

(vii) the estimated lifecycle cost of the proposed solution, including an itemization of the components of the cost estimate; and

(viii) any other information or supporting documentation required to address the matrix provided by NESCOE in accordance with Section 4A.4.

(b) LSP Coordination

Sponsors of Stage One Proposals shall also identify any LSP plans that require coordination with their proposals.

(c) Preliminary Review by ISO

Upon receipt of Stage One Proposals, the ISO shall perform a preliminary feasibility review of each proposal to determine whether the proposed solution:

(i) provides sufficient data and that the data is of sufficient quality to satisfy Section 4A.5(a);

(ii) appears to satisfy the NESCOE-identified needs driven by public policy requirements;

(iii) is technically practicable and indicates possession of, or an approach to acquiring, the necessary rights of way, property and facilities that will make the proposal reasonably feasible in the required timeframe; and;

(iv) is eligible to be constructed only by an existing PTO in accordance with Schedule 3.09(a) of the TOA because the proposed solution is an upgrade to existing PTO facilities or because the costs of the proposed solution are not eligible for regional cost allocation under the OATT and will be allocated only to the local customers of a PTO.

(d) Proposal Deficiencies; Further Information

If the ISO identifies any deficiencies (compared with the requirements of Section 4A.5(a)) in the information provided in connection with a proposed Stage One Proposal, the ISO will notify the Stage One Proposal sponsor and provide an opportunity for the sponsor to cure the deficiencies within the timeframe specified by the ISO. Upon request, sponsors of Stage One Proposals shall provide the ISO with additional information reasonably necessary for the ISO's evaluation of the proposed solutions.

(e) List of Qualifying Stage One Proposals; NESCOE Response

The ISO will provide NESCOE and the Planning Advisory Committee with, and post on the ISO's website, a list of Stage One Proposals that meet the criteria of Section 4A.5(c), including any ISO comments on the proposals in relation to the elements of the NESCOE matrix. A meeting of the Planning Advisory Committee will be held promptly thereafter in order to solicit input for NESCOE and the ISO on that list. The ISO shall also indicate whether any of the projects may also satisfy identified reliability needs of the system. Information on Stage One Proposals containing CEII will be posted on the ISO's protected website consistent with Section 2.4(d) of this Attachment.

(f) Stage Two Cost Estimate Requests

NESCOE may request from any Qualified Transmission Project Sponsor a written estimate of the anticipated costs of proceeding with Stage Two Solution study work, and the Qualified Transmission Project Sponsor shall respond within the timeframe specified by NESCOE. If a Qualified Transmission Project Sponsor thereafter expects the actual costs of the studies to exceed the estimated costs by 25 percent, the sponsor shall provide ISO and NESCOE a revised estimate of the costs to complete the work. The ISO may receive a communication from NESCOE, within ten days of its receipt of a Qualified Transmission Project Sponsor's revised estimate, indicating whether NESCOE accepts the revised estimate. If such a communication is received from NESCOE within that timeframe indicating that NESCOE does not accept the revised estimate, then the ISO shall promptly advise the project sponsor to stop work. A Qualified Transmission Project Sponsor shall be entitled to recover its actual costs prudently incurred up to that point. If (a) a communication from NESCOE is not received within ten days or (b) NESCOE accepts the revised estimate, then the Qualified Transmission Project Sponsor may continue study work consistent with the revised estimate unless and until it once again expects to exceed the estimate by 25 percent, in which case the Qualified Project Transmission Sponsor shall again follow the notification steps set out in this Section.

(g) NESCOE Identification of Projects for Stage Two Solutions

Within 120 calendar days of the Planning Advisory Committee meeting described in Section 4A.5(e), the ISO may receive from NESCOE a written list of projects included in Stage One Proposals, if any, that one or more of the states are interested in exploring further. In order for the ISO to proceed with the development of Stage Two Solutions, the list will indicate which states have elected to receive further analysis on the identified projects, and will therefore fund the development of the related Stage Two Solutions. For any policy need for which NESCOE

has not, within that timeframe, identified a project, the public policy planning process for that cycle shall end.

4A.6 Reimbursement of Stage One Proposal and Stage Two Solution Costs

Qualified Transmission Project Sponsors that are requested by NESCOE in writing or by one or more states' governors or regulatory authorities directly to submit a Stage One Proposal shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff and the TOA, their prudently incurred costs from the Regional Network Load of the states identified by NESCOE in the written communication as having made the request or from the Regional Network Load of the states that made the request directly. Stage One Proposal costs shall otherwise not be subject to recovery under the ISO Tariff.

Qualified Transmission Project Sponsors whose projects are listed by NESCOE pursuant to Section 4A.5(g) shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff and, as applicable, the TOA and NTDOA, all prudently incurred costs associated with developing a Stage Two Solution. PTOs shall be entitled to recover, pursuant to rates and appropriate financial arrangements set forth in the Tariff, all prudently incurred study costs and costs associated with developing any upgrades or modifications to such PTOs' existing facilities necessary to facilitate the development of a listed project proposed by any other Qualified Transmission Project Sponsor.

4A.7 Stage Two Solutions

The ISO will work with Qualified Transmission Project Sponsors of projects listed by NESCOE pursuant to Section 4A.5(g) and with affected PTOs to evaluate and further develop the listed projects to create Stage Two Solutions. The ISO will provide analysis to the Planning Advisory Committee regarding the performance of each Stage Two Solution. Within 90 calendar days, the ISO may receive from the participating states through NESCOE a written list of the preliminary preferred Stage Two Solution for each objective reflected in the list provided by NESCOE pursuant to Section 4A.5(g). The ISO will report the preliminary preferred Stage Two Solution(s), along with its views as to whether the preferred solution(s) also satisfies identified reliability needs of the system, to NESCOE and the Planning Advisory Committee and seek stakeholder input on the preliminary preferred solutions.

4A.8 Time Period During Which the ISO May Receive a Public Policy Transmittal

The ISO may receive a Public Policy Transmittal within twelve months from the date that the ISO communicates its analysis of the preliminary preferred Stage Two Solutions to NESCOE as discussed in Section 4A.7. If a Public Policy Transmittal is not received with the time period specified in this Section 4A.8, the public policy planning cycle shall conclude.

4A.9 Inclusion of Public Policy Transmission Upgrades in the Regional System Plan and RSP Project List; Subsequent State Opt-In; Removal from RSP Project List

(a) Inclusion of Public Policy Transmission Upgrades in the Regional System Plan and RSP Project List

Upon receipt of a Public Policy Transmittal, the ISO shall notify the corresponding Qualified Transmission Project Sponsors, and include in the Regional System Plan and RSP Project List, as Public Policy Transmission Upgrade(s), the project(s) indicated as having been approved for inclusion in the Regional System Plan by the respective states. Costs will be allocated under the method specified in the Public Policy Transmittal, using the mechanisms used in the Tariff and/or other documents filed with and accepted by the Commission by the applicable PTOs in accordance with the TOA or by a Qualified Transmission Project Sponsor that is not a PTO; *provided, however*, that if the opting-in states do not specify a different cost allocation mechanism, the costs of such Public Policy Transmission Upgrade(s) shall be allocated to the network load for all opting-in states based on each state's respective load-ratio share of the Qualified Transmission Project Sponsors' proposal/solution costs for that project. If not already a party to the TOA, each Qualified Transmission Project Sponsor for a Public Policy Transmission Upgrade shall execute the TOA upon placing the upgrade into service.

(b) Milestone Schedules

Within 30 Business Days of its receiving notification pursuant to Section 4A.9(a) of this Attachment, the Qualified Transmission Project Sponsor shall submit to the ISO (and shall update periodically) a schedule that indicates the dates by which applications for siting and other approvals necessary to develop and construct the project by the required in-service date shall be submitted. Within 30 Business Days of its receiving all necessary siting and other approvals, the Qualified Transmission Project Sponsor shall submit to the ISO (and shall update periodically) a schedule of dates by which typical project construction phases will be completed. If the ISO finds, after consultation with the Qualified Transmission Project Sponsor, that the sponsor is

failing to pursue approvals or construction in a reasonably diligent fashion, or that the sponsor is unable to proceed with the project due to forces beyond its reasonable control, the ISO shall prepare a report, including a proposed course of action. If prepared with respect to a Qualified Transmission Project Sponsor that is a PTO, the report shall be made consistent with the provisions of Section 1.1(e) of Schedule 3.09(a) of the Transmission Operating Agreement. If prepared with respect to a Qualified Transmission Project Sponsor that is not a PTO, the report shall include a report from that sponsor. The ISO shall file its report with the Commission.

(c) Subsequent State Opt-In

To the extent that a state opts in as a supporter of a Public Policy Transmission Upgrade at the Public Policy Transmittal stage, but did not opt in for the corresponding project at the Stage One Proposal or the Stage Two Solutions stage, the Regional Network Load and Local Network Load for such state will be charged its respective load-ratio share of the Qualified Transmission Project Sponsors' proposal/solution costs for that project pursuant to OATT Schedules 13 and/or 21, as applicable, with corresponding credits to the Regional Network Load and Local Network Load of the previously opting-in states.

(d) Removal from RSP Project List

If a Public Policy Transmission Upgrade is removed from the RSP Project List by the ISO pursuant to Section 3.6(c), the entity responsible for the construction of the Public Policy Transmission Upgrade shall be reimbursed for any costs prudently incurred or prudently committed to be incurred (plus a reasonable return on investment at existing Commission-approved ROE levels) in connection with the planning, designing, engineering, siting, permitting, procuring and other preparation for construction, and/or construction of that Public Policy Transmission Upgrade.

4A.10 Local Public Policy Transmission Upgrades

The costs of Local Public Policy Transmission Upgrade(s) that are required in connection with the construction of a Public Policy Transmission Upgrade approved for inclusion in the Regional System Plan in accordance with Section 4A.9 shall be allocated in accordance with Schedule 21 of the ISO OATT.

4B. Qualified Transmission Project Sponsors

4B.1 Periodic Evaluation of Applications

The ISO will periodically evaluate applications submitted by an entity that seeks to qualify as a sponsor of a proposed Reliability Transmission Upgrade, Market Efficiency Transmission Upgrade or Public Policy Transmission Upgrade.

4B.2 Information To Be Submitted

The application to be submitted to the ISO by an entity, other than a PTO or a Commission-approved ITC that has an existing operating agreement with the ISO (any of which shall be deemed to be a Qualified Transmission Project Sponsor), desiring to be a Qualified Transmission Project Sponsor will include the following information:

(i) the current and expected capabilities of the applicant to finance, license, and construct a Reliability Transmission Upgrade, Market Efficiency Transmission Upgrade or Public Policy Transmission Upgrade and operate and maintain it for the life of the project;

(ii) the financial resources of the applicant;

(iii) the technical and engineering qualifications and experience of the applicant;

(iv) if applicable, the previous record of the applicant regarding construction and maintenance of transmission facilities;

(v) demonstrated capability of the applicant to adhere to construction, maintenance and operating Good Utility Practices, including the capability to respond to outages;

(vi) the ability of the applicant to comply with all applicable reliability standards;

(vii) the legal status of the applicant;

(viii) the extent to which the applicant satisfies state legal or regulatory requirements for siting, constructing, owning and operating transmission projects;

(ix) the experience of the applicant and its team in acquiring rights of way, and the authority to acquire rights of way by eminent domain, if necessary, that would facilitate approval and construction;

(x) demonstrated ability of the applicant to meet development and completion schedules; and

(xi) demonstrated ability of the applicant to assume liability for major losses resulting from failure of facilities.

4B.3 Review of Qualifications

The ISO shall review each application for completeness. The ISO will notify each applicant within 30 calendar days of receipt of such application whether the application is complete, or identify any deficiencies in provision of the information required by Section 4B.2 of this Attachment. An applicant notified of deficiencies must provide any remedial information within 30 calendar days of the receipt of such notice. Thereafter, the ISO will determine whether the applicant is physically, technically, legally, and financially capable of constructing a Reliability Transmission Upgrade, Market Efficiency Transmission Upgrade or Public Policy Transmission Upgrade in a timely and competent manner, and operating and maintaining the facilities consistent with Good Utility Practice and applicable reliability criteria for the life of the project. A non-PTO entity determined by the ISO to meet all of these criteria will, upon its execution of the Non-incumbent Transmission Developer Operating Agreement (in the form specified in Attachment O of the OATT) and the Market Participant Service Agreement, be deemed a Qualified Transmission Project Sponsor.

4B.4 List of Qualified Transmission Project Sponsors

The ISO will post and maintain on its website a list of Qualified Transmission Project Sponsors.

5. Supply of Information and Data Required for Regional System Planning

The Transmission Owners, Generator Owners, Transmission Customers, Market Participants and other entities requesting transmission or interconnection service or proposing the integration of facilities to PTF in the New England Transmission System or alternatives to such facilities, and stakeholders requesting a Needs Assessment pursuant to Section 4.1 of this Attachment, shall supply, as required by the Tariff, the Participants Agreement, MPSAs, applicable transmission operating agreements, and/or other existing agreements, protocols and procedures, or upon request by the ISO, and subject to required CEII and confidentiality protections as specified in Section 2.4 of this Attachment, any information (including cost estimates) and data that is reasonably required to prepare an RSP or to perform a Needs Assessment or Solutions Study.

6. Regional, Local and Inter-Area Coordination

6.1 Regional Coordination

The ISO shall conduct the regional system planning process for the PTF in coordination with the transmission-owning entities in, or other entities interconnected to, the New England Transmission System consistent with the rights and obligations defined in the ISO OATT, applicable transmission operating agreements or protocols, and/or this Attachment. Pursuant to Section II.49 of this OATT and Sections 3.02, 3.05 and 3.09 of the TOA, the ISO has Operating Authority or control over all PTF and Non-PTF within the New England Control Area, which are utilized for the provision of transmission service under this OATT. The ISO also has Operating Authority or control over the United States portions of the HVDC ties to Quebec and over Merchant Transmission Facilities and Other Transmission Facilities, pursuant to this OATT or applicable transmission operating agreements or protocols. The ISO, however, is not responsible for the planning of the Non-PTF, OTF and MTF. As provided in Section 6.2 and Appendix 1 of this Attachment, the PTOs are responsible for the planning of the Non-PTF and coordinating such planning efforts with the ISO. Pursuant to the OATT and/or applicable transmission operating agreements or protocols, the transmission owners of OTF and MTF are required to participate in the ISO's regional system planning process and perform and/or support studies of the impacts of regional system projects on their respective facilities.

6.2 Local Coordination

The regional system planning process shall be conducted and the annual RSP shall be developed in coordination with the local system plans of the PTOs. In accordance with the TOA and OATT provisions identified in Section 6.1 of this Attachment, the PTOs have responsibility for planning Non-PTF. The PTOs conduct planning of Non-PTF using the LSP process outlined in Section 2.5 and Appendix 1 of this Attachment, in coordination with the ISO, other entities interconnected with the New England Transmission System, Transmission Customers and stakeholders, and in accordance with the provisions in the TOA, the OATT and the Planning and Reliability Criteria. The openness and transparency of the LSP process is intended to be consistent with the regional system planning process.

6.3 Inter-Area Coordination

The regional system planning process shall be conducted and the annual RSP shall be developed in coordination with the similar plans of the surrounding ISOs/RTOs and Control Areas pursuant to the Northeastern ISO/RTO Planning Coordination Protocol and other agreements with neighboring systems and NPCC. Inter-area planning studies shall be conducted over as broad a region as feasible, including adjacent Canadian systems who are members of NPCC, or its successor organization, and, as appropriate, MAAC and Reliability First, or their successor organizations. The ISO shall convene periodic meetings of the Planning Advisory Committee, within the scope of its respective functions of Section 2 of this

Attachment, to provide input and feedback to the ISO concerning an Inter-area needs assessment and identification of potential market and regulated responses to the ISO's identification of inter-area needs.

7. Procedures for Development and Approval of the RSP

7.1 Initiation of RSP

Every year, the ISO shall initiate an effort to develop its annual RSP and solicit input on regional system needs for the RSP from the Planning Advisory Committee. The Planning Advisory Committee shall meet to perform its respective functions in connection with the preparation of the RSP, as specified in Section 2 of this Attachment.

7.2 Draft RSP; Public Meeting

On or about August of each year, the ISO shall provide a draft of the RSP to the Planning Advisory Committee and input from that Committee shall be received and considered in preparing and revising subsequent drafts. The ISO shall post the draft RSP and provide notice to the Planning Advisory Committee of a meeting to review the draft RSP as specified in Section 2.2 of this Attachment.

