

PHASE I/II HVDC-TF TRANSMISSION SERVICE
ADMINISTRATION AGREEMENT

(November 29, 2011)

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This Phase I/II HVDC Transmission Service Administration Agreement (the “TSAA” or the “Agreement”), dated as of April 1, 2005, is made and entered into by ISO New England Inc. (“ISO-NE” or the “ISO”), each of the Interconnection Rights Holders (“IRHs”) that are Schedule 20A Service Providers (as defined below), and the IRH Management Committee (the “IMC”) on behalf of each of the IRHs (ISO-NE, each of the Schedule 20A Service Providers, the IMC and the individual IRHs through the IMC are each referred to herein as a “Party” and collectively as the “Parties”).

WHEREAS, certain United States utilities and Hydro-Quebec, a utility operating within the province of Quebec, Canada, have constructed certain facilities in two phases (“Phase I” and “Phase II”) that provide a high voltage direct current (“HVDC”) interconnection between the electric systems in New England and the electric system of Hydro-Quebec (the Phase I and Phase II facilities in the United States are referred to in this Agreement as the “Phase I/II HVDC Transmission Facilities” or “Phase I/II HVDC-TF” and are described in detail in Schedule 2.01(a) of the HVDC Transmission Operating Agreement (“HVDC TOA”), as hereinafter defined); and

WHEREAS, the Phase I/II HVDC Transmission Facilities within the United States are owned and/or operated by the following companies: New England Hydro-Transmission Electric Company, Inc.; New England Hydro-Transmission Corporation; New England Electric Transmission Corporation; and Vermont Electric Transmission Company (collectively, the “Asset Owners”); and

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”) per orders of the FERC dated March 24, 2004 and November 3, 2004 to exercise the functions required of RTOs pursuant to FERC’s Order No. 2000 (“Order 2000”) and FERC’s RTO regulations; and

WHEREAS, the ISO will be responsible for transmission system operation and planning within the New England region; and

WHEREAS, the functions to be performed by the ISO under Order No. 2000 require that the ISO have the requisite operational authority over the Asset Owners’ Phase I/II HVDC-TF; and

WHEREAS, pursuant to the HVDC TOA among the ISO and the Asset Owners, the ISO will exercise Operating Authority over the Phase I/II HVDC-TF consistent with the requirements of Order No. 2000; and

WHEREAS, the Asset Owners have certain pre-existing obligations with respect to the IRHs and the financing of the Phase I/II HVDC-TF as set forth in the Support Agreements and the Restated Use Agreement, and the HVDC TOA recognizes the rights and obligations of the IRHs and the Asset Owners under the Support Agreements and the Restated Use Agreement; and

WHEREAS, certain of the IRHs pay for the Phase I/II HVDC-TF under the Support Agreements and, in exchange for such payments, are granted their Use Rights under the Support Agreements as further provided for under the Restated Use Agreement; and

WHEREAS the IRHs are authorized, either individually or collectively through the IMC to make filings with the Commission under Section 205 of the Federal Power Act with respect to their Use Rights; and

WHEREAS, the IRHs may act collectively through the IMC in accordance with the terms and conditions of the Restated Use Agreement; and

WHEREAS, the IMC can enter into contracts on behalf of the IRH in accordance with the Restated Use Agreement and thereby bind each of the IRH; and

WHEREAS, each of the IRH through the IMC will be deemed a Party to this Agreement, whether a signatory to it or not; and

WHEREAS, certain of the IRHs that currently have open access transmission tariffs intend to offer their Use Rights and the Use Rights of other IRHs through Schedule 20A of the ISO Open Access Transmission Tariff (the "ISO OATT") (such IRHs are referred to herein as the "Schedule 20A Service Providers"); and

WHEREAS, the ISO, the Schedule 20A Service Providers and the IMC desire to clarify, reflect and preserve the rights and obligations of the IRHs and the ISO regarding transmission service over the Phase I/II HVDC-TF and the use of their Use Rights, including the offering of transmission service under a schedule to the ISO OATT, which is Section II of the ISO's Transmission, Markets and Services Tariff (the "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, each of the Parties agrees 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

ISO RIGHTS AND RESPONSIBILITIES

2.01 External Transactions and the Use Rights.

(a) The ISO conducts the central dispatch of generation and implementation of real-time balancing over the New England Transmission System, including meeting NERC control performance criteria, pursuant to authority granted through applicable operating agreement(s); enters into Coordination Agreements and operating arrangements with the operators of neighboring Control Areas; coordinates system operation and emergency procedures with neighboring Control Areas; acts in a manner not inconsistent with interconnection agreements with neighboring Control Areas; and administers scheduling provisions of the tariff(s) applicable to External Transactions, in accordance with the terms of those tariff(s); provided that as of the Effective Date, the applicable Coordination Agreement and Tariff are the Interconnection Operators Agreement and the ISO Tariff. The ISO shall recognize the Use Rights of the IRH through implementing the associated transmission reservation and transmission priority requirements under Schedule 20A of the ISO OATT. The ISO's scheduling, curtailment and interruption of real-time External Transactions over the Phase I/II HVDC-TF shall be consistent with the Tariff, including Schedule 20A of the ISO OATT.

(b) The ISO shall receive, confirm, schedule, curtail and interrupt real-time External Transactions over the Phase I/II HVDC-TF in accordance with the ISO Tariff, including Schedule 20A of the ISO OATT. The ISO shall develop and publish any necessary or appropriate procedures consistent with the ISO Tariff, including Schedule 20A of the ISO OATT, to describe how it will receive, confirm, schedule, curtail and interrupt real-time External Transactions over the Phase I/II HVDC-TF.

(c) The ISO shall direct the implementation of emergency procedures, including the utilization of the Phase I/II HVDC-TF and the Use Rights of the IRHs, as hereby granted by the IRHs under this Agreement, for the transfer of Pool-to-Pool EETs, in coordination with the applicable Local Control Centers or Sandy Pond Control Center and in accordance with applicable NERC/NPCC Requirements. The IRHs reserve the right to charge for use of their Use Rights when the Phase I/II HVDC-TF are utilized for Pool-to-Pool EETs.

(d) The ISO shall track inadvertent and/or test energy on and administer inadvertent and/or test energy accounting over the Phase I/II HVDC-TF in accordance with applicable NERC and NPCC requirements, applicable ISO Tariff provisions and with the terms and conditions of the interconnection agreements with Hydro-Quebec TransEnergie. The ISO may utilize the Phase I/II HVDC-TF for the transfer of inadvertent and/or test energy as hereby granted by the IRHs, under this Agreement, provided that such transfers of inadvertent and/or test energy shall not disrupt the scheduling of real-time market External Transactions over the Phase I/II HVDC-TF. The IRHs reserve the right to make unilateral FERC filings under Section 205 of the Federal Power Act to charge for use of their Use Rights to enable transfers of inadvertent and/or test energy, subject to ISO's right to protest such filings and to make unilateral filings under Section 205 of the Federal Power Act regarding recovery of any such charges assessed against the ISO.

(e) Regardless of what other changes the ISO makes to the ISO Tariff, the ISO shall not have Section 205 filing rights to change Schedule 20A of the OATT, which rights shall be exercised by the Schedule 20A Service Providers or their permitted designees in accordance with Section 11.03(f)(i)(B).

2.02 Operating Procedures.

Under the HVDC TOA, the ISO utilizes the Operating Procedures relating to the exercise of Operating Authority over the Phase I/II HVDC-TF. Such Operating Procedures initially consist of the Operating Procedures in existence or developed as of the Operations Date (hereinafter “Existing Operating Procedures”). Such Existing Operating Procedures shall consist of those Operating Procedures listed in Schedule 3.02(d) of the HVDC TOA.

2.03 Good Utility Practice.

In performing its obligations and responsibilities hereunder, the ISO shall act in accordance with Good Utility Practice.

2.04 TTC.

Under the HVDC TOA, the ISO shall calculate TTC for the Phase I/II HVDC-TF and determine the TTC calculation methodology (consistent with applicable NERC/NPCC Requirements and applicable regulatory standards and orders). The TTC for the Phase I/II HVDC-TF shall be posted by the ISO on the Phase I/II HVDC-TF Transmission Provider Page on the ISO OASIS (consistent with applicable NERC/NPCC Requirements and applicable regulatory standards and orders).

2.05 OASIS.

As required under the HVDC TOA, the ISO will operate and maintain the ISO OASIS (or a successor system) as required by FERC.

2.06 No Undue Preference.

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 act without undue preference to any IRH.

2.07 No Impairment of the ISO’s Other Legal Rights and Obligations

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 and FERC’s rules and regulations thereunder, including the ISO’s rights and obligations to submit filings to recover its administrative, capital and other costs, provided that any such rights are not inconsistent with the express terms of this Agreement. During the Term of this Agreement, the ISO shall have, among its other rights and obligations, the rights and obligations to design, develop, operate, maintain and administer the ISO Markets and congestion pricing mechanisms (including the exclusive right to make Section 205 filings relating to the Market Rules and relating to the scheduling,

curtailment and interruption rules for External Transactions, subject to Schedule 20A of the ISO OATT, and Section 2.01 of this Agreement).

2.08 Compliance, Monitoring and Audit Responsibilities.

The ISO shall perform required compliance, monitoring and audit responsibilities, if any, associated with the IRHs' use of the Phase I/II HVDC-TF in accordance with applicable NERC, NPCC, Department of Energy, FERC and ISO Tariff requirements.

All audits conducted pursuant to this Section 2.08 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 its tariff. Each IRH 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 the applicable IRHs in advance. Nothing in this Section 2.08 shall imply that a sanction letter issued in connection with such audits shall include any financial or other penalties. Nothing in this Section 2.08 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 the IRHs 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 2.08, the Parties shall negotiate in good faith over modifications to this Section 2.08 that are appropriate to address such changes in circumstances.

2.09 Exchange Security Information.

Consistent with the ISO New England Information Policy, the ISO shall exchange security information with applicable Asset Owners, IRHs, non-Asset Owner transmission operators, market participants, state public utility regulators and other neighboring systems and regional entities.

2.10 Subcontractors.

The IRHs acknowledge and agree that, subject to the terms set forth herein, the ISO has the right to retain one or more subcontractors to perform any or all of its obligations under this Agreement. The retention of a subcontractor pursuant to the terms of this Section 2.10 shall not relieve the ISO of its primary liability for the performance of any of its obligations under this Agreement.

2.11 ISO Information Obligations.

(a) The ISO shall maintain the confidentiality of any confidential information furnished by the IRHs in accordance with the ISO New England Information Policy and Section 11.06 of this Agreement.

(b) Consistent with the ISO New England Information Policy, the ISO shall, upon reasonable request, periodically provide or make available to the IRHs, individually and collectively through the IMC, reasonable amounts of information regarding:

- (i) the use of the Phase I/II HVDC-TF for market transactions, Pool-to-Pool EETs, and inadvertent energy transactions;
- (ii) Phase I/II HVDC-TF hourly TTC;
- (iii) operational, maintenance, reliability or market design matters that pertain to, or may directly affect, the Use Rights; and
- (iv) matters necessary for the IRHs to meet legal or regulatory requirements.

