

GREEN MOUNTAIN POWER CORPORATION

SCHEDULE 20A-GMP

Phase I/II HVDC Transmission Facilities (HVDC-TF) Service

SCHEDULE 20A-GMP-1

Firm Point-to-Point Transmission Service Over HVDC-TF

SCHEDULE 20A-GMP-2

Non-Firm Point-to-Point Transmission Service Over HVDC-TF

SCHEDULE 20A-GMP-3

Network Transmission Service Over HVDC-TF

Monthly Charge for Local Network Service over the HVDC-TF

ATTACHMENT L

Creditworthiness Procedure

Green Mountain Power Corporation (Green Mountain or the Company) is an Interconnection Rights Holder (IRH) of the Hydro-Quebec Phase I/II HVDC Transmission Facilities (HVDC-TF). The Company is providing open access to its portion of the HVDC-TF. This Schedule functions in conjunction with the RTO Tariff, in particular Section II and the Common Provisions of Schedule 20A, to offer Transmission Services and Ancillary Services not provided pursuant to the RTO Tariff. Consequently, the Company offers transmission service over its portion of the HVDC-TF and the rights of third parties, including Green Mountain's generation function, to transmit power on the HVDC-TF that Green Mountain has the authority to broker on behalf of such rights holders pursuant to this Schedule. The Transmission Customer shall be billed monthly in accordance with Schedule 20A and this Service Schedule. Billing determinants are the Transmission Customer's Reserved Capacity and the applicable Phase I/II HVDC-TF Service Charge as calculated pursuant to this Service Schedule.

Terms not defined in this Schedule have the meaning as defined in Section II of the RTO Tariff.

Any amounts owed to or by Central Vermont Public Service Corporation under that company's Schedule 20A with respect to service provided pursuant to that schedule prior to its termination and prior to the merger of Central Vermont Public Service Corporation into Green Mountain shall be owed to or by Green Mountain and shall be paid to Green Mountain in the case of amounts owed to Central Vermont Public Service Corporation and shall be paid by Green Mountain in the case of amounts owed by Central Vermont Public Service Corporation.

SCHEDULE 20A-GMP-1

Firm Point-to-Point Transmission Service Over HVDC-TF

The Transmission Customer shall compensate the Company each month for Reserved Capacity which is transmitted over the HVDC-TF Facilities at the greater of the charges set out in (A) or (B), below, calculated over the lesser of the transaction term or one year.

- A. **Embedded Cost Charge**: The sum of the applicable charges set forth below.
- 1) **Yearly delivery**: Yearly Delivery Charge as set forth in Section 5 below, divided by 12, applied monthly.
 - 2) **Monthly delivery**: Yearly Delivery Charge divided by 12.
 - 3) **Weekly delivery**: Yearly Delivery Charge divided by 52.
 - 4) **Daily delivery**: The charge for daily delivery on Monday through Friday shall be derived by dividing the Yearly Delivery Charge by 260; the charge for daily delivery on Saturday and Sunday shall be derived by dividing the Yearly Delivery Charge by 365.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

- 5) **Yearly Delivery Charge**:

Subtotal 1: Adjusted cost of service:

The sum of (i) the annual cost of the HVDC-TF on which the Company holds the right to offer transmission service and (ii) the annual cost of the HVDC-TF of IRH other than the Company who have granted the Company the right to broker transmission service on such Facilities (“Other Rights Holders”).

Subtotal 2: Average Total Transfer Capability:

The average actual Total Transfer Capability (“TTC”) of the sum of (i) the HVDC-TF on which the Company holds the right to offer transmission service and (ii) the HVDC-TF of Other Rights Holders. The average actual TTC is calculated as the average of all actual hourly TTC values for the preceding calendar year.

Subtotal 1

Divided By Subtotal 2
Yearly Delivery Charge for Firm Point-to-Point Transmission Service over
HVDC-TF

Unit charges shall be revised as necessary to reflect additions or deletions to the Other Rights Holders. The charges also shall be modified each June 1 to reflect the costs of the HVDC-TF of the Company as shown in the Company’s most recently-filed FERC Form 1 and the costs of the HVDC-TF of the Other Rights Holders. Billing determinants are the Customer’s Reserved Capacity on the HVDC-TF.

