

Draft December 11, 2024

NECEC TRANSMISSION OPERATING AGREEMENT

As Between

ISO New England Inc. and NECEC Transmission LLC

(XXX, XX, 2024)

NECEC TRANSMISSION OPERATING AGREEMENT

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NECEC TRANSMISSION OPERATING AGREEMENT

This NECEC Transmission Operating Agreement (this “NECEC TOA” or this “Agreement”), dated as of XXX, is made and entered into by the NECEC Transmission LLC (“NECEC”) and ISO New England Inc. (the “ISO”) (NECEC and the ISO are collectively referred to herein as the “Parties”).

WHEREAS, NECEC, a special purpose entity formed to develop, own and operate transmission facilities in the United States and Hydro-Québec, a utility operating within the province of Quebec, Canada, have jointly developed a 1,200 MW high voltage direct current (“HVDC”) interconnection between the electric systems in New England and Quebec, which is referred to, as a whole, as the Appalaches-Maine Interconnection, with the transmission facilities to be owned and operated, in the United States, by NECEC, referred to as the “**NECEC Transmission Line**”;

WHEREAS, the ISO is a non-stock, non-profit corporation organized and existing under the laws of the State of Delaware that is the regional transmission organization (“RTO”) for New England and is 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, the NECEC Transmission Line, as further described in Schedule 2.01 of this Agreement, will be within the New England Control Area, classified as transmission facilities in the New England Transmission System and interconnected with the New England Transmission System pursuant to the Elective Transmission Upgrade Interconnection Agreement for QP 639 by and among the ISO, NECEC and the Central Maine Power Company (“CMP”), and the Elective Transmission Upgrade Interconnection Agreement for QP 889 by and among the ISO, NECEC and CMP (collectively the “NECEC ETUIAs”);

WHEREAS, the ISO is responsible for system planning and reliability coordination within the New England region;

WHEREAS, the functions to be performed by the ISO under the ISO New England Inc. Transmission, Markets, and Services Tariff (the “ISO Tariff”) require that the ISO have the requisite operational authority over the NECEC Transmission Line;

WHEREAS, in accordance with the terms set forth herein, NECEC 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 NECEC Transmission Line (as defined in this Agreement);

WHEREAS, NECEC will, among other things, have a responsible operator and associated control equipment necessary for operating the NECEC Transmission Line, located at CMP’s Maine Control Center in 83 Edison Drive, Augusta, Maine (for purposes of this Agreement, the “NECEC Control Center”), and will make all necessary reports to the ISO, and other Local Control Centers where applicable, necessary for the reliable dispatch of the NECEC Transmission Line;

WHEREAS, NECEC will continue to own, physically operate, and maintain the NECEC Transmission Line;

WHEREAS, NECEC and Hydro-Québec will enter into the Appalaches-Maine Interconnection Asset Owners Agreement (“Appalaches-Maine AOA”) addressing the coordinated operation of the Appalaches-Maine Interconnection, including the NECEC Transmission Line, with such operations to be implemented through common operating protocols, operating instructions and common dispatch instructions, which shall be jointly developed by NECEC and Hydro-Québec;

WHEREAS, the ISO will enter into an Interconnection Operators Agreement with Hydro-Québec addressing the coordinated operation of the NECEC Transmission Line with the Appalaches-Maine Interconnection facilities operated by Hydro-Québec in Quebec (“Appalaches-Maine IOA”);

WHEREAS, NECEC has certain pre-existing obligations relating to the physical operation of the facilities and equipment comprising the NECEC Transmission Line, including the aforementioned Appalaches-Maine AOA, as listed in Schedule 3.10(A) as well as existing agreements for the provision of transmission service over the NECEC Transmission Line as listed in Schedule 3.10(B) of this Agreement; and

WHEREAS, in addition to the provision of transmission service over the NECEC Transmission Line pursuant to existing agreements listed in Schedule 3.10(B) of this Agreement, transmission service over the NECEC Transmission Line will be subject to the terms set forth in [Schedule 20B] to the ISO Open Access Transmission Tariff (the “ISO OATT”), which is Section II of the ISO Tariff.

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, NECEC 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 draftsman hereof or thereof.

ARTICLE II

NECEC TRANSMISSION LINE

2.01 NECEC Transmission Line.

(a) Upon the Effective Date, the ISO shall assume and exercise Operating Authority over the NECEC Transmission Line, in accordance with the terms set forth herein, *provided that* all elements of the NECEC Transmission Line have completed the testing and assessments necessary for commercial operation in accordance with the ISO OATT and the NECEC ETUIAs. Facilities may be added to or deleted from Schedule 2.01(a), and thereby to the scope of the NECEC Transmission Line under this Agreement, 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 NECEC Transmission Line in question, *provided that* the ISO shall be provided prior written notice of such changes; or

(ii) as agreed between the ISO and NECEC.

(b) The NECEC Transmission Line listed in Schedule 2.01(a) shall not include Excluded Assets as defined in Section 2.03.

2.02 Upgrades to NECEC Transmission Line.

Consistent with Section 2.01, any upgrades to the NECEC Transmission Line within the United States and interconnected with the New England Transmission System which are constructed, have completed the testing and assessments necessary for commercial operation in accordance with the ISO OATT and the NECEC ETUIAs, and are placed in service after the Effective Date shall be added to Schedule 2.01(a) pursuant to Section 2.01(a), above, and become subject to the Operating Authority of the ISO.

2.03 Excluded Assets.

The “Excluded Assets” of NECEC shall consist of those assets and/or facilities set forth in this Section 2.03. Such Excluded Assets are expressly excluded from the definition of NECEC Transmission Line under this NECEC TOA, and the ISO shall not have Operating Authority over the NECEC Excluded Assets:

(a) Any assets, facilities, and/or portions of facilities owned by NECEC that are connected with or associated with those facilities listed in Schedule 2.01(a) to the extent specifically excluded pursuant to the following items (i) through (vii) of this Section 2.03:

(i) proceeds from the use or disposition of NECEC Transmission Line;

(ii) any payment, refund or credit owed to NECEC (1) relating to Taxes in respect of the NECEC Transmission Line, (2) arising under any contracts or tariffs of which NECEC is a signatory and relating to services provided by NECEC prior to the beginning of the Term, (3) arising under any contract or tariff that provides for rates that are subject to regulation by an agency other than FERC, or (4) relating to a Grandfathered Transmission Service Agreement;

(iii) any rights, ownership, title or interest NECEC 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 the NECEC Transmission Line 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 to which NECEC is a party or contract rights held by NECEC relating in any manner to NECEC Transmission Line unless NECEC assigns or transfers such contracts to the ISO, *provided that* NECEC shall exercise its rights and responsibilities under the Grandfathered Transmission Service Agreements in accordance with Section 3.10 and the applicable provisions of this Agreement;

(v) any causes of action or claims related to NECEC Transmission Line, *provided that* upon the written agreement of NECEC 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 NECEC's causes of action or claims against a third party relating to the NECEC Transmission Line, 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; and

(vi) any asset or facility for which Operating Authority may not be lawfully transferred or assigned.

(b) Any assets or facilities of NECEC that are not specifically defined as part of the NECEC Transmission Line, including without limitation the facilities or portions of facilities described in items (i) through (xii) of this Section 2.03(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 NECEC;

(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 NECEC 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 NECEC facilities, including transmission facilities, located outside the New England Transmission System;

- (vii) any rights, ownership, title or interest that NECEC may have with respect to telecommunications assets and equipment;
- (viii) any existing contracts or contract rights of NECEC unless NECEC agrees to assign or transfer such contracts to the ISO;
- (ix) any causes of action or claims;
- (x) any asset or facility for which Operating Authority may not be lawfully transferred or assigned; and
- (xi) any interests of any kind in NECEC's real property, *provided that* nothing in this Section 2.03 shall restrict NECEC from conveying interests in real property in any future written agreement into which the ISO and NECEC may, in their sole discretion, enter.

2.04 Connection with Non-Parties.

NECEC shall be responsible for administering and acting upon any request to interconnect with the NECEC Transmission Line in accordance with applicable Laws and the NECEC ETUIAs. The Parties agree to coordinate on any required affected system study for potential impacts to the New England Transmission System, with any identified system upgrades assigned to the requesting interconnection customer in accordance with applicable Laws.

2.05 Review of Transmission Plans.

NECEC 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 retirement or physical modification of, or changes in the capacity, of the NECEC Transmission Line or the Appalaches-Maine Interconnection as a whole and (ii) any new or materially changed plan for any other action to be taken by NECEC which may have a significant effect on the stability, reliability or operating characteristics of the NECEC Transmission Line, the Appalaches-Maine Interconnection as a whole, the New England Transmission System or the facilities of any Transmission Owner or the system of a Participant. Unless prior to the expiration of ninety (90) days from receipt of NECEC's submittal, the ISO notifies NECEC 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 NECEC Transmission Line, the Appalaches-Maine Interconnection as a whole, the New England Transmission System, the facilities of any Transmission Owner, or the system of a Participant, NECEC shall be free to proceed. If the ISO notifies NECEC that implementation of such plan has been determined to adversely affect the NECEC Transmission Line, the Appalaches-Maine Interconnection as a whole, the New England Transmission System, or the facilities of any Transmission Owner or the system of a Participant, NECEC shall not proceed to implement such plan unless NECEC takes such action or constructs such facilities as the ISO determines to be reasonably necessary to avoid such adverse effect. The review of transmission plans as set forth in this Section 2.05 shall not supersede, and NECEC shall comply with, all other requirements for reviews and authorizations for any retirements, modifications or changes of transmission and interconnection facilities under the ISO OATT and NECEC ETUIAs.

2.06 Condemnation.

If, at any time, any Governmental Authority commences any process to acquire all or any part of the NECEC Transmission Line or any other interest in the NECEC Transmission Line then held by NECEC through condemnation or otherwise through the power of eminent domain, (i) NECEC shall provide the ISO with written notice of such process, (ii) NECEC shall, at its cost, direct any litigation or proceeding regarding such condemnation or eminent domain matter, (iii) NECEC 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 NECEC 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, and effective as of the Effective Date, NECEC hereby authorizes the ISO, through its officers, employees, consultants, independent contractors and other personnel, to exercise Operating Authority over the NECEC Transmission Line and the ISO hereby agrees to assume and exercise Operating Authority over the NECEC Transmission Line in accordance with this Agreement, including the obligation to exercise such Operating Authority in accordance with Good Utility Practice.

(a) The grant by NECEC to the ISO and the assumption by the ISO of Operating Authority over the NECEC Transmission Line solely allows the ISO to fulfill the functions of an RTO as specified herein and does not constitute an assumption by the ISO of any liabilities with respect to the NECEC Transmission Line except as otherwise specifically provided herein (including as provided in Article IX of the Agreement).

(b) Nothing herein or elsewhere contained shall be construed as requiring or effecting a transfer of NECEC's responsibility (or the assumption thereof by the ISO) for the physical control of the NECEC Transmission Line, including the physical operation, repair, maintenance and replacement of all or a portion of the NECEC Transmission Line, or as conveying to the ISO: (x) any right, ownership, title or interest in or to NECEC Transmission Line, in whole or in part; (y) any right of access to an NECEC's real property, except as specified in Section 3.02(i); or (z) any rights or authority with respect to any of NECEC's Excluded Assets, except as specifically provided herein.

3.02 Definition of the ISO's Operating Authority.

Consistent with the provisions of this Agreement, including Section 3.02(a) below, "Operating Authority" shall mean those functions and responsibilities set forth in Sections 3.02, 3.03, and 3.06 and shall not include those rights, responsibilities and functions set forth in Sections 3.04 and 3.05. Subject to the first sentence of this Section 3.02, the ISO shall exercise such

Operating Authority in accordance with applicable Operating Procedures and Additional HVDC Procedures as specified in Sections 3.02(d) and (e) below.

(a) The ISO shall perform the following functions with respect to the NECEC Transmission Line, consistent with applicable NERC/NPCC Requirements and other applicable regulatory standards, including (as needed) issuing instructions to, or coordinating with the NECEC Control Center and any associated Local Control Center with responsibility for the NECEC Transmission Line:

(i) centrally dispatch generation and dispatchable and interruptible load, and implement real-time balancing, including meeting NERC control performance criteria;

(ii) determine Operating Limits based on forecasted or real-time system conditions and in accordance with Presidential Permits and the facility ratings established by NECEC in collaboration with the ISO pursuant to Section 3.05(a)(vi);

(iii) take such actions as may be necessary to plan and maintain short-term (including real-time) reliability and system security (including curtailment of External Transactions in accordance with the ISO Tariff);

(iv) consistent with the ISO Information Policy, exchange transmission security information with NECEC, any associated Local Control Center, Hydro-Québec and other neighboring systems and regional entities;

(v) provide for an ISO Control Center and an independent Back-up Control Center, as the ISO deems necessary to comply with applicable NERC/NPCC Requirements and any applicable regulatory requirement; and

(vi) dispatch the NECEC Transmission Line via the NECEC Control Center or any associated Local Control Center as applicable and in accordance with applicable Operating Procedures and Additional HVDC Procedures (including the Appalaches-Maine Operating Protocol, Appalaches-Maine Common Operating Instructions and Appalaches-Maine Common Dispatch Instructions, as each are adopted pursuant to the Appalaches-Maine IOA or Appalaches-Maine AOA, as applicable). The ISO will coordinate directly with the NECEC Control Center and any associated Local Control Center as applicable for the purpose of scheduling External Transactions and the associated power transfers with external Control Areas including the notification of ramp time, duration, and magnitude.

(b) The ISO shall enter into Coordination Agreements and operating arrangements with the operators of neighboring Control Areas; coordinate system operation and emergency procedures with neighboring Control Areas; act in a manner not inconsistent with Interconnection Agreements with neighboring Control Areas; and administer scheduling provisions of the tariff(s) applicable to External Transactions, in accordance with the terms of those agreements and tariffs.

(c) The ISO has been designated as the Reliability Coordinator for the New

England Transmission System. As the Reliability Coordinator, the ISO may intercede and direct appropriate near-term operational actions in order to protect reliability, *provided that* nothing in this Section 3.02(c) shall require NECEC to undertake an action contrary to applicable Law or shall limit the right of NECEC pursuant to Section 3.05 to take any action(s) that it deems necessary to prevent loss of human life, injury to persons and/or damage to property.