2.12 ISO Consultation with the IRHs.

(a) The ISO shall consult specifically with the IMC before making any changes to ISO New England Operating Documents or its Coordination Agreements with the Control Area operator for the province of Quebec, or any changes to its administration or enforcement of such ISO Operating Documents and Coordination Agreements, that reasonably could be anticipated to have a material effect specifically on the Use Rights, the operation of the Phase I/II HVDC-TF or the financial obligation of the IRHs to pay for the costs of the Phase I/II HVDC-TF. Additionally, the ISO shall consult with both the IMC and the Schedule 20A Service Providers regarding any proposed changes to the ISO Tariff that reasonably could be expected to affect Schedule 20A of the ISO OATT, and such consultation shall meet the same requirements as specified below in this Section 2.12. The consultation described above in this Section 2.12 shall include:

- (i) providing the IMC with enough advance notice to allow the IMC to respond in a meaningful way to the proposed change;
- (ii) supplying the IMC with sufficient information about the proposed change to allow the IMC to provide a meaningful response to it; and
- (iii) taking into consideration the response of the IMC to the proposed change, if timely, before taking further action on it.

The consultation rights and obligations described in this Section 2.12(a) shall supplement the general stakeholder advisory process for the New England RTO, in which individual IRHs are encouraged to participate.

(b) The foregoing consultation with the IMC and the response of the IMC to it shall be accomplished within the timeframes for consultation between the ISO and Governance Participants, as defined in, and provided for, in the Participants Agreement .

ARTICLE III

IRH RIGHTS AND RESPONSIBILITIES

3.01 Transmission Service; Posting of Service.

(a) On or after the Effective Date, each IRH shall continue to have the right, in accordance with the Restated Use Agreement and Schedule 20A of the ISO Tariff, to enter into service agreements or other contractual arrangements whereby it can make available its Use Rights to transmission customers for transmission service provided by that IRH over the Phase I/II HVDC Transmission Facilities. The IRH's administration of such service agreements or other contractual arrangements regarding use of the Phase I/II HVDC-TF shall include the posting of service offerings, responding to requests for service and ensuring that any resulting transmission reservations are posted on the appropriate Phase I/II HVDC-TF Transmission Provider Page.

(b) If an IRH is not a Schedule 20A Service Provider and it desires to utilize its Use Rights (either for its own use or for the purpose of making available its Use Rights to another entity), that IRH shall arrange for the posting of the associated transmission service and associated reservations on a Phase I/II HVDC-TF Transmission Provider Page.

(c) Within fifteen (15) days of receipt of a completed application, including the receipt of a deposit if required, the Schedule 20A Service Provider will provide the Eligible Customer with a Phase I/II HVDC-TF Service Agreement for signature, and will file or report the agreement in accordance with applicable Commission regulations.

3.02 ATC Calculation.

(a) Consistent with applicable NERC/NPCC Requirements and applicable regulatory standards, each IRH that is a Schedule 20A Service Provider, shall calculate the ATC for its share of the Use Rights, as well as the Use Rights of any other IRH with whom it has agreed to offer Use Rights under Schedule 20A, and shall post such ATC values on its Phase I/II HVDC-TF Transmission Provider Page.

(b) If an IRH is not a Schedule 20A Service Provider and it desires to utilize its Use Rights (either for its own use or for the purpose of making available its Use Rights to another entity), that IRH shall arrange for the calculation and posting of its ATC by a Schedule 20A Service Provider on a Phase I/II HVDC-TF Transmission Provider Page.

(c) The IRHs may individually or collectively enter into agreements with other entities, including the ISO, to calculate and post ATC on the appropriate Phase I/II HVDC-TF Transmission Provider Page.

3.03 OASIS.

Each IRH that is a Schedule 20A Service Provider shall administer its related information on its Phase I/II HVDC-TF Transmission Provider Page as required by FERC.

3.04 Ancillary Services.

Each Schedule 20A Service Provider shall provide transmission-related Ancillary Services as required for the service it sells over the Phase I/II HVDC-TF, to the extent required and in accordance with Schedule 20A of the ISO Tariff.

3.05 Rates, Terms and Conditions of Transmission Service.

(a) Subject to the ISO's rights in Section 2.07, each IRH shall continue to have the authority that it had prior to the Effective Date of this Agreement to establish rates, terms and conditions for transmission service it sells or transfers, consistent with its Use Rights, over the Phase I/II HVDC-TF. The IRHs that are Schedule 20A Service Providers shall have the sole authority to file Section 205 changes to Schedule 20A of the ISO Tariff, which authority shall be exercised in accordance with Section 11.03(f)(i)(B). Each IRH shall have the right to transfer to another IRH its Section 205 filing rights with respect to its Phase I/II HVDC-TF Service Schedule. The IRHs may also continue to act collectively through the IMC with respect to the Use Rights in accordance with the terms and conditions of the Restated Use Agreement. Such collective action shall include, but not be limited to, representing the IRHs in regulatory proceedings and making filings under Section 205 of the Federal Power Act in accordance with the provisions of the Restated Use Agreement. Any changes to Schedule 20A that would change the entitlement in the Use Rights of any of the IRHs shall require the written agreement of all parties to the Restated Use Agreement, in accordance with the Restated Use Agreement. The Schedule 20A Service Providers shall not make any changes to Schedule 20A that conflict with the rights and obligations of the IRHs under the Restated Use Agreement and the Support Agreements.

(b) Subject to mutually agreeable contractual arrangements, the Schedule 20A Service Providers will enable the offering of the Use Rights under Schedule 20A by those IRHs that are not Schedule 20A Service Providers. In the event that the parties cannot agree on a Transfer Agreement and associated contractual arrangements, either party may petition the Commission for relief.

(c) In the event the ISO believes that a proposed filing or submission described in Section 3.05(a) of this Agreement would be inconsistent with the design of the ISO Markets, as accepted or approved by FERC, it shall so advise the individual IRH(s) and the IMC and the Parties shall consult in good faith to seek to resolve any of the ISO's concerns. The ISO acknowledges and agrees that the system of transmission rights expressed in Schedule 20A, as filed contemporaneously with this Agreement, can be accommodated within the standard market design and market rules for New England, and is consistent with the reliability of the New England bulk power system. In the event that an individual IRH or the IMC believes that a proposed filing or submission by the ISO or the Schedule 20A Service Providers would be inconsistent with the Use Rights, it shall so advise the ISO or the Schedule 20A Service Providers, and the Parties shall consult in good faith to seek to resolve any of those concerns. Nothing in this Agreement shall restrict the rights of any of the Parties to make filings under Section 206 of the Federal Power Act, subject to the provisions of Section 11.03(c) of this Agreement.

3.06 Reserved Rights of the IRHs.

Except for any express limitations set forth in this Agreement, nothing in this Agreement shall be construed to limit any of the rights existing as of the Effective Date held by any of the individual IRHs or the IMC, including those rights contained in the Support Agreements, Transfer Agreements to which an IRH is a party, and the Restated Use Agreement, and the IRHs fully reserve all of those rights.

3.07 Invoicing, Collections and Disbursement of Customer Payments.

The Schedule 20A Service Providers shall be responsible for the invoicing, collection and disbursement of charges for transmission service over the Phase I/II HVDC-TF.

3.08 Compliance, Monitoring and Audit Responsibilities.

(a) The IRHs shall perform required compliance, monitoring and audit responsibilities associated with the Phase I/II HVDC-TF, if any, in accordance with any NERC, NPCC, Department of Energy, Commission and ISO Tariff requirements applicable to the IRHs, and will cooperate with reasonable requests from the ISO in the ISO's conduct of compliance, monitoring and audit responsibilities associated with the IRHs' Use Rights.

(b) Each IRH shall bear its own expenses in performing required audits. All audits performed pursuant to this Section 3.08 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 the applicable IRHs in advance. Nothing in this Section 3.08 shall imply that a sanction letter issued in connection with such audits shall include any financial or other penalties. Nothing in this Section 3.08 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 the IRHs to comment on or protest any such proposals.

(c) 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 of the audit functions contemplated by this Section 3.08, the Parties shall negotiate in good faith over modifications to this Section 3.08 that are appropriate to address such changes in circumstances.

3.09 Subcontractors.

The ISO acknowledges and agrees that, subject to the terms set forth herein, that each IRH and the IMC has the right to retain one or more subcontractors to perform any or all of its obligations under this Agreement. The retention of a subcontractor pursuant to the terms of this Section 3.10 shall not relieve any IRH of its primary liability for the performance of any of its obligations under this Agreement.

3.10 Good Utility Practice.

The IRHs shall perform their obligations under this Agreement in accordance with Good Utility Practice.

3.11 IRH Management Committee Consultation Obligation.

The IMC shall consult with the ISO at least 30 days before filing with the Commission any material changes to the Restated Use Agreement or before filing with the Commission any transmission charges in connection with Section 2.01 of this Agreement other than a charge under Schedule 20A, which shall be subject to Section 3.12. Such consultation shall include:

- (i) providing the ISO with enough advance notice to allow the ISO to respond in a meaningful way to the proposed change;
- (ii) supplying the ISO with sufficient information about the proposed change to allow the ISO to provide a meaningful response to it; and
- (iii) taking into consideration the response of the ISO to the proposed change before taking further action on it.

3.12 Schedule 20A Service Provider Consultation Obligation.

The Schedule 20A Service Providers collectively shall consult with the ISO and the IMC at least 60 days before filing with the Commission any material changes to Part I of Schedule 20A and each Schedule 20A Service Provider shall consult with the ISO, the IMC and the other Schedule 20A Service Providers at least 30 days before filing with the Commission any material changes to Part II of Schedule 20A. Such consultation shall include:

- (i) providing the ISO and the IMC with enough advance notice to allow the ISO and the IMC to respond in a meaningful way to the proposed change;
- (ii) supplying the ISO and the IMC with sufficient information about the proposed change to allow the ISO and the IMC to provide meaningful responses to it; and
- (iii) taking into consideration the responses of the ISO and the IMC to the proposed change before taking further action on it.

3.13 Transfer Agreement Responsibilities.

(a) The IRHs, as of the Effective Date, are listed in Schedule 3.13(a) to this Agreement. In the event an IRH wishes to transfer all or part of its Use Rights and/or all or part of its IMC voting rights (a “Transferor”) to another entity (a “Transferee”), it shall do so through a Transfer Agreement in accordance with the Restated Use Agreement. In order for the ISO to recognize and administer the transfer of Use Rights, the Transferor shall provide notice of such transfer at least thirty (30) calendar days prior to the effective date of such transfer, or with such other advance notice as required by ISO in order to conform with applicable Operating Documents. The ISO shall post the applicable Transfer Agreement notification form, which includes the advance notice requirement, on the ISO OASIS. The transfer of IRH Use Rights shall always include a transfer of any applicable HQ Interconnection Capability Credits (as defined in the ISO Tariff), in accordance with the ISO Tariff, and may or may not include a transfer of IMC voting rights. Pursuant to the Restated Use Agreement, the Transfer Agreement

shall provide that the Transferee shall be bound to the terms and conditions of the Restated Use Agreement.

(b) The Transferor shall also send a copy of the Transfer Agreement notification form, or otherwise provide written notice, to the IMC (through its Secretary) of the transfer at least thirty (30) calendar days prior to the effective date of the transfer.