B. Opportunity Cost Charge:

Green Mountain Power reserves the right to charge opportunity costs incurred by Green Mountain Power as a result of providing Transmission Service over the Phase I\Phase II HVDC Facilities. Green Mountain Power will develop and file an opportunity cost methodology with the Commission prior to charging such cost to the Transmission Customer

SCHEDULE 20A-GMP-2

Non-Firm Point-To-Point Transmission Service Over HVDC-TF

The Transmission Customer shall compensate the Company for Non-Firm Point-To-Point Transmission Service over the HVDC-TF at a rate that is no greater than the sum of the applicable charges set forth below. The Company will not incur opportunity costs in order to provide non-firm point-to-point service over the HVDC-TF.

- 1) **Monthly delivery:** Monthly Delivery Charge as set forth in Schedule 20A-GMP-1, Section A.2.
- 2) **Weekly delivery:** Yearly Delivery Charge as set forth in Schedule 20A-GMP-1, Section A.5, divided by 52.
- 3) **Daily delivery:** The maximum charge for daily delivery on Monday through Friday shall be derived by dividing the Yearly Delivery Charge as set out in Schedule 20A-GMP-1, Section A.5 by 260 and the maximum charge for daily delivery on Saturday and Sunday shall be derived by dividing the Yearly Delivery Charge by 365.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

- 4) **Hourly delivery:** The charge for hourly service during On-Peak hours shall be derived by dividing the Yearly Delivery Charge as set out in Schedule 20A-GMP-1, Section A.5 by 4,160, and the charge for hourly service during Off-Peak hours shall be derived by dividing the Yearly Delivery Charge by 8,760. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

Billing determinants are the Customer's Reserved Capacity on the HVDC-TF.

SCHEDULE 20A-GMP-3

Network Transmission Service Over HVDC-TF

Monthly Charge for Local Network Service over the HVDC-TF :

A Transmission Customer taking Local Network Service over the HVDC-TF shall pay a charge of the greater of (a) a directly assigned portion of the embedded cost of service equal to (i) the adjusted cost of service for the HVDC-TF, as determined in Attachment D-1 to Schedule 21-GMP, multiplied by (ii) the average of the Customer's Reserved Capacity on the HVDC-TF in the twelve months ending with the billing month, measured at the times of Green Mountain's peak loads on the HVDC-TF in those months, divided by (iii) the average of Green Mountain's monthly peak loads on the Facilities in the twelve months ended with the billing month for which Green Mountain is compensated at embedded cost rates; or (b) the opportunity costs incurred as a result of providing such service, calculated pursuant to Attachment A. The embedded cost charge set out in subsection (a) shall be forecast for the calendar year and reconciled to actual data in the same manner as stated in Attachment D-1 to Schedule 21-GMP.

ATTACHMENT L
Creditworthiness Procedure

1. General Information:

This provision is applicable to any Transmission Customer taking Transmission Service under ISO New England Inc.'s Transmission, Markets and Services Tariff, Section II-Open Access Transmission Tariff Schedule 21-GMP ("Tariff") and Schedule 20A-GMP of the OATT for Green Mountain (referred to as "Transmission Service" or "Transmission Services"). The creditworthiness of each Transmission Customer must be established prior to receiving Transmission Service from Green Mountain. A Transmission Customer will be evaluated at the time its application for Transmission Service is provided to Green Mountain. A credit review shall be conducted for each Transmission Customer not less than annually or upon reasonable request by the Transmission Customer. Green Mountain shall make this credit review in accordance with procedures based on specific quantitative and qualitative criteria to determine the level of secured and unsecured credit required from the Transmission Customer.

The information requested in this Attachment L should be forwarded to:

Chief Financial Officer/Controller
Green Mountain Power Corporation
163 Acorn Lane
Colchester, VT 05446

Upon receipt of a Transmission Customer's information, Green Mountain will review it for completeness and will notify the Transmission Customer if additional information is required. Upon completion of an evaluation of a Transmission Customer under this Creditworthiness Policy, Green Mountain will forward a written evaluation if the Transmission Customer is required to provide Financial Assurance.

2. Financial Information:

Transmission Customers requesting Transmission Service or requesting interconnection service must submit, if available, the following:

- All current rating agency reports of the Transmission Customer issued by Standard and Poor's ("S&P"), Moody's and/or Fitch Ratings.
- Audited financial statements provided by a registered independent auditor for the two (2)

most recent years, on an annual and quarterly basis if available, or the period of its existence, if shorter than two (2) years, for the Transmission Customer.

