

COMPOSITE RESTATED NEPOOL OPEN ACCESS
TRANSMISSION TARIFF

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NEPOOL

Composite Restated **Open Access Transmission Tariff**
Original Sheet No. 11

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Composite Restated **Open Access Transmission Tariff**
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Composite Restated **Open Access Transmission Tariff**
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I. COMMON SERVICE PROVISIONS

4976 Definitions

Whenever used in this Tariff, in either the singular or plural number, the following capitalized terms shall have the meanings specified in this Section 1. Terms used in this Tariff that are not defined in this Tariff shall have the meanings customarily attributed to such terms by the electric utility industry in New England.

4976.4986 Administrative Costs: Those costs incurred in connection with the review of Applications for transmission service and the carrying out of System Impact Studies and Facilities Studies.

4976.4987 Agreement: The Restated New England Power Pool Agreement dated as of September 1, 1971, as amended and restated from time to time, of which this Tariff forms a part.

4976.4988 Ancillary Services: Those services that are necessary to support the transmission of electric capacity and energy from resources to loads while maintaining reliable operation of the NEPOOL Transmission System in accordance with Good Utility Practice.

4976.4989 Annual Transmission Revenue Requirements: The annual revenue requirements of a Participant's PTF or of all Participants' PTF for purposes of this Tariff shall be the amount determined in accordance with Attachment F to this Tariff.

- 4976.4990 Application: A written request by an Eligible Customer for transmission service pursuant to the provisions of this Tariff.
- 4976.4991 Backyard Generation: Generation which interconnects directly with distribution facilities dedicated solely to load not designated as Network Load. Any distribution facilities which are shared with Network Load will not qualify.
- 4976.4992 Business Day: Any day other than a Saturday or Sunday or a national or Massachusetts holiday.
- 4976.4993 Commission: The Federal Energy Regulatory Commission.
- 4976.4994 Completed Application: An Application that satisfies all of the information and other requirements of this Tariff, including any required deposit.
- 4976.4995 Compliance Effective Date: The date upon which the changes in this Tariff which have been reflected herein to comply with the Commission's Order of April 20, 1998 in the NEPOOL restructuring proceedings become effective.
- 4976.4996 Control Area: An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:
- (1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
 - (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

- (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice and the criteria of the applicable regional reliability council or the North American Electric Reliability Council; and
- (4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

4976.4997 Curtailment: A reduction in firm or non-firm transmission service in response to a transmission capacity shortage as a result of system reliability conditions.

4976.4998 Delivering Party: The entity supplying capacity and/or energy to be transmitted at Point(s) of Receipt under this Tariff.

4976.4999 Designated Agent: Any entity that performs actions or functions required under the Tariff on behalf of NEPOOL, an Eligible Customer, or a Transmission Customer.

4976.5000 Direct Assignment Facilities: Facilities or portions of facilities that are Non-PTF and are constructed for the sole use/benefit of a particular Transmission Customer requesting service under this Tariff or a Generator Owner requesting an interconnection. Direct Assignment Facilities shall be specified in a separate agreement with the Transmission Provider whose transmission system is to be modified to include and/or interconnect with said Facilities, shall be subject to applicable

Commission requirements and shall be paid for by the Transmission Customer or a Generator Owner or in accordance with the separate agreement and not under this Tariff.

4976.5001 Eligible Customer: (i) Any Participant that is engaged, or proposes to engage, in the wholesale or retail electric power business is an Eligible Customer under the Tariff. (ii) Any electric utility (including any power marketer), Federal power marketing agency, or any other entity generating electric energy for sale or for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider with which that entity is directly interconnected offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider with which that entity is directly interconnected. (iii) Any end user taking or eligible to take unbundled transmission service pursuant to a state requirement that the Transmission Provider with which that end user is directly interconnected offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider with which that end user is directly interconnected, is an Eligible Customer under the Tariff.

4976.5002 Energy Imbalance Service: This service is the form of Ancillary Service described in Schedule 4.

4976.5003 Entitlement: An Installed Capability Entitlement, Operable Capability Entitlement, Energy Entitlement, Operating Reserve Entitlement, or AGC Entitlement, in each case as defined in the Agreement. When used in the plural form, it may be any or all such Entitlements or combinations thereof, as the context requires.

4976.5004 Excepted Transaction: A transaction specified in Section 25 for the applicable period specified in that Section, or in Sections 25A and 25B.

4976.5005 Facilities Study: An engineering study conducted pursuant to the Agreement or this Tariff by the System Operator and/or one or more affected Participants to determine the required modifications to the NEPOOL Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide a requested transmission service or interconnection.

4976.5006 Firm Contract: Any contract, other than a Unit Contract, for the purchase of Installed Capability, Operable Capability, Energy, Operating Reserves, and/or AGC (as defined in the Agreement), pursuant to which the purchaser's right to receive such

Installed Capability, Operable Capability, Energy, Operating Reserves, and/or AGC is subject only to the supplier's inability to make deliveries thereunder as the result of events beyond the supplier's reasonable control.

4976.5007 Firm Point-To-Point Transmission Service: Point-To-Point Transmission Service which is reserved and/or scheduled between specified Points of Receipt and Delivery in accordance with the applicable procedure specified in Part V of this Tariff.

4976.5008 Firm Transmission Service: Service for Native Load Customers, firm Regional Network Service (Network Integration Transmission Service), service for Excepted Transactions, Firm Internal Point-To-Point Transmission Service, or Firm Through or Out Service.

4976.5009 Generator Owner: The owner, in whole or part, of a generating unit whether located within or outside the NEPOOL Control Area.

4976.5010 Good Utility Practice: Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not

intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, methods, or acts generally accepted in the region.

4976.5011 HQ Interconnection: The United States segment of the transmission interconnection which connects the systems of Hydro-Quebec and the Participants. "Phase I" is the United States portion of the 450 kV HVDC transmission line from a terminal at the Des Cantons Substation on the Hydro-Quebec system near Sherbrooke, Quebec to a terminal having an approximate rating of 690 MW at a substation at the Comerford Generating Station on the Connecticut River. "Phase II" is the United States portion of the facilities required to increase to approximately 2000 MW the transfer capacity of the HQ Interconnection, including an extension of the HVDC transmission line from the terminus of Phase I at the Comerford Station through New Hampshire to a terminal at the Sandy Pond Substation in Massachusetts. The HQ Interconnection does not include any PTF facilities installed or modified to effect reinforcements of the New England AC

transmission system required in connection with the HVDC transmission line and terminals.

4976.5012 HQ Phase II Firm Energy Contract: The Firm Energy Contract dated as of October 14, 1985 between Hydro-Quebec and certain of the Participants, as it may be amended from time to time.

4976.5013 In Service: The service provided by NEPOOL in accordance with Section 22A of this Tariff with respect to an import transaction originating outside the NEPOOL Control Area which requires the use of PTF and goes into the NEPOOL Transmission System from the Maine Electric Power Company line or New York, or into the NEPOOL Transmission System on any new interconnection to another Control Area or to the Maine Electric Power Company line constructed after the Compliance Effective Date.

4976.5014 Interchange Transactions: Transactions deemed to be effected under Section 12 of the Prior NEPOOL Agreement prior to the Second Effective Date, and transactions deemed to be effected under Section 14 of the Agreement on and after the Second Effective Date.

4976.5015 OMITTED

4976.5016 Interest: Interest calculated in the manner specified in Section 8.3.

4976.5017 Internal Point-to-Point Service: Point-to-Point Transmission Service with respect to a transaction where the Point of Receipt is at the boundary of or within the NEPOOL Transmission System and the Point of Delivery is within the NEPOOL Transmission System.

4976.5018 Internal Point-to-Point Service Rate: The rate applicable to Internal Point-to-Point Service, which shall be equal for each delivery to the Participant RNS Rate per Kilowatt for the current Year for the Participant which owns the Local Network from which the Customer's load is served.

4976.5019 Interruption: A reduction in non-firm transmission service due to economic reasons pursuant to Section 28.7.

4976.5020 ISO: The Independent System Operator which is responsible for the continued operation of the NEPOOL Control Area from the NEPOOL control center and the administration of this Tariff, subject to regulation by the Commission.

4976.5021 Load Ratio Share: Ratio of a Transmission Customer's most recently reported Monthly Network Load in the case of Network Customers and including where

applicable Point-to-Point Customers' Reserved Capacity, to the total load of Network Customers and Point-to-Point customers, computed in accordance with Part VI of the Tariff.

4976.5022 Load Shedding: The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or for voltage control considerations under Part VI of the Tariff.

4976.5023 Local Network: The transmission facilities constituting a local network identified on Attachment E, and any other local network or change in the designation of a Local Network as a Local Network which the Management Committee may designate or approve from time to time. The Management Committee may not unreasonably withhold approval of a request by a Participant that it effect such a change or designation.

4976.5024 Local Network Service: Local Network Service is the service provided, under a separate tariff or contract, by a Participant that is a Transmission Provider to another Participant or other entity connected to the Transmission Provider's Local Network to permit the other Participant or entity to efficiently and economically utilize its resources to serve its load.

4976.5025 Local Point-To-Point Service: Local Point-To-Point service is Point-to-Point Transmission Service provided, under a separate tariff or contract, by a Participant that

is a Transmission Provider over Non-PTF or distribution facilities to permit deliveries to or from an interconnection point on the NEPOOL Transmission System.

4976.5026 Long-Term Firm Service: Firm Transmission Service with a term of one year or more.

4976.5027 [Deleted.]

4976.5028 Monthly Network Load: Has the meaning specified in Section 46.1.

4976.5029 Monthly Peak: Has the meaning specified in Section 46.1.

4976.5030 Native Load Customers: The wholesale and retail power customers of a Participant or other entity which is a Transmission Provider on whose behalf the Participant or other entity, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate its system to meet the reliable electric needs of such customers.

4976.5031 NEPOOL: The New England Power Pool, the power pool created under and governed by the Agreement, and the entities collectively participating in the New England Power Pool.

4976.5032 NEPOOL Control Area: The Control Area (as defined in Section 1.11) for NEPOOL.

4976.5033 NEPOOL Transmission System: The PTF transmission facilities.

- 4976.5034 Network Customer: A Participant or Non-Participant receiving transmission service pursuant to the terms of the Network Integration Transmission Service under Part II and Part VI of the Tariff.
- 4976.5035 Network Integration Transmission Service: Regional Network Service, which may be used with respect to Network Resources or Network Load not physically interconnected with the NEPOOL Transmission System.
- 4976.5036 Network Load: The load that a Network Customer designates for Network Integration Transmission Service under Part II and Part VI of the Tariff. The Network Customer's Network Load shall include all load designated by the Network Customer (including losses) and shall not be credited or reduced for any behind-the-meter generation. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete Points of Delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part III and Part V of the Tariff for any Point-to-Point Transmission Service that may be necessary for such non-designated load.

4976.5037 Network Operating Agreement: An executed agreement in the form of Attachment H, or any other form that is mutually agreed to, that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part II and Part VI of this Tariff. The Agreement and the rules adopted thereunder shall constitute the Network Operating Agreement for Participants.

4976.5038 Network Operating Committee: A group made up of representatives from the Network Customer(s) and the System Operator established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part II and Part VI of this Tariff. The Network Operating Committee for Network Customers that are Participants shall be the NEPOOL Regional Transmission Operations Committee and the NEPOOL Regional Transmission Planning Committee, meeting jointly in a meeting designated as the annual Network Operating Committee meeting. Notice of each meeting of the Committee pursuant to Section 47.3 shall be given to each Non-Participant receiving Regional Network Service under this Tariff and the Non-Participant shall have the right to be represented at each of such meetings.

4976.5039 Network Resource: (1) With respect to Participants, (a) any generating resource located in the NEPOOL Control Area which has been placed in service prior to the

Compliance Effective Date (including a unit that has lost its capacity value when its capacity value is restored and a deactivated unit which may be reactivated without satisfying the requirements of Section 49 of this Tariff in accordance with the provisions thereof) until retired; (b) any generating resource located in the NEPOOL Control Area which is placed in service after the Compliance Effective Date until retired, provided that (i) the Generator Owner has complied with the requirements of Section 49 of the Tariff, and (ii) the output of the unit shall be limited in accordance with Section 49, if required; and (c) any generating resource or combination of resources (including bilateral purchases) located outside the NEPOOL Control Area for so long as any Participant has an Entitlement in the resource or resources which is being delivered to it in the NEPOOL Control Area to serve Network Load located in the NEPOOL Control Area or other designated Network Loads contemplated by Section 43.3 of this Tariff taking Regional Network Service. (2) With respect to Non-Participant Network Customers, any generating resource owned, purchased or leased by the Network Customer which it designates to serve Network Load.

4976.5040 Network Upgrades: Modifications or additions to transmission-related facilities that are integrated with and support the overall NEPOOL Transmission System for the general benefit of all users of such Transmission System.

- 4976.5041 Non-Firm Point-To-Point Transmission Service: Point-To-Point Transmission Service under this Tariff that is subject to Curtailment or Interruption under the circumstances specified in Section 28.7 of this Tariff.
- 4976.5042 Non-Participant: Any entity that is not a Participant.
- 4976.5043 Non-PTF: The transmission facilities owned by the Participants that do not constitute PTF.
- 4976.5044** Open Access Same-Time Information System (OASIS): The NEPOOL information system and standards of conduct responding to requirements of 18 C.F.R. §37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.
- 4976.5045 Operating Reserve - 10-Minute Non-Spinning Reserve Service: This service is the form of Ancillary Service described in Schedule 6.
- 4976.5046** Operating Reserve - 10-Minute Spinning Reserve Service: This service is the form of Ancillary Service described in Schedule 5.
- 4976.5047 Operating Reserve - 30-Minute Reserve Service: This service is the form of Ancillary Service described in Schedule 7.
- 4976.5048 Participant: A participant in NEPOOL under the Agreement.
- 4976.5049 Participant RNS Rate: The rate applicable to Regional Network Service to effect a delivery to load in a particular Local Network, as determined in accordance with Schedule 9 to this Tariff.

1.64A Participants Committee: The committee whose responsibilities are specified in Section 7 of the Agreement. To the extent applicable, references in the Tariff to the Participants Committee shall include the prior Management Committee or Executive Committee as the predecessor of the Participants Committee if not inconsistent with Section 17A of the Agreement.

4976.5050 Point(s) of Delivery: Point(s) where capacity and/or energy transmitted by the Participants will be made available to the Receiving Party under this Tariff. The Point of Delivery may be designated as the NEPOOL power exchange. The Point(s) of Delivery shall be specified in the Service Agreement, if applicable, for Long-Term Firm Point-To-Point Transmission Service.

4976.5051 Point(s) of Receipt: Point(s) of interconnection where capacity and/or energy to be transmitted by the Participants will be made available to NEPOOL by the Delivering Party under this Tariff. The Point of Receipt may be designated as the NEPOOL power exchange in circumstances where the System Operator does not require greater specificity. The Point(s) of Receipt shall be specified in the Service Agreement, if applicable, for Long-Term Firm Point-To-Point Transmission Service.