(d) (i) The ISO shall exercise Operating Authority over the NECEC Transmission Line in accordance with the Operating Procedures listed in Schedule 3.02(d). Such Operating Procedures shall initially consist of the Operating Procedures in existence or developed as of the Effective Date (hereinafter “Existing Operating Procedures”). Such Existing Operating Procedures shall consist of those Operating Procedures listed in Schedule 3.02(d). The ISO shall develop any modifications to Operating Procedures (including Existing Operating Procedures) and any new Operating Procedures that it may deem necessary or appropriate: (A) in coordination with the NECEC for the purpose of ensuring that the NECEC Transmission Line will be operated in accordance with such Operating Procedures (and the NECEC Control Center and any associated Local Control Center, as applicable) so as to ensure that NECEC’s knowledge of the NECEC Transmission Line is given due consideration in the development or modification of the transmission-related portions of such Operating Procedures and (B) in consultation with other stakeholders in accordance with the ISO Participants Agreement. The ISO shall have the authority to modify Operating Procedures or develop new Operating Procedures without coordination or consultation with NECEC when the ISO determines, in good faith, that: (i) failure to immediately modify or implement an Operating Procedure would substantially adversely affect the reliability or security of the New England Transmission System or the NECEC Transmission Line, as applicable, or the competitiveness or efficiency of the New England Markets, and (ii) undertaking such coordination or consultation would not allow the ISO to timely address the emergent and unanticipated circumstances. In the event that the ISO and NECEC disagree about modifications to the transmission-related portions of the Operating Procedures or any new Operating Procedures related to the operation of the NECEC Transmission Line, NECEC will have the opportunity to submit the dispute for resolution in accordance with the dispute resolution provisions set forth in Section 11.12 herein. Pending such resolution, the ISO shall have the authority, as the system operator with ultimate authority for the real-time operation of the New England Transmission System, to implement any such new Operating Procedures or modified Operating Procedures.

(ii) Notwithstanding anything in the foregoing, procedures related to the establishment of, or changes to, ratings for the NECEC Transmission Line (collectively “Rating Procedures”) shall be developed by NECEC in accordance with applicable NERC/NPCC Requirements and placed into effect pursuant to Section 3.05(a)(vi).

(iii) To the extent NECEC will be required to physically operate the NECEC Transmission Line in accordance with any operational documents in effect as of the Effective Date or as subsequently developed or amended by the ISO (other than

Operating Procedures), including any protocols developed by the ISO pursuant to the Appalaches-Maine IOA and any similar Coordination Agreement, the ISO shall develop or amend such operational documents in coordination with NECEC (and the NECEC Control Center and any associated Local Control Center, as applicable) with respect to how the NECEC Transmission Line will be operated in accordance with such documents, subject to the right of the ISO to place such operating documents into effect in the event of a dispute concerning such documents and the right of NECEC to submit the dispute for resolution in accordance with the dispute resolution provisions set forth in Section 11.12 herein.

(iv) Any coordination and consultation with NECEC under this Section 3.02(d), including the sharing of information related to such consultation, shall be conducted in accordance with the regulations implementing FERC Order No. 889 and any other applicable FERC orders. The ISO reserves the right to satisfy any coordination or consultation with NECEC required under this Section 3.02(d) through a consolidated consultation with other Participating Transmission Owners, Local Control Centers or an ISO Committee, where the ISO has a commensurate consultation or coordination obligation.

(e) In addition to the procedures listed in Schedule 3.02(d), NECEC and the ISO may negotiate in good faith to adopt Additional HVDC Procedures for the operation of the NECEC Transmission Line in Schedule 3.02(e) to this Agreement. These procedures may include, but are not limited to, operating instructions established between the ISO and NECEC including those that address the functions and responsibilities of the NECEC Control Center. If the functions and responsibilities of the NECEC Control Center as stipulated in this Agreement are performed by a Local Control Center as of the Effective Date, then NECEC may satisfy the NECEC Control Center functions and responsibilities pursuant to this Agreement through the Local Control Center, and the Additional HVDC Procedures shall so specify. Following the Effective Date, as mutually agreed between the ISO and NECEC, the list of Additional HVDC Procedures in Schedule 3.02(e) may be added to, or deleted from, without the necessity of an amendment to this Agreement.

(f) The ISO shall seek agreement with NECEC, where time limitations do not make it impracticable to do so, on real-time operational decisions affecting the NECEC Transmission Line or the Appalaches-Maine Interconnection as a whole which are not otherwise specified in the Operating Procedures developed in accordance with Section 3.02(d) and the Additional HVDC Procedures developed in accordance with Section 3.02(e). In the absence of such agreement, or if time limitations do not permit reaching agreement, the ISO shall implement its operational decision. If such ISO decision is disputed, the ISO's position shall control pending resolution of the dispute.

(g) The ISO shall coordinate voltage and reactive dispatch of facilities to the extent normal schedules are unable to be maintained by applicable Local Control Centers or the NECEC Control Center.

(h) The ISO shall direct the implementation of emergency procedures, including inter-Control Area emergency energy transactions, Load Shedding and voltage reduction, in coordination with the NECEC Control Center and any applicable Local Control Centers in

accordance with applicable NERC/NPCC Requirements.

(i) The ISO shall have the authority to perform the following tasks in relation to compliance with current or future NERC/NPCC responsibilities relating to the NECEC Transmission Line:

(i) perform all compliance and monitoring responsibilities of the ISO, including the issuance of sanction letters, with respect to existing or successor NERC or NPCC compliance programs associated with standards, criteria and measurements for which NECEC are responsible and accountable to the ISO. To the extent that the ISO receives a sanction letter from NERC or NPCC that is substantially related to the actions of NECEC, the ISO may issue a sanction letter to NECEC;

(ii) perform all compliance and monitoring responsibilities of the ISO associated with Operating Procedures and Additional HVDC Procedures relating to standards, criteria and measurements for which NECEC is responsible and accountable to the ISO. Such responsibilities shall include audits of NECEC for compliance with Operating Procedures and Additional HVDC Procedures to the extent the ISO determines such audits are necessary and the issuance of sanction letters;

(iii) perform periodic audits of the NECEC Control Center and NECEC's performance of the functions listed in Sections 3.05(a)(i), (ii), (iii), (iv), (v), (vi), (viii), (x), (xi), (xii), (xiii) and (xiv) in accordance with applicable Operating Procedures and applicable NERC/NPCC Requirements, including audits to monitor compliance of the NECEC Control Center employees performing functions within, or interacting with the NECEC Control Center and any associated Local Control Center, with the ISO Information Policy and applicable standards of conduct consistent with FERC Order No. 889 and FERC orders implementing such standards of conduct. The NECEC Control Center and NECEC performance audits shall generally be conducted no more frequently than once every three years, *provided that* the ISO shall have the authority to conduct an audit more frequently if it determines that circumstances so require.

All audits conducted pursuant to this Section 3.02(i) shall be conducted by the ISO or by an independent third party, with expenses of the ISO (or the third-party auditor) borne by the ISO and recovered through the ISO Tariff. NECEC shall bear its own expenses in complying with the audit. Such audits shall be conducted during normal business or operational hours and with reasonable notice. The general scope of each audit and the general process for conducting the audit will be discussed with NECEC in advance. Nothing in this Section 3.02(i) shall imply that a sanction letter shall include any financial or other penalties. Nothing in this Section 3.02(i) shall limit the right of the ISO to separately file proposals at FERC to assess financial or other penalties against any entity or shall limit the right of NECEC to comment on or protest any such proposals.

In the event that any Governmental Authority is established as the successor to NERC or NPCC or that a Governmental Authority assumes responsibility for performing the audit functions

contemplated by this Section 3.02(i), the Parties shall negotiate in good faith modifications to this Section 3.02(i) that are appropriate to address such changes in circumstances.

(j) The ISO shall perform security analyses and monitor and control, on a real-time basis, power flows, voltage and system frequency for the NECEC Transmission Line and the New England Transmission System as a whole, taking into account the facility ratings established by NECEC in collaboration with the ISO pursuant to Section 3.05(a)(v).

(k) The ISO shall coordinate with the NECEC Control Center and any applicable Local Control Centers, as required, on the settings for dynamic reactive resources, FACTS controllers, special protection systems, PARS, and other similar dynamic equipment that affects power flows, and approve or direct changes to such settings.

(l) If at any time, a Party provides notice to the other Party that it believes NERC and NPCC documents that are not NERC/NPCC Requirements have been modified so as to expand the scope of the functions to be performed by the ISO or NECEC, the Parties shall consider in good faith changes to this Agreement that will allow the Parties to follow such guidelines; *provided that* the Parties shall have no obligation to agree to such changes. If the Parties cannot agree to such changes, the dispute resolution procedures of Section 11.12 shall be utilized. Nothing in this Section 3.02(l) shall be construed to excuse any Party from complying with applicable NERC/NPCC Requirements.

3.03 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;

(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, Presidential Permits, the ISO's export authorization from the U.S. Department of Energy, and other applicable reliability organizations' reliability rules, and all applicable requirements of federal or state laws or regulatory authorities; and

(iii) act without undue preference to any Party.

(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.

(c) The ISO shall operate and maintain the OASIS for New England (or a successor system) as required by FERC, including posting of TTC on the Schedule 20B Service Provider page(s) on the OASIS for New England; *provided that* such system shall conform to the requirements for such systems as specified by FERC.

(d) The ISO shall provide NECEC with access to OASIS and WebTrans systems (or any succeeding transmission service portal), as necessary, for NECEC to carry out its retained responsibility as the transmission service provider over the NECEC Transmission Line.

3.04 ISO Reserved Rights.

Nothing in this Agreement shall be deemed to impair or infringe on any other rights or obligations of the ISO under the Federal Power Act (including Sections 205 and 206 of the Federal Power Act) and FERC's rules and regulations thereunder, including the ISO's rights and obligations to implement and modify the ISO Tariff and submit filings with FERC to recover its administrative, capital, and other costs, *provided that* any such rights are not inconsistent with the express terms of this Agreement. Further, the ISO retains the right to take whatever actions, consistent with Good Utility Practice, necessary to fulfill the ISO's obligations under applicable Law, including actions necessary to ensure the reliable operations of the New England Transmission System and New England Control Area under applicable NERC, NPCC and local reliability rules.

3.05 NECEC's Responsibilities.

(a) From and after the Effective Date, NECEC shall, in accordance with Good Utility Practice:

(i) direct switching and tagging and clearance procedures, physically operate, repair, and maintain the NECEC Transmission Line and NECEC Control Center: (A) in accordance with this Agreement, applicable Law, applicable Operating Procedures, applicable Additional HVDC Procedures, and (B) in a manner that does not result in the violation of NERC/NPCC Requirements;

(ii) through the NECEC Control Center, carry out the orders of the ISO for the purpose of scheduling power transfers with external Control Areas, including the notification of ramp time, duration, and magnitude;

(iii) operate and maintain, or arrange for a third party, approved by NECEC in its sole discretion, to operate and maintain the NECEC Control Center. Subject to prior consultation with the ISO and appropriate documentation through an Additional HVDC Procedure, the functions and responsibilities of the NECEC Control Center may be performed by a Local Control Center. As specified in the NECEC Operating Procedures, Appalaches-Maine Common Dispatch Instructions and applicable Additional HVDC Procedures, the NECEC Control Center will either report to and coordinate directly with the ISO or will have direct reporting responsibilities to a Local Control Center which will report to and coordinate with the ISO. In the event that the NECEC Control Center will report to a Local Control Center, physical and electrical proximity to the NECEC Transmission Line will be considered in the designation of the Local Control Center to which such reporting shall be made.

If the functions and responsibilities of the NECEC Control Center as stipulated in this Agreement cannot be fully performed solely through the NECEC Control Center, then NECEC may satisfy the NECEC Control Center functions and

responsibilities pursuant to this Agreement through a Local Control Center, *provided that* any transfer or delegation of functions or responsibilities to the Local Control Center is documented in accordance with applicable NERC/NPCC Requirements. Such transfer or delegation of functions and responsibilities for control of the NECEC Transmission Line to the Local Control Center shall be documented in an Additional HVDC Procedure, through procedures that are consistent with NECEC's responsibilities set forth in Section 3.04 and shall be listed in Schedule 3.02(e). The list set forth in Schedule 3.02(e) may be modified to reflect the resumption of all functions and responsibilities by the NECEC Control Center without the necessity of an amendment to this Agreement.

A NECEC employee who is engaged in such coordination and who is not a NECEC Control Center employee or an applicable Local Control Center employee shall be subject to the same standards of conduct and applicable provisions of the ISO Information Policy as a NECEC Control Center employee.

(iv) NECEC shall adopt and implement a facility ratings methodology for the NECEC Transmission Line in accordance with NERC/NPCC Requirements and timely provide and update the ISO on the applicable facility ratings for the purposes of the ISO's security analysis on the NECEC Transmission Line for planning, real-time operating, monitoring, and controlling the system power flows, voltage and frequency within limits.

(v) NECEC shall ensure that all settings or changes to settings for NECEC-owned dynamic equipment that affect power flows, including reactive resources, FACTS controllers, special protection systems, PARS and other similar equipment, are coordinated, approved and provided to the ISO as well as the NECEC Control Center and applicable Local Control Centers.

(vi) NECEC shall provide the ISO with reasonable notice of any significant change to the NECEC Transmission Line, NECEC Control Center or an applicable Local Control Center which impacts the ability of the ISO to exercise its responsibilities under this Agreement and shall coordinate with the ISO to ensure that such a change will not adversely affect the reliable operation of the New England Transmission System and Appalaches-Maine Interconnection as a whole. NECEC shall have the responsibility to ensure that the NECEC Control Center and any applicable Local Control Center will: operate the NECEC Transmission Line on a 24 hour basis, implement the instructions, orders and directions received from the ISO in the exercise of its Operating Authority in accordance with Section 3.02, and perform the following functions in accordance with applicable Operating Procedures and/or Additional HVDC Procedures:

(A) switching and tagging (*provided that* the physical switching and tagging of the NECEC Transmission Line will be performed by NECEC with lines of demarcation established in consultation with the ISO consistent with applicable Operating Procedures and Additional HVDC Procedures,);

(B) real-time monitoring of the NECEC Transmission Line;

(C) security analysis with respect to the NECEC Transmission Line;

(D) provide voltage and reactive support (within the capability of the NECEC Transmission Line) equipment *provided that* the ISO shall dispatch voltage and reactive power to the extent the Local Control Centers are unable to maintain normal voltage schedules with the NECEC Transmission Line;

(E) coordinate the development of settings for dynamic reactive resources, FACTS controllers, special protection systems, PARS, and other similar dynamic equipment that affects power flows;

(F) operation and maintenance of communication systems and software;

(G) implementation of Load Shedding (in accordance with applicable Operating Procedures and applicable Additional HVDC Procedures);

(H) coordinate with the ISO with respect to congestion management efforts; and

(I) coordinate with other entities interconnected with the New England Transmission System.

(vii) cooperate with the ISO's performance of the monitoring and audits in connection with all monitoring and compliance provisions detailed in Sections 3.02(i) and 3.02(j) of this Agreement;

(viii) collaborate with the ISO with respect to:

(A) the development of Rating Procedures for the NECEC Transmission Line,

(B) the establishment of ratings for upgrades to the NECEC Transmission Line; and

(C) the establishment of any changes to existing ratings for the NECEC Transmission Line in effect as of the Effective Date.