3.14 Requirements for Becoming a Schedule 20A Service Provider.

Any IRH that is not a Schedule 20A Service Provider as of the Effective Date can become a Schedule 20A Service Provider upon: (a) Commission acceptance of a Schedule 20A HVDC Service Schedule applicable to that IRH to be included in Part II of Schedule 20A; and (b) satisfaction of the other requirements for a Schedule 20A Service Provider set forth in this Agreement. Each IRH that is not a Schedule 20A Service Provider as of the Effective Date but that intends to become a Schedule 20A Service Provider in accordance with this Section 3.14 shall consult with the ISO, the IMC and the existing Schedule 20A Service Providers at least 30 days before filing with the Commission a proposed Schedule 20A HVDC Service Schedule applicable to that IRH.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PARTIES

4.01 Representations and Warranties of the IRH Management Committee.

(a) The IMC has the authority, to be exercised in accordance with the Restated Use Agreement, to negotiate, enter into, administer and enforce agreements, other than commercial power agreements, on behalf of the IRHs collectively, provided that such agreements have been approved by the IMC by a vote of members representing IRHs having aggregate Combined Percentage Interests of at least sixty-six and two-thirds percent. A sufficient majority of the members of the IMC has voted to authorize the IMC to enter into this Agreement on behalf of the IRHs.

(b) The execution, delivery and performance by the IMC of this Agreement will not result in a breach of any of the terms, provisions or conditions of any agreement to which the IMC is a party, which breach has a reasonable likelihood of materially and adversely affecting the IMC's performance under this Agreement.

4.02 Representations and Warranties of the Schedule 20A Service Providers and ISO-NE.

As of the effective date of this Agreement each of the Schedule 20A Service Providers and the ISO represent and warrant 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 Party of this Agreement have been duly authorized by all necessary and appropriate action on the part of the Party; and this Agreement has been duly and validly executed and delivered by the Party and constitutes the legal, valid and binding obligation of the Party, enforceable against the Party in accordance with its terms.

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

ARTICLE V

COVENANTS OF THE IRH

5.01 Covenants of the IRH.

Each IRH covenants and agrees that it shall comply with all covenants and provisions of this Article V, except to the extent the ISO and such IRH consent in writing, pursuant to Section 11.02 of this Agreement, to waive such covenants, or performance is excused pursuant to Section 11.09 of this Agreement. By executing this agreement, the IMC covenants that the IRHs have agreed to be bound by the provisions of this agreement, including Article III, in accordance with the voting provisions of the Restated Use Agreement. Each IRH, whether a signatory to this Agreement or not, shall be deemed a Party to this Agreement by virtue of the IMC entering into it on behalf of the IRHs.

5.02 Expenses.

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

5.03 Consents and Approvals.

(a) Each IRH shall exercise Commercially Reasonable Efforts to promptly prepare and file all necessary documentation to effect all necessary applications, notices, petitions, filings and other documents, and shall exercise Commercially Reasonable Efforts to obtain (and will cooperate with each other in obtaining) any consent, acquiescence, authorization, order or approval of, or any exemption or non-opposition by, any Governmental Authority required to be obtained or made by the IRHs in connection with this Agreement or the taking of any action contemplated by this Agreement.

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

(c) Nothing in this Section 5.03 shall require an IRH to pay any sums to a third party, including any Governmental Authority, excluding filing fees paid to any Governmental Authority in connection with a filing necessary or appropriate to further action.

5.04 Notice and Cure.

Each IRH 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 the IRH, that causes or shall cause any covenant or agreement of the IRH under this Agreement to be breached or that renders or shall render untrue any representation or warranty of the IRH contained in this Agreement as if the same were made on or as of the date of such event, transaction or circumstance. The IRH shall use all Commercially Reasonable Efforts to cure such event, transaction or circumstance as soon as practicable after it becomes Known to the IRH. No notice given pursuant to this Section 5.04 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.

ARTICLE VI

COVENANTS OF THE ISO

6.01 Covenants of the ISO.

The ISO covenants and agrees that it shall comply with all covenants and provisions of this Article VI, except to the extent the Parties consent in writing, pursuant to Section 11.02 of this Agreement, to waive such covenants, or performance is excused pursuant to Section 11.09 of this Agreement.

6.02 Expenses.

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

6.03 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 each IRH in obtaining) any consent, acquiescence, authorization, order or approval of, or any exemption or non-opposition 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 to performance of this Agreement by the ISO. The ISO shall

promptly notify the IMC, and the IMC shall promptly notify all of the IRHs, of any failure or anticipated failure to obtain any such consents and, if requested by the IMC or the Schedule 20A Service Providers, shall provide copies of all such consents obtained by the ISO.

(c) Nothing in this Section 6.03 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.

6.04 Notice and Cure.

The ISO shall notify the IMC and the Schedule 20A Service Providers in writing of, and contemporaneously shall provide the IMC and the Schedule 20A Service Providers 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 6.04 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.

ARTICLE VII

TAX MATTERS

7.01 Responsibility for IRH Taxes.

Each IRH shall prepare and file all Tax Returns and other filings related to its Transmission Business and Use Rights and pay any Tax liabilities related to its Transmission Business and Use Rights. The ISO shall not be responsible for, or required to file, any Tax Returns or other reports for an IRH and shall have no liability for any Taxes related to the IRH's Transmission Business or Use Rights. No IRH shall be responsible for, or required to file, any Tax Returns or other reports for any other IRHs and shall have no liability for any Taxes related to any other IRH's transmission business or Use Rights.

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. No IRH shall be responsible for, or required to file, any Tax Returns or other reports for the ISO and shall have no liability for any Taxes related to the ISO's operations.

ARTICLE VIII

RELIANCE; SURVIVAL OF AGREEMENTS

8.01 Reliance; Survival of Agreements.

Notwithstanding any right of any Party (whether or not exercised) to investigate the accuracy of any of the matters subject to indemnification by any other Party contained in this Agreement, each of the Parties has the right to rely fully upon the representations, warranties, covenants and agreements of each other Party contained in this Agreement. The provisions of Sections 11.01, 11.07, 11.11 and 11.14 and Articles VII and IX shall survive the termination of this Agreement to the extent necessary to enable a Party to exercise any rights and remedies that have arisen or accrued to a Party prior to such expiration or termination.

ARTICLE IX

LIABILITIES AND INDEMNIFICATION

9.01 Limitation of Liabilities.

(a) Each IRH shall be severally liable to the ISO, and the ISO shall be liable to each IRH, 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 9.02.

(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 Participants Agreement or the ISO Tariff.

9.02 Indemnification.

(a) Subject to Section 9.01, each IRH shall severally 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 IRH employee, to the extent alleged to result from, arise out of or be related to such IRH's acts or omissions that give rise to such Indemnifiable Loss; and (ii) the ISO shall

release, indemnify and hold harmless each IRH from and against any Indemnifiable Loss asserted against such IRH 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 9.02(a)(ii) above shall be limited to the extent that the liability of an IRH seeking indemnification would be limited by any applicable Law and arises from a claim by (i) such IRH in such IRH's role as a transmission customer or (ii) a customer of such IRH.

(c) Each IRH 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.

9.03 Notice of Proceedings.

Each party entitled to receive indemnification under this Agreement (each, an "Indemnitee") shall promptly notify the party who holds an indemnification obligation hereunder (in each case, the "Indemnifying Party") of any Indemnifiable Loss in respect of which such Indemnitee is or may be entitled to indemnification pursuant to Section 9.02. 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 9.03 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.

9.04 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 9.04(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 Indemnitee.

(c) Neither the Indemnifying Party nor the Indemnitee shall be entitled to settle or compromise any such claim, action, suit or proceeding without the prior written consent of the other; provided, however, 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 9.04(b), the Indemnitee 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 Indemnitee, when and as incurred, unless: (i) the employment of counsel by such Indemnitee has been authorized in writing by the Indemnifying Party; (ii) the Indemnitee shall have reasonably concluded and specifically notified the Indemnifying Party that there may be a conflict of interest between the Indemnifying Party and the Indemnitee 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 Indemnitee to assume the defense of such action and shall have been so notified by the Indemnitee; (iv) the Indemnitee 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 Indemnitee 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 Indemnitee that the Indemnitee 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 Indemnitee shall have the right to direct the defense of such claim, action, suit or proceeding on behalf of the Indemnitee 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 Indemnitee, 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 Indemnitee 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 Indemnitee 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 Indemnitee to the Indemnifying Party.

9.05 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 Indemnitee may have relating thereto, and such Indemnitee 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.

ARTICLE X

TERM; DEFAULT AND TERMINATION

10.01 Term; Withdrawal During the Term.

(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 five years from the Operations 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"). Each IRH, the IMC or the ISO may withdraw from this Agreement effective at the end of the Initial Term or the end of any Additional Term if the withdrawing IRH, the IMC or the ISO provides no less than 180 days' prior notice of such withdrawal to the Parties. Together, the Initial Term and the Additional Term(s), if any, shall constitute the term (the "Term") of this Agreement. Notwithstanding the foregoing, this Agreement shall automatically terminate on the date that either the TOA or HVDC TOA is terminated.
- (ii) Effective Date. The Effective Date shall be April 1, 2005, or such other date as the Commission may determine as the effective date for the filing of this Agreement.

(b) IRHs Withdrawal During The Term. Subject to Section 10.01(d) below, each IRH, or the IMC on behalf of the IRHs, may withdraw from this Agreement during its term, provided that the withdrawing entity gives the ISO and the other Parties at least sixty days advance written notice, under the following conditions:

- (i) a fundamental change occurs, or reasonably is expected to occur, in the system of physical transmission rights and advance reservation requirements associated with the Use Rights;
- (ii) in accordance with the provisions of Section 10.04;
- (iii) the individual IRH or the IRHs collectively have been released from their Support Agreement obligations;

(iv) upon the ISO's event of default in accordance with the provisions of Section 10.02;

(v) 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) that the recovery of costs for the Phase I/II HVDC-TF will be subject to any change in policy which would prevent an IRH from recovering the charges set forth in Schedule 20A; provided that withdrawal pursuant to (A) or (B) of this provision shall require notice to the IMC, the Schedule 20A Service Providers and the ISO not less than 180 days prior to the Termination Date established pursuant to Section 10.01(a).

(vi) FERC issues an order putting into effect changes to the relative rights and responsibilities of the IRHs and the ISO under this Agreement, so as to materially adversely affect the interests of the IRHs, unless the IRHs have agreed to such changes in accordance with Section 11.03;

(vii) in the case of withdrawing SSPs, the withdrawing SSP 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 other than another SSP.

(c) ISO Withdrawal During The Term. Subject to Section 10.01(d), the ISO may withdraw from this Agreement during its term, provided that the ISO gives the IMC at least sixty days' advance written notice, under the following conditions:

(i) any individual IRH, or the IMC acting on behalf of the IRHs, gives notice of withdrawal from this Agreement pursuant to Section 10.01(b) or Section 10.04(e)(vi)(C);

(ii) the Commission 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 11.02, provided that: (A) withdrawal pursuant to this provision shall require notice to the other Parties not less than 180 days prior to the termination date established pursuant to Section 10.01(d); and (B) the ISO shall be required to rescind such notice if FERC issues a subsequent order prior to that termination date so as to eliminate the material adverse effect to the ISO's ability to carry out its responsibilities under this Agreement;

(iii) in accordance with the provisions of Section 10.04; or

(iv) upon an IRH's event of default in accordance with the provisions of Section 10.03.