On or about September of each year, the ISO shall issue a second draft of the RSP to be presented by the ISO staff to the ISO Board of Directors for approval. The draft RSP shall incorporate the results of any Needs Assessment, and corresponding Solutions Studies, performed since the last RSP was approved. A subcommittee of that Board shall hold a public meeting, at their discretion, to receive input directly and to discuss any proposed revisions to the RSP. The final recommended RSP shall be presented to the ISO Board of Directors no later than September 30 of each year and shall be acted on by the ISO Board of Directors within 60 days of receipt. The foregoing timeframes are subject to adjustment as determined by the ISO in coordination with the Planning Advisory Committee.

7.3 Action by the ISO Board of Directors on RSP; Request for Alternative Proposals

(a) Action by ISO Board of Directors on RSP

The ISO Board of Directors may approve the recommended draft RSP as submitted, modify the RSP or remand all or any portion of it back with guidance for development of a revised recommendation. The Board of Directors may consider the RSP in executive session, and shall consider in its deliberations the views of the subcommittee of the Board of Directors reflecting the public meeting held pursuant to Section 7.2 of this Attachment. In considering whether to approve the draft RSP, the Board of Directors may, if it finds a proposed Reliability Benefit Upgrade not to be viable, or if no Reliability Benefit Upgrade has been proposed, direct the ISO

staff to meet with the affected load serving entities and State entities in order to develop an interim solution. Should that effort fail, and as a last resort, the Board of Directors may direct the ISO to issue a Request For Alternative Proposal ("RFAP"), subject to the procedures described below, and may withhold approval of the draft RSP, or portions thereof, pending the results of that RFAP and any Commission action on any resulting jurisdictional contract or funding mechanism. The ISO shall provide a written explanation as to any subsequent changes or modification made in the final version of the RSP.

(b) Requests For Alternative Proposals

(i) The RFAP shall seek generation, demand-side and merchant transmission alternatives that can be implemented rapidly and provide substantial reliability benefits over the period solicited in the RFAP, and normally will focus on an interim ("gap") solution until an identified Reliability Transmission Upgrade has been placed in-service. The ISO will file a proposed RFAP with the Commission for approval at least 60 days prior to its issuance. The filing shall explain why the issuance of an RFAP is necessary.

(ii) The ISO staff shall provide the Board of Directors and subject to confidentiality requirements, the Planning Advisory Committee with an analysis of the alternatives offered in response to the RFAP, and provide a recommendation together with a funding mechanism reflecting input from the Planning Advisory Committee.

(iii) The ISO may enter into contracts awarded pursuant to an RFAP process, and/or propose a funding mechanism. Bidders that are awarded contracts through the RFAP process shall file those contracts with the Commission for approval of the rates to be charged thereunder to the extent that such contracts are for services that are jurisdictional to the Commission. The ISO shall file related or separate funding mechanisms with the Commission as well. All other contracts entered into pursuant to an RFAP shall be filed with the Commission for informational purposes.

(iv) The Board of Directors will reflect the results of the RFAP process in the approved RSP.

8. Obligations of PTOs to Build; PTOs' Obligations, Conditions and Rights

In accordance with the TOA, PTOs designated by the ISO as the appropriate entities to construct and own or finance Transmission Upgrades included in the RSP shall construct and own or finance such facilities or enter into appropriate contracts to fulfill such obligations. In the event that a PTO: (i) does not construct or indicates in writing that it does not intend to construct a Transmission Upgrade included in the RSP; or (ii)
demonstrates that it has failed (after making a good faith effort) to obtain necessary approvals or property rights under applicable law, the ISO shall promptly file with the Commission a report on the results of the planning process, which report shall include a report from the PTO responsible for the planning, design or construction of such No. 3 Open Access Transmission Tariff Section II – Attachment K – Regional System Planning Process Transmission Upgrade, in order to permit the Commission to determine what action, if any, it should take.

In connection with regional system planning, the ISO will not propose to impose on any PTO obligations or conditions that are inconsistent with the explicit provisions of the TOA or deprive any PTO of any of the rights set forth in the TOA.

Subject to necessary approvals and compliance with Section 2.06 of the TOA, nothing in this OATT shall affect the right of any PTO to expand or modify its transmission facilities in the New England Transmission System on its own initiative or in response to an order of an appropriate regulatory authority. Such expansions or modifications shall conform with: (a) Good Utility Practice; (b) applicable reliability principles, guidelines, criteria, rules, procedures and standards of national, regional, and local reliability councils that may be in existence; and (c) the ISO and relevant PTO criteria, rules, standards, guides and policies. The ISO reserves its right to challenge the permitting of such expansions or modifications.

9. Merchant Transmission Facilities

9.1 General

Subject to compliance with the requirements of the Tariff and any other applicable requirements with respect to the interconnection of bulk power facilities with the New England Transmission System, any entity shall have the right to propose and construct the addition of transmission facilities ("Merchant Transmission Facilities"), none of the costs of which shall be covered under the cost allocation provisions of this OATT. Any such Merchant Transmission Facilities shall be subject to the requirements of Section

9.2 of this Attachment. In performing studies in connection with the RSP, the prospect that proposed Merchant Transmission Facilities will be completed shall be accounted for as will the prospect that proposed generating units will be completed.

9.2 Operation and Integration

All Merchant Transmission Facilities shall be subject to: (i) an agreement to transfer to the ISO operational control authority over any facilities which constitute part of the Merchant Transmission Facilities that are to be integrated with, or that will affect, the New England Transmission System; and (ii) taking such other action as may be required to make the facility available for use as part of the New England Transmission System.

9.3 Control and Coordination

Until such time as a Merchant Transmission Owner has transferred operational control over its Merchant Transmission Facilities to the ISO pursuant to Section 9.2(i), all such Merchant Transmission Facilities shall be subject to the operational control, scheduling and maintenance coordination of the System Operator in accordance with the Tariff.

10. Cost Responsibility for Transmission Upgrades

The cost responsibility for each upgrade, modification or addition to the transmission system in New England that is included with the status of "Planned" in the RSP Project List as defined in Section 3.6 of this Attachment shall be determined in accordance with Schedule 12 of this OATT.

11. Allocation of ARRs

The allocation of ARRs in connection with Transmission Upgrades is addressed in Section III.C.8 of the Tariff.

12. Dispute Resolution Procedures

12.1 Objective

Section 12 of this Attachment sets forth a dispute resolution process (the "Regional Planning Dispute Resolution Process") through which regional transmission planning-related disputes may be resolved as expeditiously as possible.

12.2 Confidential Information and CEII Protections

All information disclosed in the course of the Regional Planning Dispute Resolution Process shall be subject to the protection of confidential information and CEII consistent with the ISO New England Information Policy and CEII policy.

12.3 Eligible Parties

Any member of the Planning Advisory Committee that has been adversely affected by a Reviewable Determination, defined in Section 12.4(a) of this Attachment, with respect to the regional system planning process described in this Attachment is eligible to raise its dispute, as appropriate, under this Dispute Resolution Process ("Disputing Party").

12.4 Scope

In order to ensure that the regional transmission planning process set forth under this Attachment moves expeditiously forward, the scope of issues that may be subject to the Regional Planning Dispute Resolution Process under this Section 12 shall be limited to certain key procedural and substantive decisions made by the ISO within its authority as specified in documents on file with the Commission. That is, decisions not subject to resolution within the jurisdiction of the Commission are not within the scope of the Regional Planning Dispute Resolution Process. Examples of matters not within the scope of the Regional Planning Dispute Resolution Process include planning to serve retail native load or state siting issues. Additionally, the Tariff already explicitly provides specific dispute resolution procedures for various matters. To this end, any matter regarding the review and approval of applications pursuant to Section I.3.9 of the Tariff, which is subject to the dispute resolution process under Section I.6 of the Tariff, shall not be within the scope of this Regional Planning Dispute Resolution Process. Similarly, any matter regarding Transmission Cost Allocation shall be governed by the dispute resolution process under Schedule 12 of the OATT, and shall be outside the scope of this Regional Planning Dispute Resolution Process.

(a) Reviewable Determinations

The determinations that may be subject to the Regional Planning Dispute Resolution Process under this Section 12 that include certain procedural and substantive challenges that may arise at limited designated key decision points in the regional transmission planning process for PTF. Procedural challenges will be limited to whether or not the steps taken up to a designated key decision point conform to the requirements set forth in this Attachment. Substantive challenges will be limited to whether or not a determination or conclusion rendered at a designated key decision point was supported by adequate basis in fact.

The designated key decision points for Reviewable Determinations shall be limited to the following:

(i) Results of a Needs Assessment conducted and communicated by the ISO to the Planning Advisory Committee as specified in Section 4.1 of this Attachment;

(ii) Updates to the RSP Project List, including adding, removing or revising regulated transmission solutions included thereunder, as presented at the Planning Advisory Committee and as specified in Section 3.6 of this Attachment;

(iii) Results of Solutions Studies conducted and communicated by the ISO to the Planning Advisory Committee as specified in Section 4.2 of this Attachment;

(iv) Consideration of market responses in Needs Assessments as specified in Section 4.2 of this Attachment;

(v) Substance of Economic Studies to be conducted by the ISO in a given year as specified in Section 4.1(b) of this Attachment; and

(vi) Prioritization of Economic Studies to be performed in a given year where the Planning Advisory Committee is not able to prioritize them as specified in Section 4.1(b) of this Attachment.

(b) Material Adverse Impact

In order to prevail in a challenge to a procedural-based Reviewable Determination, the Disputing Party must show that the alleged procedural error had a material adverse impact on the determination or conclusion. In order to prevail in a challenge to a substantive-based Reviewable Determination, the Disputing Party must show that either (i) the determination is based on incorrect data or assumptions or (ii) incorrect analysis was performed by the ISO, and (iii) as a result the ISO made an incorrect decision or determination.

12.5 Notice and Comment

A Disputing Party aggrieved by a Reviewable Determination shall have fifteen (15) calendar days upon learning of the Reviewable Determination following the ISO's presentation of such Reviewable Determination at the Planning Advisory Committee to request dispute resolution by giving notice to the ISO ("Request for Dispute Resolution"). A Request for Dispute Resolution shall be in writing and shall be addressed to the ISO's Chair of the Planning Advisory Committee and, as appropriate, the affected Transmission Owner. Within three (3) Business Days of the receipt by the ISO of a Request for Dispute Resolution, the ISO shall prepare and distribute to all members of the Planning Advisory Committee a notice of the Request for Dispute Resolution including, subject to the protection of Confidential Information and CEII, the specifics of the Request for Dispute Resolution and providing the name of an ISO representative to whom any comments may be sent. Any member of the Planning Advisory Committee may submit to the ISO's designated representative, on or before the tenth (10th) Business Day following the date the ISO distributes the notice of the Request for Dispute Resolution, written comments to the ISO with respect to the Request for Dispute Resolution. The party filing the Request for Dispute Resolution may respond to any such comments by submitting a written response to the ISO's designated representative and to the commenting party on or before the fifteenth (15th) Business Day following the date the ISO distributes the notice of the Request for Dispute Resolution. The ISO may, but is not required to, consider any written comments.

12.6 Dispute Resolution Procedures

(a) Resolution Through the Planning Advisory Committee

The Planning Advisory Committee shall discuss and resolve any dispute arising under this Attachment involving a Reviewable Determination, as defined in Section 12.4 of this Attachment, between and among the ISO, the Disputing Party, and, as appropriate, the affected Transmission Owner (collectively, "Parties") (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution).

(b) Resolution Through Informal Negotiations

To the extent that the Planning Advisory Committee is not able to resolve a dispute arising under this Attachment involving a Reviewable Determination, as defined in Section 12.4 of this Attachment, between and among the ISO, the Disputing Party, and, as appropriate, the affected Transmission Owner, such dispute shall be the subject of good-faith negotiations among the Parties. Each Party shall designate a fully authorized senior representative for resolution on an informal basis as promptly as practicable.

(c) Resolution Through Alternative Dispute Resolution

In the event the designated representatives are unable to resolve the dispute through informal negotiation within thirty (30) days, or such other period as the Parties may agree upon, by mutual agreement of the Parties, such dispute may be submitted to mediation or any other form of alternative dispute resolution upon the agreement of all Parties to participate in such mediation or other alternative dispute resolution process. Such form of alternative dispute resolution shall not include binding arbitration.

If a Party identifies exigent circumstances reasonably requiring expedited resolution of the dispute, such Party may file a Complaint with the Commission or seek other appropriate redress before a court of competent jurisdiction.

12.7 Notice of Dispute Resolution Process Results

Within three (3) Business Days following the resolution of a dispute pursuant to either Section 12.6(b) or Section 12.6(c) of this Attachment, the ISO shall distribute to the Planning Advisory Committee a document reflecting the resolution.

13. Rights Under The Federal Power Act

Nothing in this Attachment shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

ATTACHMENT K APPENDIX 1

ATTACHMENT K -LOCAL

LOCAL SYSTEM PLANNING PROCESS

APPENDIX 1

ATTACHMENT K -LOCAL

LOCAL SYSTEM PLANNING PROCESS

1. Local System Planning Process

1.1 General

In circumstances where transmission system planning for Non-Pool Transmission Facilities ("Non-PTF")[1], including Local Public Policy Transmission Upgrades, is taking place in New England that is not incorporated into the RSP planning process, the following Local System Plan ("LSP") process will be utilized for transmission planning purposes. The purpose of the LSP is to enable formal stakeholder input to planning for Non-PTF that is not incorporated into the RSP. The LSP shall ensure the opportunity for Planning Advisory Committee participation in the LSP process. The LSP will not be subject to approval by the ISO or the ISO Board under the RSP.

1.2 Planning Advisory Committee Review

The Planning Advisory Committee shall periodically provide input and feedback to the PTOs concerning the development of the LSP and the conduct of associated system enhancement and expansion studies. It is contemplated that LSP issues for identified local areas will be periodically addressed at the end of regularly scheduled Planning Advisory Committee meetings. Regular meetings of the Planning Advisory Committee shall be extended as necessary to serve the purposes of this section. Each PTO contemplating the addition of new Non-PTF will present its respective LSP to the Planning Advisory Committee not less than once per year. Not less than every three years, each PTO will post a notice indicating that members of the Planning Advisory Committee, NESCOE, or any state may provide the PTO with input regarding state and federal public policy requirements identified as driving transmission needs relating to the Non-PTF and regarding particular local transmission needs driven by public policy requirements. The PTO will provide a written explanation, to be posted on the ISO website, of which transmission needs driven by public policy requirements the PTO will evaluate for potential solutions in the LSP planning process.

1.3 Role of the PTOs

Each PTO will be responsible for administering the LSP process pertaining to its own Non-PTF, including Local Public Policy Transmission Upgrades, by presenting LSP information to the Planning

[1] For absence of doubt, the PTOs clarify that Non-PTF is meant to include Category B and Local Area Facilities as defined by the TOA.

Advisory Committee, developing an appropriate needs analysis and addressing LSP needs within its local area. In developing its LSP, each PTO will ensure comparable treatment of similarly situated customers or potential customers and will take into consideration data, comments and specific requests supplied by the Planning Advisory Committee, Transmission Customers and other stakeholders. To the extent that generation and/or demand resources are identified that could impact planning for Non-PTF, each PTO will take such resources into account when developing the LSP for its facilities, consistent with Good Utility Practice. Each PTO will also be responsible for addressing issues or concerns arising out of Planning Advisory Committee review of its proposed LSP and posting its LSP and the LSP Project List.

1.4 Description of LSP

The LSP shall describe the projected improvements to Non-PTF that are needed to maintain system reliability or as Local Public Policy Transmission Upgrades, and shall reflect the results of such reviews within the limited geographical areas that pertain to the LSP, as determined by each PTO ("LSP Needs Assessments"), and corresponding system planning and expansion studies. The LSP Needs Assessments will be coordinated with the RSP and include the information that the ISO-NE incorporates into the RSP plans, as applicable. The proponents of regulated transmission proposals in response to LSP Needs Assessments shall also identify any RSP plans that require coordination with their regulated transmission proposals addressing the Non-PTF system needs.

The LSP shall identify the planning process, criteria, data, and assumptions used to develop the LSP. To the extent the current LSP utilizes data, assumptions or criteria used by the ISO in the RSP, any such data, assumptions or criteria will also be identified in the LSP.

Each PTO shall consult with NESCOE and applicable states and consider their views prior to including a Local Public Transmission Upgrade in its LSP.