To the extent there is any disagreement between the ISO and NECEC concerning Rating Procedures or the rating of the NECEC Transmission Line, such disagreement shall be the subject of good faith negotiations between NECEC and the ISO, *provided that*: (x) NECEC's position concerning such Rating Procedures for the NECEC Transmission Line ratings shall govern until NECEC and the ISO

agree on a resolution to such disagreement; and (y) nothing in this Section 3.06(a)(v) shall limit the rights of the ISO or NECEC to submit a filing under Section 206 of the Federal Power Act with respect to NECEC Transmission Line ratings or Rating Procedures. During any FERC proceeding, collaboration or discussions concerning the NECEC Transmission Line ratings, NECEC shall continue to provide the ISO with up-to-date ratings information in accordance with the applicable Rating Procedures.

(ix) undertake operating actions in accordance with any tariffs or rate schedules approved or accepted by FERC;

(x) provide the ISO with the right to use a level of communications capacity (and maintain the equipment associated with this capacity in accordance with Good Utility Practice) on NECEC's telecommunication assets and equipment attached to or associated with the NECEC Transmission Line in order to supply reliability-related data including meter, voice and data communications; continue to receive and send telemetry to and from the NECEC Transmission Line; provide for the receipt of such information from the NECEC Transmission Line, and provide metering data and/or telemetry to the ISO, as reasonably necessary for the ISO to perform its obligations under this Agreement and the ISO OATT consistent with the Operating Procedures; *provided that* NECEC shall have the unfettered right to use communications capacity on its telecommunication assets and equipment attached to or associated with the NECEC Transmission Line for other business purposes to the extent such capacity is not being used by the ISO;

(xi) notify the ISO prior to making planned changes to the operational status of the NECEC Transmission Line and provide information on the operational status of the NECEC Transmission Line. If unplanned changes or emergencies occur which impact the operational status of the NECEC Transmission Line, provide information to the ISO, as soon as practicable, on the operational status of the NECEC Transmission Line in accordance with Operating Procedures;

(xii) receive and administer all requests for Transmission Service over the NECEC Transmission Line in accordance with procedures, terms and conditions under Schedule 20B;

(xiii) provide for or arrange to provide the ISO with revenue metering data in accordance with the ISO Tariff, Operating Procedures and NECEC ETUIAs; and

(xiv) in all material respects, comply with all applicable Laws, regulations, orders, license requirements, and with all applicable NERC/NPCC Requirements, Presidential Permits, export authorization, other applicable reliability organizations' local reliability rules, and all applicable requirements of federal or state laws or regulatory authorities.

Nothing in this Agreement shall modify or alter the obligations of NECEC under the Grandfathered Transmission Service Agreements.

3.06 NECEC Reserved Rights.

(a) Notwithstanding any other provision of this Agreement to the contrary, NECEC shall retain all of the rights set forth in this Section 3.06; *provided that* such rights shall be exercised in a manner consistent with applicable NERC/NPCC Requirements and applicable regulatory standards. This Section 3.06 is not intended to reduce or limit any other rights held by NECEC as a signatory to this Agreement or under the ISO Tariff.

(i) Nothing in this Agreement shall restrict any rights for NECEC to:
(A) make filings under Section 205 of the Federal Power Act with FERC regarding NECEC's role as a party to a merger, acquisition or other restructuring transaction subject to FERC jurisdiction (B) make any necessary filings with FERC with respect to NECEC's reallocation or redistribution of revenues or the assignment of its rights or obligations, to the extent the Federal Power Act requires such filings; or (C) 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, NECEC retains all rights that it otherwise has incident to its ownership of, and legal and equitable title to, its assets, including the NECEC Transmission Line 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 NECEC's compliance with Section 2.05 of this Agreement. Subject to Article X, NECEC may, directly or indirectly, by merger, sale, conveyance, consolidation, recapitalization, operation of law, or otherwise, transfer all or any portion of the NECEC Transmission Line subject to this Agreement, but only if such transferee or successors shall agree in writing to be bound by the terms of this Agreement to the extent that, upon such event, the NECEC Transmission Line remains within the New England Transmission System and service over the NECEC Transmission Line will continue to be provided under the ISO Tariff.

(iii) The responsibilities granted to the ISO under this Agreement shall not affect the rights of NECEC to modify or expand the NECEC Transmission Line in accordance with the ISO OATT and NECEC ETUIAs, nor confer upon the ISO any authority to direct NECEC to modify or expand the NECEC Transmission Line, except as specified in Section 3.09 hereof.

(iv) NECEC 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.

(v) NECEC retains the right to take whatever actions, consistent with Good Utility Practice, it deems necessary to fulfill its obligations under applicable Law.

(vi) Nothing in this Agreement shall be construed as limiting in any way the rights of NECEC to make any filing with any applicable state or local or federal

regulatory authority.

(vii) Subject to Section 2.04, NECEC shall retain the right to enter into Interconnection Agreements with the ISO and the requesting interconnection customer for any connection by a generator or another transmission facility with the NECEC Transmission Line and to jointly file, with the ISO, such Interconnection Agreements for approval or acceptance with FERC.

(viii) NECEC shall retain all rights under Section 205 of the Federal Power Act with respect to the NECEC Transmission Line and all rights under Section 206 of the Federal Power Act, *provided that* nothing in this Section 3.06 shall impair the ISO's other legal rights and obligations as set forth in Section 3.04 of this Agreement.

(ix) NECEC shall have the right to retain one or more contractors or subcontractors to perform any or all of its obligations under this Agreement. The retention of a contractor or subcontractor pursuant to the terms of this Section 3.06 shall not relieve NECEC of its primary liability for the performance of any of its obligations under this Agreement.

(b) Any and all other rights and responsibilities of NECEC related to the ownership or operation of the NECEC Transmission Line not expressly assigned to the ISO under this Agreement shall remain with NECEC.

(c) Nothing in this Agreement shall be deemed to impair or infringe on any rights or obligations of NECEC 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.

3.07 Repair and Maintenance of the NECEC Transmission Line.

(a) Planning, Scheduling, and Approval of the NECEC Transmission Facility Outages.

(i) NECEC shall submit to the ISO long-term plans for any outages of all or a portion of the NECEC Transmission Line, obtain the ISO's approval for all outages of the NECEC Transmission Line in accordance with, and to the extent required by the ISO Tariff, applicable Operating Procedures, applicable Additional HVDC Procedures, and NERC/NPCC requirements, and submit schedules to the ISO for all outages of the NECEC Transmission Line, in whole or in part, *provided that* NECEC shall coordinate planned outage schedules with Hydro-Québec in accordance with the Appalachians-Maine AOA. ISO shall determine whether to approve planned or requested outages of the NECEC Transmission Line in coordination with Hydro-Québec in accordance with the Appalachians-Maine IOA.

(ii) Notwithstanding any of the foregoing, nothing in this Section 3.07 shall be construed to require NECEC to reschedule an outage of the NECEC Transmission Line or to require NECEC to refrain from initiating switching and

tagging procedures to take the NECEC Transmission Line out of service or place it back into service to the extent NECEC determines that such outage or actions are necessary to prevent injury or damage to persons or property or to protect its facilities from physical damage, in accordance with Section 3.06(a)(iv) of this Agreement.

(b) The ISO shall address its scheduling and coordination of the NECEC Transmission Facility outages as part of any reports on the ISO's overall outage coordination efforts prepared pursuant to applicable Law or the ISO Tariff.

(c) Market Monitoring of Outage Scheduling. The Market Monitoring Unit of the ISO shall monitor the outage scheduling for the NECEC Transmission Line. The Market Monitoring Unit of the ISO shall have the right to request that NECEC provide information to the Market Monitoring Unit concerning the scheduling of outages of the NECEC Transmission Line, including the rescheduling or cancellation of any planned, scheduled or approved outage of the NECEC Transmission Line, and NECEC shall provide such information to the Market Monitoring Unit in accordance with Section 11.07(c) of this Agreement.

(d) Damage or Destruction of the NECEC Transmission Line. If, at any time during the Term, any of the NECEC Transmission Line are damaged or destroyed, then, NECEC shall determine, in its sole discretion, consistent with Good Utility Practice and applicable Law, whether or not (and if so, in what manner) to restore or cause the restoration of such damaged or destroyed NECEC Transmission Line to substantially the same condition, character or use as existed before the damage or destruction, if at all, *provided that* NECEC shall consult with the ISO prior to making such determination and shall comply with the requirements specified in Section 2.05.

3.08 Planning

(a) NECEC will participate in the ISO Planning Process for reliability purposes and to perform studies of the impact of regional and interregional projects on the NECEC Transmission Line with coordination, as necessary, with Hydro-Québec relating to impacts on the Appalaches-Maine Interconnection as a whole. As requested by the ISO, such support may include supplying information and data as necessary for ISO to conduct any necessary studies, including system impact studies and facilities studies for the NECEC Transmission Line, assisting in the performance of such studies or any additional studies, and supplying any information and data reasonably required by ISO to prepare an ISO System Plan or to perform transmission enhancement and expansion studies. To the extent that NECEC contracts with a third-party for transmission planning support, it shall timely notify the ISO of such arrangement and designate such entity as the contact and agent for NECEC in the performance of planning studies under this Section 3.08. NECEC shall remain wholly responsible for the actions or inactions of any designated agent in the performance of planning efforts pursuant to this Section 3.08, the ISO OATT and applicable Operating Procedures.

(b) NECEC shall make reasonable efforts to provide information and support in response to the ISO's requests within the ISO's requested time frames and shall comply with all deadlines set forth in the ISO Planning Process, as specified in the ISO OATT.

(c) NECEC shall comply with the ISO's Planning Procedures, consistent with Section 3.07(a) above (which are supplemental to the ISO Planning Process, as specified in the ISO OATT), *provided that* any modifications to existing Planning Procedures and any new Planning Procedures applicable to studies and planning functions affecting the NECEC Transmission Line shall be developed in consultation with NECEC and, where applicable, with other stakeholders in accordance with the ISO Participants Agreement. In the event that the ISO and NECEC disagree about modifications to the portions of Planning Procedures applicable to studies and planning functions affecting the NECEC Transmission Line or any new Planning Procedures applicable to studies and planning functions affecting the NECEC Transmission Line, NECEC will have the opportunity to submit the dispute for resolution in accordance with the dispute resolution provisions set forth in Section 11.12 herein. Pending such resolution, the ISO shall have the authority to implement any such new Planning Procedures or modified Planning Procedures.

3.09 NECEC Obligations for Reliability Upgrades.

(a) Subject to the satisfaction of the conditions specified in Section 3.09(c) below, and the restrictions specified in Section 3.09(d) below, and to the requirements of applicable Law, government regulations and approvals, including requirements to obtain any necessary federal, state or local siting, construction and operating permits, the availability of required financing, the ability to acquire necessary rights-of-way, the ability to obtain any necessary participation and cooperation in facilitating such upgrades by Hydro-Québec, and satisfaction of the other conditions set forth in this Section 3.09, NECEC shall have the obligation to own and construct (or cause to be constructed) any upgrade to the NECEC Transmission Line that is necessary to preserve existing levels of reliability of the NECEC Transmission Line and that is included in the approved ISO System Plan. NECEC may enter into appropriate contracts to fulfill any obligations associated with the ownership and construction of such upgrades. Nothing in this Section 3.09 shall limit the rights of NECEC under applicable Law, including rights under this Agreement or any other agreement relating to the NECEC Transmission Line, to retire the NECEC Transmission Line, subject to NECEC's compliance with Section 2.05 of this Agreement. Each Party shall use Commercially Reasonable Efforts to secure, as necessary and in accordance with this Agreement and the Appalachians-Maine IOA, participation and cooperation in facilitating such upgrades by Hydro-Québec of the Canadian facilities interconnecting with the NECEC Transmission Line.

(b) Subject to Section 3.09(a), NECEC shall have the right to own and construct (or cause to be constructed) any upgrade connected to the NECEC Transmission Line.

(c) NECEC shall not have an obligation to build pursuant to Section 3.09(a) above: (1) if NECEC is unable to obtain, under the circumstances described in Section 3.09(d) below, the agreement of Hydro-Québec and any other necessary parties under the Grandfathered Transmission Service Agreements to provide NECEC with full cost recovery for capital investments and associated expenses incurred over the life of any upgrades to be constructed in meeting NECEC's obligation under Section 3.09(a) and (2) if NECEC is not able to obtain all necessary regulatory approvals associated with such cost recovery. Notwithstanding the foregoing, NECEC shall have the obligation to undertake Commercially Reasonable Efforts to pursue alternative means of obtaining such cost recovery and, if successful in those efforts, to build upgrades pursuant to Section 3.09(a) above.

- (d) NECEC shall not have an obligation to build pursuant to Section 3.09(a) above if:
 - (i) with respect to such an upgrade to the NECEC Transmission Line, the alterations, modifications and additions to the NECEC Transmission Line equipment would diminish the value or utility or impair the condition of the NECEC Transmission Line below the value, utility or condition thereof immediately prior to such alterations, modifications or additions;
 - (ii) constructing such an upgrade would cause NECEC to maintain an equity capitalization or take other actions with respect to financing of the project that would violate applicable Law.

3.10 Grandfathered Transmission Service Agreements.

(a) Nothing in this Agreement shall require the modification, abrogation or early termination of a Grandfathered Transmission Service Agreement listed in Schedule 3.10. The procedures set forth in Section 10.05 shall govern the relationship between the Parties' exercise of their rights and obligations under this Agreement and the terms of such Grandfathered Transmission Service Agreements.

(b) All payments due to NECEC under Grandfathered Transmission Service Agreements shall continue to be invoiced and collected by NECEC in accordance with the terms of those agreements and shall not be invoiced or collected by the ISO. Notwithstanding the foregoing, NECEC and the ISO may enter into separate agreements such that the ISO provides invoicing services for such payments.

(c) Nothing in this Agreement shall alter the standards, procedures or requirements applicable to the modification of any Grandfathered Transmission Service Agreement. The ISO shall have no right to amend any Grandfathered Transmission Service Agreement or direct NECEC to amend any such agreement.

3.11 Contractors/Subcontractors.

NECEC acknowledges and agrees that, subject to the terms set forth herein, including Section 3.06, the ISO has the right to retain one or more contractors or subcontractors to perform any or all of its obligations under this Agreement. The retention of a contractor or 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 Presidential Permits and Other Governmental Authorizations

The Parties acknowledge that the NECEC Transmission Line is the subject of a Presidential Permit No. PP-438 as well as other governmental permits and authorizations. Transfer of Operational Authority over the NECEC Transmission Line to the ISO shall not relieve NECEC of its sole responsibility for compliance with the terms and conditions of Presidential Permit No. PP-438 and any other applicable governmental permits and authorizations which are necessary for the development, siting, construction or operation of the NECEC Transmission Line.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PARTIES

4.01 Representations and Warranties of NECEC.

As of the time of execution of this Agreement, NECEC 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 NECEC of this Agreement have been duly authorized by all necessary and appropriate action on the part of NECEC; and this Agreement has been duly and validly executed and delivered by NECEC and constitutes the legal, valid and binding obligations of NECEC, enforceable against NECEC in accordance with its terms.

(c) No Breach. The execution, delivery and performance by NECEC of this Agreement will not result in a breach of any terms, provisions or conditions of any agreement to which NECEC is a party which breach has a reasonable likelihood of materially and adversely affecting NECEC's performance under this Agreement.