(d) Actions Prior To Withdrawal or Termination. Upon submission of a written notice of termination or withdrawal by a Party or Parties, or upon the giving of notice of termination or withdrawal by a party to the TOA or HVDC TOA, the entity submitting such notice (or, in the case of termination of, or withdrawal from, the TOA or HVDC TOA, the Parties) shall commence the development of a plan under which some or all of the administrative responsibilities of the ISO under this Agreement shall be transferred from the ISO to another entity. The termination date shall not occur until both: (i) the ISO, the IMC and the Schedule 20A Service Providers have agreed upon a plan addressing the administrative and tariff issues associated with the transfer of administrative responsibilities in connection with such termination or withdrawal and such plan has been implemented, provided that if the Parties are unable to reach agreement on such plan, any Party shall have the right to submit the matter to FERC for resolution without additional negotiation under Section 11.10 of this Agreement; and (ii) all required regulatory approvals, if any, have been obtained for such withdrawal or termination.

(e) Continuing Obligations. The withdrawing or terminating entity shall have the following continuing obligations after withdrawal from this Agreement: all financial obligations incurred and payments applicable to the time period prior to the termination date shall be honored by the terminating or withdrawing Party in accordance with the terms of this Agreement, and each Party shall remain liable for all obligations arising hereunder prior to the termination date.

10.02 Events of Default of the ISO; Remedies.

(a) Events of Default of the ISO.

Subject to the terms and conditions of this Section 10.02, the occurrence of any of the following events shall constitute an event of default of the ISO under this Agreement:

- (i) Failure by the ISO to perform any material obligation set forth in this Agreement and continuation of such failure for longer than thirty (30) days after the receipt by the ISO of written notice of such failure from the IMC or any individual IRH(s); provided, however, 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 the Parties;
- (ii) If there is a dispute among the Parties as to whether the ISO has failed to perform a material obligation, the cure period(s) provided in Section 10.02(a)(i) above shall run from the point at which a finding of failure to perform has been made by a Governmental Authority;
- (iii) Any attempt (not including consideration of strategic options or entering into exploratory discussions) by the ISO to transfer an interest in, or assign its obligations under, this Agreement, except as otherwise permitted hereunder;
- (iv) 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, each of the other Parties 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; provided that if the ISO contests such allegation of an ISO event of default, this Agreement shall remain in effect pending resolution of the dispute, but any applicable notice period shall run during the pendency of the dispute;
- (ii) To demand that the ISO shall immediately make arrangements for the orderly transfer of the ISO's administrative responsibilities and assist the IRHs, including the Schedule 20A Service Providers, in resuming performance of these responsibilities, provided that: (A) the IRHs shall not be liable for the reimbursement of the ISO for any costs and expenses incurred by the ISO in connection therewith; (B) the Parties shall agree upon a plan addressing the technical and operational issues associated with such transfer of administrative responsibilities, 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 11.11, provided that such action shall be consistent with Section 10.01(d).
- (iii) To obtain such specific performance and/or an injunction to prevent breaches of this Agreement and to enforce specifically the terms and conditions of this Agreement.

10.03 Events of Default of the IRH(s); Remedies.

(a) Events of Default of an IRH. Subject to the terms and conditions of this Section 10.03, the occurrence of any of the events listed below shall constitute an event of default of an IRH under this Agreement (in each instance, the "IRH Default"):

- (i) Failure by an IRH 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 IRH, and by the IMC, of written notice of such failure from the ISO, provided, however, that if the IRH 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 the IRH as to whether the IRH 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) With respect to an IRH, (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 IRH for the benefit of creditors; or (C) allowance by the IRH 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 an IRH 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; provided that if the IRH or the IMC contests such allegation of the IRH 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 against the defaulting IRH to prevent breaches of this Agreement and to enforce specifically the terms and conditions hereof.

10.04 Impact on Rights and Obligations under Grandfathered Facility Agreements; Response.

(a) In recognition that the Grandfathered Facility Agreements listed in Schedule 10.04(a) include certain provisions that could relate to the Parties' exercise of their respective rights and obligations under this Agreement, the Parties establish the procedures set forth in this Section 10.04 to address impacts or potential impacts on the IRHs under the Grandfathered Facility Agreements (“GFA Impact(s)”). This Section 10.04 is intended to describe those actions or directives by the ISO that would result in a GFA Impact (“GFA Impact Actions or Directives”). If a GFA Impact Action or Directive occurs or is noticed in accordance with the notice provisions in Section 10.04(e), the provisions in Section 10.04(e) shall apply. As used in this Agreement, GFA Impact Actions or Directives are those actions or directives by the ISO that would:

- (i) modify the payment obligations of the IRHs under the Support Agreements and Equity Funding Agreements or impair the ability of the IRHs to pay the applicable Support Charge, Cash Deficiency, and other fees or amounts as provided under the Support Agreements and Equity Funding Agreements;

- (ii) prevent the coordination of operation and maintenance of the Phase II HVDC Transmission Facilities with the operation and maintenance of the Phase I HVDC Transmission Facilities in accordance with the Support Agreements or prevent the coordination of operation and maintenance of the Phase I HVDC Transmission Facilities with the operation and maintenance of the Phase II HVDC Transmission Facilities in accordance with the Support Agreements, provided that the ISO shall perform its outage scheduling functions in accordance with Section 3.06 of the HVDC TOA;
- (iii) prevent VETCO from fulfilling its requirements under the Grandfathered Facility Agreements to make all necessary repairs, renewals, replacements, betterments and improvements to the HVDC Transmission Facilities, or require VETCO to make any alterations, modifications or additions to the HVDC Transmission Facilities if any such alternations, modifications or additions would diminish the value or utility or impair the condition of the HVDC Transmission Facilities below the value, utility or condition thereof immediately prior to such alterations, modifications or additions, or require VETCO to become party to any contract or agreement that would materially and adversely affect VETCO's business, properties, assets or financial condition;
- (iv) prevent the Asset Owners from carrying out their responsibilities under the Support Agreements to act for the collective benefit of all IRHs and the Asset Owners rather than for the benefit of a subset thereof;
- (v) alter the amount or unconditional character of the payment obligations of the IRHs under the Support Agreements, the dates on which such payments must be made or shorten the term of such agreements or alter the amount or unconditional character of the payment obligations of the Equity Sponsors under the Equity Funding Agreements, the dates on which such payments must be made or shorten the term of such agreements;
- (vi) materially adversely affect the ability of the Asset Owners to provide Use Rights to the IRHs in accordance with the Support Agreements and the Restated Use Agreement or materially adversely limit the ability of the IRHs, individually or collectively, to use or transfer the Use Rights in accordance with the Support Agreements and the Restated Use Agreement, except to the extent that the IRH(s) or the IMC may voluntarily and expressly agree to such limitations in this Agreement or the applicable schedules to the ISO OATT filed by the Schedule 20A Service Providers (except that Short Term Reliability Actions or Directives ("STRADs") shall not be deemed to have such an effect or constitute such a limit); provided, that the Use Rights referred to in this subparagraph (vi) shall be as specified in the Restated Use Agreement as it

exists on the Effective Date, and not as such Use Rights may be amended through changes in the Restated Use Agreement after the Effective Date;

- (vii) prevent the Asset Owners, Equity Sponsors or IRHs from taking any action to prevent a default under the Grandfathered Facility Agreements within the time frames specified in those Grandfathered Facility Agreements;
- (viii) prevent the Asset Owners from satisfying their obligations under the Grandfathered Facility Agreements to operate and maintain the Phase I/II HVDC-TF in accordance with Good Utility Practice for the benefit of all Interconnection Rights Holders, the objective under applicable provisions of those Grandfathered Facility Agreements being to operate the Phase I/II HVDC-TF as efficiently, economically, safely, and reliably as feasible;
- (ix) require the Asset Owners to make expenditures above the levels necessitating approval from the Advisory Committees under the Support Agreements, unless such approval has been obtained;
- (x) require the Asset Owners to take actions necessitating approval from the Advisory Committees pursuant to the Support Agreements, unless such approval has been obtained; or
- (xi) withhold from the IRHs information regarding proceedings which might result in a material adverse change in the operations of the Asset Owners or impair the ability of the Asset Owners to operate the project and perform their obligations under the Grandfathered Facility Agreements, provided that the ISO's actions consistent with the ISO New England Information Policy shall not be deemed to be such withholding and that the ISO shall have no duty to bring to the IRHs' attention publicly available information.

(b) The IRHs acknowledge that, prior to the Effective Date of this Agreement, the ISO's actions and directives with respect to the Phase I/II HVDC-TF and the ISO's administration of the provisions of the existing New England Power Pool operating procedures and other procedures applicable to the Phase I/II HVDC-TF have not been GFA Impact Actions or Directives.

(c) The Parties agree that the grant of Operating Authority to the ISO pursuant to the HVDC TOA, the ISO's issuance of a STRAD, and an Asset Owner's compliance therewith, are not GFA Impact Actions or Directives.

(d) In the event that a Grandfathered Facility Agreement is amended to modify one or more provisions cited in this Section 10.04(a), the Parties shall promptly amend this Agreement in corresponding fashion.

(e) Should the ISO take any action or direct any IRH or Asset Owner to take an action that an IRH or the IMC believes is a GFA Impact Action or Directive:

- (i) The IRH or the IMC, or both, shall provide notice to the ISO and the Asset Owners within seven (7) days after identifying the occurrence of such GFA Impact Action or Directive and state whether such action shall be discontinued or such directive shall be rescinded, provided, however, that in no instance shall a STRAD be considered a GFA Impact Action or Directive and that no GFA Impact Action or Directive shall be deemed to have occurred where the pertinent provision of a Grandfathered Facility Agreement has expired or terminated;
- (ii) Following the giving of such notice, the Parties shall continue to carry out all of their other obligations under this Agreement, and the ISO shall discontinue the GFA Impact Action or Directive.
- (iii) For so long as the Parties comply with the provisions of this Section 10.04 and the ISO has been notified accordingly, an IRH's or the IMC's election that a GFA Impact Action or Directive shall be discontinued or rescinded shall not be an Event of Default under Section 10.03 of this Agreement, nor shall a GFA Impact Action or Directive be an Event of Default under Section 10.02 of this Agreement.
- (iv) A GFA Impact Action or Directive that involves an ISO-requested upgrade to the Phase I/II HVDC-TF shall be addressed under Section 3.08 of the HVDC TOA and not under this Section 10.04.
- (v) Within ten (10) business days of the ISO's receipt of the notice identified in Section 10.04(e)(i), and notwithstanding the fact that such GFA Impact Action or Directive has been discontinued or rescinded, representatives of the ISO, the IMC, and any individual IRH(s) that has given notice of a GFA Impact Action or Directive as well as the applicable Asset Owner(s) (collectively, the "Negotiating Parties") shall meet to negotiate a resolution in good faith. Each of the Negotiating Parties shall send an officer-level representative to conduct such negotiations.
- (vi) In the event that the Negotiating Parties are unable to reach a mutually acceptable resolution within thirty (30) calendar days of the inception of the negotiations described in Section 10.04(e)(v), or within such additional period mutually agreed to by the Negotiating Parties, the Negotiating Parties must promptly undertake one or more of the following actions:
 - (A) the Negotiating Parties may agree to pursue non-binding mediation; *provided* that, if the Negotiating 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, the IMC or an individual IRH may initiate an action seeking declaratory, injunctive or other equitable relief with respect

to the GFA Impact Action or Directive, including whether the ISO's action or directive in fact creates a GFA Impact; and/or

(C) the ISO, the IMC or an individual IRH may give notice of withdrawal and pursue the termination process pursuant to Section 10.01 of this Agreement. The Party giving notice shall also provide a copy of such notice to the Asset Owners.