Each PTO's LSP will be made available on a website for review by the Planning Advisory Committee, Transmission Customers and other stakeholders, subject to the ISO New England Information Policy and CEII restrictions or requirements. The ISO's posting of the RSP and the RSP Project List will include links to each PTO's specific LSP posting.

The LSP of a particular PTO shall be posted not less than 3 business days prior to its presentation by the PTO to the Planning Advisory Committee. The Planning Advisory Committee, Transmission Customers, and other stakeholders will have 30 days from the date of the PTO's presentation to the Planning Advisory Committee to provide any written comments for consideration by the PTO. The LSP shall

specify the physical characteristics of the solutions that can meet the needs identified in the LSP. The LSP shall provide sufficient information to allow Market Participants to assess the quantity, general locations and operating characteristics of the type of incremental supply or demand-side resources, or merchant transmission projects, that would satisfy the identified needs or that may serve to modify, offset or defer proposed regulated transmission upgrades.

Each year's LSP shall be based upon the LSP completed in the prior year by either recertifying the results of the prior LSP or providing specific updates.

1.5 Economic Studies

To the extent that the ISO selects any Economic Studies pursuant to Section 4.1(b) of Attachment K or otherwise performs Economic Studies that will impact Non-PTF, including Local Public Policy Transmission Upgrades, the PTOs will coordinate with the ISO in the performance of such Economic Studies.

2. Posting of LSP Project List

Each PTO shall develop, maintain and make available on a website, a cumulative listing of proposed regulated transmission solutions that may meet LSP needs (the "LSP Project List"). The LSP Project List will be updated at least annually. The LSP Project List shall also provide reasons for any new Non-PTF, including Local Public Policy Transmission Upgrades, any change in status of proposed Non-PTF, including Local Public Policy Transmission Upgrades, or any removal of proposed Non-PTF, including Local Public Policy Transmission Upgrades, from the LSP Project List. Each PTO will be individually responsible for publicly posting and updating the status of its respective LSP and the transmission projects arising therefrom on a website in a format comparable to the manner in which RSP plans and projects are posted on the RSP Project List. The ISO's posting of the RSP and RSP Project List will include links to each PTO's specific LSP Project List.

3. Posting of Assumptions and Criteria

Each PTO will make available on a website the planning criteria and assumptions used in its current LSP. A link to each PTO's planning criteria and assumptions will be posted on the ISO website.

4. Cost Responsibility for Transmission Upgrades

The cost responsibility for each upgrade, modification or addition to the transmission system in New England that is included in the LSP Project List of this Appendix 1 shall be determined in accordance with Schedule 21 of this OATT.

5. LSP Dispute Resolution Procedures

5.1 Objective

Section 5 of this Appendix 1 sets forth an LSP dispute resolution process (the "LSP Dispute Resolution Process") through which LSP-related transmission planning-related disputes may be resolved as expeditiously as possible.

5.2 Confidential Information and CEII Protections

All information disclosed in the course of the LSP Dispute Resolution Process shall be subject to the protection of confidential information and CEII consistent with the ISO New England Information Policy and CEII policy.

5.3 Eligible Parties

Any member of the Planning Advisory Committee that has been adversely affected by a PTO's Reviewable Determination with respect to the LSP transmission planning process described in this Appendix 1 is eligible to raise its dispute, as appropriate, under this LSP Dispute Resolution Process ("Disputing Party").

5.4 Scope

In order to ensure that the LSP transmission planning process set forth under this Appendix 1 moves expeditiously forward, the scope of issues that may be subject to the LSP Dispute Resolution Process under this Section 5 shall be limited to certain key procedural and substantive decisions made by the applicable PTO within its authority as specified in documents on file with the Commission. That is, decisions not subject to resolution within the jurisdiction of the Commission are not within the scope of this LSP Dispute Resolution Process. Examples of matters not within the scope of the LSP Dispute Resolution Process include planning to serve retail native load or state siting issues. Additionally, the Tariff already explicitly provides specific dispute resolution procedures for various matters. To this end, any matter regarding the review and approval of applications pursuant to Section I.3.9 of the Tariff, which is subject to the dispute resolution process under Section I.6 of the Tariff, shall not be within the scope of this LSP Dispute Resolution Process. Similarly, any matter regarding Transmission Cost Allocation shall

be governed by the dispute resolution process under Schedule 12 of the OATT, and shall be outside the scope of this LSP Dispute Resolution Process.

(a) Reviewable Determinations:

The LSP determinations made by the applicable PTO that may be subject to the LSP Dispute Resolution Process under this Section 5 ("Reviewable LSP Determination") shall include certain procedural and substantive challenges at designated key decision points during the LSP transmission planning process for Non-PTF, including Local Public Policy Transmission Upgrades ("Key LSP Decision Points"). Procedural challenges will be limited to whether or not the steps taken up to a Key LSP Decision Point conform to the requirements set forth in this Appendix 1. Substantive challenges will be limited to whether or not a determination or conclusion rendered at a Key LSP Decision Point was supported by adequate basis in fact. The Key LSP Decision Points shall be limited to the following:

(i) Results of an LSP Needs Assessment conducted and communicated by a PTO to the Planning Advisory Committee as specified in this Appendix 1;

(ii) Updates to the LSP Project List, including adding, removing or revising regulated Non-PTF transmission solutions included thereunder, as presented at the Planning Advisory Committee and as specified in this Appendix 1;

(iii) Results of Non-PTF transmission solution studies, including any Local Public Policy Transmission Upgrade studies, conducted and communicated by the PTO to the Planning Advisory Committee as specified in this Appendix 1; and

(iv) Consideration of market responses in LSP Needs Assessments as specified in this Appendix 1.

(b) Material Adverse Impact

In order to prevail in a challenge to a procedural-based Reviewable LSP Determination, the Disputing Party must show that the alleged procedural error had a material adverse impact on the determination or conclusion made by the applicable PTO. In order to prevail in a challenge to a substantive-based Reviewable LSP Determination, the Disputing Party must show that either (i) the determination is based on incorrect data or assumptions or (ii) incorrect analysis was

performed by the PTO, and (iii) as a result thereof, the PTO made an incorrect decision or determination.

5.5 Notice and Comment

A Disputing Party aggrieved by a PTO's Reviewable LSP Determination shall have fifteen (15) calendar days upon learning of the Reviewable LSP Determination following the PTO's presentation of such LSP Reviewable Determination at the Planning Advisory Committee to request dispute resolution by giving notice to the Applicable PTO ("Request for LSP Dispute Resolution").

A Request for LSP Dispute Resolution shall be in writing and shall be provided to the applicable PTO and, as appropriate, other affected Transmission Owners. Within three (3) Business Days of the receipt by a PTO of a Request for Dispute Resolution, the PTO, in coordination with the ISO, shall prepare and distribute to all members of the Planning Advisory Committee a notice of the Request for Dispute Resolution including, subject to the protection of Confidential Information and CEII, the specifics of the Request for Dispute Resolution and providing the name of a PTO representative to whom any comments may be sent. Any member of the Planning Advisory Committee may submit to the PTO's designated representative, on or before the tenth (10th) Business Day following the date the PTO distributes the notice of the Request for Dispute Resolution, written comments to the PTO with respect to the Request for Dispute Resolution. The Disputing Party filing the Request for Dispute Resolution may respond to any such comments by submitting a written response to the PTO's designated representative and to the commenting party on or before the fifteenth (15th) Business Day following the date the PTO distributes the notice of the Request for Dispute Resolution. The PTO may, but is not required to, consider any written comments.

5.6 Dispute Resolution Procedure

(a) Resolution Through the Planning Advisory Committee

The Planning Advisory Committee shall discuss and resolve any LSP related dispute arising under this Appendix 1 involving a Reviewable LSP Determination, as defined in Section 5.4 of this Appendix 1, between and among the applicable PTO, the Disputing Party, and, as appropriate, other affected Transmission Owners and the ISO (collectively, "Parties") (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution).

(b) Resolution Through Informal Negotiation

To the extent that the Planning Advisory Committee is not able to resolve a dispute arising under this Appendix 1 involving a Reviewable LSP Determination, as defined in Section 5.4 of this Appendix 1, between and among the Parties, such dispute shall be the subject of good-faith negotiations among the Parties. Each Party shall designate a fully authorized senior representative for resolution on an informal basis as promptly as practicable.

(c) Resolution Through Alternative Dispute Resolution

In the event the designated representatives are unable to resolve the dispute through informal negotiations within thirty (30) days, or such other period as the Parties may agree upon, by mutual agreement of the Parties, such LSP related dispute may be submitted to mediation or any other form of alternative dispute resolution upon the agreement of all Parties to participate in such mediation or other alternative dispute resolution process. Such form of alternative dispute resolution shall not include binding arbitration.

If a Party identifies exigent circumstances reasonably requiring expedited resolution of the LSP related dispute, such Party may file a Complaint with the Commission or seek other appropriate redress before a court of competent jurisdiction

5.7 Notice of Results of Dispute Resolution

Within three (3) Business Days following the resolution of a dispute pursuant to either Section 5.6(b) or 5.6(c) of this Appendix 1, the PTO shall distribute to members of the Planning Advisory Committee a document reflecting the resolution.

5.8 Rights under the Federal Power Act:

Nothing in this Appendix 1 shall restrict the rights of any party to file a complaint with the Commission under relevant provisions of the Federal Power Act.

ATTACHMENT N

PROCEDURES FOR REGIONAL SYSTEM PLAN UPGRADES

I. INTRODUCTION

Pursuant to Part II.G of the ISO New England Open Access Transmission Tariff (Sections II.46 – II.47), Attachment K and this Attachment, the ISO shall classify upgrades as Reliability Transmission Upgrades, Market Efficiency Transmission Upgrades or Public Policy Transmission Upgrades during the Regional System Plan ("RSP") process. Pursuant to established standards, that process is designed to collect and reflect broad input from all stakeholders through the Planning Advisory Committee ("PAC"). The PAC is composed of a wide variety of regional stakeholders, including Governance Participants (such as generator owners, marketers, load serving entities, merchant transmission owners and participating transmission owners), governmental representatives, public interest groups, state agencies (including those participating in the New England Conference of Public Utilities Commissioners), retail customers, representatives of local communities, and consultants. The PAC meets regularly throughout the year.

This procedure describes the standards used by the ISO to identify Reliability Transmission Upgrades, Market Efficiency Transmission Upgrades and Public Policy Transmission Upgrades and the process for making such identifications pursuant to Part II.G and Attachment K of the OATT.

The ISO may amend these standards and procedures from time to time, as appropriate, with input from the Reliability Committee and PAC.

II. STANDARDS FOR IDENTIFYING RELIABILITY TRANSMISSION UPGRADES, MARKET EFFICIENCY TRANSMISSION UPGRADES AND PUBLIC POLICY TRANSMISSION UPGRADES

A. Identification of Reliability Transmission Upgrades

Reliability Transmission Upgrades are those upgrades necessary to ensure the continued reliability of the New England Transmission System based on applicable reliability standards. In applying the applicable reliability standards, some of the considerations that will be taken into account are as follows:

- available supply and transmission (i.e., known resource changes, which includes anticipated transmission enhancements (considering Elective Transmission Upgrades and Merchant Transmission Facilities), demand side resources, and new, retired or unavailable generators);

- load growth;
- acceptable stability response;
- acceptable short circuit capability;
- acceptable voltage levels;
- adequate thermal capability; and
- acceptable system operability and responses (e.g. automatic operations, voltage changes).

To identify the transmission system facilities required to maintain reliability and system performance consistent with the applicable reliability standards, the ISO shall:

- determine whether the above factors are met using reasonable assumptions for certain amounts of forecasted load growth, and generation and transmission facility availability (due to maintenance, forced outages, or other unavailability); and
- rely on Good Utility Practice, applicable reliability standards, and the ISO System Rules.

A Reliability Transmission Upgrade is not an upgrade required by the interconnection of a generator except to the extent determined under the terms of Schedule 11 of the OATT. A Reliability Transmission Upgrade may also provide market efficiency benefits.

B. Identification of Market Efficiency Transmission Upgrades

Market Efficiency Transmission Upgrades are upgrades designed primarily to provide a net reduction in total production cost to supply the system load. Proposed Market Efficiency Transmission Upgrades shall be identified by the ISO where the net present value of the net reduction in total cost to supply the system load, as determined by the ISO, exceeds the net present value of the carrying cost of the identified transmission upgrade.

An upgrade identified as a Reliability Transmission Upgrade may qualify for interim treatment as a Market Efficiency Transmission Upgrade if market efficiency is used to influence the schedule for the implementation of the upgrade. Such opportunities shall be identified by the ISO when the net present value of the reduction to total production cost to supply the system load, as determined by the ISO, exceeds the net present value of the Reliability Transmission Upgrade after it is advanced less the net present value of the upgrade for when it is projected to be needed for reliability.

1. Base Economic Evaluation Model

In making a determination of the net present value of bulk power system resource costs, the ISO shall take into account applicable economic factors that shall include the following projected factors:

- energy costs;
- Capacity Costs;
- cost of supplying total operating reserve;
- system losses;
- available supply and transmission (i.e., known resource changes, which includes anticipated transmission enhancements (considering Elective Transmission Upgrades and Merchant Transmission Facilities), demand side resources and new, retired or unavailable generators);
- load growth;
- fuel costs;
- fuel availability;
- generator availability;
- release of bottled generating resources;
- present worth factors for each project specific to the owner of the project;
- present worth period not to exceed ten years; and
- cost of the project.

Analysis may include utilization of historical information such as may be included in market reports as well as special studies and should report cumulative net present value annually over the study period.

2. Other Data Provided to Stakeholders

Although not used to evaluate the net economic benefit of the system upgrade, analysis may be provided to illustrate the net cost to load with and without the transmission upgrade – considering additional factors such as locational installed capacity, congestion costs, and impacts on bilateral prices for electricity.

Summary

Based on information provided through such analysis and pursuant to the factors listed in (1) above, the ISO, in consultation with the PAC, will identify Market Efficiency Transmission Upgrades to be included in the RSP. If however, during the course of their analysis, the ISO determines that without the project the

applicable reliability standards will not be met, then the project will be designated as a Reliability Transmission Upgrade and included in the RSP as such.

C. Identification of Public Policy Transmission Upgrades

Public Policy Transmission Upgrades are upgrades designed primarily to meet NESCOE-identified transmission needs driven by public policy requirements. Proposed Public Policy Transmission Upgrades shall be assessed and identified by the ISO in accordance with Section 4A of Attachment K to the OATT.

III. PROCEDURES FOR IDENTIFYING RELIABILITY TRANSMISSION UPGRADES, MARKET EFFICIENCY TRANSMISSION UPGRADES AND PUBLIC POLICY TRANSMISSION UPGRADES

A. ISO Identification of Needs for Reliability Transmission Upgrades, Market Efficiency Transmission Upgrade and Public Policy Transmission Upgrades

1. An assessment of the adequacy of the region's electric system.

On a regular and on-going basis, the ISO shall conduct studies to identify the location and nature of any potential problems on the New England Transmission System. These assessments shall be conducted to identify those factors relevant to the standards for identifying needs which might be solved or mitigated by Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades, as specified in Section II of this Attachment.

The ISO will publish its identification of such relevant factors on the New England Transmission System on its website and to the PAC, thereby providing market signals for generation, merchant transmission and load responses to develop and implement market-based solutions for the relief of actual and projected system reliability concerns, transmission constraints and market inefficiencies. The ISO will also present the results of its assessments in appropriate market forums to facilitate market responses to those needs. Market responses having met appropriate milestones pursuant to Attachment K to the OATT will be included in studies to assess the effects of such market responses on the identified problems with reliability and market inefficiencies.

Based on input and feedback provided by the PAC, the ISO shall refer to the Markets Committee and Reliability Committee issues and concerns identified by the PAC for further investigations and consideration of potential changes to rules and procedures.

2. Conduct of Public Policy Transmission Studies

The ISO will conduct the public policy transmission planning process pursuant to the timelines and procedures set out in Section 4A of Attachment K to this OATT.

B. Adequacy of the market responses, and as necessary, adequacy of Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades

The ISO shall assess the adequacy of proposed market responses in addressing identified system needs. The ISO shall also ensure that there are no significant adverse effects associated with such market responses, pursuant to Section I.3.9 of the Tariff and Planning Procedure 5-3, "Guidelines for Conducting and Evaluating Proposed Plan Application Analysis".

If the market does not respond with adequate solutions to address the system needs identified by the ISO, the ISO shall present a coordinated transmission plan in the RSP that identifies appropriate projects for addressing both reliability, and market efficiency needs.

This coordinated plan is updated by the ISO as market responses to identified problems are developed. Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades are implemented only after market solutions have been given first consideration.