(d) NECEC Transmission Line. The NECEC Transmission Line listed in Schedule 2.01(a) constitutes all of the NECEC Transmission Line in New England that is subject to this Agreement.

(e) NO WARRANTY REGARDING THE NECEC TRANSMISSION LINE. IN CONNECTION WITH NECEC'S GRANT OF OPERATING AUTHORITY TO THE ISO OVER THE NECEC TRANSMISSION LINE PURSUANT TO THE TERMS OF THIS AGREEMENT, THE NECEC TRANSMISSION LINE IS BEING MADE AVAILABLE PURSUANT TO THIS AGREEMENT TO THE ISO "AS IS, WHERE IS," AND NECEC IS NOT MAKING ANY REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, CONCERNING THE NECEC TRANSMISSION LINE, INCLUDING, IN PARTICULAR, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED. THE FOREGOING PROVISION IS NOT INTENDED TO LIMIT OR CONDITION ANY OBLIGATIONS OF NECEC EXPRESSLY PROVIDED FOR ELSEWHERE IN THIS AGREEMENT.

4.02 Representations and Warranties of the ISO.

As of the time of execution of this Agreement, the ISO represents and warrants to NECEC 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 NECEC

5.01 Covenants of NECEC.

NECEC covenants and agrees that during (i) the Term, or (ii) the period expressly specified herein, as applicable, NECEC shall comply with all covenants and provisions of this Article V, except to the extent that the ISO and NECEC, pursuant to Section 11.03, consent in writing to waive such covenants or performance is excused pursuant to Section 11.11(b).

5.02 Permit Applications and Other Public Filings.

Upon a request by the ISO, NECEC shall make available to the ISO any permit applications or any other filing with any Governmental Authority which are relevant to the exercise of Operating Authority over the NECEC Transmission Line. Upon such a request, NECEC may either provide the requested filing directly or provide information sufficient to allow the ISO to locate such permit applications or other public filings, including the date and place of the filing of the relevant documents. To the extent that the requested applications or filings contain confidential or non-public information, provision of such information shall be subject to compliance with Section 11.07.

5.03 Expenses.

Except to the extent specifically provided herein, all costs and expenses incurred by NECEC in connection with the negotiation of this Agreement shall be borne by NECEC; *provided that* nothing herein shall prevent NECEC from recovering such expenses in accordance with applicable Law.

5.04 Consents and Approvals.

(a) NECEC 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 the ISO 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 NECEC in connection with this Agreement or the taking of any action contemplated by

this Agreement.

(b) NECEC shall exercise Commercially Reasonable Efforts to obtain consents of all other third parties necessary for NECEC to perform this Agreement and promptly notify the ISO of any failure to obtain any such consents. If requested by the ISO, NECEC shall provide the ISO copies of all such consents obtained by NECEC.

(c) Nothing in this Section 5.04 shall require NECEC 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 discharge its obligations hereunder.

5.05 Notice and Cure.

NECEC 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 NECEC, that causes or shall cause any covenant or agreement of NECEC under this Agreement to be breached or that renders or shall render untrue any representation or warranty of NECEC contained in this Agreement as if the same were made on or as of the date of such event, transaction or circumstance. NECEC shall use all Commercially Reasonable Efforts to cure such event, transaction or circumstance as soon as practicable after it becomes Known to NECEC. 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 that the ISO and NECEC, pursuant to Section 11.03, consent in writing to a waiver of such covenants or performance is excused pursuant to Section 11.11(b).

6.02 Permit Applications and Other Public Filings.

To the extent not provided to stakeholders generally or made publicly available by the ISO, NECEC may request and the ISO shall make available to NECEC any permit applications or any other publicly available filings with a Governmental Authority, where such filings are directly relevant to the exercise of Operating Authority over, and operation of, the NECEC Transmission Line. Upon such a request, the ISO may either provide the requested filing directly or provide information sufficient to allow NECEC to locate such permit applications or other public filings, including the date and place of the filing of the relevant documents. To the extent that the requested applications or filings contain confidential or non-public information, provision of such

information shall be subject to compliance with Section 11.07.

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 the ISO Tariff and applicable Law.

6.04 Consents and Approvals.

(a) The ISO 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 NECEC 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 the ISO in connection with this Agreement or the taking of any action contemplated by this Agreement.

(b) The ISO shall exercise Commercially Reasonable Efforts to obtain consents of all other third parties necessary for the ISO to perform this Agreement. The ISO shall promptly notify NECEC of any failure or anticipated failure to obtain any such consents and, if requested by NECEC, shall provide copies of all such consents obtained by the ISO.

(c) Nothing in this Section 6.04 shall require the ISO 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 discharge its obligations hereunder.

6.05 Notice and Cure.

The ISO shall notify NECEC in writing of, and contemporaneously shall provide NECEC 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 NECEC to seek indemnity under Article IX.

ARTICLE VII

TAX MATTERS

7.01 Responsibility for NECEC Taxes.

NECEC shall prepare and file all Tax Returns and other filings related to its Transmission Business and the NECEC Transmission Line and pay any Tax liabilities related to its Transmission Business and the NECEC Transmission Line. The ISO shall not be responsible for, or required to file, any Tax Returns or other reports for NECEC and shall have no liability for any Taxes related to NECEC's Transmission Business or the NECEC Transmission Line. The ISO and NECEC hereby agree that, for tax purposes, the NECEC Transmission Line shall be deemed to be owned by NECEC.

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. NECEC 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 Party 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 10.01(f), 11.01, 11.07, 11.09, 11.11 and 11.15 and Articles VII and IX shall survive the termination of this Agreement.

ARTICLE IX

INDEMNIFICATION; INSURANCE; ASSUMPTION OF LIABILITIES

9.01 Indemnification.

(a) Subject to Section 9.06(b) through 9.06(e), (i) NECEC shall release, indemnify, and hold harmless the ISO from and against any and all damages, losses, liabilities, obligations, claims, demands, suits, proceedings, recoveries, judgments, settlements, costs and expenses, court costs, attorney fees, and all other obligations (each, an "Indemnifiable Loss") asserted against the ISO by a Person that is not a Party to this Agreement (a "Third Party") including but not limited to any action by an NECEC employee, to the extent alleged to result from, arise out of or be related to NECEC's acts or omissions that give rise to such Indemnifiable Loss; and (ii) the ISO shall release, indemnify, and hold harmless NECEC from and against any Indemnifiable Loss asserted against NECEC by a Third Party, including but not limited to any action by an ISO employee, to the extent alleged to result from, arise out of or be related to the ISO's acts or omissions that give rise to such Indemnifiable Loss, including an ISO directive and/or instructions to a Party.

(b) The indemnification by the ISO set forth in Section 9.01(a)(ii) above shall be limited to the extent that the liability of NECEC that is the subject of an indemnification request is limited by any applicable Law and arises from a claim by (i) NECEC or an affiliate of NECEC

in its role as a Transmission Customer or (ii) a customer of NECEC.

(c) NECEC shall release, indemnify, and hold harmless the ISO from and against any Environmental Damages that the ISO becomes subject to as a result of its exercise of Operating Authority over the NECEC Transmission Line, to the extent such Environmental Damages arose prior to the Effective Date or did not result from the ISO's acts or omissions.

(d) NECEC and/or the ISO each hereby (i) waives any defense or immunity it might otherwise have under applicable workers' compensation laws or any other statute, or judicial decision, disallowing or limiting such indemnification and (ii) consents to a cause of action for indemnity and/or contribution in connection with such indemnification.

9.02 Notice of Proceedings.

The Party entitled to receive indemnification under this Agreement ("Indemnitee") shall promptly notify the other Party holding the indemnification obligation hereunder (the "Indemnifying Party") of any Indemnifiable Loss in respect of which the Indemnitee is or may be entitled to indemnification pursuant to Section 9.01. Such notice shall be given as soon as reasonably practicable after the Indemnitee becomes aware of the Indemnifiable Loss and that any such claim or proceeding may give rise to an indemnification obligation hereunder. Such notice shall describe the nature of the loss or proceeding in reasonable detail and shall indicate, if practicable, the estimated amount of the Indemnifiable Loss that has been or may be sustained by the Indemnitee. The delay or failure of such Indemnitee to provide the notice required pursuant to this Section 9.02 shall not release the Indemnifying Party from any indemnification obligation which it may have to such Indemnitee except (a) to the extent that such failure or delay materially and adversely affects the Indemnifying Party's ability to defend such action or increases the amount of the Indemnifiable Loss, and (b) that the Indemnifying Party shall not be liable for any costs or expenses of the Indemnitee in the defense of the claim, suit, action or proceeding during such period of failure or delay.

9.03 Defense of Claims.

(a) Unless and until the Indemnifying Party (i) acknowledges in writing its obligation within ten (10) calendar days of the Indemnitee's notice of a claim, suit, action or proceeding, and (ii) assumes control of the defense of such claim, suit, action or proceeding in accordance with Section 9.03(b), the Indemnitee shall have the right, but not the obligation, to contest, defend and litigate, with counsel of its own selection, any claim, action, suit or proceeding by any third party alleged or asserted against such Indemnitee in respect of, resulting from, related to or arising out of any matter for which it is entitled to be indemnified hereunder, and the reasonable costs and expenses thereof shall be subject to the indemnification obligations of the Indemnifying Party hereunder.

(b) Upon acknowledging in writing its obligation to indemnify an Indemnitee to the extent required pursuant to this Article IX and paying all reasonable costs incurred by such Indemnitee in its defense, including reasonable attorney's fees, the Indemnifying Party shall be entitled, at its option (subject to Section 9.03(d)), to assume and control the defense of such claim, action, suit or proceeding at its expense with counsel of its selection, subject to the prior reasonable

approval of the Indemnatee.

(c) Neither the Indemnifying Party nor the Indemnatee shall be entitled to settle or compromise any such claim, action, suit or proceeding without the prior written consent of the other; *provided that* such consent shall not be unreasonably withheld.

(d) Following the acknowledgment of the indemnification and the assumption of the defense by the Indemnifying Party pursuant to Section 9.03(b), the Indemnatee shall have the right to employ its own counsel and such counsel may participate in such action, but the fees and expenses of such counsel shall be at the expense of such Indemnatee, when and as incurred, unless: (i) the employment of counsel by such Indemnatee has been authorized in writing by the Indemnifying Party; (ii) the Indemnatee shall have reasonably concluded and specifically notified the Indemnifying Party that there may be a conflict of interest between the Indemnifying Party and the Indemnatee in the conduct of the defense of such action; (iii) the Indemnifying Party shall not in fact have employed independent counsel reasonably satisfactory to the Indemnatee to assume the defense of such action and shall have been so notified by the Indemnatee; (iv) the Indemnatee shall have reasonably concluded and specifically notified the Indemnifying Party that there may be specific defenses available to it which are different from or additional to those available to the Indemnifying Party or that such claim, action, suit or proceeding involves or could have a material adverse effect upon the Indemnatee beyond the scope of this Agreement; or (v) the Indemnifying Party shall not have taken reasonable steps necessary to defend diligently such action within twenty (20) calendar days after receiving notice from the Indemnatee that the Indemnatee believes the Indemnifying Party has failed to take such steps. If clause (ii), (iii), (iv) or (v) of the preceding sentence shall be applicable, then counsel for the Indemnatee shall have the right to direct the defense of such claim, action, suit or proceeding on behalf of the Indemnatee and the reasonable fees and disbursements of such counsel shall constitute indemnifiable legal or other expenses hereunder.

(e) If the amount of any Indemnifiable Loss incurred by an Indemnatee, at any time subsequent to the making of an indemnity payment by an Indemnifying Party in respect thereof, is reduced by recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other entity, the amount of such reduction, less any costs, expenses or premiums incurred in connection therewith (together with interest thereon from the date of payment thereof at the Prime Rate) shall promptly be repaid by the Indemnatee to the Indemnifying Party. In the event that the claim, demand or suit giving rise to an Indemnifiable Loss is ultimately adjudicated, if a Final Order confirms that the Indemnatee was not entitled to indemnification hereunder, then the amount advanced by the Indemnifying Party in respect of such Indemnifiable Loss (together with interest thereon from the date of payment thereof at the Prime Rate) shall promptly be paid by the Indemnatee to the Indemnifying Party.

9.04 Subrogation.

Upon payment of any indemnification by a party pursuant to this Article IX, the Indemnifying Party, without any further action, shall be subrogated to any and all claims that the Indemnatee may have relating thereto, and such Indemnatee shall at the request and expense of the Indemnifying Party cooperate with the Indemnifying Party and give at the request and expense of

the Indemnifying Party such further assurances as are necessary or advisable to enable the Indemnifying Party vigorously to pursue such claims.

9.05 Insurance.

(a) The ISO shall at all times, at its own cost and expense, carry and maintain or cause to be carried and maintained throughout the Term: (i) liability and errors and omissions insurance (including blanket coverage for contractual liability), insuring the ISO against liability for injury or death to persons, damage to property and environmental restoration, (ii) worker's compensation insurance, (iii) property insurance and (iv) directors' and officers' insurance. The amount of the insurance coverages and deductibles shall generally be comparable to other independent system operators or RTOs, taking into consideration the relative size of the ISO and its contractual and tariff liabilities as compared to the other system operators or RTOs administering similar market structures. In assessing the comparable coverages and deductibles, the ISO may rely on the advice of its insurance consultants.

(b) In accordance with Good Utility Practice, and to the extent coverage is available in the commercial insurance markets, NECEC will maintain: (i) property insurance on the NECEC Transmission Line; (ii) liability and errors and omissions insurance (including blanket coverage for contractual liability), insuring against liability for injury or death to persons, damage to property and environmental restoration, (iii) worker's compensation insurance, (iv) directors' and officers' insurance, and (v) third-party and liability insurance covering personal injuries (including death) and property damage incurred. NECEC may self-insure its transmission and related facilities as per its risk management and insurance practice, the risk management and insurance practices of its corporate parent, and in accordance with utility industry practices, and shall provide evidence suitable to the ISO that such self-insurance satisfies these requirements.

(c) 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 NECEC and the ISO.

(d) The insured Party shall have the other Party listed as an additional insured party on its liability and errors and omissions insurance. Upon execution of this Agreement, and when requested thereafter, each Party shall furnish the other Party 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. Where NECEC is self-insuring pursuant to Section 9.05(b), it shall provide written evidence of self-insurance in lieu of a certificate of insurance. Any policy which lists a Party as an additional insured shall include a separation of insured clause.

(e) The insurance policies maintained by the Party hereunder shall not be canceled, terminated or the terms thereof modified or amended without at least thirty (30) days' prior notice to the other Party.

(f) In addition, for any services to be solely subcontracted by a Party under this Agreement, that Party shall ensure that (i) each subcontractor procures and maintains all insurance as per that Party's risk management and insurance practices and (ii) that each subcontract contains a clause stating that the insurance requirements required as per each Party's risk management and insurance practices shall not be construed as a limitation of liability or limit/diminish any of contractor / subcontractors indemnity obligation(s) or other liabilities/responsibilities maintained under the subcontract or agreement, or any statutes, law or regulation.