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 each party and copy party hereto at its address set forth in Schedule 11.01 or, in the case of any such party or copy party hereto, at such other address as such party or copy party may from time to time designate by written notice to the other party hereto; *further provided* that a notice given in connection with this Section 11.01 but received on a day other than a Business Day, or after business hours in the situs of receipt, will be deemed to be received on the next Business Day.

11.02 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.

11.03 Amendment; 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 the Parties. The ISO shall be deemed to have agreed to such amendment upon execution of the amendment. The IMC shall be deemed to have agreed to such amendment on behalf of the IRHs upon an IMC vote in favor of such amendment in accordance with the voting provisions of the Restated Use Agreement. The Schedule 20A Service Providers shall be deemed to have agreed to such amendment upon a vote of the Schedule 20A Administrative Committee that satisfies the voting criteria set forth in Section 11.03(f)(i)(D).

(b) In light of the foregoing, the Parties agree that they shall not rely to their detriment on any purported amendment, waiver or other modification of any rights under this Agreement unless the requirements of this Section 11.03 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.

(c) Absent the agreement of the Parties to any proposed change hereof or an amendment hereof pursuant to this Section 11.03, the standard of review for changes to the following articles of this Agreement (or changes to any schedules associated with such articles) proposed by a Party, a non-Party or the Federal Energy Regulatory Commission acting *sua sponte* shall be the "public interest" standard of review under the Mobile-Sierra Doctrine: Sections 2.01-2.09, 2.11, 2.12, 3.01-3.06, 3.08, 3.10, 3.11, 3.12, 3.13, 3.14, 10.01(d)-10.04, 11.03(a)-(c), (e), 11.04, 11.05, 11.13, 11.15 and Articles I and 9 and Schedule 1.01 as it applies to the foregoing sections and articles. Absent the agreement of the Parties to any proposed change hereof or an amendment hereof pursuant to Section 11.03 of this Agreement, 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.

(d) The Parties 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 stakeholder input concerning such proposed amendments.

(e) No Party shall propose to modify or amend Schedule 20A or other provisions of the ISO Tariff, nor of any tariff, rate schedule, procedure, protocol, or agreement applicable to the Use Rights, including the Restated Use Agreement, in any manner that would limit, alter, or adversely affect the rights and responsibilities of the non-proposing Parties under this Agreement or that would otherwise be inconsistent with the provisions of this Agreement unless: (i) the Parties have entered into a prior written agreement to make corresponding modifications to this Agreement in accordance with Section 11.03, or (ii) if corresponding modifications to the provisions of this Agreement enumerated in Section 11.03(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.

(f) The following provisions shall apply to Schedule 20A Service Provider voting on amendments to Schedule 20A of the ISO OATT and to this Agreement.

(i) Except as otherwise specifically provided herein, the general terms and conditions of Schedule 20A to the ISO Tariff or any successor tariff schedule shall only be subject to modification or amendment as follows:

(A) Establishment of Committee. The Schedule 20A Service Providers shall form a Schedule 20A Service Provider Administrative Committee (“Schedule 20A AC”) which shall meet periodically: (1) to consider and vote upon proposed amendments to the general terms and conditions of Schedule 20A; (2) to consult with the IRH and the ISO as may be provided for under this Agreement; and (3) to consider any other matters relating to the administration of the general terms and conditions of Schedule 20A by the Schedule 20A Service Providers. The Schedule 20A AC shall be organized in the manner described in Schedule 11.03.

(B) Amendments to the Individual Schedule 20A HVDC Service Schedules. Notwithstanding anything in this Agreement which may be construed to the contrary, each Schedule 20A Service Provider, or its permitted designee, may unilaterally amend or revise its individual Schedule 20A HVDC Service Schedules.

(C) Amendments to the General Terms and Conditions of Schedule 20A. The general terms and conditions of Schedule 20A may be amended by mutual agreement of the Schedule 20A Service Providers as provided below and the acceptance of any such amendment by FERC.

(D) Schedule 20A Service Provider Agreement to Amendments of the General Terms and Conditions of Schedule 20A and Amendment to this Agreement. The Schedule 20A Service Providers will be deemed to have agreed to an amendment to the general terms and conditions of Schedule 20A or to an amendment to this Agreement except for amendments to Section 11.03(f) upon a vote of the Schedule 20A Service Providers meeting all of the following criteria.

(1) Required Weighted Votes by Schedule 20A Service Providers. A vote to approve an amendment to the general terms and conditions of Schedule 20A under this Section 11.03 shall be cast by the aggregate of the Adjusted Percentage Interests of the Schedule 20A Service Providers equal to or greater than sixty-six and two thirds (66 2/3) percent of the aggregate Adjusted Percentage Interests of all the Schedule 20A Service Providers;

(2) Required Supporting Votes by Schedule 20A Service Providers. In addition to the aggregate of the Adjusted Percentage Interests satisfying Section 11.03(f)(i)(D)(1), a vote of the Schedule 20A Service Providers to approve an amendment to the general terms and conditions of Schedule 20A under this Section 11.03(f)(i)(D) shall be cast by a number of Schedule 20A Service Providers that are

not Affiliates and that have Supporting Votes that are equal to or greater than (x) fifty (50) percent of such Non-Affiliated Schedule 20A Service Providers or (y) four (4), whichever is less; and;

- (3) Limits on a Single Schedule 20A Service Provider Veto. The negative vote of a single Schedule 20A Service Provider with an Adjusted Percentage Interest equal to thirty-five (35) but not more than fifty (50) percent of the aggregate Adjusted Percentage Interests of the Schedule 20A Service Providers shall not cause the amendment to fail if the combined Adjusted Percentage Interests of the Schedule 20A Service Providers voting in favor of the amendment are equal to or greater than ninety-five (95) percent of the Adjusted Percentage Interests of all the remaining Schedule 20A Service Providers. The negative vote of a single Schedule 20A Service Provider with an Adjusted Percentage Interest greater than fifty (50) percent of the aggregate Adjusted Percentage Interests of the Schedule 20A Service Providers voting shall cause the amendment to fail.

(E) Schedule 20A Service Provider Agreement to Amendments to This Section 11.03(f). The Schedule 20A Service Providers will be deemed to have agreed to an amendment to this Section 11.03(f) upon a vote of the Schedule 20A Service Providers meeting both of the following criteria:

- (1) Required Weighted Votes by Schedule 20A Service Providers. A vote to approve an amendment to Section 11.03(f) shall be cast by the aggregate of the Adjusted Percentage Interests of the Schedule 20A Service Providers equal to or greater than ninety-five (95) percent of the aggregate Adjusted Percentage Interests of all the Schedule 20A Service Providers; and
- (2) Required Supporting Votes by Schedule 20A Service Providers. In addition to the aggregate amount of the Adjusted Percentage Interests satisfying Section 11.03(f)(i)(E)(1), a vote of the Schedule 20A Service Providers to approve an amendment to Section 11.03(f) shall be cast by a number of Schedule 20A Service Providers that are not Affiliates and that have Supporting Votes that

are equal to or greater than (x) seventy (70) percent of such Non-Affiliated Schedule 20A Service Providers or (y) five (5), whichever is less.

(F) Schedule 20A Service Provider Supporting Votes. Each Schedule 20A Service Provider that has a minimum of one (1) percent of the aggregate Adjusted Percentage Interests of all the Schedule 20A Service Providers at the time of the applicable Schedule 20A AC meeting shall have a single "Supporting Vote." The Adjusted Percentage Interests of any group of two or more Schedule 20A Service Providers that each have an Adjusted Percentage Interest of less than one (1) percent may be combined and voted so that if the combined Adjusted Percentage Interests of such Schedule 20A Service Providers are equal to or greater than one (1) percent of the aggregate Adjusted Percentage Interests of all the Schedule 20A Service Providers at the time of the applicable Schedule 20A AC meeting, such combined Adjusted Percentage Interests shall be counted as a single Supporting Vote.

11.04 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.

11.05 Assignment; Binding Effect.

(a) Any Party may assign or transfer any or all of its rights, interests and obligations hereunder if the following conditions precedent have been met:

(i) the assignor's successors and assigns shall agree to be bound by the terms of this Agreement, and shall be able to perform all of the assignor's obligations under this Agreement, and shall have the financial resources and other attributes necessary to be able to so perform, except that the assignor's successors and assigns shall not be required to be bound by any obligations hereunder to the extent that the assignor has agreed to retain such obligations;

(ii) no assignment shall be effective until the assignor receives all required regulatory approvals for such assignment; and

(iii) the assignor provides at least thirty (30) Business Days advance written notice to the other Parties of such intended assignment (notice to the IMC shall satisfy the requirement to provide notice to the IRHs).

(b) 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. Any attempt at assignment in contravention of this Section 11.05 shall be void.

11.06 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 each IRH's request, or upon the request of the IMC for information that pertains to the IRHs collectively, make available to the IRH and/or the IMC any and all information within the ISO's custody or control that is necessary for the IRHs and/or the IMC to perform its responsibilities and obligations or enforce its rights under this Agreement, provided that such information shall be made available to the IRHs and/or the IMC only to the extent permitted under the ISO New England Information Policy and subject to any applicable restrictions in the ISO New England Information Policy, including provisions of the ISO Information Policy governing the confidential treatment of non-public information, and provided further that an IRH employee shall comply with such ISO New England 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 IRHs and/or the IMC to perform its responsibilities and obligations or enforce its right under this Agreement shall be subject to dispute resolution under Section 11.10.

(c) Each IRH shall, upon the ISO's request, make available to the ISO any and all information within the IRH'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 New England Information Policy and subject to any applicable restrictions in the ISO Information Policy, including provisions of the ISO New England Information Policy governing the confidential treatment of non-public information, and provided further that any ISO employee shall comply with such ISO New England Information Policy and any applicable standards of conduct to prevent the disclosure of such information to any unauthorized Person. Each IRH shall 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 Tariff. 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 11.11.

(d) If, in order to properly prepare its Tax Returns, other documents or reports required to be filed with Governmental Authorities or its financial statements or to fulfill its obligations hereunder, it is necessary that the ISO or any of the IRHs 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 any of the IRHs, the ISO or the applicable IRHs shall use their best efforts to furnish or make available such information, documents or records (or copies thereof) at the ISO's or the applicable IRH's request, cost and expense. Any information obtained by the ISO or any of the IRHs in

accordance with this paragraph shall be subject to any applicable provisions of the ISO New England Information Policy

(e) Notwithstanding anything to the contrary contained in this Section 11.06:

(i) no Party shall be obligated by this Section 11.06 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 11.06;

(ii) if the IRHs and the ISO are in an adversarial relationship in litigation or arbitration (other than with respect to litigation or arbitration to enforce this Section 11.06), the furnishing of information, documents or records by the ISO or the IRHs in accordance with this Section 11.06 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.

11.07 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware including all matters of construction, validity and performance without regard to the conflicts-of-laws provisions thereof.

11.08 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, however, that nothing in this Section 11.08 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.