C. Periodic Updates to the RSP

A Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade may be added to the RSP at any time in a given year, and a Public Policy Transmission Upgrade project may be added to the RSP in accordance with Sections 3.6 and 4A of Attachment K to the OATT. In doing so, the ISO shall consult with and consider input from the PAC and the Reliability Committee, within the scope of their respective functions.

The time required to implement transmission projects, however, is often longer than that needed for market-based solutions. Thus, the RSP process recognizes that a new market response could result in a deferral or a significant change in the proposed timing and/or configuration of a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrades. Also, a needed Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade may become delayed due to other factors.

As a result, the ISO may remove or defer a Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade project from the RSP at any time in a given year, if the market responds by developing credible market-based solutions, or other circumstances arise that impact the need for the Transmission Upgrade. If market-based solutions have not met appropriate milestones prior to significant sunk transmission expense being made to provide the Reliability Transmission Upgrade or Market Efficiency Transmission Upgrade, then the ISO will assess the risks and costs associated with adding or advancing a transmission project from the RSP. The ISO may remove a Public Policy Transmission Upgrade project from the RSP in accordance with Sections 3.6 and 4A of Attachment K to the OATT. The ISO shall consult with and consider input from the PAC and the Reliability Committee with regard to such changes in the RSP. In the event that a transmission project is removed, deferred, added or advanced, the ISO shall promptly notify the affected Participating Transmission Owners and Non-Incumbent Transmission Developers.

IV. COST-EFFECTIVENESS AND COST ALLOCATION DETERMINATION OF RELIABILITY TRANSMISSION UPGRADES AND MARKET EFFICIENCY TRANSMISSION UPGRADES

The cost-effectiveness and cost allocation of identified Reliability Transmission Upgrades and Market Efficiency Transmission Upgrades will be determined pursuant to the Tariff, Attachment K; Schedule 12; and Planning Procedure 4. The level of detail needed to fulfill the requirements of the RSP process and Planning Procedure 4 will ensure that, in addition to a determination of Pool-supported PTF costs and Localized Costs, the planning and stakeholder review processes will include a comprehensive examination of all Transmission Upgrade construction alternatives and their associated costs and will thus evaluate the cost-effectiveness of each Transmission Upgrade and its potential alternatives.

ATTACHMENT O

NON-INCUMBENT TRANSMISSION DEVELOPER OPERATING AGREEMENT

NON-INCUMBENT TRANSMISSION DEVELOPER OPERATING AGREEMENT

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NON-INCUMBENT TRANSMISSION DEVELOPER OPERATING AGREEMENT

This Operating Agreement (this "Agreement"), dated as of [date], is made and entered into by _____, a [STATE] [TYPE OF ENTITY] ("NTD"), and ISO New England Inc.("ISO"), a Delaware corporation (NTD and the ISO are collectively referred to herein as the "Parties").

WHEREAS, the ISO is a regional transmission organization ("RTO") authorized by the Federal Energy Regulatory Commission ("FERC") to exercise the functions required of RTOs pursuant to FERC's Order No. 2000 ("Order 2000") and FERC's RTO regulations;

WHEREAS, NTD has been approved as a "Qualified Transmission Project Sponsor" pursuant to the ISO Open Access Transmission Tariff (the "ISO OATT"), which is Section II of the ISO New England Inc. Transmission, Markets and Services Tariff (the "ISO Tariff");

WHEREAS, in accordance with the requirements of Order 2000, the ISO will be the transmission provider under the ISO OATT of non-discriminatory, open access transmission services over the transmission facilities of NTD, once placed in service, that become part of the New England Transmission System ("Transmission Service");

WHEREAS, the ISO OATT will be designed to provide for the payment by transmission customers for Transmission Service at rates designed to recover the revenue requirements of NTD in supporting the provision of such transmission service by the ISO under the ISO OATT;

WHEREAS, the ISO will be responsible for system planning within the ISO region subject to certain rights and obligations of NTD, all as set forth in this Agreement;

WHEREAS, the functions to be performed by the ISO and Order 2000 require that the ISO have the requisite operational authority over NTD's transmission facilities;

WHEREAS, in accordance with the terms set forth herein, NTD desires for the ISO to exercise, and the ISO desires to exercise, Operating Authority (as defined in Section 3.02 of this Agreement) over the NTD Transmission Facilities (as defined in this Agreement) consistent with the requirements of Order 2000, once those facilities are placed in service;

WHEREAS, NTD will among other things, continue to own, physically operate, and maintain its transmission facilities; and

WHEREAS, references to the PTOs in this Agreement are not intended to impose additional requirements or obligations on the PTOs in addition to those in the TOA;

NOW, THEREFORE, in consideration of the promises, and the mutual representations, warranties, covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, NTD and the ISO agree as follows:

ARTICLE I
DEFINITIONS; INTERPRETATIONS

1.01 **Definitions; Interpretations.** Each of the capitalized terms and phrases used in this Agreement (including the foregoing recitals) and not otherwise defined herein shall have the meaning specified in Schedule 1.01. In this Agreement, unless otherwise provided herein:

(a) words denoting the singular include the plural and vice versa;

(b) words denoting a gender include all genders;

(c) references to a particular part, clause, section, paragraph, article, exhibit, schedule, appendix or other attachment shall be a reference to a part, clause, section, paragraph, or article of, or an exhibit, schedule, appendix or other attachment to, this Agreement;

(d) the exhibits, schedules and appendices attached hereto are incorporated herein by reference and shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein;

(e) a reference to any statute, regulation, proclamation, ordinance or law includes all statutes, regulations, proclamations, amendments, ordinances or laws varying, consolidating or replacing the same from time to time, and a reference to a statute includes all regulations, policies, protocols, codes, proclamations and ordinances issued or otherwise applicable under that statute unless, in any such case, otherwise expressly provided in any such statute or in this Agreement;

(f) a reference to a particular section, paragraph or other part of a particular statute shall be deemed to be a reference to any other section, paragraph or other part substituted therefor from time to time;

(g) a definition of or reference to any document, instrument or agreement includes any amendment or supplement to, or restatement, replacement, modification or novation of, any such document, instrument or agreement unless otherwise specified in such definition or in the context in which such reference is used;

(h) a reference to any Person (as hereinafter defined) includes such Person's successors and permitted assigns in that designated capacity;

(i) any reference to "days" shall mean calendar days unless "Business Days" (as hereinafter defined) are expressly specified;

(j) if the date as of which any right, option or election is exercisable, or the date upon which any amount is due and payable, is stated to be on a date or day that is not a Business Day, such right, option or election may be exercised, and such amount shall be deemed due and payable, on the next succeeding Business Day with the same effect as if the same was exercised or made on such date or day (without, in the case of any such payment, the payment or accrual of any interest or other late payment or charge, provided such payment is made on such next succeeding Business Day);

(k) words such as "hereunder", "hereto", "hereof" and "herein" and other words of similar import shall, unless the context requires otherwise, refer to this Agreement as a whole and not to any particular article, section, subsection, paragraph or clause hereof;

(l) a reference to "include" or "including" means including without limiting the generality of any description preceding such term, and for purposes hereof the rule of ejusdem generis shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned; and

(m) neither this Agreement nor any other agreement, document or instrument referred to herein or executed and delivered in connection herewith shall be construed against any Person as the principal draftsperson hereof or thereof.

ARTICLE II
TRANSMISSION FACILITIES

2.01 **Transmission Facilities.** As to NTD, the transmission facilities over which the ISO shall exercise Operating Authority (as of the date the facilities are placed in service) in accordance with the terms set forth herein shall be:

(a) those facilities of NTD listed in Schedule 2.01(a) (hereinafter "NTD Category A Facilities"), as such list of facilities may be added to or deleted from in accordance with Sections 2.01(d) and 2.02 below;

(b) those facilities of NTD listed in Schedule 2.01(b) (hereinafter "NTD Category B Facilities"), as such list of facilities may be added to or deleted from, in accordance with Sections 2.01(d) and 2.02 below; and

(c) those transmission facilities of NTD within the New England Transmission System with a voltage level of less than 69 kV and all transformers that have no NTD Category A Facilities or NTD Category B Facilities connected to the lower voltage side of the transformer that are not listed on Schedule 2.01(a) and Schedule 2.01(b) (hereinafter "NTD Local Area Facilities"), provided that any excluded facilities of NTD listed on Schedule 4.01(d) shall not be NTD Local Area Facilities.

(d) The transmission facilities included on any of the lists of the NTD Category A Facilities or the NTD Category B Facilities contained in Schedule 2.01(a) and Schedule 2.01(b), respectively, may be redesignated on another of those two lists, deleted from such list, or redesignated as a NTD Local Area Facility without the necessity of an amendment to this Agreement, but only in the following manner:

(i) at the direction of a Governmental Authority with jurisdiction over the Transmission Facilities in question, provided that the ISO and NTD shall be provided prior written notice of such changes;

(ii) as agreed between the ISO and NTD; or

(iii) where the operational characteristics of a transmission facility have been materially modified (including a change from a radial transmission facility to a looped

transmission facility that contributes to the parallel carrying capability of the New England Transmission System) in accordance with Section 2.01(e); provided that any such changes shall also be subject to ISO review consistent with Section 2.06.

(e) All transmission facilities to be redesignated as NTD Category A Facilities, NTD Category B Facilities, or Local Area Facilities or deleted from the lists in Schedule 2.01(a) and Schedule 2.01(b) in accordance with Section 2.01(d)(iii), and all transmission facilities to be added to the lists in Schedule 2.01(a) and Schedule 2.01(b) in accordance with Section 2.02 shall be classified in accordance with the following standards:

(i) NTD Category A Facilities shall consist of: all transmission lines with a voltage level of 115 kV and above, except for those 115 kV transmission facilities specifically designated as NTD Category B Facilities in accordance with Section 2.01(e)(ii); all transmission interties between Control Areas; all transformers that have NTD Category A Facilities connected to the lower voltage side of the transformer; all transformers that require an NTD Category A Facility to be taken out of service when the transformer is taken out of service; and all breakers and disconnects connected to, and all shunts, relays, reclosing and associated equipment, dynamic reactive resources, FACTS controllers, special protection systems, PARS, and other equipment specifically installed to support the operation of such transmission lines, interties, and transformers.

(ii) NTD Category B Facilities shall consist of: all 115 kV radial transmission lines and all 69 kV transmission lines that are not interties between Control Areas; all transformers that have any NTD Category B Facilities and no NTD Category A Facilities connected to the lower voltage side of the transformer except to the extent such transformers are designated as NTD Category A Facilities in accordance with Section 2.01(e)(i); and all breakers and disconnects connected to, and all shunts, relays, reclosing and associated equipment, dynamic reactive resources, FACTS controllers, special protection systems, PARS, and other equipment specifically installed to support the operation of such NTD Category B Facilities.

(iii) NTD Local Area Facilities shall consist of all transmission facilities with a voltage level of less than 69 kV and all transformers that have no NTD Category A

Facilities or NTD Category B Facilities connected to the lower voltage side of the transformer.

(iv) To the extent there is any dispute between the ISO and NTD as owner of a transmission facility concerning classification of such transmission facility under these standards, such disagreement shall be subject to the dispute resolution provisions of this Agreement, provided that the ISO's classification of a transmission facility under the standards shall govern pending resolution of the dispute.

Collectively, all NTD Category A Facilities, NTD Category B Facilities, and NTD Local Area Facilities shall hereinafter be referred to as the "Transmission Facilities," provided that "Transmission Facilities" shall not include Excluded Assets as defined in Section 2.04 of this Agreement or Merchant Facilities. The ISO shall maintain on its OASIS a posting of the current versions of Schedule 2.01(a) and Schedule 2.01(b), in each instance, reflecting each such change promptly after such change is made.

(f) The classifications set forth in this Section 2.01 are for operational purposes. Rate treatment of Transmission Facilities shall be governed by the ISO OATT, provided that filings for rate treatment under the ISO OATT shall be subject to Section 3.04 of this Agreement.

2.02 **New and Acquired Transmission Facilities and Transmission Upgrades.**

(a) Any New Transmission Facility or Transmission Upgrade shall be considered a "Transmission Facility" under this Agreement once it is included as "Proposed" in the RSP Project List and, unless otherwise agreed by the ISO and NTD, shall thereafter be added to Schedule 2.01(a) and/or (b), as applicable.

(b) Any Merchant Facility interconnected to or within the New England Transmission System shall not be the subject of this Agreement. Any Merchant Facility interconnected to or within the New England Transmission System constructed and placed in commercial operation after the Operations Date shall be subject to the authority of the ISO under a separate agreement in accordance with Section 2.03 and any applicable provisions of the ISO OATT.

2.03 **Merchant Facilities.** The terms and conditions under which NTD, an Affiliate of NTD or any other entity grants authority over any Merchant Facilities to the ISO shall not be governed by this

Agreement, it being understood that NTD shall enter into operating agreements relating to its Merchant Facilities directly with the ISO in accordance with applicable provisions of the ISO OATT. Nothing in this Agreement is intended to limit or expand the right of NTD, the Affiliate of NTD, or any other entity to propose, construct, or own Merchant Facilities interconnected to the New England Transmission System. No Merchant Facility may become an Acquired Transmission Facility.

2.04 **Excluded Assets.** The "Excluded Assets" of NTD shall consist of those assets and/or facilities of NTD set forth in Section 2.04(a) and (b). These Excluded Assets are expressly excluded from the definition of Transmission Facilities under this Agreement, and the ISO shall not have Operating Authority over NTD's Excluded Assets. Nothing in this Section 2.04 is intended to address the rate treatment of the Transmission Facilities or any other asset of NTD. Rate treatment of Transmission Facilities shall be governed by the ISO OATT, provided that filings for rate treatment under the ISO OATT shall be subject to Section 3.04 of this Agreement:

(a) Excluded Assets are any assets, facilities, and/or portions of facilities owned by NTD that are connected with or associated with Transmission Facilities to the extent specifically excluded pursuant to the following items (i) through (vii) of this Section 2.04(a):

(i) proceeds from the use or disposition of Transmission Facilities;

(ii) any payment, refund or credit (1) relating to Taxes in respect of the Transmission Facilities, (2) arising under any contracts or tariffs of NTD and relating to services provided prior to the beginning of the Term, or (3) arising under any contract or tariff that provides for rates that are subject to regulation by an agency other than FERC.

(iii) any rights, ownership, title or interest NTD may have with respect to telecommunications assets and equipment, provided that the ISO shall continue to have the right to use such telecommunication assets and equipment attached to or associated with Transmission Facilities solely to the extent needed for the exercise of the ISO's Operating Authority and further provided that such use right shall not be assignable by the ISO;

(iv) any existing contracts or contract rights of NTD related in any manner to Transmission Facilities unless NTD agrees to assign or transfer such contracts to the ISO;

(v) any assets, property rights, licenses, permits or facilities that are used for or in (1) the distribution, generation, trading or marketing of electricity (except for facilities specifically defined as Transmission Facilities that are used for such activities), (2) gas transportation, gas, water, petroleum, chemical, real estate development, or cable business, or (3) any other activity unrelated to the transmission of electricity located on, or making use of, the Transmission Facilities;

(vi) any causes of action or claims related to Transmission Facilities, provided, that, upon the written agreement of NTD and the ISO to the assumption by the ISO of the management of such claims under mutually agreed terms and conditions, the ISO may manage NTD's causes of action or claims against a third party relating to such Transmission Facilities, and provided further that the ISO shall have the right to pursue causes of action or claims against third parties to the extent necessary for the ISO to fulfill its responsibilities for invoicing, collection and disbursement of customer payments in accordance with Section 3.10; and

(vii) any asset or facility for which Operating Authority may not be lawfully transferred or assigned.