(g) If any insurance policy required to be maintained by a Party hereunder shall not be available to the Party on a commercially reasonable basis (taking into account both terms and premiums), the Party shall obtain a written report of an independent insurance advisor of recognized national standing, chosen by the other Party and reasonably acceptable to the Insuring Party, confirming in reasonable detail that such insurance policy, in respect of amount or scope of coverage, is not available on a commercially reasonable basis from insurers of recognized standing. During any period with respect to which any insurance policy required by this Agreement is not commercially available, the Insuring Party shall nevertheless maintain insurance that approximates such required insurance policy as closely as commercially practical, to the extent it is available on a commercially reasonable basis from insurers of recognized standing. If any insurance policy which was previously not held or discontinued because of its commercial unavailability later becomes available on a commercially reasonable basis, the Insuring Party shall obtain or reinstate such insurance.

9.06 Assumption of Liability.

(a) NECEC shall be liable to the ISO, and the ISO shall be liable to NECEC, for losses, liabilities, damages, diminution in value, obligations, claims, proceedings, fines, deficiencies and expenses (collectively, "Losses") caused by such Party's grossly negligent acts or omissions or willful misconduct (including the grossly negligent acts or omissions or willful misconduct of such Party's directors, Affiliates, members, officers, employees, agents, and contractors) in connection with the performance of such Party of its obligations under this Agreement; and (ii) no Party shall be liable to another 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. The foregoing limitations shall not apply to the right of the Parties to seek indemnification under this Agreement in accordance with Section 9.01.

(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 Tariff.

(c) The ISO shall not be liable to NECEC with respect to any damages incurred by NECEC that are directly attributable to the ISO's reliance on facility ratings established by NECEC.

(d) NECEC shall not be liable to the ISO by reason of this Agreement (whether based on contract, indemnification, warranty, tort, strict liability or otherwise) for: (i) any acts or

omissions taken or done in compliance with, or good faith attempts to comply with, the directives and/or instructions of the ISO, except in cases of the gross negligence or willful misconduct of NECEC.

(e) Notwithstanding any of the foregoing, the ISO shall be liable in actual damages for failure to make payments or transfer sums under Section 3.10(b) of this Agreement if the ISO fails to discharge its obligation to prepare and send bills or to perform its obligations pursuant to Section 3.10(b) of this Agreement.

ARTICLE X

TERM; DEFAULT, REMEDIES, AND TERMINATION

10.01 Term; Termination Date.

(a) Term and Effective Date.

(i) Term. Subject to the terms set forth in this Section 10.01, the initial term of this Agreement (the “Initial Term”) shall commence on the Effective Date and shall continue for a period of forty (40) years from the Effective Date. Subject to the terms set forth in this Section 10.01, the Initial Term shall be extended automatically for additional two-year periods (each, an “Additional Term”), *provided that*, in no event shall the term of this Agreement be extended beyond the term of the Appalachies-Maine AOA. Together, the Initial Term and the Additional Term(s), if any, shall constitute the term (the “Term”) of this Agreement.

(ii) Effective Date. The “Effective Date” shall be the date on which the ISO and NECEC unanimously agree to place this Agreement and related agreements and documents into effect.

(iii) Termination. Subject to Sections 10.01(d), (e) and (f), this Agreement may be terminated: (i) at any time by the mutual agreement of the Parties, with the effective date of such termination also subject to mutual agreement; (ii) pursuant to Sections 10.01(b) and (c); or (iii) by either Party at the end of the Initial Term by providing no less than 180 days prior notice of such termination.

(b) Termination by NECEC. Subject to Section 10.01(e), NECEC may terminate this Agreement at any time during the Term if any of the following shall have occurred:

(i) upon an ISO event of default in accordance with Section 10.03(a), *provided that* NECEC shall exercise this right in accordance with Section 10.03(b)(i);

(ii) if a Final Order of FERC, a Final Order of a Federal court or a Federal law sets forth a change in policy stating that: (A) the federal government no longer encourages the participation of transmission owners in RTOs and such

Final Order or law affirmatively states that transmission owners participating in an RTO may withdraw therefrom or (B) the recovery of costs for the NECEC Transmission Line will be subject to any change in policy which prevents NECEC from recovering the full costs of the NECEC Transmission Line through any applicable, existing support arrangements or otherwise on a regulated cost-of-service basis; *provided that* termination pursuant to (A) or (B) of this provision shall require notice to the other Party not less than 180 days prior to the Termination Date established pursuant to Section 10.01(e);

(iii) FERC issues an order putting into effect changes to the relative rights and responsibilities of NECEC and the ISO, individually or collectively, under this Agreement, including changing the scope and definition of Operating Authority, so as to materially adversely affect the interests of NECEC, unless NECEC has agreed to such changes in accordance with Section 11.04; *provided that*: (A) termination pursuant to this provision shall require notice to the ISO not less than 180 days prior to the Termination Date established pursuant to Section 10.01(e); and (B) NECEC shall be required to rescind such notice if FERC issues a subsequent order prior to the Termination Date so as to eliminate the changes to the relative rights and responsibilities of NECEC and the ISO under this Agreement;

(iv) NECEC has entered into an agreement to form or join an ITC in accordance with Attachment M to the ISO OATT which has been accepted for filing by the FERC, *provided that* termination pursuant to this provision shall be effective concurrent with the effective date of such agreement;

(v) NECEC has obtained authorization from the FERC to join another RTO or other similar organization (such as an Independent System Operator) in connection with a merger with or acquisition by another entity;

(vi) Hydro-Québec withdraws from, or otherwise terminates, the Appalaches-Maine IOA, *provided that* NECEC shall only terminate its obligations under this Agreement if it also terminates its obligations under the Appalaches-Maine AOA; or

(vii) if withdrawal of NECEC is authorized in accordance with Section 10.05.

(c) Termination By the ISO. The ISO may terminate its obligations under this Agreement and surrender its Operating Authority over the NECEC Transmission Line if any of the following shall have occurred:

(i) There have been: (A) material changes in the ownership or operations of the Appalaches-Maine Interconnection that, as a result, jeopardizes the ISO's ability to maintain system reliability or administer efficient and competitive markets while exercising Operating Authority over the NECEC Transmission Line; or (B) Hydro-Québec withdraws from, or otherwise terminates, the Appalaches-Maine IOA, *provided that* the ISO shall only terminate its

obligations under this Agreement if it also terminates its obligations under the Appalaches-Maine IOA;

(ii) 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 OATT, *provided that*: (A) termination pursuant to this provision shall require notice to NECEC not less than 180 days prior to the Termination Date established pursuant to Section 10.01(e); and (B) the ISO shall be required to rescind such notice if FERC issues a subsequent order prior to the Termination Date so as to eliminate the material changes to such liability and indemnification protections;

(iii) upon an NECEC 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);

(iv) 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, *provided that*: (A) termination pursuant to this provision shall require notice to NECEC not less than 180 days prior to the Termination Date established pursuant to Section 10.01(e); and (B) the ISO shall be required to rescind such notice if FERC issues a subsequent order prior to the Termination Date so as to eliminate the material adverse effect to the ISO's ability to carry out its responsibilities under this Agreement; or

(v) if withdrawal of the ISO is authorized in accordance with Section 10.05.

(d) Actions Prior To Termination. Upon submission of a written notice of termination by NECEC or the ISO, such notice shall commence the development of a plan under which Operating Authority shall be transferred from the ISO to another entity. The Termination Date with respect to NECEC or the ISO shall not occur until both: (a) the ISO and NECEC have agreed upon a plan addressing the technical, operational, transmission service, and market issues associated with the transfer of Operating Authority in connection with such termination and such plan has been implemented, *provided that*, if the Parties are unable to reach agreement on such plan, any affected Party shall have the right to submit the matter to FERC for resolution without additional negotiation under Section 11.12, and (b) all required reliability and regulatory approvals, if any, have been obtained for such termination, including any approvals required pursuant to Section 10.01(e).

(e) Effective Termination Date. To the extent that termination of this Agreement occurs under Sections 10.01(b) or (c), the Termination Date shall be set by the terminating Party in its notice of termination *provided that* such Termination Date may not be earlier than 180 days after the provision of a written notice of termination and is only effective upon the completion of a termination plan and receipt of all required reliability and regulatory approvals in accordance with Section 10.01(d). Notwithstanding any other provision contained herein or in any other

document to the contrary, any termination requested under this Section 10.01 shall be effective upon the established Termination Date: (1) unless a party to this Agreement seeking to challenge the request demonstrates that the requested termination is contrary to the public interest under the Mobile-Sierra Doctrine and (ii) subject to the FERC's determination under Section 205 of the Federal Power Act that the termination is just, reasonable and not unduly discriminatory or preferential.

(f) Continuing Obligations. The terminating Party shall have the following continuing obligations following withdrawal from this Agreement:

(i) All financial obligations incurred and payments applicable to the time period prior to the Termination Date shall be honored by the terminating Party in accordance with the terms of this Agreement, and such terminating Party shall remain liable for all obligations arising hereunder prior to the Termination Date; and

(ii) NECEC shall file a replacement transmission tariff to replace the affected portion of the ISO OATT to the extent a FERC regulation or order requires NECEC to file such a tariff.

10.02 Release of Operating Authority

(a) Upon the Termination Date, the ISO's right and obligation to exercise Operating Authority over the NECEC Transmission Line shall promptly cease, and, in accordance with Section 10.01, the ISO shall be deemed to have released and returned, and NECEC (or its designee) shall have assumed, Operating Authority over the NECEC Transmission Line on the Termination Date.

(b) After the Termination Date, the ISO shall take Commercially Reasonable Efforts to assist NECEC (or its designee) in resuming performance of the functions comprising Operating Authority.

(c) The expenses associated with any termination under Section 10.01 shall be at NECEC's expense unless (1) the termination is by the ISO pursuant to Section 10.01(d)(ii) or (iii), or (2) pursuant to Section 10.03 in the event of an ISO Default.

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 ("ISO Default") 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 NECEC; *provided that* if the ISO is diligently pursuing a remedy during such thirty day (30) period, said cure period shall be extended for an additional thirty (30) days or as otherwise agreed by NECEC;

(ii) If there is a dispute between the ISO and NECEC 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) Failure of the ISO to pay when due any other amounts payable to NECEC by the ISO pursuant to this Agreement within thirty (30) days of the due date;

(iv) 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;

(v) The exercise of Operating Authority or other responsibilities under this Agreement in a manner that results in a material amount of damage to or the destruction of the NECEC Transmission Line due to the willful misconduct or gross negligence of the ISO or the repeated and persistent exercise by the ISO of its Operating Authority in a manner that subjects the NECEC Transmission Line to the significant risk of a material amount of damage, *provided that* exercise by the ISO of its Operating Authority over the NECEC Transmission Line both in accordance with the Operating Procedures and within the ratings established by NECEC for the NECEC Transmission Line shall not be considered to subject the NECEC Transmission Line to risk of damage and *further provided that* nothing in this Section 10.03(a)(v) shall be deemed to excuse the ISO from complying with its obligations under this Agreement or to limit the other events of default specified in this Section 10.03(a).

(vi) 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 and is continuing, NECEC 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) and Section 10.01(e); *provided that* if the ISO contests NECEC's allegation of an ISO event of default under Section 10.03(a), 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 immediately make arrangements for the

orderly transfer of Operating Authority over the NECEC Transmission Line and assist NECEC (or its designee) in resuming performance of the functions comprising Operating Authority, *provided that*: (A) NECEC shall not be liable for the reimbursement of the ISO for any costs and expenses incurred by the ISO in connection therewith; (B) the ISO and NECEC shall agree upon a plan addressing the technical and operational issues associated with such transfer of Operating Authority, as such plan has been implemented; and (C) if the Parties are unable to reach agreement on such plan, any affected Party shall have the right to submit the matter to FERC for resolution without additional negotiation under Section 11.12, *provided that* such action shall be consistent with Section 10.01(d);

(iii) To make any payment or perform or comply with any agreement that the ISO shall be obligated to pay, perform or comply with under this Agreement and the amount of reasonable expenses (including attorneys' fees and any other reasonable professionals' fees and expenses) of NECEC incurred in connection with such payment or the performance of or compliance with any such agreement shall be payable by the ISO upon demand;

(iv) To obtain such specific performance and/or an injunction to prevent breaches of this Agreement and to enforce specifically the terms and conditions hereof; and/or

(v) To obtain damages pursuant to the indemnity provisions of Sections 9.01 and 9.06 of this Agreement.

10.04 Events of Default of NECEC.

(a) Events of Default of NECEC. 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 NECEC under this Agreement (in each instance, an "NECEC Default"):

(i) Failure by NECEC 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 NECEC of written notice of such failure from the ISO, *provided that* if NECEC is diligently pursuing a remedy during such thirty day (30) period, said cure period shall be extended for an additional thirty (30) days or as otherwise agreed by the ISO;

(ii) If there is a dispute between the ISO and NECEC as to whether NECEC 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; or

(iii) With respect to NECEC, (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 NECEC for the benefit of creditors; or (C) allowance by NECEC

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 NECEC occurs and is continuing, the ISO shall have the following remedies, all of which shall be cumulative and not exclusive:

(i) terminate this Agreement in accordance with Section 10.01(c) and Section 10.01(e); *provided that* if NECEC contests the ISO's allegation of an NECEC 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) such specific performance and/or an injunction to prevent breaches of this Agreement and to enforce specifically the terms and conditions hereof; or

(iii) obtain damages pursuant to the indemnity provisions of Sections 9.01 and 9.06.

(c) Notwithstanding anything to the contrary herein, nothing in this Section 10.04 shall be deemed to give the ISO or any ISO agent or designee the right to exercise any functions other than those enumerated as Operating Authority in Section 3.02 or the right to take physical control of the NECEC Transmission Line.

10.05 Procedures Relating to Grandfathered Transmission Service Agreements.

(a) In recognition that the Grandfathered Transmission Service Agreements include certain provisions that could relate to the Parties' exercise of their rights and obligations under this Agreement, the Parties establish the procedures set forth in this Section 10.05. As used in this Agreement, "GTSA Impacts" are those actions listed in Schedule 10.05(a) to this Agreement, with reference to the specific provisions of the Grandfathered Transmission Service Agreements as noted in Schedule 3.10 to this Agreement.

(b) In the event that a Grandfathered Transmission Service Agreement is amended to modify one or more provisions cited in Schedule 10.05(a), the Parties shall promptly confer in good faith, and if necessary, mutually agree to modify any GTSA Impact associated with a modified Grandfathered Transmission Service Agreement provision. Any modifications to any GTSA Impact mutually agreed upon by the Parties may be made to Schedule 10.05(a), without the necessity of an amendment to this Agreement. The ISO shall not be obligated to comply with a materially modified GTSA provision which was previously identified as an GTSA Impact on Schedule 10.05(a), unless the Parties have conferred and mutually agreed upon the continued application of a GTSA Impact designation for such modified GTSA term.