4976.5052 Point-To-Point Transmission Service: The transmission of capacity and/or energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under this Tariff. NEPOOL Point-to-Point Transmission Service includes both Internal Point-to-Point Service and Through or Out Service.

- 4976.5053 Pool-Planned Unit: One of the following units: New Haven Harbor Unit 1 (Coke Works), Mystic Unit 7, Canal Unit 2, Potter Unit 2, Wyman Unit 4, Stony Brook Units 1, 1A, 1B, 1C, 2A and 2B, Millstone Unit 3, Seabrook Unit 1 and Waters River Unit 2 (to the extent of 7 megawatts of its Summer Capability and 12 megawatts of its Winter Capability).
- 4976.5054 Pool PTF Rate: The transmission rate determined in accordance with Schedule 8 to this Tariff.
- 4976.5055** Pool RNS Rate: The transmission rate determined in accordance with paragraph (2) of Schedule 9 to this Tariff.
- 4976.5056 Power Purchaser: The entity that is purchasing the capacity and/or energy to be transmitted under the Tariff.
- 4976.5057 Prior NEPOOL Agreement: The NEPOOL Agreement as in effect on December 1, 1996.
- 4976.5058 PTF or Pool Transmission Facilities: (i) The transmission facilities owned by the Participants and their Related Persons which constitute PTF pursuant to the Agreement, and (ii) the static VAR compensator installed at Chester, Maine at the request of the Participants.
- 4976.5059 Pre-1997 PTF Rate: The transmission rate of a Participant determined in accordance with paragraph (5) of Schedule 9 to this Tariff.

- 4976.5060 Reactive Supply and Voltage Control From Generation Sources Service: This service is the form of Ancillary Service described in Schedule 2.
- 4976.5061** Receiving Party: The entity receiving the capacity and/or energy transmitted to Point(s) of Delivery under this Tariff.
- 4976.5062 Regional Network Service: The transmission service described in Part II and Part VI of this Tariff.
- 4976.5063 Regulation and Frequency Response Service: This service is the form of Ancillary Service described in Schedule 3.
- 4976.5064 Reserved Capacity: The maximum amount of capacity and energy that is committed to the Transmission Customer for transmission over the NEPOOL Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part V of this Tariff. Reserved Capacity shall be expressed in terms of whole kilowatts on a sixty-minute interval (commencing on the clock hour) basis.
- 4976.5065 Scheduling, System Control and Dispatch Service: This service is the form of Ancillary Service described in Schedule 1.
- 4976.5066 Second Effective Date: The date on which the provisions of Part Three of the Agreement (other than the Installed Capability Responsibility provisions of Section 12) shall become effective and shall be such

date as the Commission may fix on its own or pursuant to a request of the Management Committee.

4976.5067 Service Agreement: The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the System Operator for service under this Tariff.

4976.5068 Service Commencement Date: The date service is to begin pursuant to the terms of an executed Service Agreement, or the date service begins in accordance with Section 29.3 or Section 41.1 under this Tariff, or in the case of Regional Network Service which is not required to be furnished under a Service Agreement pursuant to Section 48 of this Tariff, the date service actually commences.

4976.5069 Short-Term Firm Service: Firm Transmission Service with a term of less than one year.

4976.5070 System Contract: Any contract for the purchase of Installed Capability, Operable Capability, Energy, Operating Reserves and/or AGC (as defined in the Agreement), other than a Unit Contract or Firm Contract, pursuant to which the purchaser is entitled to a specifically determined or determinable amount of such Installed Capability, Operable Capability, Energy, Operating Reserves and/or AGC.

4976.5071 System Impact Study: An assessment pursuant to Part V, VI or VII of this Tariff of (i) the adequacy of the NEPOOL Transmission System to accommodate a request for the interconnection of a new or materially changed generating unit or a new or materially changed interconnection to another Control Area or new Regional Network Service, Internal Point-to-Point Service or Through or Out Service, and (ii) whether any additional costs may be required to be incurred in order to provide the interconnection or transmission service.

4976.5072 System Operator: The central dispatching agency provided for in the Agreement which has responsibility for the operation of the NEPOOL Control Area from the control center and the administration of this Tariff. The System Operator is the ISO.

4976.5073 Tariff: This NEPOOL Open Access Transmission Tariff and accompanying schedules and attachments, as modified and amended from time to time.

4976.5074 Third-Party Sale: Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Regional Network Service.

4976.5075 Through or Out Service: Point-to-Point Transmission Service provided by NEPOOL with respect to a transaction which requires the use of PTF and which goes through the NEPOOL Control Area, as, for example, from the Maine Electric Power Company line or New Brunswick to New York, or from one point on the NEPOOL Control Area boundary with New York to another point on the Control Area boundary

with New York, or with respect to a transaction which goes out of the NEPOOL Control Area from a point in the NEPOOL Control Area, as, for example, from Boston to New York.

4976.5076 Third Effective Date: The date on which all Interchange Transactions shall begin to be effected on the basis of separate Bid Prices for each type of Entitlement. The Third Effective Date shall be fixed at the discretion of the Management Committee to occur within six months to one year after the Second Effective Date, or at such later date as the Commission may fix on its own or pursuant to a request by the Management Committee.

4976.5077 Ties: (1) The PTF lines and facilities which connect the NEPOOL Transmission System to the transmission line owned by Maine Electric Power Company, which is in turn connected to the transmission system in New Brunswick, (2) the PTF lines and facilities which connect the NEPOOL Transmission System to the transmission system in New York and (3) any new PTF lines and facilities which connect the NEPOOL Transmission System to the transmission system in another Control Area.

4976.5078 Transition Period: The six-year period commencing on March 1, 1997.

4976.5079 Transmission Customer: Any Eligible Customer that (i) is a Participant which is not required to sign a Service Agreement with respect to a service to be furnished to it

in accordance with Section 48 of this Tariff, or (ii) executes, on its own behalf or through its Designated Agent, a Service Agreement, or (iii) requests in writing, on its own behalf or through its Designated Agent, that NEPOOL file with the Commission, a proposed unexecuted Service Agreement in order that the Eligible Customer may receive transmission service under this Tariff. This term is used in Part I to include customers receiving transmission service under this Tariff.

4976.5080 Transmission Provider: The Participants, collectively, which own PTF and are in the business of providing transmission service or provide service under a local open access transmission tariff, or in the case of a state or municipal or cooperatively-owned Participant, would be required to do so if requested pursuant to the reciprocity requirements specified in the Tariff, or an individual such Participant, whichever is appropriate.

4976.5081 Unit Contract: A purchase contract pursuant to which the purchaser is in effect currently entitled either (i) to a specifically determined or determinable portion of the Installed Capability of a specific electric generating unit or units, or (ii) to a specifically determined or determinable amount of Operable Capability, Energy, Operating Reserves and/or AGC if, or to the extent that, a specific

electric generating unit or units is or can be operated.

4976.5082 Use: For a Transmission Customer which has exercised its option to take Internal Point-to-Point Service to serve all or a portion of its load at any Point of Delivery, the greatest for the hour of (i) the maximum amount that it will receive in the hour, as determined from meters and adjusted for losses, at that Point of Delivery from the resources covered by its Completed Applications and from Interchange Transactions, or (ii) the portion of its Installed Capability Responsibility (as determined in accordance with the Agreement) for the month which must be satisfied at that Point of Delivery with such resources if the Transmission Customer is a Participant, or (iii) the portion of its Operable Capability Responsibility (as determined in accordance with the Agreement) for the hour which must be satisfied at that Point of Delivery with such resources if the Transmission Customer is a Participant, or (iv) the amount of capacity from such resources that the Transmission Customer must

receive, adjusted to include losses, at such Point of Delivery for the hour to meet its reliability obligations if the Transmission Customer is a Non-Participant. Use shall be expressed in terms of whole Kilowatts on a sixty-minute interval (commencing on the clock hour) basis.

4976.5083 Year: A period of 365 or 366 days, whichever is appropriate, commencing on, or on the anniversary of, March 1, 1997. Year One is the Year commencing on March 1, 1997, and Years Two and higher follow it in sequence.

4977 Purpose of This Tariff

This Tariff, together with the transmission provisions in Part Four of the Agreement, is intended to provide a regional arrangement which will cover new uses of the NEPOOL Transmission System. The arrangement is designed and shall be operated in such a manner as to encourage and promote competition in the electric market to the benefit of ultimate users of electric energy. New uses of transmission facilities which require the use of a single Participant Local Network will continue to be provided in part under that Participant's filed tariff. Any new regional use of the NEPOOL Transmission System must be obtained from NEPOOL pursuant to this Tariff and not from individual Participants. Ancillary Services will be supplied in accordance with Section 4 of this Tariff.

A five-year transitional arrangement, which is described in Part IV of this Tariff, and continuing service for Excepted Transactions, have been negotiated to phase in the financial impacts of the change from the historic regime in which uses of the NEPOOL Transmission System had to be obtained and paid for under the individual tariffs of the Participants to a regime in which the service will be obtained from the Participants through NEPOOL at a rate which will not vary with distance.

This Tariff is intended to provide for comparable, non-discriminatory treatment of all similarly situated Transmission Providers and all Participants and Non-Participants that are transmission users, and it shall be construed in the manner which best achieves this objective.

This Tariff, and the provisions of Part Four of the Agreement, provide for a two-tier transmission arrangement integrating regional service which is provided under this Tariff, and local service which is provided under the Participants' individual system tariffs.

4978 Initial Allocation and Renewal Procedures

4978.1 Initial Allocation of Available Transmission Capability: For purposes of determining whether existing capability on the NEPOOL Transmission System is adequate to accommodate a request for new Through or Out Service under Part V of this Tariff, all Completed Applications for new service received during the initial sixty-day period of the Transition Period will be deemed to have been filed simultaneously. A lottery system conducted by an independent accounting firm shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for Through or

Out Service received after the initial sixty-day period shall be assigned a priority pursuant to Section 27.2.

4978.2 Reservation Priority For Existing Firm Service Customers: Existing firm service customers receiving service with respect to Excepted Transactions and any other existing firm service customers of the Participants (wholesale requirements customers and transmission-only customers) with a contract term of one year or more have the right to continue to take transmission service at the same or a reduced level under this Tariff at the time when the existing contract terminates during or after the Transition Period. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from its existing supplier or elects to purchase capacity and energy from another supplier. If, at the end of the contract term, the NEPOOL Transmission System cannot accommodate all of the requests for transmission service, the existing firm service customer must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current just and reasonable rate, filed with the Commission, for such service. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised as to any firm contract with a term of one year or longer by filing an Application in accordance with this Tariff at least sixty days in advance of the first day of the calendar month in which the existing contract term is to terminate.

4978.3 Initial Election of Optional Internal Point-to-Point Service: Participants and Non-Participants receiving Regional Network Service under the Tariff on the Compliance Effective Date shall have sixty days to make an initial election to receive Internal Point-to-Point Service in lieu of, in whole or part, Regional Network Service. The election shall take effect as to such service at the end of such sixty-day period and shall be made by delivering an application to the System Operator, together with a deposit, if required, pursuant to Part V of this Tariff.

Participants and Non-Participants receiving Regional Network Service which do not make such an initial election within such sixty-day period shall continue to receive Regional Network Service, subject to their right to elect at any time later to receive Internal Point-to-Point Service.

4978.4 Election as to In Service: If a Transmission Customer has in effect on the Compliance Effective Date a reservation for capacity for In Service on the Ties under the provisions of the Tariff (other than a reservation for an Excepted Transaction) it shall be obligated, on or prior to the Compliance Effective Date, either (i) to terminate in whole or part the

reservation by notice to the System Operator, or (ii) effect compliance, for the period commencing on the Compliance Effective Date, with the applicable requirements of Section 22A of this Tariff.

4979 Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within the NEPOOL Control Area. The Participants are required to provide through NEPOOL, and the Transmission Customer is required to purchase from NEPOOL, Scheduling, System Control and Dispatch Service, and Reactive Supply and Voltage Control from Generation Sources Service.

The Participants offer to provide or arrange for, through NEPOOL, the following Ancillary Services, but only to a Transmission Customer serving load within the NEPOOL Control Area (i) Regulation and Frequency Response (Automatic Generator Control), (ii) Energy Imbalance, (iii) Operating Reserve - 10-Minute Spinning, (iv) Operating Reserve - 10-Minute Non-Spinning and (v) Operating Reserve - 30-Minute. A Participant or other Transmission Customer serving load within the NEPOOL Control Area is required to provide these Ancillary Services, whether from the System Operator, from a third party, or by self-supply. A Transmission Customer may not decline NEPOOL's offer of these Ancillary Services unless the Transmission Customer demonstrates to the System Operator that the Transmission Customer has acquired Ancillary Services of equal quality from another source. The Transmission Customer that is not a Participant must list in its Application which Ancillary Services it will purchase through NEPOOL.

In the event of an unauthorized use of any Ancillary Service by the Transmission Customer, the Transmission Customer will be required to pay 200% of the charge which would otherwise be applicable.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of this Tariff. Three principal requirements apply to discounts for Ancillary Services provided by NEPOOL in conjunction with its provision of transmission service as follows: (1) any offer of a discount made by NEPOOL must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the NEPOOL Transmission System. Sections 4.1 through 4.7 below list the seven Ancillary Services.

4979.1 Scheduling, System Control and Dispatch Service: The rates and/or methodology are described in Schedule 1.

4979.2 Reactive Supply and Voltage Control from Generation Sources Service: The rates and/or methodology are described in Schedule 2.

4979.3 Regulation and Frequency Response Service: Where applicable, the rates and/or methodology are described in Schedule 3.

4979.4 Energy Imbalance Service: Where applicable, the rates and/or methodology are described in Schedule 4.

4979.5 Operating Reserve - 10-Minute Spinning Reserve Service: Where applicable, the rates and/or methodology for this service are described in Schedule 5.

4979.6 Operating Reserve - 10-Minute Non-Spinning Reserve Service: Where applicable, the rates and/or methodology for this service are described in Schedule 6.

4979.7 Operating Reserve - 30-Minute Reserve Service: Where applicable, the rates and/or methodology for this service are described in Schedule 7.

4980 Open Access Same-Time Information System (OASIS)

Terms and conditions regarding the NEPOOL Open Access Same-Time Information System and standards of conduct are set forth in 18 C.F.R. §37 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities). In the event available transmission capability, as posted on OASIS, is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 33 and 44.

4981 Local Furnishing and Other Tax-Exempt Bonds

4981.1 Participants That Own Facilities Financed by Local Furnishing or Other Tax-Exempt Bonds: This provision is applicable only to Participants that have financed facilities for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds") or other tax-exempt bonds, as

described in Section 103(b) of the Internal Revenue Code ("other tax-exempt bonds"). Notwithstanding any other provision of this Tariff, a Participant shall not be required to provide service to any Eligible Customer pursuant to this Tariff if the provision of such transmission service would jeopardize the tax-exempt status of any local furnishing bond(s) or other tax-exempt bonds used to finance the Participant's facilities that would be used in providing such Transmission Service.