3. Creditworthiness Requirements

- A. Transmission Customers, rated and un-rated, will be required to meet specific quantitative creditworthiness requirements, as detailed below:
1. To qualify for unsecured credit, the Transmission Customer must meet at least one of criteria (a) or (b) as described below:
 - a) If rated, the Transmission Customer's lowest senior unsecured long-term debt rating from the three named rating agencies (or if the customer does not have a senior unsecured long-term debt rating, then one rating notch below the issuer and/or corporate credit rating) of:
 - Standard and Poor's or Fitch rating of at least a **BBB+**, or
 - Moody's rating of at least a **Baa1**.
 - b) If un-rated or if rated below BBB+/Baa1, as stated in a), the Transmission Customer must meet all of the following for the last four (4) quarters, or the last two (2) years if quarterly information is not available:
 - A Current Ratio of at least 2.0 (current assets divided by all current liabilities);
 - A Total Capitalization Ratio of less than 55% debt, defined as total debt (including all capitalized leases and all short-term borrowings) divided by the sum of total shareholders' equity plus total debt;
 - EBITDA-to-Fixed Charge Ratio of at least 3.0 times, defined as Earnings before interest, taxes, depreciation and amortization divided by fixed charges (interest on debt as defined in Total

Capitalization Ratio above plus preferred dividends on any outstanding preferred equity); and

- Unqualified audit opinions in audited financial statements provided.

2. If the Transmission Customer relies on the creditworthiness of a parent company or other party reasonably acceptable to Green Mountain, the Transmission Customer's parent company or such other party must meet the criteria set out in (a) or (b) above, and must provide to Green Mountain a written guarantee that it will be unconditionally responsible for all financial obligations associated with the Transmission Customer's receipt of Transmission Service from Green Mountain.

B. Qualitative Standards for Creditworthiness Determination:

In conjunction with the quantitative standards above, Green Mountain will consider qualitative standards when determining creditworthiness, such as:

- 1) Years in business: a company in business fewer than five (5) years will be considered a greater risk.
- 2) Management's experience in the industry: a management team with an average of less than five (5) years experience will be considered a greater risk.
- 3) Market risk: consideration of pricing exposure, credit exposures, and operational exposures.
- 4) Litigation Risk: a pending legal action with potential monetary damages approaching 3% of gross revenues will be considered as significantly increasing Transmission Customer risk.
- 5) Regulatory Environment (State and Local): a company subject to significant exposure to regulatory decisions, such as key planning decisions, shall be considered as having increased risk.

- 6) Prior payment history with other Transmission Providers or other vendors: a company with an excellent payment history of greater than or equal to five (5) years shall be considered a lesser risk.

4. Financial Assurance:

If the Transmission Customer does not meet the applicable requirements for Creditworthiness set out in Section 3, then the Transmission Customer must either:

- Pay in advance for service an amount equal to the lesser of the total charge for Transmission Service or the charge for three months of Transmission Service not less than ten (10) business days in advance of the commencement of service. If the Transmission Customer pays for service in advance, Green Mountain will pay to the Transmission Customer interest on the amounts not yet due to Green Mountain, computed in accordance with the Commission's regulations at 18 CFR § 35.19a(a)(2)(iii); or
- Obtain Financial Assurance in the form of a letter of credit or corporate guarantee from a parent or other party reasonably acceptable to Green Mountain with an issuer and/or corporate credit rating no lower than investment grade from Standard and Poor's and/or Fitch Ratings and/or Moody's in an amount equal to the equivalent of three (3) months of Transmission Service charges at least one (1) day prior to receiving service. In the event of different ratings from the rating agencies, the lowest rating will apply.
 - Letter of credit means one or more irrevocable, transferable standby letters of credit issued by a U.S. commercial bank or a U.S. branch of a foreign bank provided that such Transmission Customer is not an affiliate of such bank, and provided that such bank has an issuer and/or corporate credit rating of at least A2 from Moody's or A from Standard and Poor's or Fitch Ratings. In the event of different ratings from the rating agencies, the lowest rating shall apply.
 - Costs of a letter of credit shall be borne by the Transmission Customer.
 - If the credit rating of the bank issuing the letter of credit falls below the specified rating, the Transmission Customer shall notify Green Mountain in writing within five

(5) business days of such event and shall have two (2) business days following written notice to provide other appropriate financial assurance.

5. Credit Levels

If the Transmission Customer meets the applicable criteria outlined in Section 3, that Transmission Customer may receive unsecured credit equivalent to three (3) months of transmission charges or, for interconnections, the credit equivalent of three (3) months of the annual facilities charges and other ongoing charges. Transmission Customers not meeting the Creditworthiness Requirements above in Sections 3 and 4 may not receive unsecured credit from Green Mountain.