(c) Should the ISO take any action or direct NECEC to take an action that NECEC believes is a GTSA Impact (an "ISO GTSA Impact Action or Directive");

(i) NECEC shall provide notice to the ISO within seven (7) days after identifying the occurrence of such ISO GTSA Impact Action or Directive of the occurrence of an ISO GTSA Impact Action or Directive and whether such action shall be discontinued or such directive shall be rescinded, *provided that* (A) in no instance shall a Short-Term Reliability Action or Directive be considered an ISO GTSA Impact Action or Directive; (B) no ISO GTSA Impact Action or Directive shall be deemed to have occurred where the pertinent provision of a Grandfathered Transmission Service Agreement has expired or terminated; and (C) actions or directives which are either required to be undertaken pursuant to applicable Laws or are the subject of the ISO's reserved authorities under Section 3.04, shall not constitute an ISO GTSA Impact Action or Directive.

(ii) Following the giving of such notice, the Parties shall continue to carry out all of their other obligations under this Agreement.

(iii) For so long as the Parties comply with the provisions of this Section 10.05 and the ISO has been notified accordingly, NECEC's election that an ISO GTSA Impact Action or Directive shall be discontinued or rescinded shall not be an NECEC Default under Section 10.04 of this Agreement, nor shall an ISO GTSA Impact Action or Directive be an ISO Default under Section 10.03 of this Agreement or a basis for requiring indemnification by the ISO under Article IX of this Agreement, *provided that* the occurrence of an ISO GTSA Impact Action or Directive shall not limit the rights of NECEC to seek indemnification to the extent there is an independent basis for seeking such indemnification under the terms of this Agreement.

(iv) An ISO GTSA Impact Action or Directive that involves an ISO-requested upgrade to the NECEC Transmission Line shall be addressed under Section 3.08 of this Agreement and not under this Section 10.05.

(v) Within ten (10) business days of the ISO's receipt of the notice identified in Section 10.05(c)(i), and notwithstanding the fact that such ISO GTSA Impact Action or Directive has been discontinued or rescinded, the ISO and NECEC shall meet to negotiate a resolution in good faith. The ISO and NECEC shall each send an officer-level representative to conduct such negotiations.

(vi) In the event that the ISO and NECEC are unable to reach a mutually acceptable resolution within thirty (30) days of the inception of the negotiations described in Section 10.05(c)(v), or within such additional period mutually agreed to by the Parties, the ISO and NECEC must promptly undertake one or more of the following actions:

(A) the ISO and NECEC may agree to pursue non-binding mediation; *provided that*, if the Parties agree to pursue such mediation but cannot agree on a mediator, FERC's Dispute Resolution Service or a FERC settlement judge shall serve as the mediator;

(B) the ISO or NECEC may initiate an action seeking declaratory,

injunctive or other equitable relief with respect to the ISO GTSA Impact Action or Directive, including whether the ISO's action or directive in fact creates a GTSA Impact; and

(C) the ISO or NECEC may give notice of termination pursuant to Sections 10.01(b) or 10.01(c) of this Agreement respectively and pursue the termination process specified in Sections 10.01(d), (e) and (f) of this Agreement.

(d) Notwithstanding any other provision contained herein, in the event that a change to the ISO Tariff Operating Procedures or Additional HVDC Procedures that relate to the schedule or provision of transmission service over the NECEC Line is proposed, which, if adopted, would prevent or impede NECEC's performance of its obligations under the Grandfathered Transmission Service Agreements, NECEC may raise such change with the ISO, and the Parties in good faith will consider the potential impacts of such change on the Grandfathered Transmission Service Agreements and negotiate any modifications to this Section 10.05 and Schedule 10.05(a) that are appropriate to address such change. NECEC holds and reserves the right to participate in any applicable stakeholder process or FERC proceeding related to such change, and nothing in this Agreement shall limit or restrict the positions NECEC may assert in such process or proceeding.

(e) In the event of a dispute, conflict, or ambiguity between Section 10.05 and Schedule 10.05(a), the terms of this Section 10.05 are controlling.

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 receiving Party at its address set forth in Schedule 11.01 or, at such other address as such receiving 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, including those agreements set forth on Schedule 11.02 attached hereto. To the extent that such other agreements address subjects addressed in this Agreement, this Agreement shall govern.

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 any 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; Coordination; Limitations on Modifications of Agreement.

(a) Except as otherwise specifically provided herein, this Agreement shall only be subject to modification or amendment by mutual agreement of NECEC and the ISO and the acceptance of any such amendment by FERC. The ISO and NECEC shall be deemed to have agreed to such amendment upon the execution of the amendment by each Party.

(b) The Parties recognize that:

- (i) The ISO is a party to the Appalaches-Maine IOA with Hydro-Québec and NECEC is a party to the Appalaches-Maine AOA with Hydro-Québec. Given the interrelated nature of the rights and obligations of the ISO, NECEC and Hydro-Québec, the ISO and NECEC agree to make good faith efforts to coordinate performance, amendments and dispute resolution under this Agreement and the other agreements referenced in this Section 11.04(b), so that the ISO and NECEC do not become subject to conflicting rights and obligations under the Appalaches-Maine IOA and Appalaches-Maine AOA.
- (ii) The ISO and NECEC are parties to the NECEC ETUIAs which also include CMP as the signatory interconnecting transmission owner. Given the interrelated nature of the rights and obligations regarding the interconnection of the NECEC Transmission Line to the New England Transmission System and the coordination of operations of the NECEC Transmission Line under this Agreement, the ISO and NECEC agree to make good faith efforts to coordinate performance, amendments and dispute resolution under this Agreement, so that the ISO and NECEC do not become subject to conflicting rights and obligations under the NECEC ETUIAs.

(c) 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.

(d) In the event of a material change in applicable Law that prevents or impedes either Party from fulfilling their obligations under this Agreement, the Parties shall negotiate in good faith any amendments to this Agreement necessary to adapt the terms of this Agreement to such change in applicable Law.

(e) 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 FERC acting *sua sponte* shall be the "public interest" standard of review under the Mobile-Sierra Doctrine: Sections 2.01, 2.02, 2.03, 2.05, 3.01, 3.02, 3.03, 3.04, 3.05, 3.06, 3.07, 3.08, 3.09, 3.10, , 3.12, 4.01(e), 5.01, 6.01, 8.01, 9.01, 9.06, 10.01(d), 10.01(f), 10.02, 10.03, 10.04, 10.05, 11.04(a)-(e), 11.05, 11.06, 11.11, 11.13, 11.15, 11.17, and Article I, as it applies to the foregoing sections. Absent the agreement of the Parties to any proposed change hereof or an amendment hereof pursuant to Section 11.04(a), with respect to changes to the remaining provisions of this Agreement proposed by a Party, a non-party or the Federal Energy Regulatory Commission acting *sua sponte*, the standard of review shall be that provided under Section 206 of the Federal Power Act.

(f) Notwithstanding the Parties' rights under Sections 3.05 and 3.11 hereof, neither the ISO nor NECEC shall propose to modify or amend the ISO OATT nor any other tariff, rate schedule, procedure, protocol, or agreement applicable to the ISO or any NECEC in any manner that would limit, alter, or adversely affect the rights and responsibilities of the non-proposing Party under this Agreement or that would otherwise be inconsistent with the provisions of this Agreement unless: (i) NECEC and the ISO have entered into a prior written agreement to make corresponding modifications to this Agreement in accordance with this Section 11.04; or (ii) if the corresponding modifications to the provisions of this Agreement enumerated in Section 11.04(c) above are required, the proposing Party also requests FERC to find (or FERC has already so found) that the corresponding modifications are required under the "public interest" standard of review under the Mobile-Sierra Doctrine; or (iii) if corresponding modifications to the remainder of the Agreement are required, the proposing Party also requests FERC to find (or FERC has already so found) that the corresponding modifications are required under the standard of review under Section 206 of the Federal Power Act.

(g) Any amendments to this Agreement shall be subject to all applicable consultation and other stakeholder engagement requirements pursuant to the ISO Participants Agreement. Accordingly, the ISO shall notify stakeholders of proposed amendments to this Agreement by posting such amendments on the ISO website prior to the filing of such amendments with FERC and shall consider input from interested stakeholders concerning such proposed amendments.

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) 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. NECEC 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) NECEC's successors and assigns shall agree to be bound by the terms of this Agreement except that NECEC's successors and assigns shall not be required to be bound by any obligations hereunder to the extent that NECEC has agreed, in writing, to retain such obligations; and

(b) notwithstanding Section 11.06 (a), NECEC shall have the right to assign or transfer to any new owner of the NECEC Transmission Line subject to this Agreement all of the rights, responsibilities and obligations associated with the physical operation of the NECEC Transmission Line as well as all of the rights, responsibilities and obligations associated with the ISO's Operating Authority with respect to the NECEC Transmission Line.

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 NECEC receives all required regulatory approvals for such assignment.

11.07 Further Assurances; Information Policy; Access to Records.

(a) Each Party agrees, upon another 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 NECEC's request, make available to NECEC any and all information within the ISO's custody or control that is necessary for NECEC to perform its responsibilities and obligations or enforce its rights under this Agreement, *provided that* such information shall be made available to NECEC 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 *further provided that* NECEC employees and all personnel working on behalf of NECEC at the NECEC Control Center and any associated 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 NECEC 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) NECEC shall, upon the ISO's request:

(i) make available to the ISO any and all information within NECEC'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 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 *further provided 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; and

(ii) make reasonable efforts to provide information and support in response to the ISO's requests within the ISO's requested time frames as specified in the ISO OATT.

(d) If, in order to properly prepare its respective 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 either the ISO or NECEC 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 ISO or NECEC, the ISO or NECEC shall use its best efforts to furnish or make available such information, documents or records (or copies thereof) at the ISO's or NECEC's request, cost and expense. Any information obtained by the ISO or NECEC 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 NECEC and the ISO are in an adversarial relationship in litigation or arbitration, the furnishing of information, documents or records by the ISO or NECEC 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, diminishes any other Party's obligations 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 that* 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 Commonwealth of Massachusetts 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 respective successors or assigns in connection with any such action or proceeding; *provided that* nothing in this Section

11.10 shall affect the right of any such Parties or their respective successors and permitted assigns to serve legal process in any other manner permitted by applicable Law or affect the right of any such Parties or their respective successors and assigns to bring any action or proceeding against any other one of such Parties or its respective property in the courts of other jurisdictions.

11.11 Specific Performance; Force Majeure.

(a) Specific Performance. The Parties specifically acknowledge that a breach of this Agreement, whether or not an event of default, and notwithstanding any cure period in Section 10.03(b), would cause the non-breaching Party to suffer immediate and irreparable harm due to the unique relationship among the Parties. The non-breaching Party hereto shall be entitled to seek specific performance and/or an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and conditions hereof in any court of competent jurisdiction, such remedy being in addition to any other remedy to which any Party may be entitled at law or in equity.

(b) Force Majeure. A Party shall not be considered to be in default as to an obligation under this Agreement if it is prevented from fulfilling such obligations by reason of an event of Force Majeure. An event of Force Majeure is 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. Notwithstanding the foregoing, no event of Force Majeure shall excuse a Party from any payment, charge, penalty, financial consequence or settlement responsibility that it is obligated to make under this Agreement. A Party whose performance under this Agreement is prevented or delayed by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement and promptly notify the other Party of the commencement and the end of the event of Force Majeure. Notwithstanding the general reasonable efforts standard herein, settlement of strikes and labor disturbances that constitute an event of Force Majeure shall be wholly within the discretion of the Party that is subject to such strike or labor disturbance.

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. Each Party shall designate one or more representatives with the authority to negotiate the matter in dispute to participate in such negotiations. The Parties shall engage in such good-faith negotiations for a period of not less than 60 calendar days, unless: (a) a Party 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 either Party, be submitted for resolution by FERC or a court or agency with jurisdiction over the dispute upon the conclusion of such negotiations. A Party 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 all affected 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 here from, 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; *provided that* nothing in this Section 11.13 shall limit a Party's right to appeal conditions to regulatory approval in accordance with Section 11.17(d).

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 NECEC 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. Neither Party shall have the right or power to bind the 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 one Party has claims against the other Party, such claiming 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 the Party that is subject of a claim under this Agreement, 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 Conditions Precedent.

Notwithstanding anything to the contrary in this Agreement, this Agreement shall not be effective with respect to any Party unless all of the conditions precedent set forth in this Section 11.17 shall have been satisfied or waived.

(a) Required Regulatory Approvals. All final required regulatory approvals shall have been obtained and be in full force and effect and shall not be subject to the satisfaction of any condition or conditions that, if accepted, would: (i) in the case of NECEC, in the reasonable judgment of NECEC, in the aggregate have a material adverse effect on the value of the NECEC Transmission Line, its expected level of transmission revenues, or its electric utility business, revenues, or financial condition, unless NECEC waives said condition, *provided that* with respect to any required regulatory approval obtained from a Governmental Authority of a State, the condition set forth in this clause shall apply only if NECEC operates its Transmission Business within such State; and (ii) in the case of the ISO, in its reasonable judgment, have a material adverse effect on the ISO's ability to perform its obligations under this or any other agreement to which it is subject, unless the ISO waives such condition.

(b) Board Consent. The board of directors of each Party, in its sole discretion, shall

have authorized and approved such Party's executing, delivering and performing this Agreement.

(c) Right to Appeal Conditions to Regulatory Approval. In the event that a Governmental Authority conditions its regulatory approval of this Agreement on acceptance of a contractual provision, contractual modification, or any other condition or ruling that is not acceptable to a Party, such Party shall have the option of agreeing to permit this Agreement to become effective with the condition or ruling to which it objects and appeal the propriety of the condition or ruling to courts of competent jurisdiction; *provided that*, in the event a Final Order requires a vacation or modification of such objectionable condition or ruling, this Agreement shall thereupon be modified consistent with that Final Order; *provided that* the other Party may exercise their rights to withdraw from or terminate this Agreement pursuant to Section 10.01(b) or Section 10.01(d), as applicable.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each party as of the date first above written.

[Signatory]
[Title of Signatory]
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841 USA

[Signatory]
[Title of Signatory]
NECEC Transmission LLC
[Address to be added]

[Signatory]
[Title of Signatory]
NECEC Transmission LLC
[Address to be added]

Schedule 1.01

Schedule of Definitions

Additional Term. “Additional Term” shall have the meaning ascribed thereto in Section 10.01(a) of this Agreement.

Additional HVDC Procedures. “Additional HVDC Procedures” shall have the meaning ascribed thereto in Section 3.02(e).

Agreement. This NECEC Transmission Operating Agreement, 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.

Appalaches-Maine Common Dispatch Instructions (“CDI”). “Appalaches-Maine Common Dispatch Instructions” are a specific protocol concerning the coordinated dispatch of the NECEC Transmission Line developed pursuant to the Appalaches-Maine IOA.

Appalaches-Maine Common Operating Instructions (“COI”). “Appalaches-Maine Common Operating Instructions” are a specific protocol concerning the operation of the NECEC Transmission Line developed pursuant to the Appalaches-Maine AOA.