(b) Excluded assets are any assets or facilities of NTD that are not specifically defined as Transmission Facilities, including without limitation the facilities or portions of facilities described in items (i) through (xii) of this Section 2.04(b):

(i) all cash, cash equivalents, bank deposits, accounts receivable, and any income, sales, payroll, property or other Tax receivables;

(ii) proceeds from the use or disposition of any facilities or assets owned by NTD;

(iii) certificates of deposit, shares of stock, securities, bonds, debentures, and evidences of indebtedness;

(iv) any rights or interest in trade names, trademarks, service marks, patents, copyrights, domain names or logos;

(v) any payment, refund or credit (1) relating to Taxes, (2) arising under any contracts or tariffs of NTD and relating to services provided prior to the beginning of the Term, or (3) arising under any contract or tariff that provides for rates that are subject to regulation by an agency other than FERC;

(vi) any facilities, including transmission facilities, located outside the New England Transmission System;

(vii) any rights, ownership, title or interest NTD may have with respect to telecommunications assets and equipment;

(viii) any existing contracts or contract rights of NTD unless NTD agrees to assign or transfer such contracts to the ISO;

(ix) any assets, property rights, licenses, permits or facilities that are used for or in (1) the distribution, generation, trading or marketing of electricity or (2) gas transportation, gas, water, petroleum, chemical, real estate development, or cable business, or (3) any other activity unrelated to the transmission of electricity whether or not located on, or making use of, the Transmission Facilities;

(x) any causes of action or claims;

(xi) any asset or facility for which Operating Authority may not be lawfully transferred or assigned; and

(xii) any interests of any kind in NTD's real property, provided that nothing in this Section 2.04 shall restrict NTD from conveying interests in real property in any future written agreement into which the ISO and NTD may, in their sole discretion, enter.

2.05 **Connection with Non-Parties.**

(a) NTD shall connect its Transmission Facilities (once placed in service) with the facilities of any entity that is not a Party, including the facilities of a current or proposed Transmission Customer, and shall install (or cause to be installed) and construct (or cause to be constructed) any transmission facilities required to connect the facilities of a non-Party to the Transmission Facilities to the

extent such connection or construction is required by applicable law, including the Federal Power Act and any applicable regulations issued by FERC and provided that the construction of any such transmission facilities shall be subject to the conditions associated with NTD's obligation to build set forth in Schedule 3.09(a). Any such connection shall be subject further to: (1) the receipt of any necessary regulatory approvals, (2) compliance with the procedures set forth in the ISO OATT for review of the reliability and operational impacts of a proposed interconnection (including the procedures for interconnection of a Generating Unit under the Interconnection Standard); and (3) execution of an Interconnection Agreement with such entity containing provisions for the safe and reliable operation of each interconnection with respect to such entity's facilities in accordance with Good Utility Practice, applicable NERC/NPCC Requirements, and applicable Law (including the Federal Power Act); provided that

(i) Except as provided in 2.05(a)(ii) below, NTD shall engage in good faith negotiations as to the terms and conditions of such Interconnection Agreement with any such non-Party, but, except as may be required pursuant to regulations issued by FERC, NTD shall not be required to enter into any Interconnection Agreement containing terms and conditions unacceptable to NTD and shall reserve the right to resolve any disputes, and/or make any filings with FERC, with respect thereto.

(ii) With respect to the interconnection of a Large Generating Facility or a Small Generating Facility to any Transmission Facility, the Interconnection Agreement shall be a three-party agreement among NTD, the ISO, and the interconnecting non-Party based on the Schedule 22 Large Generator Interconnection Agreement or Schedule 23 Small Generator Interconnection Agreement, respectively, in the ISO OATT. With respect to the interconnection of other Generating Units to any Transmission Facility of NTD, the ISO shall be a party to Interconnection Agreements if and to the extent that FERC regulations require the ISO to be a party. Either the ISO or the PTOs (working with NTD as a party to the Disbursement Agreement), may propose amendments to the Schedule 22 Large Generator Interconnection Agreement or Schedule 23 Small Generator Interconnection Agreement under Section 205 of the Federal Power Act and shall include in such proposal the views of the ISO and NTD and PTOs, as applicable, provided that the standard applicable under Section 205 of the Federal Power Act shall apply only to the NTD and/or PTOs' position on any financial obligations of the PTOs and/or NTD (as applicable) or the interconnecting non-Party, and any provisions related

to physical impacts of the interconnection on the Transmission Facilities or other assets. If NTD, the ISO and the interconnecting non-Party agree to the terms and conditions of a specific Large Generator Interconnection Agreement or Small Generator Interconnection Agreement, as applicable, or any amendments to such an Interconnection Agreement, then NTD and the ISO shall jointly file the executed Interconnection Agreement, or amendment thereto, with FERC under Section 205 of the Federal Power Act. To the extent NTD, the ISO and such interconnecting non-Party cannot agree to proposed variations from the Schedule 22 or 23 Interconnection Agreement applicable to a Large Generating Facility or Small Generating Facility, respectively, or cannot otherwise agree to the terms and conditions of the Interconnection Agreement, or any amendments to such an Interconnection Agreement, then NTD and the ISO shall jointly file an unexecuted Interconnection Agreement, or amendment thereto, with FERC under Section 205 of the Federal Power Act and shall identify the areas of disagreement in such filing, provided that, in the event of disagreement on terms and conditions of the Interconnection Agreement related to the costs of upgrades to the Transmission Facilities, the anticipated schedule for the construction of such upgrades, any financial obligations of NTD, and any provisions related to physical impacts of the interconnection on the Transmission Facilities or other assets, then the standard applicable under Section 205 of the Federal Power Act shall apply only to NTD's position on such terms and conditions.

The costs of interconnection facilities shall be allocated in the manner specified in the ISO OATT.

(b) NTD shall also connect its Transmission Facilities (once placed in service) with the facilities of any entity that is not a Party upon satisfaction of the "Elective Transmission Upgrade" provisions of the ISO OATT, provided that NTD shall only connect the facilities of such entity (the "Elective Transmission Upgrade Applicant") upon satisfaction of the following conditions:

(i) The Elective Transmission Upgrade Applicant shall enter into an Interconnection Agreement with the affected PTO(s) and NTD and, to the extent necessary and appropriate, enter into support agreements with the affected PTO(s) and NTD, provided that the Elective Transmission Upgrade Applicant may request, upon providing the security, credit assurances, and/or deposits required by the affected PTO,

the filing with the Commission by NTD and/or affected PTOs of unexecuted Interconnection Agreements and support agreements.

(ii) The Elective Transmission Upgrade Applicant shall obtain all necessary legal rights and approvals for the construction and maintenance of the upgrade and shall cooperate with NTD in obtaining all necessary legal rights and approvals for the construction and maintenance of additions or modifications, if any, required in conjunction with the upgrade.

(iii) The Elective Transmission Upgrade Applicant shall be responsible for 100% of all of the costs of said upgrade and of any additions to or modifications of the Transmission Facilities that are required to accommodate the Elective Transmission Upgrade. A request for rate treatment of an Elective Transmission Upgrade, if any, shall be determined by FERC in the appropriate proceeding.

2.06 **Review of Transmission Plans.** NTD shall submit to the ISO in such form, manner and detail as the ISO may reasonably prescribe: (i) any new or materially changed plans for retirements of or changes in the capacity of such Transmission Facilities rated 69 kV or above or plans for construction of New Transmission Facilities or Transmission Upgrades rated 69 kV or above; and (ii) any new or materially changed plan for any other action to be taken by NTD which may have a significant effect on the stability, reliability or operating characteristics of the Transmission Facilities, the facilities of any Transmission Owner, or the system of a Participant. The ISO shall provide notification of any such NTD submissions to the appropriate Technical Committee(s). Unless prior to the expiration of ninety (90) days, the ISO notifies NTD in writing that it has determined that implementation of the plan will have a significant adverse effect upon the reliability or operating characteristics of the Transmission Facilities, the facilities of any Transmission Owner, or the system of a Participant, NTD shall be free to proceed. If the ISO notifies NTD that implementation of such plan has been determined to have a significant adverse effect upon the reliability or operating characteristics of the Transmission Facilities, the facilities of any Transmission Owner, or the system of a Participant, NTD shall not proceed to implement such plan unless NTD takes such action or constructs such facilities as the ISO determines to be reasonably necessary to avoid such adverse effect.

2.07 **Condemnation.** If, at any time, any Governmental Authority commences any process to acquire any Transmission Facilities or any other interest in Transmission Facilities then held by NTD

through condemnation or otherwise through the power of eminent domain, (i) NTD shall provide the ISO with written notice of such process, (ii) NTD shall, at its cost, direct any litigation or proceeding regarding such condemnation or eminent domain matter, (iii) NTD shall have the right to settle any such proceeding without the consent of the ISO, and (iv) any award in condemnation or eminent domain shall be paid to NTD without any claim to such award by the ISO.

ARTICLE III
OPERATING AUTHORITY

3.01 **Grant of Operating Authority.** Subject to the terms set forth in this Agreement, including Article III and Article X hereof, NTD hereby authorizes the ISO, through its officers, employees, consultants, independent contractors and other personnel, to exercise Operating Authority over the Transmission Facilities once they are placed in service, including provision of Transmission Service over the Transmission Facilities under the TOA and ISO OATT, and the ISO hereby agrees to assume and exercise Operating Authority over the Transmission Facilities in accordance with the TOA once they are placed in service. Coincident with the NTD's Transmission Facilities being placed in service or the acquisition of operational Transmission Facilities, the NTD shall execute the TOA pursuant to Section 10.05 hereof, list such Transmission Facilities under the TOA and, by doing so, authorize the ISO to exercise Operating Authority over such Transmission Facilities via the TOA.

3.02 **[reserved]**

3.03 **Transmission Services and OATT Administration.**

(a) The ISO shall administer the ISO OATT in the manner specified in this Section 3.03. The ISO's OATT administration responsibilities shall include those enumerated below:

(i) The ISO shall receive, post on OASIS as required by Commission regulations, and respond to requests by Large Generating Facilities and Small Generating Facilities to be interconnected under the ISO OATT, and all Transmission Service. Except as provided in Section 3.03(a)(ii), the ISO shall perform the system impact studies and facilities studies (and execute and administer agreements for such studies) in connection with such requests to the Administered Transmission System. Notwithstanding the foregoing, (A) the ISO shall consult with NTD prior to completion

of system impact studies and facilities studies in connection with requests that affect the Transmission Facilities and distribution facilities and shall include in any such studies NTD's reasonable estimates of the costs of upgrades to the Transmission Facilities needed to implement the conclusions of such studies and NTD's reasonable anticipated schedule for the construction of such upgrades; (B) nothing in this Agreement shall preclude the ISO from entering into a separate agreement(s) with NTD for such studies, pursuant to the ISO's supervision and the ISO's authority to require modifications to such studies, to perform system impact studies and facilities studies; (C) except as provided in Section 3.03(a)(ii) with respect to interconnection of Generating Units that would not have an impact on facilities used for the provision of regional transmission service, nothing in this Agreement shall preclude the performance of studies related to the interconnection of Generating Units by a third party consultant to the extent permitted by applicable procedures in the ISO OATT (including procedures governing the treatment of confidential information) and provided that such studies performed by any third party consultant must include NTD's reasonable estimates of the costs of upgrades to such Transmission Facilities needed to implement the conclusions of such studies and NTD's reasonable anticipated schedule for the construction of such upgrades; and (D) NTD shall, upon request by the ISO, conduct any necessary studies related to the Transmission Facilities, including system impact studies and facilities studies, and shall assist in the performance of any such studies, including the provision of information and data in accordance with Section 11.07 of this Agreement.

(ii) The ISO shall review applications for Transmission Service or requests for the interconnection of Large Generating Facilities and Small Generating Facilities to be interconnected to a Transmission Facility to determine whether the service or interconnection would have an impact on facilities used for the provision of regional transmission service. If so, and the interconnection is to a Transmission Facility, the ISO will perform a system impact study and facilities study, as necessary to address the impacts on facilities used for the provision of regional transmission service.

(iii) The ISO shall operate and maintain the OASIS (or a successor system) as required by FERC. NTD shall provide updates to the NTD-specific pages on the OASIS site, subject to the ISO's review of such updates. The ISO shall have the authority to

direct any changes to such NTD-specific pages that it deems appropriate to conform to FERC requirements and the terms and conditions of the ISO OATT.

(b) Notwithstanding Section 3.03(a), retail load customers requesting to interconnect with the Transmission Facilities of NTD shall submit service requests to NTD. Such service requests submitted to the ISO shall be forwarded to NTD. NTD shall execute and administer the agreements, and shall be responsible for billing, collections, dispute resolution and the performance of system impact studies and facilities studies, in coordination with the ISO as necessary, in connection with such requests.

(c) Transmission Service Agreements. The ISO and NTD shall enter into all agreements for Transmission Service over the Transmission Facilities; provided that:

(i) A pro forma regional transmission service agreement (or service agreements) shall be attached to the ISO OATT and such pro forma service agreement(s) shall set forth the respective rights and responsibilities of the Transmission Customer, the ISO, the PTOs and NTD. The ISO shall have the authority, pursuant to Section 205 of the Federal Power Act, to amend the pro forma service agreement(s) or the Market Participant Service Agreement ("MPSA") or executed service agreements related to the terms and conditions of regional Transmission Service.

(ii) The ISO shall be responsible for filing with the FERC, or electronically reporting to the FERC as applicable, all new agreements for Transmission Service over the Transmission Facilities. In the event of any dispute between the ISO or NTD and a Transmission Customer concerning the terms and conditions of such service agreements, the ISO shall file an unexecuted copy of the pro forma service agreement set forth in the ISO OATT and shall include in such filing any statement provided by NTD, affected PTO(s) and the Transmission Customers concerning their respective positions on any proposed changes or additions to the pro forma service agreement.

3.04 **Application Authority.**

(a) NTD shall have the authority to submit filings under Section 205 of the Federal Power Act to establish and to revise (pursuant to an NTD rate schedule filed under Schedules 13 or 14, as applicable, of the ISO OATT):

(i) charges for costs permitted to be recovered under Sections 4.3 and 4A of Attachment K to the ISO OATT;

(ii) once its project is listed as "Proposed" in the RSP Project List, charges for the costs of Commission-approved construction work in process; and

(iii) once its project is listed as "Proposed" in the RSP Project List, any rates, charges, terms or conditions for transmission services that are based solely on the revenue requirements of the Transmission Facilities (including Transmission Facilities leased to NTD or to which NTD has contractual entitlements).

NTD shall not have the authority to revise such rates, terms and conditions in a manner that would abridge the rights granted to the ISO in Section 3.04(b). NTD shall provide written notification to the ISO and stakeholders of any filing described in sub-paragraph (i) through (iv), above, which notification shall include a detailed description of the filing, at least 30 days in advance of a filing. NTD shall consult with interested stakeholders upon request. NTD shall retain the right to modify aspects of any filing authorized by this Section 3.04(a) after it provides written notification to the ISO and stakeholders, and shall provide notification to the ISO and stakeholders of any material modification to such filings.

With respect to any filing described in sub-paragraph (iii) above, NTD shall include in any filing a statement that, in the good faith judgment of NTD, the proposal will not be inconsistent with the design of the New England Markets, as accepted or approved by FERC. In the event the ISO believes that a proposed filing described in sub-paragraph (iii) above, would have such an inconsistency, it shall so advise NTD and NTD and the ISO shall consult in good faith to resolve any ISO concerns, but, if such disagreement cannot be resolved, NTD may submit a filing under Section 205, provided that NTD's filing (including the transmittal letter for such filing) to FERC shall include any written statement provided by the ISO setting forth the basis for the ISO's concerns.

NTD shall consult with the ISO to determine whether the ISO will need to make any software modifications in order to implement any filing authorized by this Section 3.04(a) and when any needed software modifications could reasonably be expected to be implemented. NTD's filing to FERC (and the transmittal letter for such a filing) shall include any written statement provided by the ISO setting forth the basis for any software-related implementation concerns raised by the ISO. The ISO shall make Commercially Reasonable Efforts to implement any needed software modifications by the effective date

accepted by the FERC for a filing authorized by this Section 3.04(a), provided that, if the ISO has exercised such Commercially Reasonable Efforts, a failure to implement needed software modifications by the FERC-accepted effective date shall not constitute an event of default by the ISO under this Agreement or subject the ISO to financial damages, and further provided that the ISO shall run retroactive settlements consistent with the FERC-accepted effective date for a filing authorized by this Section 3.04(a) once such software modifications have been implemented.

(b) The ISO has the authority to submit filings under Section 205 of the Federal Power Act as set forth in the TOA.

(c) NTD shall have no authority to submit a filing under Section 205 of the Federal Power Act to modify any provision of the ISO OATT that implements any of the items listed in Section 3.04(b) of the TOA.

3.05 **The ISO's Responsibilities.**

(a) In addition to its other obligations under this Agreement, in performing its obligations and responsibilities hereunder, and in accordance with Good Utility Practice, the ISO shall:

(i) maintain system reliability; and

(ii) in all material respects, act in accordance with applicable Laws and conform to, and implement, all applicable reliability criteria, policies, standards, rules, regulations, orders, license requirements and all other applicable NERC/NPCC Requirements, and other applicable reliability organizations' reliability rules, and all applicable requirements of federal or state laws or regulatory authorities.