4981.2 Alternative Procedures for Requesting Transmission Service - Local Furnishing Bonds:

- (i) If a Participant determines that the provision of transmission service to be provided under this Tariff would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance the Participant's facilities that would be used in providing such transmission service, the Management Committee shall be advised within thirty days of receipt of a Completed Application by an Eligible Customer requesting such service, or the date on which this Tariff becomes effective, whichever is applicable.
- (ii) If an Eligible Customer thereafter renews its request for the same transmission service referred to in (i) by tendering an application under Section 211 of the Federal Power Act, or the Management Committee tenders such an application requesting that service be provided under this Tariff, the Participant, within ten days of receiving a copy of the Section 211 application, will waive its rights to receive a request for service under Section 213(a) of the Federal Power Act and to the

issuance of a proposed order under Section 212(c) of the Federal Power Act. The Commission, upon receipt of the Transmission Provider's waiver of its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act, shall issue an order under Section 211 of the Federal Power Act. Upon issuance of the order under Section 211 of the Federal Power Act, the Transmission Provider shall be required to provide the requested transmission service in accordance with the terms and conditions of this Tariff.

4981.3 Alternative Procedures for Requesting Transmission Service - Other Tax-Exempt Bonds:

If a Participant determines that the provision of transmission service to be provided under the Tariff would jeopardize the tax-exempt status of any other tax-exempt bonds used to finance the Participant's facilities that would be used in furnishing such transmission service, it shall notify the Management Committee within thirty days of the date on which this Tariff becomes effective, and shall elect in its notice either to comply with the procedure specified in Section 6.2(ii) or to make its facilities unavailable under the Tariff and thereby waive its right to share in the distribution of revenues received under the Tariff derived from such facilities. Any such election may be changed at any time.

4982 Reciprocity

A Transmission Customer receiving transmission service under this Tariff, whether a Participant or a Non-Participant, agrees to provide comparable transmission service that it is capable of providing

to the Participants on similar terms and conditions over facilities used for the transmission of electric energy in Canada or used for such transmission in the United States and that are owned, controlled or operated by, or on behalf of the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates. Transmission of power on the Transmission Customer's system to the border of the NEPOOL Control Area and transfer of ownership at that point shall not satisfy, or relieve the Transmission Customer of, the obligation to provide reciprocal service.

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, the Transmission Customer must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

4983 Billing and Payment; Accounting

4983.1 Participant Billing Procedure: Billings to Transmission Customers shall be made in

accordance with this Section 8 and the NEPOOL Billing Policy set forth in Attachment N

hereto, as such Billing Policy with respect to Participants may be amended, modified or supplemented by other billing procedures established pursuant to the Agreement.

4983.2 Non-Participant Billing Procedure: Within a reasonable time after the first day of each month, the System Operator will submit on behalf of the Participants an invoice to each Non-Participant Transmission Customer for the charges for all services furnished under this Tariff during the preceding month. The invoice shall be paid by the Non-Participant Transmission Customer to the System Operator for NEPOOL within ten days of receipt. All payments shall be made, in accordance with the procedure specified by the System Operator, in immediately available funds payable to the System Operator or by wire transfer to a bank account designated by the System Operator.

4983.3 Interest on Unpaid Balances: Interest on any unpaid amounts (including amounts placed in escrow) will be calculated in accordance with the methodology specified for interest on refunds in 18 C.F.R. §35.19a(a)(2)(iii) of the Commission's regulations. Interest on delinquent amounts will be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills will be considered as having been paid on the date of receipt of payment by the System Operator or by the bank designated by the System Operator.

4983.4 Customer Default: In the event a Non-Participant Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the System Operator on or before the due date as described above, and such failure of payment is not

corrected within thirty calendar days after the System Operator notifies the Transmission Customer to cure such failure, a default by the Transmission Customer will be deemed to exist. Upon the occurrence of a default, NEPOOL may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission approves such termination. In the event of a billing dispute between NEPOOL and the Transmission Customer, service will continue to be provided under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then the System Operator may provide notice to the Transmission Customer of NEPOOL's intention to suspend service in sixty days, in accordance with applicable Commission rules and regulations, and may proceed with such suspension.

In the event a Transmission Customer that is a Participant fails to perform its obligations under the Tariff, Section 21.2 of the Agreement shall be applicable to that failure. That section of the Agreement addresses defaults under both the Tariff and the Agreement and also addresses termination of an entity's status as a Participant.

4983.5 Study Costs and Revenues: A Participant which is a Transmission Provider shall (i) include in a separate operating revenue account or subaccount the revenues, if any, it receives from transmission service when making Third-Party Sales under Part V of this Tariff, and (ii) include in a separate transmission operating expense account or subaccount, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Provider conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including Third-Party Sales, if any, under this Tariff; and include in a separate operating revenue account or subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in a billing under the Tariff.

4984 Regulatory Filings

Nothing contained in this Tariff or any Service Agreement shall be construed as affecting in any way the right of the Participants to file with the Commission under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder for a change in any rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation.

Nothing contained in this Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Transmission Customer receiving service under this Tariff or for an Excepted Transaction to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

4985 Force Majeure and Indemnification

4985.1 Force Majeure: An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, any order, regulation or restriction imposed by a court or governmental military or lawfully established civilian authorities, or any other cause beyond a party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither the Participants, NEPOOL, the System Operator nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder or under a Service Agreement. However, an entity whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff, and shall promptly notify the System Operator or the Transmission Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

4985.2 Indemnification: The Transmission Customer shall at all times indemnify, defend, and save harmless the System Operator, NEPOOL and each Participant from any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the

performance by the System Operator, NEPOOL or any Participant of their obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by the System Operator, NEPOOL or a Participant, as the case may be.

4986 Creditworthiness

For the purpose of determining the ability of a Transmission Customer which is a Non-Participant to meet its obligations related to service hereunder, NEPOOL may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. In addition, NEPOOL may require the Transmission Customer to provide and maintain in effect during the term of the Service Agreement an irrevocable letter of credit as security to meet its responsibilities and obligations under this Tariff, or an alternative form of security proposed by the Transmission Customer and acceptable to NEPOOL and consistent with commercial practices established by the Uniform Commercial Code that protects the Participants against the risk of non-payment. The Financial Assurance Policy for NEPOOL Non-Participant Transmission Customers set forth in Attachment M hereto provides in greater detail NEPOOL's credit review procedures and the types of security that are acceptable to NEPOOL to protect against the risk of non-payment.

4987 Dispute Resolution Procedures

4987.1 Internal Dispute Resolution Procedures: Any dispute between an Eligible Customer or Transmission Customer which is a Participant and NEPOOL involving transmission service

under the Tariff may be submitted to mediation and/or arbitration and resolved in accordance with the alternate dispute resolution procedures set forth in Section 21.1 of the Agreement. Any dispute between a Non-Participant Eligible Customer or Transmission Customer and NEPOOL involving this Tariff (excluding applications for rate changes or other changes to this Tariff, or to any Service Agreement entered into under this Tariff, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of the Eligible Customer or Transmission Customer and a representative of the Management Committee for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty days or such other period as the parties may fix by mutual agreement, such dispute may be submitted to mediation and/or arbitration and resolved in accordance with the alternate dispute resolution procedures set forth in Section 21.1 of the Agreement, with any Non-Participant being treated as if it were a Participant for purposes of such procedures.

4987.2 Rights Under The Federal Power Act: Nothing in this section shall restrict the rights of any party to file a complaint with the Commission, or seek any other available remedy, under relevant provisions of the Federal Power Act.

4988 Stranded Costs

4988.1 General: This Tariff shall not be used to evade or enhance in whole or in part the stranded cost policies or charges established by law or by the regulatory commission with jurisdiction.

4988.2 Commission Requirements: A Participant which seeks to recover stranded costs from a Transmission Customer pursuant to this Tariff may do so in accordance with the terms, conditions and procedures in the Commission's Order No. 888 or other relevant Commission orders. However, the Participant must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

4988.3 Wholesale Contracts: Nothing in this Section 13 is intended to affect or alter the rights or obligations of parties under wholesale requirements contracts.

4988.4 Right to Seek or Contest Recovery Unimpaired: No provision in this Tariff shall impair a Participant's right to seek stranded cost relief from the appropriate regulatory body or court or the right of any Participant or other entity to contest such relief.

II. REGIONAL NETWORK SERVICE (NETWORK INTEGRATION TRANSMISSION SERVICE)

Regional Network Service or Network Integration Transmission Service will be provided by the Participants through NEPOOL during and after the Transition Period to Transmission Customers pursuant to the applicable terms and conditions of this Tariff. Local Network Service will be provided during and after the Transition Period pursuant to the applicable terms and conditions of tariffs filed by an individual Participant that is a Transmission Provider and/or pursuant to an

agreement between a Participant that is a Transmission Provider and a Transmission Customer.

This Tariff does not prescribe the methodology to be used by the individual Participant in developing its Local Network Service rate, but the Agreement prescribes certain requirements with respect thereto.

4989 Nature of Regional Network Service

Regional Network Service or Network Integration Transmission Service is the service provided under Parts II and VI of this Tariff over the NEPOOL Transmission System which is provided to Network Customers to serve their loads. It includes firm transmission service for the delivery to a Network Customer of its energy and capacity in Network Resources and secondary service for the delivery to or by Network Customers of energy and capacity in Interchange Transactions.

Regional Network Service also includes In Service, as provided in Section 22A.

4990 Availability of Regional Network Service

4990.1 Provision of Regional Network Service: Regional Network Service shall be provided by the Participants through NEPOOL, and shall be available to each Eligible Customer.

4990.2 Eligibility to Receive Regional Network Service: Regional Network Service shall be taken and paid for by (i) each Eligible Customer which has a load within the NEPOOL Control Area and has not elected to take Internal Point-to-Point Service at all of its Point(s) of Delivery, and (ii) each Non-Participant which is an Eligible Customer and has a load within the NEPOOL Control Area unless such Non-Participant operates its own Control Area or has elected to take Internal Point-to-Point Service at all of its Point(s) of Delivery.

Participants and Non-Participants which take Regional Network Service must also take Local Network Service except as otherwise provided in Section 25.

4991 Payment for Regional Network Service

Each Participant or Non-Participant which has a load in the NEPOOL Control Area and takes Regional Network Service for a month shall pay to NEPOOL for such month an amount equal to its Monthly Network Load for the month times the applicable Participant RNS Rate, and shall pay in addition any amount which it is required to pay for the service pursuant to Section 43.3 of this Tariff. It shall also be obligated to pay any ancillary service charges and any applicable congestion or other uplift charge required to be paid pursuant to Sections 24, 25A and 25B of this Tariff. The applicable Participant RNS Rate shall be the rate, determined in accordance with Schedule 9, which is applicable to a delivery to load in the particular Local Network in which the load served by the Participant or Non-Participant is located. In the event the Participant or Non-Participant serves Network Load located on more than one Local Network, the amount to be paid by it shall be separately computed for the Network Load located on each Local Network.

4992 Procedure for Obtaining Regional Network Service

A Participant or Non-Participant which takes Regional Network Service shall be subject to the applicable provisions of Part II and Part VI of this Tariff, except to the extent otherwise specifically provided in Section 48 of this Tariff.

III. THROUGH OR OUT SERVICE; INTERNAL POINT-TO-POINT SERVICE; IN **SERVICE**

Point-to-Point Transmission Service as Through or Out Service or Internal Point-to-Point Service will be provided during and after the Transition Period pursuant to the applicable terms and conditions of this Tariff.

4993 Through or Out Service

4993.1 Provision of Through or Out Service: Through or Out Service shall be provided by the Participants through NEPOOL, and shall be available to any Participant and to any Non-Participant which is an Eligible Customer.

4993.2 Use of Through or Out Service: A Participant or Non-Participant shall take Through or Out Service as Firm or Non-Firm Point-To-Point Transmission Service for the transmission of any Unit Contract Entitlement or System Contract transaction with respect to a transaction which requires the use of PTF if either (i) the transaction goes through the NEPOOL Control Area and the Point(s) of Receipt for NEPOOL are at one point on the NEPOOL Control Area boundary and the Point(s) of Delivery for NEPOOL are at another point on the NEPOOL Control Area boundary, as, for example, from the Maine Electric Power Company line or New Brunswick to New York or from one point on the NEPOOL Control Area boundary with New York to another point on the Control Area boundary with New York (which in the case of such transaction will also require In Service as part of the Through or Out Service in accordance with Section 22A of this Tariff), or (ii) the transaction goes out of the NEPOOL Control Area and the Point(s) of Receipt are

within the NEPOOL Control Area and the Point(s) of Delivery for NEPOOL are at a NEPOOL Control Area boundary, as, for example, from Boston to New York.

4994 Internal Point-to-Point Service

4994.1 Provision of Internal Point-to-Point Service: Internal Point-to-Point Service shall be provided by the Participants through NEPOOL, and shall be available to any Participant and to any Non-Participant which is an Eligible Customer.

4994.2 Use of Internal Point-to-Point Service: A Participant or Non-Participant which is an Eligible Customer may take Internal Point-to-Point Service as Firm or Non-Firm Point-to-Point Transmission Service with respect to any transaction if the Point(s) of Receipt are at the NEPOOL Control Area boundary (which in the case of such transaction will also require In Service as part of the Internal Point-to-Point Service in accordance with Section 22A of this Tariff) or within the NEPOOL Control Area, and the Point(s) of Delivery are within the NEPOOL Control Area, including Interchange Transactions meeting these requirements. Non-Firm Internal Point-to-Point Service shall be available to an entity to serve its load only if the entity (i) demonstrates to the satisfaction of the System Operator a physical ability to interrupt its receipt of energy and/or capacity and (ii) gives the System Operator physical control over such an interruption.

4994.3 Use by a Transmission Customer: If a Transmission Customer elects to take Internal Point-to-Point Service with respect to

any Points of Delivery, it may reserve transmission capacity for the service to cover both the delivery to it of energy and capacity covered by the Entitlements or System Contracts designated by it in Completed Applications and the delivery to or from it in Interchange Transactions of energy and/or capacity. A Transmission Customer which takes Internal Point-to-Point Service to serve its load must also take point-to-point service under the applicable Local Network Service tariff. A load-serving Participant or Non-Participant which takes Internal Point-to-Point Service in this manner must reserve each month sufficient Reserved Capacity, after adjusting for any Backyard Generation, at a Point of Delivery to cover the greater of (i) the maximum amount of energy that it will receive in any hour, as determined from meters and adjusted for losses, or (ii) in the case of a Participant, the portion of its Installed Capability Responsibility or its Operable Capability Responsibility which must be satisfied with the resources covered by its Completed Applications and from Interchange Transactions or (iii) in the case of a

Non-Participant the portions of its reliability obligations to be satisfied with such resources. Any load-serving entity may use Internal Point-to-Point Service to effect sales in bilateral transactions, whether or not it elects to take Point-to-Point Service to serve load.