11.09 Specific Performance; Force Majeure.

(a) Specific Performance. The Parties specifically acknowledge that a breach of this Agreement or a GFA Impact Action or Directive, and notwithstanding any cure period in

Sections 10.02(a) and 10.03(a), would cause each of the non-breaching Parties to suffer immediate and irreparable harm due to the unique relationship among the Parties. Each of the Parties 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 or breach under this Agreement, and shall be excused from performance or liability for damages to any other party, if and to the extent it shall be delayed in or prevented from performing or carrying out any of the provisions of this Agreement, except the obligation to pay any amount when due, in consequence of any act of God, labor disturbance, failure of contractors or suppliers of materials (not including as a result of non-payment), act of the public enemy or terrorists, war, invasion, insurrection, riot, fire, storm, flood, ice, explosion, breakage or accident to machinery or equipment or by any other cause or causes (not including a lack of funds or other financial causes) beyond such Party's reasonable control, including any order, regulation, or restriction imposed by governmental, military or lawfully established civilian authorities, and including any termination of the Interconnection Operators Agreement or the HVDC TOA. Any Party claiming a Force Majeure event shall promptly notify the other Party in writing of the Force Majeure event and use reasonable diligence to remove the condition that prevents performance, except that the settlement of any labor disturbance shall be in the sole judgement of the affected Party.

11.10 Dispute Resolution

The Parties agree that any dispute arising under this Agreement shall be the subject of good-faith negotiations among the affected Parties. Each affected Party shall designate one or more representatives with the authority to negotiate the matter in dispute to participate in such negotiations. The affected 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 any Party, be submitted for resolution by the Commission or a court or agency with jurisdiction over the dispute upon the conclusion of such negotiations. Any Party may request that any dispute submitted to the Commission for resolution be subject to Commission settlement procedures. Notwithstanding the foregoing, any dispute arising under this Agreement may be submitted to arbitration or any other form of alternative dispute resolution upon the agreement of the Parties.

11.11 Invalid Provisions

If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any Party under this Agreement shall not be materially and adversely affected thereby, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement

shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom, and (d) the court holding such provision to be illegal, invalid or unenforceable may in lieu of such provision add as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as it deems appropriate; provided that nothing in this Section 11.11 shall limit a Party's right to appeal conditions to regulatory approval in accordance with Section 11.15.

11.12 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.

11.13 Liabilities; No Joint Venture.

(a) The obligations and liabilities of the ISO, the IMC and each of the IRHs arising out of or in connection with this Agreement shall be several, and not joint, and each Party shall be responsible for its own debts, including Taxes. No Party shall have the right or power to bind any other Party to any agreement without the prior written consent of such other Party. The Parties do not intend by this Agreement to create nor does this Agreement constitute a joint venture, association, partnership, corporation or an entity taxable as a corporation or otherwise. No express or implied term, provision or condition of this Agreement shall be deemed to constitute the Parties as partners or joint venturers.

(b) To the extent any Party has claims against the other Party, such Party may only look to the assets of the other Party for the enforcement of such claims and may not seek to enforce any claims against the directors, members, officers, employees, affiliates or agents of such other Party who, each Party acknowledges and agrees, have no liability, personal or otherwise, by reason of their status as directors, members, officers, employees, affiliates or agents of that Party, with the exception of fraud or willful misconduct.

11.14 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 agree that any document or signature delivered by facsimile transmission shall be deemed an original executed document for all purposes hereof.

11.15 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 11.15 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 the IRHs, that any IRH finds would cause an unacceptable increase in its financial obligations with respect to the Phase

III HVDC-TF or would have a material adverse effect on the IRH's expected level of revenues related to the Use Rights, or its electric utility business, revenues, or financial condition, unless the IRH waives said condition, provided however, 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 the IRH 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.


11.16 Coordination.

(a) The Parties recognize that the ISO is also a party to the HVDC TOA with the Asset Owners. Given the interrelated nature of the rights and obligations of the ISO, the Asset Owners and the IRH, the Parties agree to cooperate in good faith to coordinate performance, amendments and dispute resolution under this Agreement and the HVDC TOA, so that the ISO and the IRHs do not become subject to conflicting rights and obligations under these agreements.

(b) The ISO, the IMC and the SSPAC shall coordinate with one another in the exercise of their rights and obligations under this Agreement.

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.

IRH Management Committee,
on behalf of the Interconnection Rights Holders,
By Its Chairman,


Robert J. Amelang

ISO New England Inc.,
By Its Senior Vice President and Chief Operating Officer,

Vamsi Chadalavada

I/II HVDC-TF or would have a material adverse effect on the IRH's expected level of revenues related to the Use Rights, or its electric utility business, revenues, or financial condition, unless the IRH waives said condition, provided however, 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 the IRH 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.

11.16 Coordination.

(a) The Parties recognize that the ISO is also a party to the HVDC TOA with the Asset Owners. Given the interrelated nature of the rights and obligations of the ISO, the Asset Owners and the IRH, the Parties agree to cooperate in good faith to coordinate performance, amendments and dispute resolution under this Agreement and the HVDC TOA, so that the ISO and the IRHs do not become subject to conflicting rights and obligations under these agreements.

(b) The ISO, the IMC and the SSPAC shall coordinate with one another in the exercise of their rights and obligations under this Agreement.

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.

IRH Management Committee,
on behalf of the Interconnection Rights Holders,
By Its Chairman,

Robert A. Amelang

ISO New England Inc.,
By Its Executive Vice President and Chief Operating Officer,



Vamsi Chadalavada

Schedule 20A Service Providers Administrative
Committee,
on behalf of the Schedule 20A Service Providers
By Its Chair,

Kristine Mespelli
Kristine Mespelli

Schedule 1.01

Schedule of Definitions

Adjusted Percentage Interest: the “Adjusted Percentage Interest” of each Schedule 20A Service Provider shall be the Combined Percentage Interest of each Schedule 20A Service Provider, as defined in the Restated Use Agreement, as adjusted by dividing such Combined Percentage Interest by the aggregate of all of the Combined Percentage Interests of all of the Schedule 20A Service Providers. The sum of all the Adjusted Percentage Interests of the Schedule 20A Service Providers shall equal 100%.

Advisory Committee(s): means the advisory committee(s) provided for under the Support Agreements made up of those IRHs that are parties to the Support Agreements.

Affiliate. Any person or entity which controls, is controlled by, or is under common control by another person or entity. For purposes of this definition, "control" shall mean the possession, directly or indirectly and whether acting alone or in conjunction with others, of the authority to direct the management or policies of a person or entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

Agreement: means this Phase I/II HVDC-TF Transmission Service Administration Agreement, as it may be amended from time to time.

Ancillary Services: means 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.

Asset Owner(s): means the owners of the Phase I/II HVDC-TF as specified in the HVDC TOA.

ATC: means available transfer capability as assessed in accordance with the ISO OATT.

Business Day: means any day other than a Saturday or Sunday or an ISO holiday, as posted by the ISO on its website.

Cash Deficiency: has the meaning given to the term in the Phase II Equity Funding Agreements.

Cash Deficiency Guarantees: has the meaning given to the term in the Phase II Equity Funding Agreements.

Combined Percentage Interest(s): has the meaning given to the term under the Restated Use Agreement.

Commercially Reasonable Efforts: means a level of effort which in the exercise of prudent judgment in the light of facts or circumstances known, or which should reasonably be known, at the time a decision is made, can be expected by a reasonable person to accomplish the desired result in a manner consistent with Good Utility Practice and which takes the performing party's interests into consideration. "Commercially Reasonable Efforts" will not be deemed to require a Person to undertake unreasonable measures or measures that have a significant adverse economic

affect on such Person, including the payment of sums in excess of amounts that would be expended in the ordinary course of business for the accomplishment of the stated purpose.

Commission: means 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, inadvertent energy, the exchange of information among Control Areas, and other aspects of the coordinated operation of the Control Areas.

Effective Date: means April 1, 2005, or such other date as the Commission may determine as the effective date for the initial filing of this Agreement.

Equity Funding Agreements: means collectively, the Phase I Equity Funding Agreement (the agreement specified in item F of Schedule 10.04(a)) and the Phase II Equity Funding Agreements (the agreements specified in items I and J of Schedule 10.04(a)).

Equity Sponsors: has the meaning given to the term in the Equity Funding Agreements.

External Transactions: has the meaning given to the term under the ISO Tariff.

Final Order: means 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.

Good Utility Practice: means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired

result at a reasonable cost consistent with good business practices, reliability, safety, regard for the operating characteristics of the Phase I/II HVDC-TF 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: means 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 the Asset Owners or the ISO.

Grandfathered Facility Agreements: means the agreements listed in Schedule 10.04(a).

HVDC TOA: means the HVDC Transmission Operating Agreement between ISO New England Inc. and the Asset Owners, as it may be amended from time to time.

Indemnifiable Loss. “Indemnifiable Loss” has the meaning given to the term in Section 9.02(a).

Indemnifying Party. “Indemnifying Party” has the meaning given to the term in Section 9.03.

Indemnitee. “Indemnitee” has the meaning given to the term in Section 9.03.

Interconnection Operators Agreement: means the agreement between the ISO and Hydro-Québec TransÉnergie addressing the coordinated operation of the Phase I/II HVDC-TF with the facilities operated by Hydro-Québec TransÉnergie.

Interconnection Rights Holders (“IRHs”): means the entities that pay for and hold exclusive Use Rights to the transmission capacity of the Phase I/II HVDC-TF, as granted under the Support Agreements and as further provided for under the Restated Use Agreement, either (i) directly, by virtue of being parties to the Support Agreements, or (ii) indirectly (“Indirect IRH(s)”), through a Transfer Agreement.

IRH Management Committee (“IMC”): means the committee provided for under the Restated Use Agreement.

ISO or ISO-NE: means 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 Markets: means the markets or programs (including congestion pricing and design and implementation of FTRs) for the purchase of energy, capacity, ancillary services, demand response services or other related products or services that are offered in the New England Control Area and that are administered by the ISO pursuant to rules, rates, or agreements on file from time to time with the Commission.

ISO New England Information Policy: means the information policy set forth in the ISO Tariff.

ISO New England Operating Documents: has the meaning given to the term in the ISO Tariff.

ISO Tariff: means the ISO New England Inc. Transmission, Markets and Services Tariff, as in effect from time to time.

Knowledge: means 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: means any federal, state, local or foreign statute, law, ordinance, regulation, rule, code, order, other requirement or rule of law.

Market Rules: means the rules governing how the ISO Markets are administered.

Mobile-Sierra Doctrine: means the public interest standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956).

NERC: means the North American Electric Reliability Council.

NERC/NPCC Requirements: means 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: means 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 Transmission System: means the system comprised of the transmission facilities over which the ISO has operational jurisdiction, including the transmission facilities of the Asset Owners, as specified in the HVDC TOA, and the transmission system of any ITC that may be formed pursuant to Attachment M to the ISO Tariff.

NPCC: means the Northeast Power Coordinating Council.

OASIS: means the Open Access Same-Time Information System for New England administered by the ISO.

Operating Authority: has the meaning given to the term in the HVDC TOA.

Operating Procedures: means the operating manuals, procedures, and protocols relating to the exercise of Operating Authority over the Phase I/II HVDC-TF, as such guides, manuals, procedures, and protocols may be modified from time to time.

Operations Date: means February 1, 2005.