(b) The ISO shall obtain and retain all necessary authorizations of FERC and other regulatory authorities to function as the New England RTO and shall possess the characteristics and perform the functions required for that purpose.

3.06 **NTD's Responsibilities.**

(a) NTD shall, in accordance with Good Utility Practice:

(i) collaborate with the ISO with respect to:

(A) the development of Rating Procedures,

(B) the establishment of ratings for New Transmission Facilities;

(C) the establishment of ratings for Acquired Transmission Facilities that do not have an existing rating; and

(D) the establishment of any changes to existing ratings for Transmission Facilities in effect as of the Operations Date.

To the extent there is any disagreement between the ISO and NTD concerning Rating Procedures or the rating of a Transmission Facility, such disagreement shall be the subject of good faith negotiations between NTD and the ISO, provided that (x) NTD's position concerning such Rating Procedures or Transmission Facility ratings shall govern until NTD and the ISO agree on a resolution to such disagreement; and (y) nothing in this Section 3.06(a)(iv) shall limit the rights of the ISO or of NTD to submit a filing under Section 206 of the Federal Power Act with respect to Transmission Facility ratings or Rating Procedures. During any collaboration or discussions concerning Transmission Facility ratings, NTD shall continue to provide the ISO with up-to-date ratings information in accordance with the applicable Rating Procedures.

(ii) cooperate with actions taken by PTOs' Local Control Centers with respect to the Transmission Facilities; and

(iii) in all material respects, comply with all applicable laws, regulations, orders and license requirements, and with all applicable requirements, and with all applicable NERC/NPCC Requirements, other applicable reliability organizations' local reliability rules, and all applicable requirements of federal or state laws or regulatory authorities.

3.07 **Reserved Rights of NTD.**

(a) Notwithstanding any other provision of this Agreement to the contrary, NTD shall retain all of the rights set forth in this Section 3.07; provided, however, that such rights shall be exercised in a manner consistent with applicable NERC/NPCC Requirements and applicable regulatory

standards. This Section 3.07 is not intended to reduce or limit any other rights of NTD as a signatory to this Agreement or under the ISO OATT.

(i) Nothing in this Agreement shall restrict any rights: (A) of NTD if it is a party to a merger, acquisition or other restructuring transaction to make filings under Section 205 of the Federal Power Act with respect to NTD's reallocation or redistribution of revenues or the assignment of such NTD's rights or obligations, to the extent the Federal Power Act requires such filings; or (B) of NTD to terminate its participation in this Agreement pursuant to Article X of this Agreement.

(ii) Except as expressly provided in the grant of Operating Authority to the ISO, NTD retains all rights that it otherwise has incident to its ownership of, and legal and equitable title to, its assets, including its Transmission Facilities and all land and land rights, including the right to build, acquire, sell, lease, merge, dispose of, retire, use as security, or otherwise transfer or convey all or any part of its assets, subject to NTD's compliance with Section 2.06 of this Agreement. Subject to Article X, NTD may, directly or indirectly, by merger, sale, conveyance, consolidation, recapitalization, operation of law, or otherwise, transfer all or any portion of the Transmission Facilities subject to this Agreement but only if such transferee or successors shall agree in writing to be bound by terms of this Agreement.

(iii) NTD shall have the right to adopt and implement, consistent with Good Utility Practice, procedures and to take such actions it deems necessary to protect its facilities from physical damage or to prevent injury or damage to persons or property.

(iv) NTD retains the right to take whatever actions, consistent with Good Utility Practice, it deems necessary to fulfill its obligations under applicable Law.

(v) Nothing in this Agreement shall be construed as limiting in any way the rights of NTD to make any filing with any applicable state or local regulatory authority.

(vi) NTD shall have the right to retain one or more subcontractors to perform any or all of its obligations under this Agreement. The retention of a subcontractor

pursuant to the terms of this Section 3.07 shall not relieve NTD of its primary liability for the performance of any of its obligations under this Agreement.

(b) Any and all other rights and responsibilities of NTD related to the ownership or operation of its Transmission Facilities not expressly assigned to the ISO under this Agreement will remain with NTD.

(c) Nothing in this Agreement shall be deemed to impair or infringe on any rights or obligations of NTD under the Federal Power Act and FERC's rules and regulations thereunder, provided that any such rights are not inconsistent with the express terms of this Agreement. Nothing contained in this Agreement shall be construed to limit in any way the right of NTD to take any position, including opposing positions, in any administrative or judicial proceeding or filing by NTD or the ISO, notwithstanding that such proceeding or filing may be undertaken or made, explicitly or implicitly, pursuant to this Agreement.

3.08 **[reserved]**

3.09 **[reserved]**

3.10 **Invoicing, Collection and Disbursement of Payments.**

(a) Invoicing. Except as provided in Section 3.10(a)(ii), the ISO will administer its current net settlement system, including invoicing of charges to Transmission Customers for Transmission Services on the Transmission Facilities as follows:

(i) The charges invoiced by the ISO on behalf of NTD shall include the following (each, an "Invoiced Amount"):

(A) all charges listed in NTD's Commission-accepted rate schedule under Schedules 13 and 14 of the ISO OATT; and

(B) any and all rates, charges, fees and/or penalties under interconnection agreements which have been filed with and accepted by FERC, other than amounts billed directly by NTD pursuant to Section 3.10(a)(ii) below.

(ii) Payments relating to all services provided by NTD outside of Schedules 13 and 14 that provide for payment to NTD, and any other payments shall be invoiced by NTD and shall not be invoiced by the ISO; provided that, notwithstanding the foregoing, NTD and the ISO may enter into separate agreements such that the ISO provides invoicing services for such payments.

(iii) The ISO shall remit or credit to NTD, consistent with the ISO Tariff and the net settlement system, any and all payments received or collected from Transmission Customers for Invoiced Amounts in accordance with this Agreement. NTD shall designate (and notify the ISO of the identity of) a single authorized individual to provide such directions to the ISO. This individual shall also respond to any ISO questions or requests for clarification concerning such directions; provided that the ISO shall be able to rely upon the direction of the designated individual unless and until it receives notification from NTD or from a Governmental Authority of reversal of such direction by any Governmental Authority with jurisdiction over this Agreement.

(b) The ISO's Collection Obligations and Application of Financial Assurances Policies. If a Transmission Customer defaults on any payment of any Invoiced Amount (the "Owed Amounts"), the ISO shall take all necessary actions to execute or call upon any Financial Assurances held by the ISO attributable to such Transmission Customer.

(c) No Pledge of Invoiced Amounts. The ISO shall not create, incur, assume or suffer to exist any lien, pledge, security interest or other change or encumbrance, or any other type of preferential arrangement (including a banker's right of set off) against any Invoiced Amounts, any accounts receivables representing Invoiced Amounts, the settlement account maintained by the ISO into which payments on Invoiced Amounts are made and from which remittances are made to NTD or any Financial Assurances.

3.11 **Subcontractors.** NTD acknowledges and agrees that, subject to the terms set forth herein, the ISO has the right to retain one or more subcontractors to perform any or all of its obligations under this Agreement. The retention of a subcontractor pursuant to the terms of this Section 3.11 shall not relieve the ISO of its primary liability for the performance of any of its obligations under this Agreement.

3.12 **No Impairment of the ISO's Other Legal Rights and Obligations.** Nothing in this Agreement shall be deemed to impair or infringe on any rights or obligations of the ISO under the Federal Power Act and FERC's rules and regulations thereunder, including the ISO's rights and obligations to submit filings to recover its administrative, capital, and other costs.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE PARTIES

4.01 **Representations and Warranties of NTD.** NTD represents and warrants to the ISO as follows:

(a) Organization. It is duly organized, validly existing and in good standing under the laws of the state of its organization.

(b) Authorization. It has all requisite power and authority to execute, deliver and perform this Agreement; the execution, delivery and performance by NTD of this Agreement have been duly authorized by all necessary and appropriate action on the part of NTD; and this Agreement has been duly and validly executed and delivered by NTD and constitutes the legal, valid and binding obligations of NTD, enforceable against NTD in accordance with its terms.

(c) No Breach. The execution, delivery and performance by NTD of this Agreement will not result in a breach of any terms, provisions or conditions of any agreement to which NTD is a party which breach has a reasonable likelihood of materially and adversely affecting NTD's performance under this Agreement.

4.02 **Representations and Warranties of the ISO.** The ISO represents and warrants to NTD as follows:

(a) Organization. It is duly organized, validly existing and in good standing under the laws of the state of its organization.

(b) Authorization. It has all requisite power and authority to execute, deliver and perform this Agreement; the execution, delivery and performance by the ISO of this Agreement have been duly authorized by all necessary and appropriate action on the part of the ISO; and this Agreement

has been duly and validly executed and delivered by the ISO and constitutes the legal, valid and binding obligation of the ISO, enforceable against the ISO in accordance with its terms.

(c) No Breach. The execution, delivery and performance by the ISO of this Agreement will not result in a breach of any of the terms, provisions or conditions of any agreement to which the ISO is a party which breach has a reasonable likelihood of materially and adversely affecting the ISO's performance under this Agreement.

ARTICLE V
COVENANTS OF NTD

5.01 **Covenants of NTD.** NTD covenants and agrees that during (i) the Term, or (ii) the period expressly specified herein, as applicable, NTD shall comply with all covenants and provisions of this Article V, except to the extent the ISO waives such covenants or performance is excused pursuant to Section 11.11(b).

5.02 **[reserved]**

5.03 **Expenses.** Except to the extent specifically provided herein, all costs and expenses incurred by NTD in connection with the negotiation of this Agreement shall be borne by NTD; provided that nothing herein shall prevent NTD from recovering such expenses in accordance with applicable law.

5.04 **Consents and Approvals.**

(a) NTD shall exercise Commercially Reasonable Efforts to promptly prepare and file all necessary documentation to effect all necessary applications, notices, petitions, filings and other documents, and shall exercise Commercially Reasonable Efforts to obtain (and will cooperate with each other in obtaining) any consent, acquiescence, authorization, order or approval of, or any exemption or nonopposition by, any Governmental Authority required to be obtained or made by NTD in connection with this Agreement or the taking of any action contemplated by this Agreement.

(b) NTD shall exercise Commercially Reasonable Efforts to obtain consents of all other third parties necessary to the performance of this Agreement by NTD. NTD shall promptly notify the ISO of any failure to obtain any such consents and, if requested by the ISO, shall provide copies of all such consents obtained by NTD.

(c) Nothing in this Section 5.04 shall require NTD to pay any sums to a third party, including any Governmental Authority, excluding filing fees paid to any Governmental Authority in connection with a filing necessary or appropriate to further action.

5.05 **Notice and Cure.** NTD shall notify the ISO in writing of, and contemporaneously provide the ISO with true and complete copies of any and all information or documents relating to, any event, transaction or circumstance, as soon as practicable after it becomes Known to NTD, that causes or shall cause any covenant or agreement of NTD under this Agreement to be breached or that renders or shall render untrue any representation or warranty of NTD contained in this Agreement as if the same were made on or as of the date of such event, transaction or circumstance. NTD shall use all Commercially Reasonable Efforts to cure such event, transaction or circumstance as soon as practicable after it becomes Known to NTD. No notice given pursuant to this Section 5.05 shall have any effect on the representations, warranties, covenants or agreements contained in this Agreement for purposes of determining satisfaction of any condition contained herein or shall in any way limit the ISO's right to seek indemnity under Article IX.

ARTICLE VI
COVENANTS OF THE ISO

6.01 **Covenants of the ISO.** The ISO covenants and agrees that during (i) the Term, or (ii) the period expressly specified herein, as applicable, the ISO shall comply with all covenants and provisions of this Article VI, except to the extent the Parties consent in writing to a waiver of such covenants or performance is excused pursuant to Section 11.11(b).

6.02 **[reserved]**

6.03 **Expenses.** Except to the extent specifically provided herein, all costs and expenses incurred by the ISO in connection with the negotiation of this Agreement shall be borne by the ISO; provided that nothing herein shall prevent the ISO from recovering such expenses in accordance with applicable law.

6.04 **[reserved]**

6.05 **Notice and Cure.** The ISO shall notify NTD in writing of, and contemporaneously shall provide NTD with true and complete copies of any and all information or documents relating to, any

event, transaction or circumstance, as soon as practicable after it becomes Known to the ISO, that causes or shall cause any covenant or agreement of the ISO under this Agreement to be breached or that renders or shall render untrue any representation or warranty of the ISO contained in this Agreement as if the same were made on or as of the date of such event, transaction or circumstance. The ISO shall use all Commercially Reasonable Efforts to cure such event, transaction or circumstance as soon as practicable after it becomes Known to the ISO. No notice given pursuant to this Section 6.05 shall have any effect on the representations, warranties, covenants or agreements contained in this Agreement for purposes of determining satisfaction of any condition contained herein or shall in any way limit any right of NTD to seek indemnity under Article IX.

ARTICLE VII
TAX MATTERS

7.01 **Responsibility for NTD Taxes.** NTD shall prepare and file all Tax Returns and other filings related to its Transmission Business and Transmission Facilities and pay any Tax liabilities related to its Transmission Business and Transmission Facilities. The ISO shall not be responsible for, or required to file, any Tax Returns or other reports for NTD and shall have no liability for any Taxes related to NTD's Transmission Business or Transmission Facilities. The ISO and NTD hereby agree that, for tax purposes, the Transmission Facilities shall be deemed to be owned by NTD.

7.02 **Responsibility for ISO Taxes.** The ISO shall prepare and file all Tax Returns and other filings related to its operations and pay any Tax liabilities related to its operations. NTD shall not be responsible for, or required to, file any Tax Returns or other reports for the ISO and shall have no liability for any Taxes related to the ISO's operations.

ARTICLE VIII
RELIANCE; SURVIVAL OF AGREEMENTS

8.01 **Reliance; Survival of Agreements.** Notwithstanding any right of any Party (whether or not exercised) to investigate the accuracy of any of the matters subject to indemnification by any other Party contained in this Agreement, each of the Parties has the right to rely fully upon the representations, warranties, covenants and agreements of the other Party contained in this Agreement. The provisions of Sections 11.01, 11.07, 11.11 and 11.15 and Articles VII and IX shall survive the termination of this

Agreement. With regard to Section 3.10 of this Agreement, the ISO will perform final billing consistent with Section 3.10 of this Agreement for all services provided until the Termination Date.

ARTICLE IX
INSURANCE; LIMITATION OF LIABILITIES

9.01 **Hold Harmless**. NTD will indemnify and hold harmless all affected PTOs from any and all liability, including but not limited to liability for penalties assessed by NERC or FERC, resulting from the NTD's failure to timely complete a reliability project in response to a reliability need identified in the Regional System Plan that the NTD's project was chosen in the Regional System Plan to resolve.

9.02 – 9.04 **[Reserved]**

9.05 **Insurance.**

(a) NTD will maintain property insurance on its Transmission Facilities and liability insurance in accordance with good utility practice.

(b) All insurance required under this Section 9.05 by outside insurers shall be maintained with insurers qualified to insure the obligations or liabilities under this Agreement and having a Best's rating of at least B+ VIII (or an equivalent Best's rating from time to time of B+ VIII), or in the event that from time to time Best's ratings are no longer issued with respect to insurers, a comparable rating by a nationally recognized rating service or such other insurers as may be agreed upon by the Parties.

(c) Upon execution of this Agreement, and when requested thereafter, NTD shall furnish the ISO with certificates of all such insurance policies setting forth the amounts of coverage, policy numbers, and date of expiration for such insurance in conformity with the requirements of this Agreement.

9.06 **Liability.**

(a) Neither Party shall be liable to the other Party for any incidental, indirect, special, exemplary, punitive or consequential damages, including lost revenues or profits, even if such damages are foreseeable or the damaged Party has advised such Party of the possibility of such damages and

regardless of whether any such damages are deemed to result from the failure or inadequacy of any exclusive or other remedy.

(b) Nothing in this Agreement shall be deemed to affect the right of the ISO to recover its costs due to liability under this Article IX through the ISO Participants Agreement or the ISO Administrative Tariff.

ARTICLE X
TERM; DEFAULT AND TERMINATION

10.01 **Term; Termination Date.**

(a) **Term.** Subject to the terms set forth in this Section 10.01, the term of this Agreement (the "Term") shall commence on the Effective Date and shall continue in force until terminated pursuant to Article X hereof. The date of such termination shall be referred to herein as the "Termination Date."

(b) **Termination by NTD.** NTD may terminate this Agreement:

(i) upon no less than 180 day's prior notice to the ISO; or

(ii) upon an ISO event of default in accordance with Section 10.03(a), provided that NTD shall exercise this right in accordance with Section 10.03(b)(i).