4995 Payment for Through or Out Service

Each Participant or Non-Participant which takes Firm or Non-Firm Through or Out Service shall pay to NEPOOL a charge per Kilowatt of Reserved Capacity based on an annual rate (the "T or O Rate") which shall be the highest of (i) the Pool PTF Rate, or (ii) a rate which is derived from the annual incremental cost, not otherwise borne by the Transmission Customer or a Generation Owner, of any new facilities or upgrades that would not be required but for the need to provide the requested service or (iii) a rate which is equal to the Pool's opportunity cost (if and when available) capped at the cost of expansion. If at any time NEPOOL proposes to charge a rate based on opportunity cost, it shall first file with the Commission procedures for computing opportunity cost pricing for all Transmission Customers. The Transmission Customer shall also be obligated to pay any ancillary service charge and any applicable congestion or other uplift charge required to be paid pursuant to Section 24 of this Tariff. The rate for Firm Through or Out Service shall be as follows:

Per year	-	the T or O Rate
Per month	-	the T or O Rate divided by 12

- Per week - the T or O Rate divided by 52
- Per day - the T or O Rate "per week" divided by 5; provided that the rate for 5 to 7 consecutive days may not exceed the "per week" rate.

The rate for Non-Firm Through or Out Service shall be as follows:

- Per year - the T or O Rate
- Per month - the T or O Rate divided by 12
- Per week - the T or O Rate divided by 52
- Per day - the T or O Rate "per week" divided by 7;
- Per hour - the Non-Firm T or O Rate "per day" divided by 24.

The Pool PTF Rate shall be the Rate determined annually in accordance with paragraph (2) of Schedule 8.

4996 Payment for Internal Point-to-Point Service

Each Participant or Non-Participant which takes firm or non-firm Internal Point-to-Point Service shall pay to NEPOOL a charge per Kilowatt of Reserved Capacity based on an annual rate (the "IPTP Charge") which shall be the Internal Point-to-Point Service Rate; provided that if either or both (i) a rate which is derived from the annual incremental cost, not otherwise borne by the Transmission Customer or a Generator Owner, of any new facilities or upgrades that would not be required but for the need to provide the requested service, or (ii) a rate which is equal to the Pool's opportunity cost (if and when available) capped at the cost of expansion is greater than the Pool PTF Rate, the IPTP Charge shall be the higher of such amounts; provided further that no such

charge shall be payable with respect to the use of Internal Point-to-Point Service to effect a delivery to the NEPOOL power exchange in an Interchange Transaction. If at any time NEPOOL proposes to charge a rate based on opportunity cost, it shall first file with the Commission procedures for computing opportunity cost pricing for all Transmission Customers. The Transmission Customer shall also be obligated to pay any ancillary service charges and any applicable congestion or other uplift charge required to be paid pursuant to Sections 24, 25A and 25B of this Tariff. The charge for firm Internal Point-to-Point Service shall be as follows:

- Per year - the IPTP Charge
- Per month - the IPTP Charge divided by 12
- Per week - the IPTP Charge divided by 52
- Per day - the IPTP Charge "per week" divided by 5; provided that the rate for 5 to 7 consecutive days may not exceed the "per week" rate.

The rate for non-firm Internal Point-to-Point Service shall be as follows:

- Per year - the IPTP Charge
- Per month - the IPTP Charge divided by 12
- Per week - the IPTP Charge divided by 52
- Per day - the IPTP Charge "per week" divided by 7;
- Per hour - the non-firm IPTP Charge "per day" divided by 24.

If several power marketers or other entities are involved in a series of sales of the same energy and/or capacity, transmission service shall be required only with respect to the delivery to the

ultimate wholesale buyer, and if an Internal Point-to-Point Service charge is payable with respect to the transaction, the charge shall be paid only with respect to the delivery to, and absent other arrangements the charge shall be paid by, the ultimate wholesale buyer.

4997 Reservation of Capacity for Point-to-Point Transmission Service

Compliance with the applicable requirements of Part V of this Tariff is required for the initiation of Through or Out Service or Internal Point-to-Point Service.

22A In Service

22A.1 Firm or Non-Firm In Service will be provided by the Transmission Providers through NEPOOL to Eligible Customers in conjunction with Regional Network Service, Internal Point-to-Point Service or Through or Out Service, pursuant to the applicable terms and conditions of this Section 22A and the other applicable provisions of the Tariff. In Service shall be required with Through or Out Service only if it is provided with respect to a transaction which goes through the NEPOOL Control Area. In Service will not be provided as a separate service under this Tariff; it may only be provided in conjunction with Regional Network Service, Internal Point-to-Point Service or Through or Out Service. Notwithstanding the

foregoing, for the purpose of unauthorized use charges assessed under Section 27.7(c) (for Firm Transmission Service) and Section 28.5 (for Non-Firm Transmission Service), In Service provided in conjunction with Regional Network Service shall be treated as Point-to-Point Transmission Service.

22A.2 An Eligible Customer requesting Reserved Capacity for In Service shall request the Service in an Application pursuant to Part V, which in the case of Through or Out Service may be included in the Application for Through or Out Service.

22A.3 A Transmission Customer which has Reserved Capacity for In Service as part of or in conjunction with Through or Out Service, Internal Point-to-Point Service or Regional Network Service shall receive such In Service as part of such other service without additional charge.

IV. SERVICE DURING THE TRANSITION PERIOD; CONGESTION COSTS;
EXCEPTED TRANSACTIONS

The six-year Transition Period, and additional arrangements to be in effect during the succeeding five-year period, will permit the phase-in on a negotiated basis of the Tariff rates.

4998 Transition Arrangements

The transition arrangements include (i) the treatment provided for certain Excepted Transactions in Section 25, (ii) the provisions in Schedule 9 for the phase-in of the rates for Regional Network Service, and (iii) the rules provided in Sections 16.3 and 16.6 of the Agreement for the distribution and application of revenues received by NEPOOL on behalf of the Participants from the payment of the Tariff rates.

4999 Congestion Costs

If limitations in available transmission capacity over any interface within the NEPOOL Control Area in any hour require that the System Operator dispatch resources out-of-merit, the System Operator shall determine for the affected area or areas the aggregate of the Congestion Costs for all such out-of-merit resources for the hour. The Congestion Costs for each hour in any month shall be paid as a transmission charge and included in the charge for Regional Network Service or Internal Point-to-Point Service or Through or Out Service, whichever is applicable, by those Participants and Non-Participants which are obligated to pay a Regional Network Service, Internal Point-to-Point Service or Through or Out Service charge for the month, in accordance with the following formula:

$$CH = CC \cdot \frac{(HL_i + RC_i)}{(HL + RC)}$$

in which

- CH = the amount to be paid by a Participant or Non-Participant for the hour;
- CC = the Congestion Costs for the hour to be allocated and paid pursuant to this Section 24;
- HL_i = the Network Load of the Participant or Non-Participant for the hour, if it is obligated to pay a Regional Network Service charge for the month;
- HL = the aggregate of the Network Loads for the hour of all Participants and Non-Participants which are obligated to pay a Regional Network Service charge for the month;
- RC_i = the Reserved Capacity, if any, for Internal Point-to-Point Service or Through or Out Service of the Participant or Non-Participant for the hour; and
- RC = the aggregate Reserved Capacity, if any, for Internal Point-to-Point Service or Through or Out Service of all Participants and Non-Participants for the hour.

Except as provided in the next sentence, this Section 24 shall terminate no later than December 31, 1999. Notwithstanding the foregoing, if prior to January 1, 2000, Participants having in the aggregate the requisite number of Voting Shares have executed and filed with the Commission an amendment to the Agreement and/or the Tariff to modify subsection (b) of Section 14.14 of the Agreement or to adopt some other modified or substitute provision dealing with the allocation of Congestion Costs in a constrained transmission area, but such amendment has not become

effective, and/or the preparation of necessary implementing rules and computer software has not been completed prior to January 1, 2000, if the Management Committee so elects this Section 24 shall continue in effect until such amendment becomes effective and such rules and computer software have been completed.

As used in this Section 24, the "Congestion Cost" of an out-of-merit resource for an hour means the product of (i) the difference between its Dispatch Price and the Energy Clearing Price for the hour, times (ii) the number of megawatt hours of out-of-merit generation produced by the resource for the hour. The "Dispatch Price" of an out-of-merit resource for an hour is the price to provide energy from the resource, as determined pursuant to market operation rules approved by the NEPOOL Regional Market Operations Committee to incorporate the Bid Price for such energy and any loss adjustments, if and as appropriate under such market operation rules. The "Energy Clearing Price" for an hour is the price determined for the hour in accordance with Section 14.8 of the Agreement.

5000 Excepted Transactions

Notwithstanding any other section of the Tariff but except as otherwise provided in Section 25A or 25B of this Tariff, the power transfers and other uses of the NEPOOL Transmission System effected under the transmission agreements in effect on November 1, 1996 specified below ("Excepted Transactions") will continue to be effected under such agreements for the respective periods specified below rather than under this Tariff, but not thereafter, and such transfers and other

uses will continue to be effected after such period, if still occurring, under this Tariff. Participants receiving service under the agreements listed in Attachment G-1 shall not be required to take Local Network Service for such transfers and other uses. The period for which each Excepted Transaction will continue to be effected under such existing transmission agreements shall be:

- (1) for the period to and including February 28, 2001, the following transfers pursuant to Section 17 of the Agreement:
 - (a) the transfer to a Participant's system within the NEPOOL Control Area of its ownership interest in a Pool-Planned Unit which is off its system;
 - (b) the transfer to a Participant's system within the NEPOOL Control Area of its Unit Contract Entitlement, under a contract entered into by it on or before November 1, 1996, in a Pool-Planned Unit which is off its system; and
 - (c) the transfer to a Participant's system within the NEPOOL Control Area of its Entitlement in a purchase (including a purchase under the HQ Phase II Firm Energy Contract) from Hydro-Quebec under a contract entered into by it on or before November 1, 1996, where the line over which the transfer is made into New England is the HQ Interconnection;
- (2) for the period to and including February 28, 2001, the transfer to a Participant's system within the NEPOOL Control Area of its Unit Contract Entitlement in the Vermont Yankee Nuclear Power Corporation unit or the Pilgrim 1 unit; provided the transfer is

pursuant to a transmission agreement in effect on November 1, 1996 and is to the entity which was receiving the service on November 1, 1996; and

- (3) for the period from the effective date of the Tariff until the termination of the transmission agreement:
- (a) transfers and other uses within the NEPOOL Control Area, as of November 1, 1996, of the NEPOOL Transmission System under the support or exchange agreements specified in Attachment G;
 - (b) transfers and other uses within the NEPOOL Control Area, as of November 1, 1996, of the NEPOOL Transmission System under the comprehensive network service agreements specified in Attachment G-1; and
 - (c) transfers and other uses within the NEPOOL Control Area, as of November 1, 1996, of the NEPOOL Transmission System under the other transmission agreements or tariff service agreements specified in Attachment G.

The Management Committee is authorized to add additional agreements to Attachment G if they have been inadvertently omitted. Except as otherwise provided in Sections 25A or 25B below, the transfers or other uses under any of the transmission agreements covering the transfers referred to in paragraphs (1), (2) and (3) above shall be in accordance with the terms of the transmission agreement as in effect on November 1, 1996, or a modification of the terms which is expressly provided for in the agreement as in effect on November 1, 1996 and is accomplished without amendment of the agreement or by an amendment entered into after November 1, 1996

that does not extend the term of the agreement or increase the amount of the service. Further, except as otherwise provided in Sections 25A or 25B below, and notwithstanding the foregoing restriction on the amendment after November 1, 1996 of transmission agreements with respect to Excepted Transactions, the transmission arrangements for the Masspower and Altresco facilities may continue as Excepted Transactions in accordance with transmission agreement amendments or memoranda of understanding entered into as of December, 1996 which do not extend the term of the agreements.

For the purpose of determining priorities under this Tariff, Excepted Transactions shall have the same priority as Firm Point-To-Point Transmission Service transactions for resources in existence on the effective date of this Tariff which are effected as Regional Network Service or as Internal Point-to-Point Service or as Through or Out Service.

When the transfers and other uses effected under the transmission agreements that are Excepted Transactions cease to be Excepted Transactions before the end of their term, except as therein provided in Sections 25A or 25B below the transactions shall be effected under this Tariff and under any applicable Local Network Service Tariff, to the extent appropriate, but the transactions shall continue to have a priority not less than the priority that they would have had if Regional Network Service had been used for the transactions from the effective date of this Tariff. New

transactions entered into after November 1, 1996 under umbrella tariff agreements then in effect will not be Excepted Transactions.

Notwithstanding the foregoing or any other section of the Tariff, existing agreements which provide for the support of the costs of transmission facilities or for the interconnection of transmission facilities shall continue in effect until the termination of the agreement to provide for such support or for the rights and obligations of the parties with respect to the interconnection arrangements. Attachment G-2 lists certain additional agreements covering transactions, the status of which is described in the Attachment.

Section 25A Phase I Credit and Uplift Charge With Respect to Excepted Transactions

Notwithstanding the provisions of any other Section of this Tariff, the following Participants will receive a total credit of \$12,012,000 to settle certain disputes regarding Excepted Transactions, allocated as set forth below (defined for purposes of this Section 25A only as the Participant's "Phase I Credit"):

Bangor Hydro-Electric Company	\$	896,000
Massachusetts Municipal Wholesale Electric Company clients	\$	6,182,400
Braintree Electric Light Department	\$	666,400

Reading Municipal Light Department	\$	1,430,240
Taunton Municipal Lighting Plant	\$	479,360
United Illuminating Company	\$	280,000
Fitchburg Gas and Electric Light Company	\$	117,600
Unitil Power Corporation	\$	1,960,000

The Phase I Credit for each of the Participants identified above shall be provided as reductions in each entity's NEPOOL bill equal to one-twelfth (1/12) of the amount identified above commencing with and including the bill covering the period June 1 - 30, 1999 and ending with the bill covering the period May 1 - May 31, 2000.

The total \$12,012,000 Phase I Credit shall be funded with twelve equal monthly uplift charges (the "Phase I Uplift") which will be in effect for the twelve month period beginning June 1, 1999 and continuing through May 31, 2000, and which will be included in the bills corresponding to this time period. Each RNS and Internal Point-to-Point Transmission Customer under the NEPOOL Tariff shall pay the monthly Phase I Uplift charge determined as follows:

- 1) A Transmission Customer's monthly share of the Phase I Uplift charge shall be determined in accordance with the following formula:

$$PIU = \$998,387 \times [(UL_i + URC_i + UAU_i) / (UL + URC + UAU)]$$

Where:

- PIU = The Phase I Uplift Charge for the Participant or Non-Participant per month.
- \$998,387 = The total monthly Phase I Uplift charge, exclusive of Taunton's portion of the charge, calculated as follows: $(\$12,012,000 / 12) - \$2,613$.
- ULi = Monthly Uplift Network Load of a Participant or Non-Participant for the month
- UL = Aggregate of the Uplift Network Loads of all Participants or Non-Participants for the month
- URCi = The sum of a Participant's or Non-Participant's Maximum Reserved Capacity for Internal Point-to-Point Service for each load served within a Local Network or Network(s) during the month
- URC = Aggregate of URCi for all Participants and Non-Participants

UAUi = The sum of a Participant's or Non-Participant's Maximum Unauthorized Use associated with Internal Point-to-Point Service for each load served within a Local Network or Network(s) during the month

UAU = Aggregate of UAUi for all Participants and Non-Participants

The monthly Uplift Network Load (ULi) for each Non-Participant shall be its Network Load for the month.