Appalaches-Maine AOA. The Appalaches-Maine AOA is the agreement between NECEC and Hydro-Québec addressing the coordinated operation of the Appalaches-Maine Interconnection, of which the NECEC Transmission Line are the portion of such facilities located in the United States which is further addressed in the recitals, herein.

Appalaches-Maine IOA. The Appalaches-Maine IOA is the Coordination Agreement between the ISO and Hydro-Québec addressing the coordinated operation of the Appalaches-Maine Interconnection by the ISO and Hydro-Québec, which is further addressed in the recitals herein.

Back-up Control Center. The control center established by the ISO as a back-up to the ISO Control Center.

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 effect 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.

EDC TSAs. “EDC TSAs” mean those Grandfathered Transmission Service Agreements where the TSA Counterparty is either Fitchburg Gas and Electric Light Company d/b/a Unitil, NSTAR Electric Company d/b/a Eversource Energy, or Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid.

Effective Date. “Effective Date” shall have the meaning ascribed thereto in Section 10.01(a)(ii) 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 2.03 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.

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.

FPA. The Federal Power Act.

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.

GTSA Impacts. “GTSA Impacts” shall have the meaning ascribed thereto in Section 10.05(a)(i) of this Agreement.

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, regard for the operating characteristics of the NECEC Transmission Line 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 NECEC or the ISO.

Grandfathered Transmission Service Agreement. “Grandfathered Transmission Service Agreement” shall have the meaning ascribed thereto in Section 3.10(a) of this Agreement and further set forth in Schedule 3.10 of this Agreement.

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.

HQUS Additional TSA. “HQUS Additional TSA” means that Grandfathered Transmission Service Agreement where the TSA Counterparty is H.Q. Energy Services (U.S.) Inc. for 110 MW of firm transmission service for the first forty (40) years of operation referenced in section 4 of Schedule 3.10.

HQUS TSAs. “HQUS TSAs” mean those Grandfathered Transmission Service Agreements where the TSA Counterparty is H.Q. Energy Services (U.S.) Inc.

HQUS TSAs Years 21-40. “HQUS TSAs Years 21-40” means those Grandfathered Transmission Service Agreements where the TSA Counterparty is H.Q. Energy Services (U.S.) Inc. for firm transmission service for years 21-40 of operation referenced in sections 5, 6, and 7 of Schedule 3.10.

Indemnifiable Loss. “Indemnifiable Loss” shall have the meaning ascribed thereto in Section 9.01(a)(i) of this Agreement.

Indemnified Person. “Indemnified Person” shall have the meaning ascribed thereto in Section 9.01(b) of this Agreement.

Indemnified NECEC. “Indemnified NECEC” 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.

Indemnifying NECEC. “Indemnifying NECEC” shall have the meaning ascribed thereto in Section 9.01(b) of this Agreement.

Indemnatee. “Indemnatee” shall have the meaning ascribed thereto in Section 9.02 of this Agreement.

Initial Term. “Initial Term” shall have the meaning ascribed thereto in Section 10.01(a) of this Agreement.

Interconnection Agreement. An agreement or agreements for the interconnection of any entity to the NECEC Transmission Line. For purposes of this Agreement, the term “Interconnection Agreement” shall not include agreements between the ISO and the operator(s) of one or more neighboring Control Areas, which agreements shall be defined herein as “Coordination Agreements.”

Interconnection Standard. The applicable interconnection standards set forth in the ISO OATT.

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 Administrative Charge. “ISO Administrative Charge” shall have the meaning ascribed thereto in Section 3.04(h) of this Agreement.

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 Default. “ISO Default” shall have the meaning ascribed thereto in Section 10.03(a) of this Agreement.

ISO GTSA Impact Action or Directive. “ISO GFTSA Impact Action or Directive” shall have the meaning ascribed thereto in Section 10.05(b) of this Agreement.

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, Section II of the ISO Tariff, as in effect from time to time.

ISO Participants Agreement. The agreement among the ISO and New England Power Pool 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.

ISO System Plan. The regional system expansion plan for the New England Transmission System.

ISO Tariff. The ISO New England Transmission, Markets and Services Tariff on file with FERC, as in effect from time to time.

Knowledge and Known. With respect to a Party, the collective actual knowledge of the directors and members of management of such Party, after reasonable inquiry by them of selected employees of such Party whom they believe, in good faith, to be the persons generally responsible for the subject matters to which the knowledge is pertinent. “Known” shall have the meaning correlative to “Knowledge.”

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.

Local Control Center. Those control centers now in existence (including the CONVEX, REMVEC, Maine and New Hampshire control centers) or established by the Participating Transmission Owners in accordance with the Transmission Operating Agreement that are separate from the ISO Control Center.

Market Monitoring Unit. Any market monitoring unit established by the ISO, including any internal market monitoring unit of the ISO and any external market monitoring unit of the ISO.

Mobile-Sierra Doctrine. “Mobile-Sierra Doctrine” shall have the meaning ascribed thereto in Section 10.01(f) of this Agreement.

NECEC. “NECEC” shall have the meaning ascribed thereto in the opening paragraph of the Agreement.

NECEC Control Center. A station or facility responsible for the operations of the NECEC Transmission Line which may or may not be on the site of the NECEC Transmission Line and which is required to implement the instructions of a Local Control Center and/or the ISO as applicable in accordance with this Agreement.

NECEC Default. “NECEC Default” shall have the meaning ascribed thereto in Section 10.04(a) of this Agreement.

NECEC ETUIAs. The Elective Transmission Upgrade Interconnection Agreement by and among ISO New England Inc., New England Clean Energy Connect LLC and CMP for QP 639 dated October 29, 2020, as such may be amended and filed with FERC and the Elective Transmission Upgrade Interconnection Agreement for QP 889 by and among the ISO, NECEC and CMP dated June 2, 2023, as such may be amended and filed with FERC.

NECEC Transmission Line shall have the meaning ascribed thereto in Section 2.01 of this Agreement.

NEPOOL. The New England Power Pool.

NERC. The North American Electric Reliability Council.

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 Financial Transmission Rights) 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 NECEC Transmission Line.

NPCC. The Northeast Power Coordinating Council.

OASIS. The Open Access Same-Time Information System for New England.

Operating Authority. “Operating Authority” shall have the meaning ascribed thereto in Section 3.02 of this Agreement and shall include the responsibilities set forth in Section 3.05.

Operating Limits. The transfer limits for the NECEC Transmission Line determined in accordance with Section 3.02(a)(ii) of this Agreement.

Operating Procedures. The operating manuals, procedures, transmission operating guides and protocols relating to the exercise of Operating Authority over the NECEC Transmission Line, as such guides, manuals, procedures, and protocols may be modified from time to time in accordance with Section 3.02(d) of this Agreement.

Operations Date. “Operations Date” shall have the meaning ascribed thereto in the Transmission Operating 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 pending sub nom.*, Public Utility District No. 1 of Snohomish County, Washington v. FERC, Nos. 00-1174, *et al.* (D.C. Cir).

PARS. Phase angle regulators.

Participant. A participant in the New England markets, a Transmission Customer under the ISO Tariff, or an entity that has entered into the ISO Participants Agreement.

Participating Transmission Owner. A transmission owner that is a party to the Transmission Operating Agreement (“TOA”).

Party or Parties. A “Party” shall mean the ISO or NECEC, as the context requires. “Parties” shall mean NECEC 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.

Planning Procedures. The guides, manuals, procedures and protocols for planning and expansion

of the New England Transmission System, as such guides, manuals, procedures, and protocols may be modified from time to time in accordance with this Agreement.

Presidential Permits. “Presidential Permits” shall mean those permits issued by the Department of Energy or successors thereto with respect to the construction, connection, operation, and maintenance of the NECEC Transmission Line, including the currently issued Presidential Permit, PP-438.

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.

Rating Procedures. “Rating Procedures” shall have the meaning ascribed thereto in Section 3.02(d) of this Agreement.

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.

Short-Term Reliability Actions or Directives. “Short-Term Reliability Actions or Directives” shall mean operating actions or directives, including real-time operating actions undertaken by the ISO and real-time operating directives, issued by the ISO to NECEC based on its forecast of system conditions over the next seven (7) days, to comply with the ISO Tariff (including Market Rule 1 thereof), Operating Procedures, Additional HVDC Operating Procedures, applicable NERC/NPCC Requirements, other applicable regulatory standards, and Good Utility Practice. Such directives are generally implemented through the ISO’s issuance of instructions to, or coordination with, the NECEC Control Center and any associated Local Control Center with responsibility for the NECEC Transmission Line.

System Failure. Widespread telecommunication, hardware or software failure or systemic ISO hardware or software failures that makes it impossible to receive or process bid information, dispatch resources, or exercise Operating Authority over the NECEC Transmission Line.

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 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.

Term. “Term” shall have the meaning ascribed thereto in Section 10.01(a) of this Agreement.

Termination Date. “Termination Date” shall have the meaning ascribed thereto in Section 10.01 of this Agreement.

Transmission Business. The business activities of NECEC related to the ownership, operation and maintenance of its NECEC Transmission Line.

Transmission Customer. Any entity taking Transmission Service under the ISO OATT.

Transmission Operating Agreement (“TOA”). “Transmission Operating Agreement” shall mean the agreement described as such in Section I of the ISO Tariff.

Transmission Owner. “Transmission Owner” shall have the meaning ascribed thereto in the ISO OATT.

TSA Counterparties. “TSA Counterparties” means the entities that are counterparties to the agreements listed in Sections 1-3 of Schedule 3.10, including H.Q. Energy Services (U.S.) Inc., Fitchburg Gas and Electric Light Company d/b/a Unitil, NSTAR Electric Company d/b/a Eversource Energy, and Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid.

TTC. Total Transfer Capability.

Schedule 2.01(a)

Schedule of the NECEC Transmission Line

The NECEC Transmission Line shall consist of those facilities listed in this Schedule 2.01(a), as updated from time to time in accordance with Section 2.01 of this Agreement. The following is a general description of those NECEC Transmission Line provided for convenience only. Such general description shall not be construed to affect the meaning or construction of any of the provisions of this Agreement or to create any new obligations or requirements for any Party. In the event of any conflict between this general description of the NECEC Transmission Line and the list of facilities in this Schedule 2.01(a), as updated from time to time in accordance with Section 2.01 of this Agreement, the list of facilities shall govern.

The NECEC Transmission Line is consists of the following facilities, all located with in the State of Maine, USA:

- New 145.0 mile +/-320 kV monopole VSC-HVDC transmission line from the Quebec-Maine border to a new converter substation located near Merrill Road in Lewiston, including a new 1.0 mile +/-320 kV HVDC underground cable installed by a horizontal directional drill under the Kennebec River (Section 432);
- New 1.2 mile 345 kV AC transmission line from the new Merrill Road Converter substation to the existing Larrabee Road Substation (Section 3007)
- New 345 kV AC to +/-320 kV HVDC 1200 MW Merrill Road VSC-HVDC Converter Substation;
- New +/-320 kV HVDC Overhead to Underground Termination Station in Moxie Gore;
- New +/-320 kV HVDC Overhead to Underground Termination Station in West Forks Plantation;
- New Underground Cable Monitoring Hut in Johnson Mountain Township; and
- New +/-320 kV HVDC line telecommunication equipment within the existing CMP Starks Substation.

Schedule 3.02(d)

List of Existing Operating Procedures

This Schedule 3.02(d) is inclusive of all procedures and manuals in the main Transmission Operating Agreement. The Parties and operators responsible for the NECEC Transmission Line described in Schedule 2.01(a) to the HVDC Transmission Operating Agreement are bound to adhere to these Existing Operating Procedures except for those procedures or portions thereof that are inapplicable to the NECEC Transmission Line.

1. ISO New England Manual 6 – Financial Transmission Rights
2. ISO New England Manual 11 – Market Operations
3. ISO New England Manual 20 – Forward Capacity Market
4. ISO New England Manual 28 – Market Rule 1 Accounting
5. ISO New England Manual 35 – Definitions And Abbreviations
6. ISO New England Manual 36 – Forward Reserve and Real-Time Reserve
7. ISO New England Manual MVDR – Measurement and Verification of On-Peak Demand Resources and Seasonal Peak Demand Resources
8. ISO New England Manual REG – Regulation Market
9. ISO New England Manual RPA – Registration and Performance Auditing
10. ISO New England Operating Procedure No. 1 – Central Dispatch Operating Responsibilities and Authority
11. ISO New England Operating Procedure No. 2 –Maintenance Of Communications, Computers, Metering and Computer Support Equipment
12. ISO New England Operating Procedure No. 3 – Transmission Outage Scheduling
13. ISO New England Operating Procedure No. 4 – Action During a Capacity Deficiency
14. ISO New England Operating Procedure No. 5 – Resource Maintenance and Outage Scheduling
15. ISO New England Operating Procedure No. 7 – Action In An Emergency
16. ISO New England Operating Procedure No. 8 – Operating Reserve and Regulation
17. ISO New England Operating Procedure No. 9 – Scheduling and Dispatch of External Transactions

18. ISO New England Operating Procedure No. 10 –Emergency Incident and Disturbance Notifications
19. ISO New England Operating Procedure No. 11 – Blackstart Resource Administration
20. ISO New England Operating Procedure No. 12 –Voltage and Reactive Control
21. ISO New England Operating Procedure No. 13 –Standards For Voltage Reduction and Load Shedding Capability
22. ISO New England Operating Procedure No. 14 –Technical Requirements for Generators, Demand Response Resources, Asset Related Demands, and Alternative Technology Regulation Resources
23. ISO New England Operating Procedure No. 16 – Transmission System Data
24. ISO New England Operating Procedure No. 17 – Load Power Factor and System Assessment
25. ISO New England Operating Procedure No. 18 –Metering and Telemetry Criteria
26. ISO New England Operating Procedure No. 19 – Transmission Operations
27. ISO New England Operating Procedure No. 20 – Analysis and Reporting of Power System Incidents
28. ISO New England Operating Procedure No. 21 – Operational Surveys, Energy Forecasting & Reporting and Actions During An Energy Emergency
29. ISO New England Operating Procedure No. 22 – Disturbance Monitoring Requirements
30. ISO New England Operating Procedure No. 23 – Resource Auditing
31. ISO New England Operating Procedure No. 24 – Protection Outages, Settings and Coordination
32. Master/Local Control Center Procedure No. 1 – Nuclear Plant Transmission Operations
33. Master/Local Control Center Procedure No. 2 – Abnormal Conditions Alert
34. Master/Local Control Center Procedure No. 6 Attachment B – Procedure for the Development of a New England Area Control Error (ACE) at CONVEX
35. Master/Local Control Center Procedure No. 6 Attachment F – Significant Unit Lists
36. Master/Local Control Center Procedure No. 7 – Processing Outage Applications
37. Master/Local Control Center Procedure No. 8 – Coordination of Generator Voltage Regulator and Power System Stabilizer Outages