Participants Agreement: means The Participants Agreement among the ISO, the New England Power Pool and Individual Participants, as amended from time to time, on file with the Commission.

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.

Phase I/II HVDC Transmission Facilities (“Phase I/II HVDC-TF”): means the transmission facilities identified in the HVDC TOA Schedule 2.01(a), or its successor schedule.

Phase I/II HVDC-TF Transmission Provider Page(s): means The Transmission Provider page(s) (which are located on the ISO OASIS) of the Schedule 20A Service Providers through which Phase I/II HVDC-TF Service is offered.

Phase I HVDC Transmission Facilities. The “Phase I HVDC Transmission Facilities” or “Phase I” shall mean those Phase I/II HVDC Transmission Facilities constructed during Phase I of the high voltage direct current (“HVDC”) interconnection project, as described in Schedule 2.01(a) of the HVDC TOA.

Phase II HVDC Transmission Facilities. The “Phase II HVDC Transmission Facilities” or “Phase II” shall mean those Phase I/II HVDC Transmission Facilities constructed during Phase II of the high voltage direct current (“HVDC”) interconnection project, as described in Schedule 2.01(a) of the HVDC TOA.

Phase I/II HVDC-TF Service: means the non-discriminatory, open access transmission services provided to customers by the Schedule 20A Service Providers in accordance with the ISO Tariff.

Pool-to-Pool EETs: means the purchase or sale of emergency energy from other Control Areas by the ISO on behalf of Participants, as described in the ISO Tariff.

Prime Rate: means 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.

Restated Use Agreement: means the Commission-approved agreement among the IRHs, recognized in the Support Agreements, governing the rights of the IRH collectively and with respect to one another one another regarding the transmission capacity of the Phase I/II HVDC-TF, as such agreement may be amended from time to time.

Schedule 20A Service Providers: the IRHs specified in and providing service under Schedule 20A of the ISO OATT.

Schedule 20A Service Provider Administrative Committee (“SSPAC”): means the committee of the Schedule 20A Service Providers as provided for under Schedule 11.03 of this Agreement.

Schedule 20A HVDC Service Schedule(s): means the service schedules for individual Schedule 20A Service Providers set forth in Part II of Schedule 20A to the ISO OATT, which is Section 2 of the ISO Tariff.

Short-Term Reliability Actions or Directives” (or “STRADs”): means operating actions or directives, including real-time operating actions undertaken by the ISO and real-time operating directives, issued by the ISO to the Asset Owners 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 Sandy Pond Control Center and the associated Local Control Center with responsibility for the Phase I/II HVDC-TF. Illustrations of STRADs include, but are not limited to, the ISO’s:

1. Determination of operating limits to the HVDC Transmission Facilities in accordance with Presidential Permits and the facility ratings established by the Asset Owners in collaboration with the ISO and the application of such operating limits based on forecasted or real-time system conditions. This could include:
 - Reducing or shutting down the Phase I/II HVDC Transmission Facilities due to transmission or generation outages that are internal or external to New England;
 - Respecting NERC and NPCC reliability criteria as it is applied within and outside of New England;
 - Acting on external Control Area requests to limit the Phase I/II HVDC Transmission Facilities for reliability reasons
2. Operation of the Phase I/II HVDC-TF in conjunction with the New England Markets consistent with this Agreement and the ISO Tariff (including Market Rule 1 thereof).
3. Maintenance of short-term reliability and system security, including the scheduling, curtailment and interruption of real-time market External Transactions, in accordance with the ISO Tariff (including Market Rule 1 thereof).
4. Approval, disapproval, cancellation or rescheduling of Phase I/II HVDC-TF outages, as necessary, for reliability and market efficiency reasons, in accordance with Section 3.06 of this Agreement and the ISO Tariff.
5. Coordination, directly with Sandy Pond Control Center or the associated Local Control Center, as applicable, for the purpose of scheduling real-time market External Transactions and the associated power transfers with external Control Areas including the notification of ramp time, duration, and magnitude.

References to the ISO Tariff and Market Rule 1 in this definition shall not be construed to expand or contract the ISO’s authority to modify the ISO Tariff or Market Rule 1 with respect to the operation or scheduling of the Phase I/II HVDC-TF. Nor shall this definition modify the terms and conditions of any agreements governing such ISO authority to modify the ISO Tariff.

Support Agreements: means the agreements, as identified as items A, C, K, L, M, N and U in Schedule 3.09 of the HVDC TOA, between certain of the IRH and the Asset Owners providing for the financial support of the Phase I/II HVDC-TF and the grant of Use Rights to the IRH.

Support Charges: The charges defined as the “Support Charge” under the applicable Support Agreements.

Tax or Taxes: means 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: means 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.

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

Transfer Agreement: means an agreement under which an IRH transfers its percentage interest of Use Rights in accordance with the requirements of the Restated Use Agreement.

Transmission Provider Page: means the location on the ISO OASIS where an IRH posts transmission service offerings, reservations and ATC values, in accordance with the Commission’s regulations.

TTC: means the Total Transfer Capability as assessed in accordance with the ISO New England Operating Documents.

Use Rights: means the exclusive rights granted under the Support Agreements and further described and provided for under the Restated Use Agreement (within the scope of such rights as provided for under the Support Agreements and Restated Use Agreement as those agreements existed as of the Effective Date) to each of the IRH to use or transfer the transmission capacity of the Phase I/II HVDC-TF in exchange for the obligation to pay for those facilities. The percentage entitlement of Use Rights held by each IRH is determined by the Support Agreements and the Restated Use Agreement.

VETCO: means the Vermont Electric Transmission Company.

Schedule 3.13(a)

List of IRH as of the Effective Date

<u>Interconnection Rights Holders</u>	Phase I Percentage <u>Interest</u>	Phase II Percentage <u>Interest</u>	Combined Percentage <u>Interest*</u>	Share of Tie (Combined Percentage Interest * 2000 MW- Rounded DOWN)
Bangor Hydro-Electric Company	0.00000	0.00000	0.00000	0
Boston Edison Company	11.24796	11.09090	11.14509	222
Central Maine Power Company	6.99346	7.12050	7.07667	141
Central Vermont Public Service Corporation	4.55440	5.13200	4.93273	98
Citizens Utilities Company	0.43984	0.51880	0.49156	9
City of Burlington Electric Department	0.72912	0.00000	0.25155	5
City of Chicopee Municipal Lighting Plant	0.32263	0.32000	0.32091	6
City of Holyoke Gas & Electric Light Department	0.24775	0.26910	0.26173	5
City of Peabody Municipal Light Plant	0.28306	0.28820	0.28643	5
City of Westfield Gas & Electric Light Department	0.25304	0.25700	0.25563	5
Commonwealth/Canal Electric Company	3.72867	3.79640	3.77303	75
Connecticut Municipal Electric Energy Cooperative	0.82968	0.84480	0.83958	16
Enosburg Falls	0.03142	0.00000	0.01084	0
Fitchburg Gas and Electric Light Company	0.42636	0.43410	0.43143	8
Green Mountain Power Company	2.93243	3.17920	3.09406	61
Hardwick	0.06290	0.00000	0.02170	0
Holyoke Power and Electric Company	0.00000	0.00000	0.00000	0
Holyoke Water Power Company	0.12350	0.12570	0.12494	2
Hudson Light and Power Department	0.14765	0.15000	0.14919	2
Ludlow	0.05757	0.00000	0.01986	0
Lydonville	0.10768	0.00000	0.03715	0
Massachusetts Municipal Wholesale Electric Company	0.00000	0.00000	0.00000	0
Montaup Electric Company	3.57770	3.63400	3.61458	72
Morrisville	0.09811	0.00000	0.03385	0

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New England Power Company	17.96963	18.53160	18.33772	366
Newport Electric Corporation	0.44217	0.45020	0.44743	8
Northfield	0.05378	0.00000	0.01855	0
Pascoag Fire District - Electric Dept.	0.02285	0.02330	0.02314	0
PP&L Energy Plus Co.	1.50834	1.52000	1.51598	30
Public Service Company of New Hampshire	11.84823	9.99840	10.63659	212
Stowe	0.09578	0.00000	0.03304	0
Swanton	0.09219	0.00000	0.03181	0
Taunton Municipal Lighting Plant	0.35520	0.36080	0.35887	7
The Connecticut Light and Power Company	18.48700	18.82350	18.70741	374
The United Illuminating Company	5.44715	5.45000	5.44902	108
Town of Ashburnham Municipal Light Plant	0.01774	0.01810	0.01798	0
Town of Boylston Municipal Light Department	0.02002	0.02040	0.02027	0
Town of Braintree Electric Light Department	0.30879	0.31360	0.31194	6
Town of Concord Municipal Light Plant	0.00000	0.12190	0.07984	1
Town of Danvers Electric Department	0.23892	0.24330	0.24179	4
Town of Georgetown Municipal Light Department	0.02308	0.02350	0.02336	0
Town of Groton Electric Light Department	0.02646	0.02690	0.02675	0
Town of Hingham Municipal Lighting Plant	0.12007	0.12220	0.12147	2
Town of Holden Municipal Light Department	0.07356	0.07490	0.07444	1
Town of Hull Municipal Lighting Plant	0.03577	0.03640	0.03618	0
Town of Littleton Electric Light & Water Dept.	0.07330	0.07470	0.07422	1
Town of Mansfield Municipal Electric Department	0.16696	0.17010	0.16902	3
Town of Marblehead Municipal Light Department	0.08474	0.08630	0.08576	1
Town of Middleborough Gas and Electric Department	0.10638	0.10830	0.10764	2
Town of Middleton Municipal Electric Department	0.04661	0.04740	0.04713	0
Town of North Attleborough Electric Department	0.10838	0.11040	0.10970	2

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Town of Paxton Municipal Light Department	0.01745	0.01780	0.01768	0
Town of Princeton Municipal Light Department	0.00823	0.00840	0.00834	0
Town of Reading Municipal Light Department	0.46418	0.47260	0.46970	9
Town of Rowley Municipal Light Department	0.01565	0.01600	0.01588	0
Town of Shrewsbury Electric Light Department	0.16902	0.16400	0.16573	3
Town of South Hadley Electric Light Department	0.11550	0.11760	0.11688	2
Town of Sterling	0.02832	0.00000	0.00977	0
Town of Templeton Municipal Lighting Plant	0.05449	0.05550	0.05515	1
Town of Wakefield Municipal Lighting Department	0.12431	0.12660	0.12581	2
Town of West Boylston Municipal Lighting Plant	0.05080	0.05180	0.05146	1
UNITIL Power Corp.	0.00000	1.22700	0.80369	16
Vermont Electric Power Company	0.00000	0.00000	0.00000	0
Vermont Marble Company	0.10989	0.00000	0.03791	0
Washington Coop.	0.11672	0.00000	0.04027	0
Western Massachusetts Electric Company	3.75741	3.82580	3.80221	76
Total	100.00000	100.00000	100.00000	1970.0

(Note: does not sum to 2,000 due to rounding)

* The Combined Percentage Interest is derived in accordance with the following formula:

$$\frac{(\text{Phase I Percentage Interest} \times 690) + (\text{Phase II Percentage Interest} \times 1310)}{2,000}$$

Schedule 10.04(a)