The monthly Uplift Network Load (ULi) for each Participant shall be the "1998 12 CP Network Load" identified in connection with the determination of the Pool PTF Rate to become effective June 1, 1999, on a basis comparable to the "1997 12 CP Network Load" reflected in Attachment K of this Tariff, except as follows:

- 1) The total Uplift Load (ULi + URCi + UAUi) for the Vermont Electric Power Company shall be zero.
- 2) The total Uplift Load (ULi + URCi + UAUi) for Bangor Hydro-Electric Company shall be 50 MW.

- 3) The monthly Uplift Network Load (ULi) for Commonwealth Electric Company and Cambridge Electric Light Company shall be one half of the value reflected in the "1998 12 CP Network Load" for such companies (excluding the load for Nantucket).
- 4) The monthly Uplift Network Load (ULi) for Montaup Electric Company and the affiliated Eastern Utilities Associates Operating Companies shall be one half of the value reflected in the "1998 12 CP Network Load" for "Eastern Utilities Associates."
- 5) The Taunton Municipal Lighting Plant's monthly payment for the Phase I Uplift shall be limited to \$2,613.

Section 25B**Phase II Credit and Uplift Charge With
Respect to Certain Excepted Transactions**

Notwithstanding the provisions of any other Section of this Tariff, the Participants identified in Section 25A of this Tariff receiving a Phase I Credit as set forth in that Section, so long as they remain RNS Transmission Customers under the Tariff, shall receive a credit (defined for purposes of this Section 25B only as a "Phase II Credit") to their NEPOOL transmission bills equal to

the amounts they are assessed under the contracts and arrangements for the month within the scope of Sections 25(1) and 25(2) of the NEPOOL Tariff (specifically PPU, Yankee, Pilgrim and HQ II), for all charges assessed during the period March 1, 1999 through and including February 28, 2001 (defined for purposes of this Section 25B only as "Phase II").

The Phase II Credit for each of the Participants that are to receive the Phase II Credit shall be provided as reductions in that Participant's NEPOOL bill commencing with and including the bill covering the period beginning March 1, 1999 and terminating with the bill for the period through February 28, 2001.

The total Phase II Credit shall be funded with a monthly uplift charge (the "Phase II Uplift") which will be in effect for the twenty-four month period beginning June 1, 1999 and continuing through May 31, 2001, and which will be included in the bills corresponding to this time period. Each RNS and Internal Point-to-Point Transmission

Customer under the NEPOOL Tariff shall pay a share of the monthly Phase II Uplift charge, determined as follows:

$$PIIUi = \$Y \times [(PIILi + URCi + UAUi) / (PIIL + URC + UAU)]$$

Where:

$PIIUi$ = The Phase II Uplift charge for the Participant or Non-Participant for the month

$\$Y$ = Sum of the EHV PTF, Vermont Yankee and Pilgrim transmission charges for the month for Bangor Hydro-Electric Company, Massachusetts Municipal Wholesale Electric Company, Braintree Electric Light Department, Reading Municipal Light Department and Taunton Municipal Lighting Plant, the United Illuminating Company and Unitil Power Corp.

$PIILi$ = Phase II Uplift Network Load of a Participant or Non-Participant for the month

UL = Aggregate of the Phase II Uplift Network Loads of all Participants or Non-Participants for the month

URCi = The sum of a Participant's or Non-Participant's maximum Reserved Capacity for Internal Point-to-Point Service for each load served within a Local Network or Network(s) during the month

URC = Aggregate of URCi for all Participants and Non-Participants

UAUi = The sum of a Participant's or Non-Participant's Maximum Unauthorized Use associated with Internal Point-to-Point Service for each load served within a Local Network or Network(s) during the month

UAU = Aggregate of UAUi for all Participants and Non-Participants

The Phase II Uplift Load of a Transmission Customer in a month shall be the sum of its PIILi and URci in that month, except as follows:

- 1) The Phase II Uplift Load for the Vermont Electric Power Company shall be zero.
- 2) The Phase II Uplift Load for Central Maine Power Company shall be zero.
- 3) The Phase II Uplift Load for Bangor Hydro-Electric Company shall be 50 MW.
- 4) For each of the following Transmission Customers, the total Phase II Uplift Load shall be one half of the sum of that Customer's PIILi and URci for that month:

Commonwealth Electric Company

Cambridge Electric Company

Canal Electric Company

Montaup Electric Company on its own behalf and on behalf of the operating affiliates of Eastern Utilities Associates

All Internal Point-to-Point Service shall be deemed to be under the NEPOOL and LNS Tariffs rather than under an Excepted Transaction.

V. POINT-TO-POINT TRANSMISSION SERVICE; IN SERVICE

Preamble

Firm or Non-Firm Point-To-Point Transmission Service (including any In Service to be applied for in an Application pursuant to this Part V, which shall be deemed to be Point-to-Point Transmission for purposes of determining the application of this Part V to the Application for In Service) shall be reserved by all Transmission Customers, whether Participants or Non-Participants, for all new transfers to be effected as Internal Point-to-Point Service or as Through or Out Service, pursuant to the applicable terms and conditions of Part III and this Part V of the Tariff. Point-To-Point Transmission Service is the service required for the receipt of capacity and/or energy at designated Point(s) of Receipt and the transmission of such capacity and/or energy to designated Point(s) of Delivery.

5001 Scope of Application of Part V

Except for the deposit and creditworthiness requirement of Section 31.3, which will apply only to Non-Participants, all of the requirements of this Part V shall be fully applicable to both Participants and Non-Participants requesting In Service, Internal Point-to-Point Service or Through or Out Service. Alternative deposit and creditworthiness requirements are applicable to Participants under the Financial Assurance Policy for NEPOOL Members which is set forth in Attachment L hereto.

Reservations under the Tariff shall not be required for the use of Internal Point-to-Point Service for deliveries to the NEPOOL power exchange in Interchange Transactions from a Point of Receipt within the NEPOOL Control Area, but are required for the use of In Service for such deliveries from a Point of Receipt at the NEPOOL Control Area boundary.

5002 Nature of Firm Point-To-Point Transmission Service

5002.1 Term: The minimum term of Firm Point-To-Point Transmission Service shall be one day and the maximum term shall be that specified in the Service Agreement.

5002.2 Reservation Priority: Long-Term Firm Point-To-Point Transmission Service shall be available to Participants and Non-Participants on a first-come, first-served basis, i.e., in the chronological sequence in which each Transmission Customer's application for reserved service is received by the System Operator pursuant to Section 31.

Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction. If the NEPOOL Transmission System becomes oversubscribed, requests for longer term service may preempt requests for shorter term service up to the following deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transmission capability is insufficient to satisfy all Applications, an Eligible Customer with a reservation for shorter term service has the right of first refusal to match any longer term reservation before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 27.8) from being notified by the System Operator of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. After the conditional reservation deadline, service will commence pursuant to the terms of Part III of this Tariff. Firm Point-To-Point

Transmission Service will always have a reservation priority over non-firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have reservation priority equal to Native Load Customers, Network Customers and customers for Excepted Transactions. Reservation priorities for existing firm service customers, including customers receiving service with respect to Excepted Transactions, are provided in Section 3.2.

5002.3 Use of Firm Point-To-Point Transmission Service by the Participants That Own PTF: A Transmission Provider that owns PTF will be subject to the rates, terms and conditions of this Tariff when making Third-Party Sales to be transmitted as Point-to-Point Transmission Service under (i) agreements executed after November 1, 1996 or (ii) agreements executed on or before November 1, 1996 to the extent that the Commission requires them to be unbundled, by the date specified by the Commission. A Transmission Provider that owns PTF will maintain separate accounting, pursuant to Section 8, for any use of Firm Point-To-Point Transmission Service to make Third-Party Sales to the extent not paid for under this Tariff.

5002.4 Service Agreements: A standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) will be offered to an Eligible Customer when it submits a Completed Application for Long-Term or Short-Term Firm Point-To-Point Transmission Service to be transmitted pursuant to this Tariff. Executed Service Agreements that

contain the information required under this Tariff will be filed with the Commission in compliance with applicable Commission regulations.

5002.5 Transmission Customer Obligations for Facility Additions or Redispatch Costs: In cases where it is determined that the NEPOOL Transmission System is not capable of providing new Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers, customers taking service for Excepted Transactions and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with a Participant's ability to meet prior firm contractual commitments to others, the Transmission Providers will be obligated to arrange to expand or upgrade PTF for Long-Term Firm Service pursuant to the terms of Section 33. The Transmission Customer must agree to compensate the Transmission Providers or any other entity designated to effect construction through the System Operator for any necessary transmission facility additions or upgrades pursuant to the terms of Section 39. To the extent the System Operator can relieve any system constraint more economically by redispatching the Participants' resources, rather than through construction of additions or upgrades, it shall do so, provided that the Eligible Customer agrees to compensate the Participants pursuant to the terms of Section 39. Any redispatch, addition or upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under this Tariff will be specified in the Service Agreement prior to initiating service.

5002.6 Curtailment of Firm Transmission Service: In the event that a Curtailment on the NEPOOL Transmission System, or a portion thereof, is required to maintain reliable operation of the system, the Curtailment will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the System Operator will curtail service to Network Customers and Transmission Customers taking Firm Point- To-Point Transmission Service on a non-discriminatory basis. All Curtailments will be made on a non-discriminatory basis; however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. When the System Operator determines that an electrical emergency exists on the NEPOOL Transmission System and implements emergency procedures to effect a Curtailment of Firm Transmission Service, the Transmission Customer shall make the required reductions upon the System Operator's request. However, NEPOOL reserves the right to effect a Curtailment, in whole or in part, of any Firm Transmission Service provided under this Tariff when, in the System Operator's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of the NEPOOL Transmission System. The System Operator will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments. In the event the System Operator exercises its right to effect a Curtailment, in whole or part, of Firm Point-to-Point Transmission

Service, no credit or other adjustment shall be provided as a result of the Curtailment with respect to the charge payable by the Customer.

5002.7 Classification of Firm Point-To-Point Transmission Service:

- (a) A Transmission Customer taking Firm Point-To-Point Transmission Service may
 - (1) change its Points of Receipt and Delivery to obtain service on a non-firm basis consistent with the terms of Section 36.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 36.2; provided that if any Transmission Provider or its designee constructed new facilities or upgraded facilities to accommodate the original firm service, such Transmission Provider or its designee shall continue to be compensated for its facility costs by the Transmission Customer.
- (b) A Transmission Customer may purchase transmission service to make sales from multiple generating units or contracts that are on the NEPOOL Transmission System. For such a purchase of transmission service the Point of Receipt shall be deemed to be the NEPOOL power exchange, unless the multiple generating units are at the same generating plant, in which case the units' interconnection point with PTF will be treated as the Point of Receipt.

- (c) Firm deliveries will be provided from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved for Long-Term Firm Point-to-Point Transmission Service by the Transmission Customer shall be set forth in the Service Agreement for such Service along with a corresponding capacity reservation associated with each Point of Receipt, and the Point of Receipt may be identified as the NEPOOL power exchange in circumstances where the System Operator does not require greater specificity. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the System Operator and the Transmission Customer for Short-Term Firm Point-to-Point Transmission Service and may be identified as the NEPOOL power exchange in circumstances where the System Operator does not require greater specificity. Each Point of Delivery at which firm transmission capacity is reserved for Long-Term Firm Point-to-Point Transmission Service by the Transmission Customer shall be set forth in the Service Agreement for such Service along with a corresponding capacity reservation associated with each Point of Delivery and may be identified as the NEPOOL power exchange. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the System Operator and the Transmission Customer for Short-Term Firm Point-to-Point Transmission Service. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the

capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Section 20, Section 21 or Section 22A, whichever is applicable. The Transmission Customer's Use may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 36. In the event that the Use by a Transmission Customer (including Third-Party Sales by the Participants) exceeds that Transmission Customer's Reserved Capacity at any Point of Receipt or Point of Delivery in any hour, it shall pay 200% of the charge which is otherwise applicable for each Kilowatt of the excess. In addition, the System Operator will record all instances in which a Transmission Customer's Use exceeds that Transmission Customer's firm Reserved Capacity, and if in any calendar year more than 10 such instances occur with respect to any single Transmission Customer, then the System Operator may require such Transmission Customer to apply for additional Firm Point-to-Point Transmission Service under the Tariff in an amount equal to the greatest amount of the excess of such Transmission Customer's Use over its firm Reserved Capacity for the remainder of that calendar year. Charges for such additional Firm Point-to-Point Transmission Service will relate back to the first day of the month following the month in which

the System Operator notifies such Transmission Customer that it is subject to the provisions of this paragraph.

5002.8 Scheduling of Firm Point-To-Point Transmission Service:

Unless other schedules are permitted pursuant to NEPOOL rules, schedules for the Transmission Customer's Firm Point-To-Point Transmission Service (including schedules for resources to be self scheduled) must be submitted to the System Operator no later than noon of the day prior to commencement of such service. In the cases which are bid into the power exchange, the Energy bid price must be submitted to the System Operator by the noon deadline. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1000 kW per hour. Transmission Customers with multiple requests for Firm Point-To-Point Transmission Service at a Point of Receipt, each of which request is under 1000 kW per hour, may consolidate their service requests at a common Point of Receipt into units of 1000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to thirty-five minutes before the start of the next clock hour, provided that the Delivering Party and Receiving Party also agree to the schedule modification. The System Operator will furnish to the Delivering Party's system operator hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and will deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the System Operator,

and the System Operator will have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

5003 Nature of Non-Firm Point-To-Point Transmission Service

5003.1 Term: Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one hour to one month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 32.3.

5003.2 Reservation Priority: Non-Firm Point-To-Point Transmission Service shall be available from transmission capability in excess of that needed for reliable service to Native Load Customers, Network Customers, customers for Excepted Transactions and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned to reservations with a longer duration of service. In the event the NEPOOL Transmission System is constrained, competing requests of equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service, or in the event the price for all Eligible Customers is the same, will be prioritized on a first-come, first-served basis i.e., in the chronological sequence in which each Customer has reserved service. Eligible

Customers that have already reserved shorter term service have the right of first refusal to match any longer term reservation before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the System Operator; and (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 28.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the System Operator. Secondary transmission service for Network Customers pursuant to Section 40.4 will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under this Tariff.

5003.3 Use of Non-Firm Point-To-Point Transmission Service by the Transmission Provider: A Transmission Provider will be subject to the rates, terms and conditions of this Tariff when making Third-Party Sales to be transmitted as Non-Firm Point-to-Point Transmission Service under (i) agreements executed after November 1, 1996 or (ii) agreements executed on or before November 1, 1996 to the extent that the Commission requires them to be unbundled, by the date specified by the Commission. A Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of Non-

Firm Point-To-Point Transmission Service to make Third-Party Sales, to the extent not paid for under this Tariff.