(c) **Termination By the ISO.** By notice to NTD, the ISO may terminate its obligations under this Agreement:

(i) upon the withdrawal of one or more PTOs from the Transmission Operating Agreement and the ISO has given notice to the PTOs that it is terminating the Transmission Operating Agreement pursuant to Section 10.01(c)(i) thereof;

(ii) if FERC issues an order putting into effect material changes in the liability and indemnification protections afforded to the ISO under this Agreement or the ISO Tariff;

(iii) if FERC issues an order putting into effect an amendment or modification of this Agreement that materially adversely affects the ISO's ability to carry out its responsibilities under this Agreement, unless the ISO has agreed to such changes in accordance with Section 11.04;

(iv) upon a NTD event of default in accordance with Section 10.04(a), provided that the ISO shall exercise this right in accordance with Section 10.04(b)(i); or

(v) if, within the period of ten years from the Effective Date, no NTD project has been listed by the ISO on the RSP Project List as "Proposed."

(d) Continuing Obligations. The withdrawing or terminating Party shall have the following continuing obligations following withdrawal from this Agreement: All financial obligations incurred and payments applicable to the time period prior to the Termination Date shall be honored by the terminating or withdrawing Party and the other Party in accordance with the terms of this Agreement, and each Party shall remain liable for all obligations arising hereunder prior to the Termination Date.

10.03 **[reserved]**

10.03 **Events of Default of the ISO.**

(a) Events of Default of the ISO. Subject to the terms and conditions of this Section 10.03, the occurrence of any of the following events shall constitute an event of default of the ISO under this Agreement:

(i) Failure by the ISO to perform any material obligation set forth in this Agreement and continuation of such failure for longer than thirty (30) days after the receipt by the ISO of written notice of such failure from NTD; provided, however, that if the ISO is diligently pursuing a remedy during such thirty (30) day period, said cure period shall be extended for an additional thirty (30) days or as otherwise agreed by NTD;

(ii) If there is a dispute between the ISO and NTD as to whether the ISO has failed to perform a material obligation, the cure period(s) provided in Section 10.03(a)(i)

above shall run from the point at which a finding of failure to perform has been made by a Governmental Authority;

(iii) Any attempt (not including consideration of strategic options or entering into exploratory discussions) by the ISO to transfer an interest in, or assign its obligations under, this Agreement, except as otherwise permitted hereunder;

(iv) Failure of the ISO (if it has received the necessary corresponding funds from ISO customers) to pay when due any and all amounts payable to NTD by the ISO as part of the settlement process pursuant to Section 3.10 within three (3) Business Days;

(v) With respect to the ISO, (A) the filing of any petition in bankruptcy or insolvency, or for reorganization or arrangement under any bankruptcy or insolvency laws, or voluntarily taking advantage of any such laws by answer or otherwise or the commencement of involuntary proceedings under any such laws, (B) assignment by the ISO for the benefit of creditors; or (C) allowance by the ISO of the appointment of a receiver or trustee of all or a material part of its property if such receiver or trustee is not discharged within thirty (30) days after such appointment.

(b) Remedies for Default. If an event of default by the ISO occurs, NTD shall have the right to avail itself of any or all of the following remedies, all of which shall be cumulative and not exclusive:

(i) To terminate this Agreement in accordance with Section 10.01(b)(ii); provided that if the ISO contests such allegation of an ISO event of default, this Agreement shall remain in effect pending resolution of the dispute, but any applicable notice period shall run during the pendency of the dispute;

(ii) To demand that the ISO shall terminate any right of the ISO, immediately make arrangements for the orderly transfer of the ISO's invoicing and collection functions with respect to NTD and assist NTD or NTD's designee in resuming performance of the functions the later of 20 days from the date of making such demand or the start of the next billing cycle.

10.04 **Events of Default of NTD.**

(a) Events of Default of NTD. Subject to the terms and conditions of this Section 10.04, the occurrence of any of the events listed below shall constitute an event of default of NTD under this Agreement (in each instance, a "NTD Default"):

(i) Failure by NTD to perform any material obligation set forth in this Agreement and continuation of such failure for longer than thirty (30) days after the receipt by NTD of written notice of such failure from the ISO, provided, however, that if NTD is diligently pursuing a remedy during such thirty (30) day period, said cure period shall be extended for an additional thirty (30) days or as otherwise agreed by the ISO and NTD;

(ii) If there is a dispute between NTD and the ISO as to whether NTD has failed to perform a material obligation, the cure period(s) provided in Section 10.04(a)(i) above shall run from the point at which a finding of failure to perform has been made by a Governmental Authority; or

(iii) With respect to NTD, (A) the filing of any petition in bankruptcy or insolvency, or for reorganization or arrangement under any bankruptcy or insolvency laws, or voluntarily taking advantage of any such laws by answer or otherwise or the commencement of involuntary proceedings under any such laws, (B) assignment by NTD for the benefit of creditors; or (C) allowance by NTD of the appointment of a receiver or trustee of all or a material part of its property if such receiver or trustee is not discharged within thirty (30) days after such appointment.

(b) Remedies for Default. If an event of default by NTD occurs, the ISO shall have the following remedy: to terminate this Agreement in accordance with Section 10.01(c)(iv); provided that if NTD contests such allegation of an NTD event of default, this Agreement shall remain in effect pending resolution of the dispute, but any applicable notice period shall run during the pendency of the dispute.

10.05 **Transmission Operating Agreement and Disbursement Agreement; Registration.** On the date on which (1) any of the Transmission Facilities or a New Transmission Facility is placed into service or (2) NTD's acquisition of Acquired Transmission Facilities is consummated, whichever occurs earlier:

(a) NTD shall execute and deliver to the ISO a counterpart of the Transmission Operating Agreement as an Additional PTO (as defined therein). Upon such execution and delivery, this Agreement shall terminate automatically.

(b) NTD shall promptly execute a signature page for the Disbursement Agreement and deliver it to the parties thereto and shall become a party to the Disbursement Agreement.

(c) NTD shall register with NPCC as a Transmission Owner [and Transmission Service Provider][under discussion].

ARTICLE XI
MISCELLANEOUS

11.01 **Notices.** Unless otherwise expressly specified or permitted by the terms hereof, all communications and notices provided for herein shall be in writing and any such communication or notice shall become effective (a) upon personal delivery thereof, including by overnight mail or courier service, (b) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (c) in the case of notice by facsimile, upon receipt thereof; provided that such transmission is promptly confirmed by either of the methods set forth in clauses (a) or (b) above, in each case addressed to the relevant party and copy party hereto at its address set forth in Schedule 11.01 or at such other address as such party or copy party may from time to time designate by written notice to the other party hereto; further provided that a notice given in connection with this Section 11.01 but received on a day other than a Business Day, or after business hours in the situs of receipt, will be deemed to be received on the next Business Day.

11.02 **Supersession of Prior Agreements.** With respect to the subject matter hereof, this Agreement (together with all schedules and exhibits attached hereto) constitutes the entire agreement and understanding among the Parties with respect to all subjects covered by this Agreement and supersedes all prior discussions, agreements and understandings among the Parties with respect to such matters.

11.03 **Waiver.** Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by a Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to

be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, shall be cumulative and not alternative.

11.04 **Amendment; Limitations on Modifications of Agreement.**

(a) This Agreement shall only be subject to modification or amendment by agreement of the Parties and the acceptance of any such amendment by FERC.

(b) In light of the foregoing, the Parties agree that they shall not rely to their detriment on any purported amendment, waiver or other modification of any rights under this Agreement unless the requirements of this Section 11.04 are satisfied and further agree not to assert equitable estoppel or any other equitable theory to prevent enforcement of this provision in any court of law or equity, arbitration or other proceeding.

11.05 **No Third Party Beneficiaries.** Except as provided in Article IX, it is not the intention of this Agreement or of the Parties to confer a third party beneficiary status or rights of action upon any Person or entity whatsoever other than the Parties and nothing contained herein, either express or implied, shall be construed to confer upon any Person or entity other than the Parties any rights of action or remedies either under this Agreement or in any manner whatsoever.

11.06 **No Assignment; Binding Effect.** Neither this Agreement nor any right, interest or obligation hereunder may be assigned by a Party, (including by operation of law) law (an "Assignment")-, without the prior written consent of the other Party in its sole discretion and any attempt at Assignment in contravention of this Section 11.06 shall be void, provided, however, that NTD may assign its rights and interests hereunder as security in connection with any financing for the construction or operation of NTD's Transmission Facilities (a "Collateral Assignment") without prior written consents or approvals. NTD may assign or transfer any or all of its rights, interests and obligations hereunder upon the transfer of its assets through sale, reorganization, or other transfer, provided that:

(a) NTD's successors and assigns shall agree to be bound by the terms of this Agreement except that NTD's successors and assigns shall not be required to be bound by any obligations hereunder to the extent that NTD has agreed to retain such obligations; and

(b) notwithstanding (a), NTD shall assign or transfer to any new owner of Transmission Facilities subject to this Agreement all of the rights, responsibilities and obligations associated with the physical operation of such Transmission Facilities as well as all of the rights, responsibilities and obligations associated with the ISO's Operating Authority with respect to such Transmission Facilities, further provided that the new owner shall have the right to retain one or more subcontractors to perform any or all of its responsibilities or obligations under this Agreement.

Subject to the foregoing, this Agreement is binding upon, inures to the benefit of and is enforceable by the Parties and their respective permitted successors and assigns. No Assignment shall be effective until NTD receives all required regulatory approvals for such Assignment.

11.07 **Further Assurances; Information Policy; Access to Records.**

(a) Each Party agrees, upon the other Party's request, to make Commercially Reasonable Efforts to execute and deliver such additional documents and instruments, provide information, and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions, and conditions of this Agreement and of the transactions contemplated hereby.

(b) The ISO shall, upon NTD's request, make available to NTD any and all information within the ISO's custody or control that is necessary for NTD to perform its responsibilities and obligations or enforce its rights under this Agreement, provided that such information shall be made available to NTD only to the extent permitted under the ISO Information Policy and subject to any applicable restrictions in the ISO Information Policy, including provisions of the ISO Information Policy governing the confidential treatment of non-public information, and provided further that any NTD employee or employee of NTD's Local Control Center shall comply with such ISO Information Policy and any applicable standards of conduct to prevent the disclosure of such information to any unauthorized Person. Any dispute concerning what information is necessary for NTD to perform its responsibilities and obligations or enforce its right under this Agreement shall be subject to dispute resolution under Section 11.12 of this Agreement.

(c) NTD shall, upon the ISO's request, make available to the ISO any and all information within NTD's custody or control that is necessary for the ISO to perform its responsibilities and obligations or enforce its rights under this Agreement, provided that such information shall be shall

be made available to the ISO only to the extent permitted under the ISO Information Policy and subject to any applicable restrictions in the ISO Information Policy, including provisions of the ISO Information Policy governing the confidential treatment of non-public information, and provided further that any ISO employee shall comply with such ISO Information Policy and any applicable standards of conduct to prevent the disclosure of such information to any unauthorized Person. Any dispute concerning what information is necessary for the ISO to perform its responsibilities and obligations or enforce its right under this Agreement shall be subject to dispute resolution under Section 11.12 of this Agreement.

(d) If, in order to properly prepare its Tax Returns, other documents or reports required to be filed with Governmental Authorities or its financial statements or to fulfill its obligations hereunder, it is necessary that the ISO or NTD be furnished with additional information, documents or records not referred to specifically in this Agreement, and such information, documents or records are in the possession or control of the other Party, the other Party shall use its best efforts to furnish or make available such information, documents or records (or copies thereof) at the ISO's or NTD's request, cost and expense. Any information obtained by the ISO or NTD in accordance with this paragraph shall be subject to any applicable provisions of the ISO Information Policy

(e) Notwithstanding anything to the contrary contained in this Section 11.07:

(i) no Party shall be obligated by this Section 11.07 to undertake studies or analyses that such Party would not otherwise be required to undertake or to incur costs outside the normal course of business to obtain information that is not in such Party's custody or control at the time a request for information is made pursuant to this Section 11.07;

(ii) if NTD and the ISO are in an adversarial relationship in litigation or arbitration (other than with respect to litigation or arbitration to enforce this Section 11.07), the furnishing of information, documents or records by the ISO or NTD in accordance with this Section 11.07 shall be subject to applicable rules relating to discovery;

(iii) no Party shall be compelled to provide any privileged and/or confidential documents or information that are attorney work product or subject to the attorney/client privilege; and

(iv) no Party shall be required to take any action that impairs or diminishes its rights under this Agreement or otherwise lessens the value of this Agreement to such Party.

11.08 **Business Day.** Notwithstanding anything herein to the contrary, if the date on which any payment is to be made pursuant to this Agreement is not a Business Day, the payment otherwise payable on such date shall be payable on the next succeeding Business Day with the same force and effect as if made on such scheduled date and, provided such payment is made on such succeeding Business Day, no interest shall accrue on the amount of such payment from and after such scheduled date to the time of such payment on such next succeeding Business Day.

11.09 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware including all matters of construction, validity and performance without regard to the conflicts-of-laws provisions thereof.

11.10 **Consent to Service of Process.** Each of the Parties hereby consents to service of process by registered mail, Federal Express or similar courier at the address to which notices to it are to be given, it being agreed that service in such manner shall constitute valid service upon such Party or its successors or assigns in connection with any such action or proceeding; provided, however, that nothing in this Section 11.10 shall affect the right of any Party or its successors and permitted assigns to serve legal process in any other manner permitted by applicable Law or affect the right of any such Party or its successors and assigns to bring any action or proceeding against the other Party or its property in the courts of other jurisdictions.

11.11 **Force Majeure.** A Party shall not be considered to be in default or breach under this Agreement, and shall be excused from performance or liability for damages to any other party, if and to the extent it shall be delayed in or prevented from performing or carrying out any of the provisions of this Agreement, except the obligation to pay any amount when due, in consequence of any act of God, labor disturbance, failure of contractors or suppliers of materials (not including as a result of non-payment), act of the public enemy or terrorists, war, invasion, insurrection, riot, fire, storm, flood, ice, explosion, breakage or accident to machinery or equipment or by any other cause or causes (not including a lack of funds or other financial causes) beyond such Party's reasonable control, including any order, regulation, or restriction imposed by governmental, military or lawfully established civilian authorities. A Party claiming a force majeure event shall use reasonable diligence to remove the condition that prevents

performance, except that the settlement of any labor disturbance shall be in the sole judgment of the affected Party.

11.12 **Dispute Resolution.** The Parties agree that any dispute arising under this Agreement shall be the subject of good-faith negotiations among the Parties and affected market participants, if any. Each Party and each affected market participant shall designate one or more representatives with the authority to negotiate the matter in dispute to participate in such negotiations. The Parties and affected market participants shall engage in such good-faith negotiations for a period of not less than 60 calendar days, unless: (a) a Party or market participant identifies exigent circumstances reasonably requiring expedited resolution of the dispute by FERC or a court or agency with jurisdiction over the dispute; or (b) the provisions of this Agreement otherwise provide a Party the right to submit a dispute directly to FERC for resolution. Any other dispute that is not resolved through good-faith negotiations may, by a Party or any market participant, be submitted for resolution by FERC or a court or agency with jurisdiction over the dispute upon the conclusion of such negotiations. A Party or market participant may request that any dispute submitted to FERC for resolution be subject to FERC settlement procedures. Notwithstanding the foregoing, any dispute arising under this Agreement may be submitted to arbitration or any other form of alternative dispute resolution upon the agreement of the Parties and all affected market participants to participate in such an alternative dispute resolution process.

11.13 **Invalid Provisions.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any Party under this Agreement shall not be materially and adversely affected thereby, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom, and (d) the court holding such provision to be illegal, invalid or unenforceable may in lieu of such provision add as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as it deems appropriate.

11.14 **Headings and Table of Contents.** The headings of the sections of this Agreement and the Table of Contents are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

11.15 **Liabilities; No Joint Venture.**

(a) The obligations and liabilities of the ISO and NTD arising out of or in connection with this Agreement shall be several, and not joint, and each Party shall be responsible for its own debts, including Taxes. No Party shall have the right or power to bind any other Party to any agreement without the prior written consent of such other Party. The Parties do not intend by this Agreement to create nor does this Agreement constitute a joint venture, association, partnership, corporation or an entity taxable as a corporation or otherwise. No express or implied term, provision or condition of this Agreement shall be deemed to constitute the parties as partners or joint venturers.