- 38. Master/Local Control Center Procedure No. 10 Generator Governor Control and Operation
- 39. Master/Local Control Center Procedure No. 11 – Maintenance and Verification of New England System Restoration Plan
- 40. Master/Local Control Center Procedure No. 12 – Identification and Coordination of ISO and LCC TOP Responsibilities
- 41. Master/Local Control Center Procedure No. 13 – ISO and LCC Communication Practices
- 42. Master/Local Control Center Procedure No. 15 – System Operating Limits Methodology
- 43. Master/Local Control Center Procedure No. 16 – Seasonal Preparations
- 44. Master/Local Control Center Procedure No. 17 – ISO and Local Control Center Training
- 45. Master/Local Control Center Procedure No. 18 – New England System Restoration Plan
- 46. Master/Local Control Center Procedure No. 19 – Geomagnetic Disturbance Operating Plan
- 47. Master/Local Control Center Procedure No. 20 – Operating Plan for Operating Emergencies
- 48. Master/Local Control Center Procedure No. 22 – Emergency Preparedness Conference Call Procedure

Schedule 3.02(e)

List of Existing Additional HVDC Procedures

1. Appalaches-Maine Common Operating Instructions
2. Appalaches-Maine Common Dispatch Instructions
3. Appalaches-Maine Operating Protocol

Schedule 3.10

Grandfathered Transmission Service Agreements

1. The Transmission Service Agreement by and between Central Maine Power Company and NSTAR Electric Company d/b/a Eversource Energy dated June 13, 2018 for 579.335 MW of firm transmission service for the first 20 years of operation.
 - a. The First Amendment to the Transmission Service Agreement by and between Central Maine Power Company and NSTAR Electric Company d/b/a Eversource Energy dated as of October 9, 2018.
 - b. The Second Amendment to Transmission Service Agreement and Consent to Assignment by and among Central Maine Power Company, NECEC Transmission LLC, and NSTAR Electric Company d/b/a Eversource Energy dated June 25, 2020.
 - c. The Third Amendment to the Transmission Service Agreement by and between NECEC Transmission LLC and NSTAR Electric Company d/b/a Eversource dated August 23, 2021.
 - d. The Fourth Amendment to the Transmission service Agreement by and between NECEC Transmission LLC and NSTAR Electric Company d/b/a Eversource dated October 24, 2024.
2. The Transmission Service Agreement by and between Central Maine Power Company and Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid dated June 13, 2018 for 498.348 MW of firm transmission service for the first 20 years of operation.
 - a. The First Amendment to the Transmission Service Agreement by and between Central Maine Power Company and Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid dated as of October 9, 2018.
 - b. The Second Amendment to Transmission Service Agreement and Consent to Assignment by and among Central Maine Power Company, NECEC Transmission LLC, and Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid dated June 25, 2020.
 - c. The Third Amendment to the Transmission Service Agreement by and between NECEC Transmission LLC and Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid dated August 23, 2021.

- d. The Fourth Amendment to the Transmission Service Agreement by and between NECEC Transmission LLC and Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid dated October 24, 2024.
3. The Transmission Service Agreement by and between Central Maine Power Company and Fitchburg Gas and Electric Light Company d/b/a Unitil dated June 13, 2018 for 12.317 MW of firm transmission service for the first 20 years of operation.
 - a. The First Amendment to the Transmission Service Agreement by and between Central Maine Power Company and Fitchburg Gas and Electric Light Company d/b/a Unitil dated as of October 9, 2018.
 - b. The Second Amendment to Transmission Service Agreement and Consent to Assignment by and among Central Maine Power Company, NECEC Transmission LLC, and Fitchburg Gas and Electric Light Company d/b/a Unitil dated June 25, 2020.
 - c. The Third Amendment to the Transmission Service Agreement by and between NECEC Transmission LLC and Fitchburg Gas and Electric Light Company d/b/a Unitil dated August 23, 2021.
 - d. The Fourth Amendment to the Transmission Service Agreement by and between NECEC Transmission LLC and Fitchburg Gas and Electric Light Company d/b/a Unitil dated October 24, 2024.
4. The Additional Transmission Service Agreement by and between Central Maine Power Company and H.Q. Energy Services (U.S.) Inc. dated June 13, 2018 for 110 MW of firm transmission service for the first 40 years of operation.
 - a. The First Amendment to the Additional Transmission Agreement by and between Central Maine Power Company and H.Q. Energy Services (U.S.) Inc. dated as of December 21, 2018.
 - b. The Second Amendment to Additional Transmission Service Agreement and Consent to Assignment by and among Central Maine Power Company, NECEC Transmission LLC, and H.Q. Energy Services (U.S.) Inc. dated June 25, 2020.
 - c. The Third Amendment to the Additional Transmission Service Agreement by and between NECEC Transmission LLC and H.Q. Energy Services (U.S.) Inc. dated August 23, 2021.
 - d. The Fourth Amendment to the Additional Transmission Service Agreement by and between NECEC Transmission LLC and H.Q. Energy Services (U.S.) Inc. dated October 24, 2024.

5. The Transmission Service Agreement (Eversource – 579.335 MW) by and between Central Maine Power Company and H.Q. Energy Services (U.S.) Inc. dated June 13, 2018 for firm transmission service for years 21-40 of operation.
 - a. The First Amendment to the Transmission Service Agreement (Eversource – 579.335 MW) by and between Central Maine Power Company and H.Q. Energy Services (U.S.) Inc. dated as of December 21, 2018.
 - b. The Second Amendment to Transmission Service Agreement (Eversource – 579.335 MW) and Consent to Assignment by and among Central Maine Power Company, NECEC Transmission LLC, and H.Q. Energy Services (U.S.) Inc. dated June 25, 2020.
 - c. The Third Amendment to the Transmission Service Agreement (Eversource – 579.335 MW) by and between NECEC Transmission LLC and H.Q. Energy Services (U.S.) Inc. dated August 23, 2021.
 - d. The Fourth Amendment to the Transmission Service Agreement (Eversource – 579.335 MW) by and between NECEC Transmission LLC and H.Q. Energy Services (U.S.) Inc dated October 24, 2024.
6. The Transmission Service Agreement (National Grid – 498.348 MW) by and between Central Maine Power Company and H.Q. Energy Services (U.S.) Inc. dated June 13, 2018 for firm transmission service for years 21-40 of operation.
 - a. The First Amendment to the Transmission Service Agreement (National Grid – 498.348 MW) by and between Central Maine Power Company and H.Q. Energy Services (U.S.) Inc. dated as of December 21, 2018.
 - b. The Second Amendment to Transmission Service Agreement (National Grid – 498.348 MW) and Consent to Assignment by and among Central Maine Power Company, NECEC Transmission LLC, and H.Q. Energy Services (U.S.) Inc. dated June 25, 2020.
 - c. The Third Amendment to the Transmission Service Agreement (National Grid – 498.348 MW) by and between NECEC Transmission LLC and H.Q. Energy Services (U.S.) Inc. dated August 23, 2021.
 - d. The Fourth Amendment to the Transmission Service Agreement (National Grid – 498.348 MW) by and between NECEC Transmission LLC and H.Q. Energy Services (U.S.) Inc dated October 24, 2024.

7. The Transmission Service Agreement (Unitil – 12.317) by and between Central Maine Power Company and H.Q. Energy Services (U.S.) Inc. dated June 13, 2018 for firm transmission service for years 21-40 of operation.
 - a. The First Amendment to the Transmission Service Agreement (Unitil – 12.317 MW) by and between Central Maine Power Company and H.Q. Energy Services (U.S.) Inc. dated as of December 21, 2018.
 - b. The Second Amendment to Transmission Service Agreement (Unitil – 12.317 MW) and Consent to Assignment by and among Central Maine Power Company, NECEC Transmission LLC, and H.Q. Energy Services (U.S.) Inc. dated June 25, 2020.
 - c. The Third Amendment to the Transmission Service Agreement (Unitil – 12.317 MW) by and between NECEC Transmission LLC and H.Q. Energy Services (U.S.) Inc. dated August 23, 2021.
 - d. The Fourth Amendment to the Transmission Service Agreement (Unitil – 12.317 MW) by and between NECEC Transmission LLC and H.Q. Energy Services (U.S.) Inc dated October 24, 2024.

Schedule 10.05(a)

List of GTSA Impacts with Sources Listed

As used in this Agreement, “GTSA Impacts” are the following actions:

1. Prevent NECEC from cooperating with the TSA Counterparties on applications, notices, petitions, reports or other filings or documentation required under applicable Laws or otherwise necessary, proper or advisable to consummate the transactions contemplated by the Grandfathered Transmission Service Agreement or to obtain all necessary Governmental Approvals and Third Party Consents necessary, proper or advisable to consummate the transactions contemplated by the Grandfathered Transmission Service Agreement. (EDC TSAs Section 2.4; HQUS Additional TSA Section 2.4; HQUS TSAs Years 21-40 Section 2.4).
2. Require NECEC or its affiliates to take an any action before FERC, ISO-NE or other Governmental Authority that is prevent or impede to NECEC’s obligations under the Grandfathered Transmission Service Agreement. (EDC TSAs Section 2.5; HQUS Additional TSA Section 2.5; HQUS TSAs Years 21-40 Section 2.5).
3. Prevent NECEC or any of the TSA Counterparties from exercising their rights to terminate the Grandfathered Transmission Service Agreements. (EDC TSAs Section 3.3.4, 3.3.5; HQUS Additional TSA Section 3.3.4, 3.3.5; HQUS TSAs Years 21-40 Section 3.3.4, 3.35).
4. Prevent NECEC, in the event that the NECEC Transmission Line is not capable of operating at the Design Capability, from attempting to increase the operating capacity of the NECEC Transmission Line to 1,200 MW during the Remediation Period. (EDC TSAs Section 4.4.1; HQUS Additional TSA Section 4.4.1; HQUS TSAs Years 21-40 Section 4.4.1).
5. Require NECEC to take any action that would not comply with all Applicable Laws (including the ISO Rules) and relevant Governmental Approvals. (EDC TSAs Section 5.4; HQUS Additional TSA Section 5.5; HQUS TSAs Years 21-40 Section 5.5).
6. Require NECEC to initiate or support operating instructions that would breach NECEC’s obligations under the Grandfathered Transmission Service Agreements. (EDC TSAs Section 6.1(b); HQUS Additional TSA Section 6.1(b); HQUS TSAs Years 21-40 Section 6.1(b)).
7. Prevent NECEC from operating and maintaining the NECEC Transmission Line in accordance with Good Utility Practice, as defined in each respective Grandfathered Transmission Service Agreement, and in compliance with all applicable regulatory requirements. (EDC TSAs Section 6.2; HQUS Additional TSA Section 6.2; HQUS TSAs Years 21-40 Section 6.2).

8. Directly impede NECEC from (a) preparing and delivering to the TSA Counterparties an annual Maintenance Plan concerning planned maintenance of the NECEC Transmission Line or (b) completing such scheduled maintenance in accordance with such Maintenance Plan, *provided that* the ISO's good faith exercise of its review and approval authority over maintenance outages shall not be a GTSA Impact. (EDC TSAs Section 6.3; HQUS Additional TSA Section 6.3; HQUS TSAs Years 21-40 Section 6.3).
9. Directly impede or prevent NECEC from making available to the TSA Counterparties up to 1,200 MW of transmission capacity on the NECEC Transmission Line in order to deliver electrical energy, as scheduled by the TSA Counterparties, or their designees or assignees, subject to curtailment or interruption as a result of an Excused Outage or default by a TSA Counterparty under the terms of the Grandfathered Transmission Service Agreements. (EDC TSAs Section 7.1.1; HQUS Additional TSA Section 7.1.1; HQUS TSAs Years 21-40 Section 7.1.1).
10. Prevent the scheduling of electrical energy or capacity transactions over the NECEC Transmission Line. (EDC TSAs Section 7.1.3; HQUS Additional TSA Section 7.1.3; HQUS TSAs Years 21-40 Section 7.1.3).
11. Modify the payment obligations of the TSA Counterparties under the Grandfathered Transmission Service Agreements or impair the ability of the TSA Counterparties to pay the Transmission Service Payments or other amounts as provided for in the Grandfathered Transmission Service Agreements, *provided that* this GTSA Impact shall apply only in the event that NECEC and the ISO agree pursuant to Section 3.10(b) of this Agreement that the ISO shall provide invoicing services for payments under the Grandfathered Transmission Service Agreements. (EDC TSAs Section 8.1; HQUS Additional TSA Section 8.1; HQUS TSAs Years 21-40 Section 8.1).
12. Alter the amount or unconditional character of the payment obligations of the TSA Counterparties under the Grandfathered Transmission Service Agreements, the dates on which such payments must be made or shorten the term of such agreements, *provided that* this GTSA Impact shall apply only in the event that NECEC and the ISO agree pursuant to Section 3.10(b) of this Agreement that the ISO shall provide invoicing services for payments under the Grandfathered Transmission Service Agreements. (EDC TSAs Sections 3.1, 3.2, 8.1, & 13.1; HQUS Additional TSA Sections 3.1, 3.2, 8.1, & 13.1; HQUS TSAs Years 21-40 Sections 3.1, 3.2, 8.1, & 13.1).
13. Directly impair or prevent the TSA Counterparties from releasing and reselling any available transmission capacity on the NECEC Transmission Line in accordance with their rights under the Grandfathered Transmission Service Agreements. (EDC TSAs Sections 10.1, 10.2, & 10.3; HQUS Additional TSA Sections 10.1 & 10.2; HQUS TSAs Years 21-40 Sections 10.1 & 10.2).
14. Directly impair or prevent NECEC or, on behalf of NECEC, an affiliate of NECEC from establishing and operating an OASIS site for the NECEC Transmission Line and administering such site in accordance with applicable FERC requirements for the establishment and

administration of OASIS sites. (EDC TSAs Section 10.4; HQUS Additional TSA Section 10.3; HQUS TSAs Years 21-40 Section 10.3).

15. Prevent or impair HQUS's exercise of its step-in rights in the HQUS TSAs in the event of default by NECEC under the Grandfathered Transmission Service Agreements *provided that* any assignment necessary to effectuate HQUS's exercise of such step-rights complies with Section 11.06 of this Agreement. (HQUS TSAs Years 21-40 Section 14.7).

Notwithstanding any term or condition set forth in this Schedule 10.05, the identification of a GTSA Impact Action or Directive as well as the designation of a GTSA Impact, shall be undertaken in accordance with the controlling terms in Section 10.05 of this Agreement. Furthermore, unless otherwise specified, all capitalized terms use in this Schedule 10.05(a) not defined in this Agreement shall have the meanings ascribed to such term in the respective Grandfathered Transmission Service Agreement.

Schedule 11.01

Notices

If to the ISO:

Vice President of System Operations
and Market Administration
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841
Tel: 413-535-4000
Fax: 413-535-4379

Vice President and General Counsel
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841
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Fax: 413-535-4379

If to NECEC:

NECEC LLC
Attention: Justin Tribbet
83 Edison Drive
Augusta, Maine 04336 USA

NECEC LLC
Attention: Inmaculada Sanz Santidrian
83 Edison Drive
Augusta, Maine 04336 USA

NECEC LLC
Attention: Legal Department
162 Canco Road
Portland, ME 04103 USA

Schedule 11.02

Superseded Agreements

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