5003.4 Service Agreements: The System Operator shall offer a standard form Point-To-Point Transmission Service Agreement (Attachment A, modified to cover non-firm service) to an Eligible Customer when the Eligible Customer first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under this Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

5003.5 Classification of Non-Firm Point-To-Point Transmission Service: Non-Firm Point-To-Point Transmission Service shall be offered under applicable terms and conditions contained in Part III of this Tariff. The NEPOOL Participants undertake no obligation under this Tariff to plan the NEPOOL Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of this Tariff. In the event that the Use by a Transmission Customer (including Third-Party Sales by a Participant) exceeds that Transmission Customer's non-firm Reserved Capacity at any Point of Receipt or Point of Delivery, it shall pay 200% of the charge which is otherwise applicable for each Kilowatt of the excess. In addition, the System Operator will record all instances in which a

Transmission Customer's Use exceeds that Transmission Customer's non-firm Reserved Capacity, and if in any calendar year more than 10 such instances occur with respect to any single Transmission Customer, then the System Operator may require such Transmission Customer to apply for additional Non-Firm Point-to-Point Transmission Service under the Tariff in an amount equal to the greatest amount of the excess of such Transmission Customer's Use over its non-firm Reserved Capacity for the remainder of that calendar year. Charges for such additional Non-Firm Point-to-Point Transmission Service will relate back to the first day of the month following the month in which the System Operator notifies such Transmission Customer that it is subject to the provisions of this paragraph.

- (a) Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application.
- (b) Each Point of Receipt at which non-firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Application along with a corresponding capacity reservation associated with each Point of Receipt. The Point of Receipt or Point of Delivery may be identified as the NEPOOL power exchange in circumstances where the System Operator does not require greater specificity.

5003.6 Scheduling of Non-Firm Point-To-Point Transmission Service: Unless other schedules are permitted pursuant to NEPOOL rules, and except as otherwise provided below with respect to the scheduling of In Service, schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than noon of the day prior to commencement of such service. Schedules submitted after noon will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the NEPOOL Control Area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to thirty-five minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The System Operator will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the System Operator, and the System Operator shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered. In the event next-day capacity for In Service on the Ties is available at noon on any day, this shall be posted on OASIS and shall be available

for reservation by Eligible Customers between noon and 6:00 p.m. If not all requested reservations for the next-day In Service can be granted, the requests for the longest number of consecutive hours shall be given priority. If a Participant has available at the NEPOOL Control Area boundary a dispatchable resource for which no reservation has been made, and the Regional Market Operations Committee has determined that it is appropriate to adopt rules to provide for the service and has adopted such rules, the System Operator may schedule the resource for the next day in accordance with such rules on the basis of the bid price if transmission capacity for In Service is available, notwithstanding the lack of a reservation.

5003.7 Curtailment or Interruption of Service: The System Operator reserves the right to effect a Curtailment, in whole or in part, of Non-Firm Point-To-Point Transmission Service provided under this Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of the NEPOOL Transmission System. The System Operator reserves the right to effect an Interruption, in whole or in part, of Non-Firm Point-To-Point Transmission Service provided under this Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, or (3) transmission service for Network Customers. The System Operator also will discontinue or reduce service to the Transmission Customer to the extent that deliveries

for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint; however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers will have a higher priority than any Non-Firm Point-To-Point Transmission Service under this Tariff. Non-Firm Point-To-Point Transmission Service furnished over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any other Non-Firm Point-To-Point Transmission Service under this Tariff. The System Operator will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice. In the event the System Operator exercises its right to effect a Curtailment, in whole or part, of Non-Firm Point-to-Point Transmission Service, no credit or other adjustment shall be provided as a result of the Curtailment with respect to the charge payable by the Customer. In the event the System Operator exercises its right to effect an Interruption, in whole or part, of Non-Firm Point-to-Point Transmission Service, the charge payable by the Customer shall be computed as

if the term of service actually rendered were the term of service reserved; provided that an adjustment of the charge shall be made only when the Interruption is initiated by the System Operator, not when the Customer fails to deliver energy to NEPOOL.

5004 Service Availability

5004.1 General Conditions: Firm Point-To-Point Transmission Service over, on or across the NEPOOL Transmission System is available to any Transmission Customer that has met the applicable requirements of Section 31.

5004.2 Determination of Available Transmission Capability:

A description of NEPOOL's specific methodology for assessing available transmission capability posted on the NEPOOL OASIS(Section 5) is contained in Attachment C of this Tariff. In the event sufficient transmission capability may not exist to accommodate a service request, a System Impact Study will be performed.

5004.3 Initiating Service in the Absence of an Executed Service Agreement: If the System Operator and the Transmission Customer requesting Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the applicable Service Agreement, the System Operator will file with the Commission, within thirty days after the date the Transmission Customer provides written notification directing the System Operator to file, an unexecuted Service Agreement containing terms and conditions deemed appropriate by the System Operator for such requested transmission service. The service will be commenced subject to the Transmission Customer agreeing to (i) pay whatever rate the

Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of this Tariff including providing appropriate security deposits in accordance with the terms of Section 31.3.

5004.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System: If it is determined that the service requested in a Completed Application for Long-Term Firm Point-To-Point Transmission Service cannot be provided because of insufficient capability on the NEPOOL Transmission System, one or more Transmission Providers or other entities will be designated to use due diligence to expand or modify the NEPOOL Transmission System to provide the requested Long-Term Firm Point-To-Point Transmission Service, provided that the Transmission Customer agrees to compensate the Transmission Providers or other entities that will be responsible for the construction of any new facilities or upgrades for the costs of such new facilities or upgrades pursuant to the terms of Section 39. The System Operator and the designated Transmission Providers or other entities will conform to Good Utility Practice in determining the need for new transmission facilities or upgrades and in coordinating the design and construction of such facilities. This obligation applies only to those facilities that the designated Transmission Providers or other entities have the right to expand or modify.

5004.5 Deferral of Service: Long-Term Firm Point-To-Point Transmission Service may be deferred until the designated Transmission Providers or other entities complete

construction of new transmission facilities or upgrades needed to provide such service whenever it is determined that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing Firm Transmission Service.

5004.6 Real Power Losses: Real power losses are associated with all transmission service. The Transmission Provider is not obligated to provide real power losses. To the extent PTF losses are not specifically allocated through the market procedures provided for in Section 14 of the Agreement, point-to-point losses will be allocated on the basis of PTF average losses as established by the System Operator. The System Operator shall post on the OASIS the PTF average losses, which are initially set at 1.13% but shall be adjusted by the System Operator from time to time. The applicable real power loss factor shall be determined, after the Second Effective Date, on the basis of PTF average losses. Average losses shall be determined initially on an estimated basis, pending the accumulation of the data needed to make the determination on an actual basis.

5004.7 Load Shedding: To the extent that a system contingency exists on the NEPOOL Transmission System and the System Operator determines that it is necessary for the Participants and the Transmission Customer to shed load, the Parties shall shed load in accordance with the procedures under the Agreement and the rules adopted thereunder, or in accordance with other mutually agreed-to provisions.

5005 Transmission Customer Responsibilities

5005.1 Conditions Required of Transmission Customers: Firm Point-To-Point Transmission

Service will be provided only if the following conditions are satisfied by the Transmission Customer:

- a. The Transmission Customer has pending a Completed Application for service;
- b. In the case of a Non-Participant, the Transmission Customer meets the creditworthiness criteria set forth in Section 11;
- c. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Point of Receipt prior to the time service under the Tariff commences;
- d. The Transmission Customer agrees to pay for any facilities or upgrades constructed or any redispatch costs chargeable to such Transmission Customer under this Tariff, whether or not the Transmission Customer takes service for the full term of its reservation; and
- e. The Transmission Customer has executed a Service Agreement or has agreed to receive service pursuant to Section 29.3.

5005.2 Transmission Customer Responsibility for Third-Party Arrangements: Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. (If Local Network Service will be required, the System Operator shall notify the Transmission Customer and the affected Participants.) The Transmission Customer shall provide, unless waived by the System

Operator, notification to the System Operator identifying such other electric systems and authorizing them to schedule the capacity and energy to be transmitted pursuant to this Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. The System Operator will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

5006 Procedures for Arranging Firm Point-To-Point Transmission Service

5006.1 Application: A request for Firm Point-To-Point Transmission Service for periods of one year or longer must be made in an Application, delivered to ISO New England Inc., One Sullivan Road, Holyoke, MA 01040-2841 or such other address as may be specified from time to time. The request should be delivered at least sixty days in advance of the calendar month in which service is requested to commence. The System Operator will consider requests for such firm service on shorter notice when practicable. Requests for firm service for periods of less than one year will be subject to expedited procedures that will be negotiated between the System Operator and the party requesting service within the time constraints provided in Section 27.8. All Firm Point-To-Point Transmission Service requests should be submitted by transmitting the Completed Application to NEPOOL by mail or telefax. Each of these methods will provide a time-stamped record for establishing the priority of the Application.

5006.2 Completed Application: A Completed Application for Firm Point-To-Point Transmission

Service shall provide all of the information included at 18 C.F.R. §2.20 of the

Commission's regulations, including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under this Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy, and the location of the load ultimately served by the capacity and energy transmitted. The System Operator will treat this information as confidential in accordance with the NEPOOL information policy except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, or for reliability purposes pursuant to Good Utility Practice. The System Operator will treat this information consistent with the standards of conduct contained in 18 C.F.R. Part 37 of the Commission's regulations;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested transmission service; and
- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the NEPOOL Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement.

The System Operator will treat this information consistent with the standards of conduct contained in 18 C.F.R. Part 37 of the Commission's regulations.

5006.3 Deposit: A Completed Application for Firm Point-To-Point Transmission Service by a Non-Participant shall also include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected by the System Operator because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a request for proposals (RFP), the deposit will be returned with Interest, less any reasonable Administrative Costs incurred by the System Operator or any affected Participants in connection with the review of the Application. The deposit also will be returned with Interest less any reasonable Administrative Costs incurred by the System Operator or any affected Participants if the new facilities or upgrades needed to provide the service cannot be completed. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for the Service, the deposit will be refunded in full, with Interest, less reasonable Administrative Costs incurred by the System Operator or any affected Participants to the extent such costs have not already been recovered from the Eligible Customer. The System Operator will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a

dispute concerning the deducted costs. Deposits associated with construction of new facilities or upgrades are subject to the provisions of Section 33. If a Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement. Applicable Interest will be calculated from the day the deposit is credited to the System Operator's account.

5006.4 Notice of Deficient Application: If an Application fails to meet the requirements of this Tariff, the System Operator will notify the entity requesting service within fifteen days of the System Operator's receipt of the Application of the reasons for such failure. The System Operator will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the System Operator will return the Application, along with any deposit (less the reasonable Administrative Costs incurred by the System Operator or any affected Participants in connection with the Application), with Interest. Upon receipt of a new or revised Application that fully complies with the requirements of this Tariff, the Eligible Customer will be assigned a new priority based upon the date of receipt by the System Operator of the new or revised Application.

5006.5 Response to a Completed Application: Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, a determination of available transmission capability will be made pursuant to Section 29.2. The Eligible Customer will be notified

as soon as practicable, but not later than thirty days after the date of receipt of a Completed Application, if required, that either (i) service will be provided without performing a System Impact Study, or (ii) such a study is needed to evaluate the impact of the Application pursuant to Section 33.1. Responses by the System Operator must be made as soon as practicable to all Completed Applications and the timing of such responses must be made on a non-discriminatory basis.

5006.6 Execution of Service Agreement: Whenever the System Operator determines that a System Impact Study is not required and that the requested service can be provided, it will notify the Eligible Customer as soon as practicable but no later than thirty days after receipt of the Completed Application, and will tender a Service Agreement to the Eligible Customer. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 29.3, within fifteen days after it is tendered by the System Operator shall be deemed a withdrawal and termination of the Application and any deposit (less the reasonable Administrative Costs incurred by the System Operator and any affected Participants in connection with the Application) submitted will be refunded with Interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination. Where a System Impact Study is required, the provisions of Section 33 will govern the execution of a Service Agreement.

5006.7 Extensions for Commencement of Service: The Transmission Customer can obtain up to five one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Point-To-Point Transmission Service for each year or fraction thereof. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Point-To-Point Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied: within thirty days, the original Transmission Customer agrees to pay the applicable rate for Firm Point-To-Point Transmission Service for its Reserved Capacity for the period that its reservation overlaps the period covered by such Eligible Customer's Completed Application. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

5007 Procedures for Arranging Non-Firm Point-To-Point Transmission Service

5007.1 Application: Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the System Operator. Applications should be submitted by entering the information listed below on the NEPOOL OASIS.

5007.2 Completed Application: A Completed Application shall provide all of the information included in 18 C.F.R. §2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under this Tariff;
- (iii) The Point(s) of Receipt and the Point(s) of Delivery;
- (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the System Operator also may ask the Transmission Customer to provide the following:

- (vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- (vii) The electrical location of the ultimate load.

The System Operator will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, or for reliability purposes pursuant to Good Utility Practice. The System Operator shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

5007.3 Reservation of Non-Firm Point-To-Point Transmission Service: Requests for monthly service shall be submitted no earlier than sixty days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen days before service is to commence; requests for daily service shall be submitted no earlier than five days before service is to commence; and requests for hourly service shall be submitted no earlier than 9:00 a.m. the second day before service is to commence. Requests for service received later than noon of the day prior to the day service is scheduled to commence will be accommodated if practicable.

5007.4 Determination of Available Transmission Capability: Following receipt of a tendered schedule the System Operator will make a determination on a non-discriminatory basis of available transmission capability pursuant to Section 29.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) thirty-five minutes for hourly service, (ii) thirty-five minutes for daily service, (iii) four hours for weekly service, and (iv) two days for monthly service.

5008 Additional Study Procedures For Firm Point-To-Point Transmission Service Requests

5008.1 Notice of Need for System Impact Study: After receiving a request for Firm Point-To-Point Transmission Service, the System Operator will review the effect of the proposed service on the reliability requirements to meet existing and pending obligations of the

Participants and Non-Participants, and the obligations of the particular Participants whose PTF facilities will be impacted by the proposed service and determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the methodology for completing a System Impact Study is provided in Attachment D. If the System Operator determines that a System Impact Study is necessary to accommodate the requested service, as soon as practicable thereafter the System Operator will so inform the Eligible Customer and any affected Participants if the System Impact Study is to be performed by the Participants. If the likely result of the study is that a Direct Assignment Facility will be required, the study shall be performed by the affected Participants, subject to review by the System Operator. In such cases, the System Operator will within thirty days of receipt of a Completed Application, tender a System Impact Study agreement in the form of Exhibit I to this Tariff, or in any other form that is mutually agreed to, pursuant to which the Eligible Customer shall agree to reimburse the System Operator and any affected Participants for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study agreement and return it to the System Operator within fifteen days. If the Eligible Customer elects not to execute a System Impact Study agreement, its application shall be deemed withdrawn and its deposit (less the reasonable Administrative Costs incurred by the System Operator and any affected Participants in connection with the Application), will be returned with Interest.

5008.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study agreement shall clearly specify the System Operator's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the System Operator and any affected Participants will rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer shall not be assessed a charge for such existing studies; however, the Eligible Customer shall be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the NEPOOL Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the System Operator to accommodate the requests for service, the costs of that study will be equitably prorated among the Eligible Customers.
- (iii) For System Impact Studies that the System Operator and any affected Participants conduct on behalf of the Transmission Providers, the Participants will record the cost of the System Impact Studies pursuant to Section 8.5.