(b) To the extent any Party has claims against the other Party, such Party may only look to the assets of the other Party for the enforcement of such claims and may not seek to enforce any claims against the directors, members, officers, employees, affiliates, or agents of such other Party who, each Party acknowledges and agrees, have no liability, personal or otherwise, by reason of their status as directors, members, officers, employees, affiliates, or agents of that Party, with the exception of fraud or willful misconduct.

11.16 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. The parties hereto agree that any document or signature delivered by facsimile transmission shall be deemed an original executed document for all purposes hereof.

11.17 **Effective Date.**

This Agreement shall become effective on the date of execution (the "Effective Date").

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party as of the date written below.

For ISO New England Inc.

Name:_____

Title:_____

Date:_____

For [NTD]

Name:_____

Title:_____

Date:_____

Schedule 1.01

Schedule of Definitions

Acquired Transmission Facilities. Any transmission facility acquired within the New England Control Area by NTD after the Operations Date that meets the classification standards set forth in Section 2.02(a).

Additional Term. "Additional Term" shall have the meaning ascribed thereto in Section 10.01(a) of this Agreement.

Affiliate. Any person or entity which controls, is controlled by, or is under common control by another person or entity. For purposes of this definition, "control" shall mean the possession, directly or indirectly and whether acting alone or in conjunction with others, of the authority to direct the management or policies of a person or entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

Agreement. This Operating Agreement between the ISO and NTD, as it may be amended from time to time.

Ancillary Service. Those services that are necessary to support the transmission of electric capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with Good Utility Practice.

Approved Outages. "Approved Outages" shall have the meaning ascribed thereto in Market Rule 1 of the ISO Tariff.

Best's. The A.M. Best Company.

Business Day. Any day other than a Saturday or Sunday or an ISO holiday, as posted by the ISO on its website.

Commercially Reasonable Efforts. A level of effort which, in the exercise of prudent judgment in the light of facts or circumstances known or which should reasonably be known at the time a decision is made, can be expected by a reasonable person to accomplish the desired result in a manner consistent

with Good Utility Practice and which takes the performing party's interests into consideration. "Commercially Reasonable Efforts" will not be deemed to require a Person to undertake unreasonable measures or measures that have a significant adverse economic affect on such Person, including the payment of sums in excess of amounts that would be expended in the ordinary course of business for the accomplishment of the stated purpose.

Commission. The Federal Energy Regulatory Commission.

Control Area. An electric power system or combination of electric power systems, bounded by metering, to which a common automatic generation control scheme is applied in order to:

(a) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);

(b) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

(c) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice and applicable NERC/NPCC Requirements; and

(d) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

Coordination Agreement. An agreement between the ISO and the operator(s) of one or more neighboring Control Areas addressing issues including interchange scheduling, operational arrangements, emergency procedures, energy for emergency and reliability needs, the exchange of information among Control Areas, and other aspects of the coordinated operation of the Control Areas.

Disbursement Agreement. The Rate Design and Funds Disbursement Agreement among the PTOs, as amended and restated from time to time.

Effective Date. "Effective Date" shall have the meaning ascribed thereto in Section 11.18(a) of this Agreement.

Elective Transmission Upgrade. A Transmission Upgrade constructed by any Person which is not required to be constructed pursuant to any applicable requirement of this Agreement, but which may be subject to applicable requirements set forth in the ISO OATT and this Agreement.

Elective Transmission Upgrade Applicant. "Elective Transmission Upgrade Applicant" shall have the meaning ascribed thereto in Section 2.05 of this Agreement.

Environment. Soil, land surface or subsurface strata, surface waters (including navigable waters, ocean waters, streams, ponds, drainage basins, and wetlands), groundwaters, drinking water supply, stream sediments, ambient air (including indoor air), plant and animal life, and any other environmental medium or natural resource.

Environmental Damages. "Environmental Damages" shall mean any cost, damages, expense, liability, obligation or other responsibility arising from or under Environmental Law consisting of or relating to:

(a) any environmental matters or conditions (including on-site or off-site contamination, occupational safety and health, and regulation of chemical substances or products);

(b) fines, penalties, judgments, awards, settlements, legal or administrative proceedings, damages, losses, claims, demands and response, investigative, remedial or inspection costs and expenses arising under Environmental Law;

(c) financial responsibility under Environmental Law for cleanup costs or corrective action, including any investigation, cleanup, removal, containment or other remediation or response actions ("Cleanup") required by applicable Environmental Law (whether or not such Cleanup has been required or requested by any Governmental Authority or any other Person) and for any natural resource damages; or

(d) any other compliance, corrective, investigative, or remedial measures required under Environmental Law.

Environmental Laws. Any Law now or hereafter in effect and as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of the Environment, health or safety or to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

Excluded Assets. "Excluded Assets" shall have the meaning ascribed thereto in Section 2.04 of this Agreement.

Existing Operating Procedures. "Existing Operating Procedures" shall have the meaning ascribed thereto in Section 3.02(d) of this Agreement.

External Transactions. Interchange transactions between the New England Transmission System and neighboring Control Areas.

FACTS. Flexible AC Transmission Systems.

FERC. The Federal Energy Regulatory Commission.

Final Order. An order issued by a Governmental Authority in a proceeding after all opportunities for rehearing are exhausted (whether or not any appeal thereof is pending) that has not been revised, stayed, enjoined, set aside, annulled or suspended, with respect to which any required waiting period has expired, and as to which all conditions to effectiveness prescribed therein or otherwise by law, regulation or order have been satisfied.

Financial Assurances. "Financial Assurances" shall have the meaning ascribed thereto in Section 3.10(b) of this Agreement.

FPA. The Federal Power Act.

FTR. A Financial Transmission Right, as defined in the ISO OATT.

Generally Accepted Accounting Principles. The widely accepted set of rules, conventions, standards, and procedures for reporting financial information, as established by the Financial Accounting Standards Board.

Generating Unit. A device for the production of electricity.

Good Utility Practice. Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good

business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority. The government of any nation, state or other political subdivision thereof, including any entity exercising executive, military, legislative, judicial, regulatory, or administrative functions of or pertaining to a government, not including NTD or the ISO.

Hazardous Materials. Any waste or other substance that is listed, defined, designated, or classified as, or otherwise determined to be, hazardous, radioactive, or toxic or a pollutant or a contaminant under or pursuant to any Environmental Law, including any admixture or solution thereof, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos-containing materials.

Indemnifiable Loss. "Indemnifiable Loss" shall have the meaning ascribed thereto in Section 9.01(a)(i) of this Agreement.

Indemnifying Party. "Indemnifying Party" shall have the meaning ascribed thereto in Section 9.02 of this Agreement.

Indemnitee. "Indemnitee" shall have the meaning ascribed thereto in Section 9.02 of this Agreement.

Interconnection Agreement. An agreement or agreements for the interconnection of any entity to the Transmission Facilities of NTD.

Interconnection Standard. The applicable interconnection standards set forth in the ISO OATT.

Invoiced Amount. "Invoiced Amount" shall have the meaning ascribed thereto in Section 3.10(a)(i) of the Agreement.

ISO. ISO New England Inc., the RTO for New England authorized by the Federal Energy Regulatory Commission to exercise the functions required pursuant to FERC's Order No. 2000 and FERC's corresponding regulations.

ISO Control Center. The primary control center established by the ISO for the exercise of its Operating Authority and the performance of functions as an RTO.

ISO Information Policy. The information policy set forth in the ISO OATT.

ISO-NE. ISO New England Inc.

ISO OATT. The ISO Open Access Transmission Tariff, as in effect from time to time.

ISO Participants Agreement. The agreement among the ISO and stakeholder participants addressing, inter alia, the stakeholder process for the ISO.

ISO Planning Process. The process set forth in the ISO OATT, for the coordinated planning and expansion of the New England Transmission System with provision for the participation of all state regulatory authorities with jurisdiction over retail rates in the ISO region acceptable to those authorities, which process shall be subject to certain terms and conditions set forth in Schedule 3.09(a).

ISO System Plan. The "Regional System Plan" as defined in the ISO OATT.

ISO Tariff. The ISO Transmission, Markets and Services Tariff, as amended from time to time, on file with FERC.

Large Generating Facility. "Large Generating Facility" shall have the meaning ascribed thereto in the ISO OATT.

Law. Any federal, state, local or foreign statute, law, ordinance, regulation, rule, code, order, other requirement or rule of law.

Load Shedding. The systematic reduction of system demand by temporarily decreasing load.

Market Monitoring Unit. Any market monitoring unit established by the ISO, including any internal market monitoring unit of the ISO and any independent market monitoring unit of the ISO.

Market Participant Service Agreement. The agreement among the ISO and market participants addressing, inter alia, the requirements for participating in the New England Markets.

Market Rules. The rules describing how the New England Markets are administered.

Merchant Facility. A transmission facility constructed by an entity that assumes all market risks associated with the recovery of costs for the facility and whose costs are not recovered through traditional

cost-of-service based rates, but instead are recovered either through negotiated agreements with customers or through market revenues.

NTD Category A Facilities. Those transmission facilities listed in Schedule 2.01(a) of the Agreement, as that list may be modified from time to time in accordance with the terms of this Agreement.

NTD Category B Facilities. Those transmission facilities listed in Schedule 2.01(b) of the Agreement, as that list may be modified from time to time in accordance with the terms of this Agreement.

NTD Local Area Facilities. "Local Area Facilities" shall have the meaning ascribed thereto in Section 2.01 of this Agreement.

NTD Local Restoration Plan. The restoration plan developed by NTD with respect to the Transmission Facilities.

NERC. The North American Electric Reliability Corporation.

NERC/NPCC Requirements. NPCC criteria, guides, and procedures, NERC reliability standards, and NERC operating policies and planning standards (until such time as they are replaced by NERC reliability standards) and any successor documents.

New England Control Area. The Control Area consisting of the interconnected electric power system or combination of electric power systems in the geographic region consisting of Vermont, New Hampshire, Maine, Massachusetts, Connecticut and Rhode Island.

New England Markets. Markets or programs (including congestion pricing and design and implementation of FTRs) for the purchase of energy, capacity, ancillary services, demand response services or other related products or services that are offered in the New England Control Area and that are administered by the ISO pursuant to rules, rates, or agreements on file from time to time with the Commission.

New England Transmission System. The system comprised of the transmission facilities over which the ISO has operational jurisdiction, including the Transmission Facilities of NTD and the PTOs and the transmission system of any ITC formed pursuant to Attachment M to the ISO OATT.

New Transmission Facility. Any new transmission facility constructed within the New England Transmission System that is owned by NTD and that goes into commercial operation after the Effective Date. For the avoidance of doubt, in the case of a high-voltage, direct-current system, a New Transmission Facility shall include the transmission cable and the AC/DC converter stations as a single project.

Non-PTF. "Non-PTF" shall have the meaning ascribed thereto in the ISO OATT.

NPCC. The Northeast Power Coordinating Council.

OASIS. The Open Access Same-Time Information System of the ISO.

Operating Authority. "Operating Authority" shall have the meaning ascribed thereto in the TOA.

Operating Limits. The transfer limits for a transmission interface or generation facility.

Operating Procedures. The operating manuals, procedures, and protocols relating to the exercise of Operating Authority over the Transmission Facilities, as such manuals, procedures, and protocols may be modified from time to time in accordance with this Agreement.

Order 2000. FERC's Order No. 2000, *i.e.*, *Regional Transmission Organizations*, Order No. 2000, 65 Fed. Reg. 809 (January 6, 2000), FERC Stats. & Regs. ¶31,089 (1999), *order on reh'g*, Order No. 2000-A, 65 Fed. Reg. 12,088 (March 8, 2000), FERC Stats. & Regs. ¶31,092 (2000), *petitions for review dismissed sub nom.*, Public Utility District No. 1 of Snohomish County, Washington v. FERC, 272 F.3d 607 . (D.C. Cir. 2001).

Owed Amounts. "Owed Amounts" shall have the meaning ascribed thereto in Section 3.10(c) of this Agreement.

PARS. Phase angle regulators.

Participant. A participant in the New England Markets, Transmission Customer, or other entity that has entered into the ISO Participants Agreement.

Participants Committee. "Participants Committee" shall mean the stakeholder participants committee established pursuant to the ISO Participants Agreement.

Party or Parties. A "Party" shall mean the ISO or NTD, as the context requires. "Parties" shall mean NTD and the ISO.

Person. An individual, partnership, joint venture, corporation, business trust, limited liability company, trust, unincorporated organization, government or any department or agency thereof, or any other entity.

Planned Outages. "Planned Outages" shall have the meaning ascribed thereto in Market Rule 1 of the ISO Tariff.

Planning Procedures. The manuals, procedures and protocols for planning and expansion of the New England Transmission System, as such manuals, procedures, and protocols may be modified from time to time in accordance with this Agreement.

Prime Rate. The interest rate that commercial banks charge their most creditworthy borrowers, as published in the most recent Wall Street Journal in its "Monday Rates" column.

PTF. "PTF" shall have the meaning ascribed thereto in the ISO OATT.

PTO or Participating Transmission Owner. "PTO" shall have the meaning ascribed thereto in the opening paragraph of the TOA. "Participating Transmission Owner" shall have the same meaning as "PTO."

Rating Procedures. "Rating Procedures" shall have the meaning ascribed thereto in Section 3.02(d) of this Agreement.

Regulation and Frequency Response Service. An Ancillary Service as defined in the ISO OATT.

Reliability Authority. "Reliability Authority" shall have the meaning established by NERC, as such definition may change from time to time, provided such definition of Reliability Authority shall not be inconsistent with the specific rights and responsibilities of the ISO and the PTOs under this Agreement.

Restoration Plans. The System Restoration Plan, all PTO Local Restoration Plans and the NTD Local Restoration Plan.

RSP Project List. "RSP Project List" shall have the meaning ascribed thereto in the ISO OATT.

RTO. An independent entity that complies with Order No. 2000 and FERC's corresponding regulations (or an entity that complies with all such requirements except for the scope and regional configuration requirements), as determined by the FERC.

Schedule 22 Large Generator Interconnection Agreement. The interconnection agreement included in Schedule 22 of the ISO OATT.

Schedule 23 Small Generator Interconnection Agreement. The interconnection agreement included in Schedule 23 of the ISO OATT.

Scheduled Outages. "Scheduled Outages" shall have the meaning ascribed thereto in Market Rule 1 of the ISO Tariff.

Small Generating Facility. "Small Generating Facility" shall have the meaning ascribed thereto in the ISO OATT.

System Failure. Widespread telecommunication, hardware or software failure or systemic the ISO hardware or software failures that makes it impossible to receive or process bid information, dispatch resources, or exercise Operating Authority over the Transmission Facilities.

Tax or Taxes. All taxes, charges, fees, levies, penalties or other assessments imposed by any United States federal, state or local or foreign taxing authority, including, but not limited to, income, excise, property, sales, transfer, franchise, payroll, withholding, social security or other taxes, including any interest, penalties or additions attributable thereto.

Tax Return. Any return, report, information return, or other document (including any related or supporting information) required to be supplied to any authority with respect to Taxes.

Technical Committees. "Technical Committee" shall mean the stakeholder technical committees established pursuant to the ISO Participants Agreement.

Term. "Term" shall have the meaning ascribed thereto in Section 10.01 of this Agreement.

Third Party. "Third Party" shall have the meaning ascribed thereto in Section 9.01(a) of this Agreement.

Termination Date. "Termination Date" shall have the meaning ascribed thereto in Section 10.01(a) of this Agreement.

TOA. The Transmission Operating Agreement entered into by the ISO and the PTOs, effective February 1, 2005, as it may be amended from time to time.

Transmission Business. The business activities of each PTO related to the ownership, operation and maintenance of its Transmission Facilities.

Transmission Customer. Any entity taking Transmission Service under the ISO OATT.

Transmission Facilities. "Transmission Facilities" shall have the meaning ascribed thereto in Sections 2.01 and 2.02 of this Agreement.

Transmission Owner. "Transmission Owner" shall have the meaning ascribed thereto in the ISO OATT.

Transmission Provider. The ISO, in its capacity as the provider of transmission services over the Transmission Facilities of the PTOs in accordance with FERC's Order No. 2000 and FERC's RTO regulations.

Transmission Service. The non-discriminatory, open access, wholesale transmission services provided to customers by the ISO in accordance with the ISO OATT.

Transmission Upgrade. Any upgrade to an existing Transmission Facility owned by NTD that goes into commercial operation after the Effective Date.

VAR. Volt-Amps Reactive.

Schedule 2.01(a)

Schedule 2.01(b)

Schedule 11.01

NOTICES

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