6. Contesting Creditworthiness Determination.

The Transmission Customer may contest Green Mountain's determination of creditworthiness by submitting a written request for re-evaluation within 20 calendar days of notification of the creditworthiness determination. Such request should provide information supporting the basis for a request to re-evaluate a Transmission Customer's creditworthiness. Green Mountain will review and respond to the request within 20 calendar days.

7. Process for Changing Credit Requirements.

In the event that Green Mountain plans to revise its credit level or collateral requirements, as detailed in this Creditworthiness Policy, the following process shall be followed:

A. General Notification Process

In the event that Green Mountain plans to revise its requirements for credit levels or collateral requirements as detailed in this Attachment L, Green Mountain shall submit such changes in a filing to the Federal Energy Regulatory Commission ("Commission") under Section 205 of the Federal Power Act. Green Mountain shall follow the notification requirements pursuant to Section 3.04(a) of the Transmission Operating Agreement and reflected herein.

- 1) Green Mountain shall provide written notification to ISO-NE and stakeholders of any filing described above, at least 30 days in advance of such filing.
- 2) Filing notifications shall include a detailed description of the filing, including a redlined document containing revised change(s) to the Creditworthiness Policy.

- 3) Green Mountain shall consult with interested stakeholders upon request.
- 4) Following Commission acceptance of such filing and upon the effective date, Green Mountain shall revise its Attachment L Creditworthiness Policy and an updated version of Schedule 21-GMP shall be posted the ISO-NE website.

B. Transmission Customer Responsibility

When there is a change in requirements, it is the responsibility of the Transmission Customer to forward updated financial information to Green Mountain, to the address noted above, and indicate whether the change affects the Transmission Customer's ability to meet the requirements of the Creditworthiness Policy. In such cases where the Transmission Customer's status has changed, the Transmission Customer must take the necessary steps to comply with the revised requirements of the Creditworthiness Policy by the effective date of the change.

C. Notification of Active Customers

- Active Transmission Customers are defined as any current Transmission Customer that has reserved Transmission Service within the last three (3) months.
- All Active Transmission Customers will be notified via either e-mail or U.S. mail that the above posting has been made. They must follow the steps outlined in this procedure.

8. Posting Collateral Requirements

A. Changes in Customer's Financial Condition:

Each Transmission Customer must inform Green Mountain, in writing, within five (5) business days of any material change in its financial condition or the financial condition of a parent providing a guarantee. A material change in financial condition may include, but is not limited to, the following:

- Change in ownership by way of a merger, acquisition or substantial sale of assets;

- A downgrade of long- or short-term debt rating by a major rating agency;
- Being placed on a credit watch with negative implications by a major rating agency;
- A bankruptcy filing;
- Any action requiring filing of a Form 8-K;
- A declaration of or acknowledgement of insolvency;
- A report of a significant quarterly loss or decline in earnings;
- The resignation of key officer(s);
- The issuance of a regulatory order and/or the filing of a lawsuit that could materially adversely impact current or future financial results.

B. Change in Creditworthiness Status:

A Transmission Customer who has been extended unsecured credit under this Creditworthiness Policy must comply with the terms of Financial Assurance in Item 4 if one or more of the following conditions apply:

- The Transmission Customer no longer meets the applicable criteria for Creditworthiness in Item 3;
- The Transmission Customer exceeds the amount of unsecured credit extended by Green Mountain, in which case Financial Assurance equal to the amount of excess must be provided within five (5) business days; or
- The Transmission Customer has missed two or more payments for any of the Transmission Services offered by Green Mountain in the last 12 months.

9. Ongoing Financial Review:

Each Transmission Customer is required to submit to Green Mountain when issued, as applicable:

- Current rating agency report;
- Audited financial statements from a registered independent auditor; and
- 10-Ks, 10-Q's and 8-Ks, promptly upon their issuance.

10. Suspension of Service:

Green Mountain may immediately suspend Transmission Service (with notification to Commission) to a

Transmission Customer, and may initiate proceedings with Commission to terminate Transmission Service, if the Transmission Customer does not meet the terms described in Items 3 through 8 at any time during the term of Transmission Service or if the Transmission Customer's payment obligations to Green Mountain exceed the amount of unsecured or secured credit to which it is entitled under this Creditworthiness Policy. A Transmission Customer is not obligated to pay for Transmission Service that is not provided as a result of a suspension of Transmission Service.