5008.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study agreement, the System Operator and any affected Participants will use due diligence to

complete the required System Impact Study within a sixty-day period. The System Impact Study, if required, shall identify any system constraints and redispatch options and the need for additional Direct Assignment Facilities or facility additions or upgrades required to provide the requested service. In the event that the required System Impact Study cannot be completed within such time period, the System Operator will so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required study and an estimate of any increase in cost which will result from the delay. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. The System Operator will use the same due diligence in completing the System Impact Study for an Eligible Customer that is a Non-Participant as it uses when completing studies for the Participants. The System Operator will notify the Eligible Customer immediately upon completion of the System Impact Study if the NEPOOL Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. Within fifteen days of completion of the System Impact Study, the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 29.3, or the Application shall be deemed terminated and withdrawn.

5008.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the NEPOOL Transmission System are needed to supply the Eligible Customer's service request, the System Operator, within thirty days of the completion of the System Impact Study, will tender to the Eligible Customer a Facilities Study agreement in the form of Attachment J to this Tariff, or in any other form that is mutually agreed to, which is to be entered into by the Eligible Customer and the System Operator and, if deemed necessary by the System Operator, by one or more affected Transmission Provider(s) and pursuant to which the Eligible Customer shall agree to reimburse the System Operator and any affected Transmission Providers or other entity designated by the System Operator for performing any required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study agreement and return it to the System Operator within fifteen days. If the Eligible Customer elects not to execute the Facilities Study agreement, its application shall be deemed withdrawn and its deposit, if any (less the reasonable Administrative Costs incurred by the System Operator and any affected Participants in connection with the Application), will be returned with Interest. Upon receipt of an executed Facilities Study agreement, the System Operator and any affected Transmission Provider(s) or other designated entity will use due diligence to cause the required Facilities Study to be completed within a sixty-day period. If a Facilities Study cannot be completed in the allotted time period, the System Operator will notify the Transmission Customer and

provide an estimate of the time needed to reach a final determination and any resulting increase in the cost, along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study shall include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, or (ii) the Transmission Customer's appropriate share of the cost of any required additions or upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide a letter of credit or other reasonable form of security acceptable to the Transmission Providers or other entities that will be responsible for the construction of the new facilities or upgrades equivalent to the costs of the new facilities or upgrades and consistent with relevant commercial practices, as established by the Uniform Commercial Code. The Transmission Customer shall have thirty days to execute a Service Agreement, if required, or request the filing of an unexecuted Service Agreement with the Commission and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

5008.5 Facilities Study Modifications: Any change in design arising from inability to site or construct proposed facilities will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the Transmission Providers or other entities that are

responsible for the construction of the new facilities or upgrades and that significantly affect the final cost of the new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of this Tariff.

- 5008.6 **Due Diligence in Completing New Facilities:** The System Operator will use due diligence to designate Transmission Providers or other entities to add necessary facilities or upgrade the NEPOOL Transmission System within a reasonable time. A Transmission Provider or other entity will have no obligation to upgrade its existing or planned transmission system in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.
- 5008.7 **Partial Interim Service:** If the System Operator determines that there will not be adequate transmission capability to satisfy the full amount of a Completed Application for Long-Term Firm Point-To-Point Transmission Service, the portion of the requested Service that can be accommodated without addition of any facilities or upgrades and through redispatch will be offered and provided. However, there shall be no obligation to provide the incremental amount of requested Long-Term Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the NEPOOL Transmission System until such facilities or upgrades have been placed in service.
- 5008.8 **Expedited Procedures for New Facilities:** In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the System

Operator to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to pay for all costs incurred pursuant to the terms of this Tariff. In order to exercise this option, the Eligible Customer shall request in writing an Expedited Service Agreement covering all of the above-specified items within thirty days of receiving the results of the System Impact Study identifying the need for facility additions or upgrades and costs to be incurred in providing the requested service. While the System Operator, on behalf of the Transmission Providers or other entities that will be responsible for constructing the new facilities or upgrades, agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer shall agree in writing to pay for all costs incurred pursuant to the provisions of this Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

5009 Procedures if New Transmission Facilities for Firm Point-To-Point Transmission Service Cannot be Completed

5009.1 Delays in Construction of New Facilities: If any event occurs that will materially affect the time for completion of new facilities for Firm Point-To-Point Service, or the ability to complete such facilities, the System Operator will promptly notify the Transmission

Customer. In such circumstances, the System Operator will within thirty days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer and any affected Transmission Providers or other entities responsible for construction to evaluate the alternatives available to the Transmission Customer. The System Operator and the affected Transmission Providers or other entities will make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of the System Operator or the Transmission Providers or other entities that are responsible for the construction of the new facilities or upgrades that is reasonably needed by the Transmission Customer to evaluate any alternatives.

5009.2 Alternatives to the Original Facility Additions: When the review process of Section 34.1 determines that one or more alternatives exist to the originally planned construction project, the System Operator will present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to proceed with its Completed Application subject to construction of the alternative facilities, it may request the System Operator to submit a revised Service Agreement. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, the System Operator will promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for such service. In the event the System Operator and the affected Participants or other entities responsible for

construction conclude that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

5009.3 Refund Obligation for Unfinished Facility Additions:

If the System Operator, the affected Transmission Providers or other entities responsible for construction and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of this Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate and any deposit made by the Transmission Customer shall be returned, with Interest. The Transmission Customer shall be responsible for all costs prudently incurred by the System Operator and by the Transmission Providers or other entities that have been responsible for the construction of the new facilities or upgrades through the date that any required regulatory approval is denied or construction is suspended and for cost of removal, if necessary, of facilities constructed prior to suspension.

5010 Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities

5010.1 Responsibility for Third-Party System Additions: Neither the System Operator nor any Participant which is not the Transmission Customer will be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission

or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The System Operator will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

5010.2 Coordination of Third-Party System Additions: In circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of this Tariff, and if such upgrades further require the addition of transmission facilities on third-party systems, the System Operator and the Transmission Providers or other entities that are responsible for the construction of any new facilities or upgrades on the NEPOOL Transmission System will have the right to coordinate construction on the NEPOOL Transmission System with the construction required by the third parties. The System Operator and the Transmission Providers or other entities that are responsible for the construction of any new facilities or upgrades on the NEPOOL Transmission System may, after consultation with the Transmission Customer and representatives of such other systems, defer construction of new transmission facilities or upgrades on the NEPOOL Transmission System if the new transmission facilities on another system cannot be completed in a timely manner. The System Operator will notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems that must be resolved before the construction of new facilities will be initiated or

resumed. Within sixty days of receiving written notification by the System Operator of a decision to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures contained in Section 12 or it may refer the dispute to the Commission for resolution.

5011 Changes in Service Specifications

5011.1 Modifications on a Non-Firm Basis: The Transmission Customer taking Firm

Point-To-Point Transmission Service may submit a request to the System Operator for transmission service on a non-firm basis over Point(s) of Receipt and Point(s) of Delivery other than those specified in the Service Agreement ("Secondary Receipt and Delivery Points"), in amounts not to exceed the Transmission Customer's firm capacity reservation, without incurring an additional Non-Firm Point-to-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions:

- (a) service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis, and will not displace any firm or non-firm service reserved or scheduled by Participants or Non-Participants under this Tariff or by the Participants on behalf of their Native Load Customers or Excepted Transactions;
- (b) the sum of all Firm Point-To-Point Transmission Service and Non-Firm Point-To-Point Transmission Service provided to the Transmission Customer at

- any time pursuant to this section shall not exceed the Reserved Capacity specified in the relevant Service Agreement under which such services are provided;
- (c) the Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Point(s) of Receipt and Point(s) of Delivery specified in the relevant Service Agreement in the amount of the Transmission Customer's original capacity reservation; and
- (d) service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-to-Point Transmission Service under the Tariff. However, all other requirements of this Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

5011.2 Modification on a Firm Basis: Any request by a Transmission Customer to modify Point(s) of Receipt and Point(s) of Delivery on a firm basis shall be treated as a new request for service in accordance with Section 31, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the firm Receipt Point(s) and Delivery Point(s) specified in the Transmission Customer's Service Agreement.

5012 Sale, Assignment or Transfer of Transmission Service

5012.1 Procedures for Sale, Assignment or Transfer of Service:

Subject to Commission action on any necessary filings, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the "Assignee"). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the "Reseller." Compensation to the Reseller shall not exceed the higher of (i) the original rate paid by the Reseller, (ii) the maximum applicable rate on file under this Tariff at the time of the assignment, or (iii) the Reseller's opportunity cost capped at the Participants' cost of expansion. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee shall receive the same services as did the Reseller and the priority of service for the Assignee shall be the same as that of the Reseller. A Reseller shall notify the System Operator as soon as possible after any sale, assignment or transfer of service occurs, but in any event, notification must be provided prior to any provision of service to the Assignee. The Assignee shall be subject to all terms and conditions of this Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the System Operator pursuant to Section 27.2.

5012.2 Limitations on Assignment or Transfer of Service: If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the System Operator will consent to such change

subject to the provisions of this Tariff, provided that the change will not impair the operation and reliability of the Participants' generation, transmission, or distribution systems. The Assignee shall compensate the System Operator and any affected Participants for performing any System Impact Study needed to evaluate the capability of the NEPOOL Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the System Operator, the Reseller and the Assignee through an amendment to the Service Agreement.

5012.3 Information on Assignment or Transfer of Service: In accordance with Section 5, Transmission Customers may use the NEPOOL OASIS to post information regarding transmission capacity available for resale.

5013 Metering and Power Factor Correction at Receipt and Delivery Points(s)

5013.1 Transmission Customer Obligations: Unless the System Operator otherwise agrees, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under this Tariff and to communicate the information to the System Operator. Unless otherwise agreed, such equipment shall remain the property of the Transmission Provider.

5013.2 NEPOOL Access to Metering Data: The System Operator will have access to such metering data as may reasonably be required to facilitate measurements and billing under the Service Agreement.

5013.3 Power Factor: Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Participants maintain pursuant to Good Utility Practice and applicable NEPOOL requirements. The power factor requirements are specified in the Service Agreement, where applicable.

5014 Compensation for New Facilities and Redispatch Costs

Whenever a System Impact Study performed in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities or upgrades, the Transmission Customer shall be responsible for such costs to the extent they are consistent with Commission policy and Schedule 11. Whenever a System Impact Study identifies capacity constraints that may be relieved more economically by redispatching the Participants' resources than by building new facilities or upgrading existing facilities to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with applicable Commission policy.

VI. REGIONAL NETWORK SERVICE (NETWORK INTEGRATION TRANSMISSION SERVICE)

The Participants will provide NEPOOL Regional Network Service (Network Integration Transmission Service), as described in Part II of this Tariff to Participants and Non-Participants pursuant to the applicable terms and conditions contained in this Tariff. Part II of this Tariff

specifies certain terms and conditions which are generally applicable to the receipt of Regional Network Service by both Participants and Non-Participants. This Part VI specifies additional provisions with respect to the provision of Regional Network Service.

5015 Nature of Regional Network Service

5015.1 Scope of Service: Regional Network Service (Network Integration Transmission Service)

is the transmission service described in Section 14 that allows Network Customers to efficiently and economically utilize their resources and Interchange Transactions to serve their Network Load located in the NEPOOL Control Area and any additional load that may be designated pursuant to Section 43.3 of this Tariff. The Network Customer taking Regional Network Service must obtain or provide Ancillary Services pursuant to Section 4.

5015.2 Transmission Provider Responsibilities: The NEPOOL Participants will plan, construct,

operate and maintain the NEPOOL Transmission System in accordance with Good Utility Practice in order to provide the Network Customer with Regional Network Service over the NEPOOL Transmission System. Subject to Section 48, each Participant which is individually a Transmission Provider, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part VI of this Tariff. This information must be consistent with the information used by the Transmission Provider to calculate available transmission capacity. The Participants shall include the Network Customer's Network Load in NEPOOL

Transmission System planning and shall, consistent with Good Utility Practice, endeavor to construct and place into service sufficient transmission capacity to deliver Network Resources to serve the Network Customer's Network Load on a basis comparable to the Participants' delivery of their own generating and purchased resources to their Native Load Customers.

5015.3 Network Integration Transmission Service: The Participants that are individually Transmission Providers will provide firm transmission service over the NEPOOL Transmission System to the Network Customer for the delivery of energy and/or capacity from its resources to service its Network Loads on a basis that is comparable to the Participants' use of the NEPOOL Transmission System to reliably serve their Native Load Customers.

5015.4 Secondary Service: The Network Customer may use the NEPOOL Transmission System to deliver energy and/or capacity to its Network Loads from resources that have not been designated as Network Resources. Such energy and capacity shall be transmitted, on an as-available basis, at no additional charge as part of Regional Network Service. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Point-to-Point Transmission Service under this Tariff.

5015.5 Real Power Losses: Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. To the extent PTF losses are not specifically allocated through the market procedures provided for in

Section 14 of the Agreement, total remaining PTF losses, minus point-to-point losses, shall be allocated to all load on a load ratio basis.

5015.6 Restrictions on Use of Service: The Network Customer is entitled to use Regional Network Service for any of the uses specified in Part II of this Tariff.

5016 Initiating Service

5016.1 Condition Precedent for Receiving Service: Subject to the terms and conditions of Parts II and VI of this Tariff, the Participants will provide Regional Network Service to any Eligible Customer, provided that, except as otherwise provided in Section 48, (i) the Eligible Customer completes an Application for service as provided under Part VI of this Tariff, (ii) the Eligible Customer and the System Operator complete the technical arrangements set forth in Sections 41.3 and 41.4, (iii) the Eligible Customer executes a Service Agreement in the form of Attachment B for service under Part VI of this Tariff or requests in writing that the Transmission Provider file a proposed unexecuted Service Agreement with the Commission, and (iv) the Eligible Customer executes a Network Operating Agreement in the form of Exhibit H to this Tariff, or in any other form that is mutually agreed to, with the Transmission Provider.

5016.2 Application Procedures: Except as otherwise provided in Section 48, an Eligible Customer requesting Network Integration Transmission Service under this Tariff must submit an Application, with a deposit approximating the charge for one month of service, to the System Operator as far as possible in advance of the month in which service is to

commence. Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on the NEPOOL OASIS to the extent feasible. A Completed Application shall provide all of the information included in 18 CFR §2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under this Tariff;
- (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten year forecast of summer and winter load resource requirements beginning with the first year after the service is scheduled to commence;

- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to Interruption, the conditions under which an Interruption can be implemented and any limitations on the amount and frequency of Interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the ten year load forecast provided in response to (iii) above;
- (v) A description of Network Resources (current and ten-year projection), which shall include, for each Network Resource, if not otherwise available to the System Operator:
- Unit size and amount of capacity from that unit to be designated as Network Resource
 - VAR capability (both leading and lagging) of all generators
 - Operating restrictions
 - Any periods of restricted operations throughout the year
 - Maintenance schedules

- Minimum loading level of unit
- Normal operating level of unit
- Any must-run unit designations required for system reliability or contract reasons
- Approximate variable dispatch price (\$/MWH) for redispatch computations
- Arrangements governing sale and delivery of power to third parties from generating facilities located in the NEPOOL Control Area, where only a portion of unit output is designated as a Network Resource
- Description of external purchased power designated as a Network Resource including source of supply, Control Area location, transmission arrangements and delivery point(s) to the Transmission Provider's Transmission System;

(vi) Description of Eligible Customer's transmission system:

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Participants

- Operating restrictions needed for reliability
- Operating guides employed by system operators
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
- Location of Network Resources described in subsection (v) above
- ten-year projection of system expansions or upgrades
- Transmission System maps that include any proposed expansions or upgrades
- Thermal ratings of Eligible Customer's Control Area ties with other Control Areas; and

(vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year.