List of Grandfathered Facility Agreements

- A. Phase I Terminal Facility Support Agreement, dated as of December 1, 1981, as amended
- B. Lease Between New England Power Company and New England Electric Transmission Corporation, dated as of May 16, 1983
- C. Upper Development - Lower Development Transmission Line Support Agreement Between New England Electric Transmission Corporation and New England Power Company, dated as of May 16, 1983
- D. Agreement For Reinforcement and Improvement of New England Power Company's Transmission System, dated as of April 1, 1983
- E. Agreement For Reinforcements and Improvements Between Public Service Company Of New Hampshire New England Electric Transmission Corporation, dated as of April 1, 1986
- F. Equity Funding Agreement For New England Electric Transmission Corporation, dated as of December 1, 1985
- G. New England Hydro Finance Company, Inc., New England Hydro-Transmission Electric Company, Inc. and New England Hydro-Transmission Corporation Note And Guaranty Agreement, dated as of April 15, 1991
- H. New England Hydro Finance Company, Inc., New England Hydro-Transmission Electric Company, Inc. and New England Hydro-Transmission Corporation and Bank of Montréal Trust Company Security And Collateral Agency Agreement, dated as of April 15, 1991
- I. Equity Funding Agreement for New England Hydro-Transmission Electric Company, Inc., dated as of June 1, 1985, as amended
- J. Equity Funding Agreement for New England Hydro-Transmission Corporation, dated as of June 1, 1985, as amended
- K. Phase II Boston Edison AC Facilities Support Agreement, dated as of June 1, 1985, as amended
- L. Phase II New England Power AC Facilities Support Agreement, dated as of June 1, 1985, as amended
- M. Phase II Massachusetts Transmission Facilities Support Agreement, dated as of June 1, 1985, as amended

- N. Phase II New Hampshire Transmission Facilities Support Agreement, dated as of June 1, 1985, as amended
- O. Lease Between New England Power Company and New England Hydro-Transmission Electric Company, dated as of June 1, 1985, as supplemented on October 30, 1987
- P. Lease Between New England Power Company and New England Hydro-Transmission Corporation, dated as of June 1, 1985, as supplemented on August 10, 1987 and October 30, 1987
- Q. Fifteen Mile Falls Transmission Agreement between New England Hydro-Transmission Corporation and New England Power Company dated as of June 1, 1985
- R. Metallic Return Service Agreement Between New England Electric Transmission Corporation and New England Hydro-Transmission Corporation, dated as of July 1, 1988]

With respect to the Vermont Electric Transmission Company, Inc. (VETCO) Phase I Facilities:

- S. Note Agreement by and between VETCO and the Prudential Insurance Company of America dated as of September 1, 1986, including one or more Notes issued thereunder;
- T. Mortgage and Security Agreement by and between VETCO and the Prudential Insurance Company of America dated as of September 1, 1986;
- U. Phase I Vermont Transmission Line Support Agreement by and among Vermont Electric Transmission Company, Inc. and the Participants listed therein dated as of December 1, 1981, as amended as of June 1, 1982, November 1, 1982 and January 1, 1986;
- V. Vermont Participation Agreement for Quebec Interconnection by and between Vermont Electric Power Company, Inc. and the Vermont electric distribution utilities listed therein dated as of July 15, 1982;
- W. Vermont Electric Transmission Company, Inc. Capital Funds Agreement by and between VETCO and Vermont Electric Power Company, Inc. dated as of July 15, 1982;
- X. VETCO Capital Funds Support Agreement by and between Vermont Electric Power Company, Inc. and the Vermont electric distribution utilities listed therein dated as of July 15, 1982; and
- Y. Stock-Purchase Agreement by and between Vermont Electric Power Company, Inc., VETCO and the participating utilities listed therein dated as of August 11, 1986;

With respect to the Dedicated Metallic Neutral Return Conductor installed as part of Phase II (the “DMNRC”):

- Z. Phase II Vermont DMNRC Support Agreement date as of January 1, 1988 by and among New England Hydro-Transmission Corporation, and certain named owners under that certain Phase II Vermont DMNRC Joint-Ownership Agreement by and among Citizens Utilities Company, Franklin Electric Light Company, Inc. and Green Mountain Power Corporation dated as of January 1, 1988;
- AA. Phase II Vermont DMNRC Operating and Management Agreement by and among Vermont Electric Power Company, Inc., Citizens Utilities Company, Franklin Electric Light Company, Inc. and Green Mountain Power Corporation dated as of January 1, 1988;
- BB. License Agreement by and among Citizens Utilities Company, Franklin Electric Light Company, Inc., Green Mountain Power Corporation and VETCO dated as of January 1, 1988; and
- CC. Prudential Agreement by and among VETCO, Green Mountain Power Corporation, Citizens Utilities Company, Franklin Electric Light Company, Inc. and The Prudential Insurance Company of America dated as of January 1, 1988.
- DD. The Restated Use Agreement, as it exists as of the Effective Date, but not to the extent specific provisions change after the Effective Date.

Schedule 11.01

Notices

If to the IMC:

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If to the ISO:

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If to the Schedule 20A Service Providers:

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Bangor Hydro-Electric Company
33 State St. (P.O. Box 932)
Bangor, ME 04401 (04402-0932)
Attn: Corporate Secretary
Tel: 207-945-5621
Fax: 207-990-6963

Boston Edison Company, Cambridge Electric Light Company, and Commonwealth Electric Company

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Water Power Company, and Public Service Company of New Hampshire

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Schedule 11.03(f)

Schedule 20A Service Provider Administrative Committee

1. The Schedule 20A Service Provider Administrative Committee (“SSPAC”) established pursuant to Section 11.03 shall function as described in this Schedule 11.03.

2. **Representatives.** Each Schedule 20A Service Provider (“SSP”) shall appoint a representative and an alternate representative to serve as a member of the Schedule 20A AC with authority to act for that SSP with respect to actions taken or decisions made by the Schedule 20A AC.

a. **Initial Representatives.** Within thirty (30) days of the Effective Date, each SSP shall appoint its representative and alternate and provide written notice thereof to the other SSPs, the IRH Management Committee and to the ISO. Subsequent to the Effective Date, an IRH that becomes an SSP, in accordance with Section 3.14, shall appoint its representative and alternate and provide written notice to the other SSPs within thirty (30) days of the Commission’s acceptance of its Schedule 20A HVDC Service Schedule.

b. **Change of or Substitution for a Representative or Alternate.** An SSP may at any time, upon providing written notice to the other SSPs, the IRH Management Committee and to the ISO, designate a replacement representative or alternate. Any designated member of the Schedule 20A AC, by providing written notice to the Chair of the Schedule 20A AC, may also designate a substitute to act for him or her with respect to any matter specified in such written notice.

3. **Officers.** At the initial meeting of the SSPAC, a Chair and Vice Chair from different companies shall be elected among the SSPs’ representatives on the SSPAC. The term of office for the Chair and Vice Chair shall be one year, or until succession to each office occurs as provided herein. Except as provided in Section 4, at each annual meeting, the Vice Chair shall succeed to the office of the Chair, and a new Vice Chair from a different company as the new and outgoing Chairs shall be elected.

4. **Vacancies.** If the office of the Chair becomes vacant for any reason, the Vice Chair shall succeed to the office of the Chair and a new Vice Chair from a different company shall be elected at the next regular or special meeting to serve the remainder of the term; provided that if the remaining term is less than six months, the new Chair and Vice Chair shall serve for the remaining term plus an additional term of one year. If the office of the Vice Chair becomes vacant for any reason, a new Vice Chair from a different company as the Chair shall be elected at the next regular or special meeting and shall serve out the term of the Vice Chair whose office became vacant.

5. **Duties of the Officers.** The Chair shall (1) call and preside at meetings of the SSPAC; (2) cause minutes of each meeting to be taken and maintained; (3) cause notices and agendas of all meetings and minutes of the prior meeting to be distributed as set forth below; and

(4) carry out such other responsibilities as the SSPAC shall assign or as may be specified in this Agreement. The Vice Chair shall preside at meetings of the Schedule 20A AC if the Chair is absent for any reason, and shall otherwise act for the Chair at the Chair's request.

6. Meetings. The SSPAC shall hold meetings no less frequently than once each calendar year as scheduled by the Chair. Such meetings may be held immediately before or after a scheduled meeting of the IRH Management Committee. At the initial meeting of the SSPAC and at each annual meeting thereafter officers shall be elected. The matters to be addressed at all meetings shall be specified in a written agenda provided in the notice distributed pursuant to Section 7 hereof.

7. Notice of Meetings. Written notice and agendas for a meeting shall be distributed by the Chair by facsimile or email to the SSPs' representatives and any designated alternates and to the ISO and IRH Management Committee not later than ten (10) days prior to the meeting; provided, however, that meetings may be called on shorter notice as the Chair deems necessary to deal with an emergency or to meet a deadline for action; provided further that no vote shall be taken on any matter at any meeting or special meeting without at least three days prior written notice to the SSPs' representatives of the matter to be voted upon unless the representatives of the SSPs agree unanimously to waive this minimum notice requirement. The Chair shall include in the agenda for the meeting any matters that one or more SSPs request to be included.

8. Special Meetings. A special meeting of the SSPAC may be called at any time by two or more unaffiliated SSPs having combined Adjusted Percentage Interests exceeding twenty five percent of the aggregate Adjusted Percentage Interests of the SSPs at the time of the proposed special meeting; provided that the Chair shall schedule such special meeting at a time and location convenient to the representatives (but no more than ten days after the request for the meeting) and shall issue an agenda setting forth the issue or issues to be considered at the behest of the SSPs requesting the special meeting no less than five days before the scheduled date thereof.

9. Attendance. Regular or special meetings may be conducted in person or by telephone as authorized by the Chair or pursuant to rules adopted by the SSPAC in accordance with the voting procedures set forth in Section 12 below. Each SSP shall be represented at a meeting by its representative or alternate, or a duly-designated substitute representative. An SSP shall also have the right to designate another SSP to vote on such SSP's behalf at a meeting by proxy provided to the Chair in advance of the meeting. Any SSP choosing not to participate in a meeting pursuant to one of the methods described in this section 9 shall be deemed to have given its proxy to the Chair to vote on the non-participating SSP's behalf.

10. Open Meetings. All meetings of the SSPAC shall be open to all SSPs that are signatories to this Agreement and each such SSP shall receive timely written notice of a meeting.

11. Cost of Meetings. Each SSP shall be solely responsible for all costs incurred for its representative or alternate to attend any meeting. The SSPs shall share the costs incurred by the host of any meeting of the SSPAC in proportion to their Adjusted Percentage Interests.

12. Manner of Acting. Actions taken by the SSPAC with respect to amendments to this Agreement shall require the support of the number of votes specified in Sections 11.03(a) and 11.03(f)(i)(E) of the Agreement as applicable.

13. Text of Amendments. The text of any amendment to be voted upon at a meeting of the SSPAC shall be distributed to the representatives no less than fourteen (14) days the meeting at which the amendment is to be considered; provided that the representatives may agree to make changes to such amendment at such meeting.

14. Record of Voting. The Chair shall cause each SSP that is a signatory to this Agreement to be provided with a written record of all votes (with the exception of straw votes or other informal votes) undertaken at a meeting of the SSPAC, including votes with respect to amendments to this Agreement pursuant to Section 11.03 of this Agreement and votes with respect to joint SSP Section 205 filings pursuant to Section 11.03(f) of this Agreement.