Unless the Eligible Customer and the System Operator agree to a different time frame, the System Operator must acknowledge the request within ten days of receipt. The acknowledgment must include a date by which a response, including a Service

Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the System Operator shall notify the Eligible Customer requesting service within fifteen days of receipt and specify the reasons for such failure. Wherever possible, the System Operator will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the System Operator shall return the Application without prejudice to the Eligible Customer, who may thereafter file a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. The System Operator shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

5016.3 Technical Arrangements to be Completed Prior to Commencement of Service: Except as otherwise provided in Section 48, Regional Network Service shall not commence until the Participants and the Network Customer, or a third party, have completed installation of all equipment specified under a Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the NEPOOL Transmission System. The Participants shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

5016.4 Network Customer Facilities: The provision of Regional Network Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the NEPOOL Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing and operating and maintaining all facilities on the Network Customer's side of each such delivery point or interconnection.

5016.5 Filing of Service Agreement: The System Operator will file Service Agreements with the Commission in compliance with applicable Commission regulations.

5017 Network Resources

5017.1 Designation of Network Resources: The designation of generation resources as Network Resources shall be effected automatically in accordance with the definition thereof for Participant Network Customers. A Network Customer shall designate to the System Operator those Network Resources which are owned, purchased or leased by it. The Network Resources so designated may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, or to the extent that the resource is being delivered directly to a load being served with Internal Point-to-Point Service. Any owned, purchased or leased resources that were serving the Network Customer's loads under firm agreements entered into on or before the

Compliance Effective Date shall be deemed to continue to be so owned, purchased or leased by it until the Network Customer informs the System Operator of a change.

Nothing in this Section is intended to relieve any customer of its obligation to pay the charge for Internal Point-to-Point Service deliveries of Network Resources to it.

5017.2 Designation of New Network Resources: The Network Customer shall identify the Network Resources which are owned, purchased or leased by it to the System Operator with as much advance notice as practicable. A designation of a Network Resource as owned, purchased or leased by the Customer must be made by a notice to the System Operator.

5017.3 Termination of Network Resources: The Network Customer may terminate the designation of all or part of a Network Resource as owned, purchased or leased by it at any time but should provide notification to the System Operator as soon as reasonably practicable.

5017.4 Network Customer Redispatch Obligation: As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the System Operator pursuant to Section 45.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis between all Network Customers, and the Participants.

5017.5 Transmission Arrangements for Network Resources Not Physically Interconnected With The NEPOOL Transmission System: The Network Customer shall be responsible for

any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the NEPOOL Transmission System. The System Operator will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

5017.6 Limitation on Designation of Resources: The Network Customer must demonstrate that it owns, leases or has committed to purchase an Entitlement in a generation resource pursuant to an executed contract in order to designate the generating resource to serve its Network Load. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part II of this Tariff. An Entitlement in a generating unit within the NEPOOL Control Area which is placed in service after the Compliance Effective Date (other than a unit which has lost its capacity value when its capacity value is restored or a deactivated unit which may be reactivated without satisfying the requirements of Section 49 of the Tariff in accordance with the provisions thereof) may not be designated to serve a Network Customer's load unless, and only to the extent that, it has been determined to be integrated into the NEPOOL Transmission System in accordance with Section 49 of this Tariff.

5017.7 Use of Interface Capacity by the Network Customer: There is no limitation upon a Network Customer's use of the NEPOOL Transmission System at any particular interface to integrate the Network Customer's resources (or substitute purchases in

Interchange Transactions) with its Network Loads. However, a Network Customer's use of the NEPOOL total interface capacity with other transmission systems to serve its Network Load may not exceed the Network Customer's load.

5018 Designation of Network Load

5018.1 Network Load: Except as otherwise provided in Section 48, the Network Customer must designate the individual Network Loads on whose behalf the Participants will provide through NEPOOL Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.

5018.2 New Network Loads Connected With the NEPOOL Transmission System: The Network Customer shall provide the System Operator with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to the NEPOOL Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application.

The Participants will use due diligence to install or cause to be installed any transmission facilities required to interconnect a new Network Load designated by the Network Customer. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 44.4 and shall be charged to the Network Customer in accordance with Commission policy and Schedule 11.

5018.3 Network Load Not Physically Interconnected with the NEPOOL Transmission System:

This section applies to both initial designation pursuant to Section 43.1 and the subsequent addition of new Network Load not physically interconnected with the NEPOOL Transmission System. To the extent that the Network Customer desires to obtain transmission service for a load outside the NEPOOL Control Area, the Network Customer shall have the option of (1) electing to include the entire load as Network Load for all purposes under Part VI of this Tariff and designating resources to serve such additional Network Load, or (2) excluding that entire load from its Network Load. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application, and shall be available only so long as a scheduling and interconnection agreement acceptable to the System Operator shall be required to be in effect with the Control Area in which the load is located. Charges for such portion of the service shall be based on the Through or Out Service rate applied to the amount reserved for the Network Load which is not physically interconnected with the NEPOOL Transmission System.

5018.4 New Interconnection Points: To the extent the Network Customer desires to add a new Delivery Point or interconnection point between the NEPOOL Transmission System and a Network Load, the Network Customer shall provide the System Operator with as much advance notice as reasonably practicable.

5018.5 Changes in Service Requests: Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (the addition of a new Network Resource, if any, or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by the Participants and charged to the Network Customer as reflected in the Service Agreement or other appropriate agreement. However, the System Operator must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

5018.6 Annual Load and Resource Information Updates: The Network Customer shall provide the System Operator with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application under Part VI of this Tariff. The Network Customer also shall provide the System Operator with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Participants' ability to provide reliable service.

5019 Additional Study Procedures For Network Integration Transmission Service Requests

5019.1 Notice of Need for System Impact Study: After receiving a request for service, the System Operator shall review the effect of the requested service on the reliability

requirements to meet existing and pending obligations of the Participant(s) and on the obligations of the particular Participant(s) whose PTF facilities will be impacted by the proposed service and shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the methodology for completing a System Impact Study is provided in Attachment D. If the System Operator determines that a System Impact Study is necessary to accommodate the requested service, it shall as soon as practicable inform the Eligible Customer and any affected Participant(s) if the System Impact Study is to be performed by the Participant(s). If the likely result of the study is that a Direct Assignment Facility will be required, the study shall be performed by the affected Participant(s), subject to review by the System Operator. In such cases, the System Operator shall within thirty days of receipt of a Completed Application, tender a System Impact Study agreement in the form of Attachment I to this Tariff, or in any other form that is mutually agreed to, pursuant to which the Eligible Customer shall agree to reimburse the System Operator and any affected Participant for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute a System Impact Study agreement and return it to the System Operator within fifteen days. If the Eligible Customer elects not to execute a System Impact Study agreement, its Application shall be deemed withdrawn and its deposit (less the reasonable Administrative Costs incurred by the System Operator and any affected Participant(s)) shall be returned with Interest.

5019.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study agreement, whether in the form detailed in Attachment I or in any other form that is mutually agreed to, will clearly specify the System Operator's actual estimate of the actual cost, and time for completion of the System Impact Study. The actual charge shall not exceed the actual cost of the study. In performing the System Impact Study, the System Operator and the affected Participants shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the NEPOOL Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the System Operator and the affected Participants to accommodate the service requests, the costs of that study shall be prorated among the Eligible Customers.
- (iii) For System Impact Studies that the System Operator and any affected Participants conduct on behalf of a Participant which is a Transmission Provider, the Participant will record the cost of the System Impact Studies pursuant to Section 8.5.

5019.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study agreement, the System Operator and any affected Participants will use due diligence to complete the required System Impact Study within a 60-day period. The System Impact Study, if required, shall identify any system constraints, redispatch options, or the need for additional Direct Assignment Facilities or other facility additions or upgrades to provide the requested service. In the event that the System Operator and any affected Participants are unable to complete the required System Impact Study within such time period, the System Operator shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies and an estimate of any increase in cost which will result from the delay. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. The System Operator will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for the Participants. The System Operator shall notify the Eligible Customer immediately upon completion of the System Impact Study if the NEPOOL Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen days of completion of the System Impact Study the Eligible Customer must execute

a Service Agreement or request the filing of an unexecuted Service Agreement, or the Application shall be deemed terminated and withdrawn.

5019.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the NEPOOL Transmission System are needed to supply the Eligible Customer's service request, the System Operator, within thirty days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study agreement in the form of Attachment J to this Tariff, or in any other form that is mutually agreed to, which is to be entered into by the Eligible Customer and the System Operator and, if deemed necessary by the System Operator, by one or more affected Transmission Provider(s) and pursuant to which the Eligible Customer shall agree to reimburse the System Operator and any affected Transmission Provider(s) for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study agreement and return it to the System Operator within fifteen days. If the Eligible Customer elects not to execute a Facilities Study agreement, its Application shall be deemed withdrawn and its deposit, if any (less the reasonable Administrative Costs incurred by the System Operator and any affected Transmission Provider(s)), shall be returned with Interest. Upon receipt of an executed Facilities Study agreement, the System Operator and any affected Transmission Provider(s), will use due diligence to complete the required Facilities Study within a sixty-

day period. If the System Operator and any affected Transmission Provider(s) are unable to complete the Facilities Study in the allotted time period, the System Operator shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination and any resulting increase in the cost, along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide a letter of credit or other reasonable form of security acceptable to the affected Transmission Provider(s) or other entities that will be responsible for the construction of the new facilities or upgrades equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

5020 Load Shedding and Curtailments

5020.1 Procedures: Prior to the Service Commencement Date, the System Operator and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant

to the Network Operating Agreement with the objective of responding to contingencies on the NEPOOL Transmission System. The parties will implement such programs during any period when the System Operator determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The System Operator will notify all affected Network Customers in a timely manner of any scheduled Curtailment.

5020.2 Transmission Constraints: During any period when the System Operator determines that a transmission constraint exists on the NEPOOL Transmission System, and such constraint may impair the reliability of the NEPOOL Transmission System, the System Operator will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of the system. To the extent the System Operator determines that the reliability of the System can be maintained by redispatching resources, the System Operator will initiate procedures pursuant to a Network Operating Agreement to redispatch all the Network Customer's resources and the Participants' own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between the Participants' use of the NEPOOL Transmission System on behalf of their Native Load Customers and any Network Customer's use of the Transmission System to serve its designated Network Load.

5020.3 Cost Responsibility for Relieving Transmission Constraints: To the extent not otherwise covered under the Network Operating Agreement, whenever the System Operator

implements least-cost redispatch procedures in response to a transmission constraint, the customers taking Internal Point-to-Point Service, Through or Out Service and/or In Service and Network Customers will each bear a proportionate share of the total redispatch cost.

5020.4 Curtailments of Scheduled Deliveries: If a transmission constraint on the NEPOOL Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the System Operator determines that it is necessary to effect a Curtailment of scheduled deliveries, such schedule shall be curtailed in accordance with the Network Operating Agreement.

5020.5 Allocation of Curtailments: The System Operator shall on a non-discriminatory basis, effect a Curtailment of the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by the customers taking Internal Point-to-Point Service, Through or Out Service and/or In Service and Network Customers on a non-discriminatory basis. The System Operator shall not direct the Network Customer to effect a Curtailment of schedules to an extent greater than the System Operator would effect a Curtailment of the Participants' schedules under similar circumstances.

5020.6 Load Shedding: To the extent that a system contingency exists on the NEPOOL Transmission System and the System Operator determines that it is necessary for the customers taking Internal Point-to-Point Service, Through

or Out Service and/or In Service and Network Customers to shed load, the Parties shall shed load in accordance with previously established procedures under the Network Operating Agreement, or in accordance with other mutually agreed-to provisions.

5020.7 System Reliability: Notwithstanding any other provisions of this Tariff, the System Operator reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to effect a Curtailment of Network Integration Transmission Service without liability on the part of the System Operator or the Participants for the purpose of making necessary adjustments to, changes in, or repairs on the Participants' lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the NEPOOL Transmission System or on any other system(s) directly or indirectly interconnected with the NEPOOL Transmission System, the System Operator, consistent with Good Utility Practice, also may effect a Curtailment of Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The System Operator will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not

unduly discriminatory relative to the Participants' use of the Transmission System on behalf of their Native Load Customers. The Network Operating Agreement shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

5021 Rates and Charges

The Network Customer shall pay Transmission Providers for any Direct Assignment Facilities and its share of the cost of any required Network Upgrades and applicable study costs consistent with Commission policy and Schedule 11, along with the payment to the System Operator of the charges for Ancillary Services and the charge for Regional Network Service provided under this Tariff.

5021.1 Determination of Network Customer's Monthly Network Load: The Network

Customer's "Monthly Network Load" is its hourly load (including its designated Network Load not physically interconnected with the Transmission Provider under Section 43.3) coincident with the coincident aggregate load of the Participants and other Network Customers served in each Local Network in the hour in which the coincident load is at its maximum for the month ("Monthly Peak").

5022 Operating Arrangements

5022.1 Operation under The Network Operating Agreement: The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and

in conformance with the Network Operating Agreement which shall be in the form of Exhibit H to this Tariff, or in any other form that is mutually agreed to.

5022.2 Network Operating Agreement: The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part VI of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within the NEPOOL Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the System Operator and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the NEPOOL Transmission System, interchange schedules, unit outputs for redispatch required under Section 45, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part VI of this Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the North American Electric Reliability Council (NERC) and the Northeast Power Coordinating Council (NPCC), (ii) satisfy its

Control Area requirements, including all necessary Ancillary Services, by contracting with the System Operator and the Participants, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies NERC and NPCC requirements. The System Operator shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services.

5022.3 Network Operating Committee: A Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the Network Operating Agreement, where the Network Customer is not a Participant. Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

5023 Scope of Application of Part VI to Participants

- (a) All Participants which are receiving Regional Network Service on the Compliance Effective Date shall be deemed to have requested to continue Regional Network Service and to have identified as their Network Resources and Network Load all of their resources and load as of the Compliance Effective Date, unless they elect in accordance with Section 3.3 of this Tariff to receive Internal Point-to-Point Service at one or

more Point(s) of Delivery from one or more Point(s) of Receipt.

- (b) In view of the operational, informational and financial obligations imposed on Participants by the Agreement, the NEPOOL Financial Assurance Policy (which is set forth in Attachment L hereto) and NEPOOL rules, the following requirements shall not be applicable to Participants:
- (1) the Application requirement specified in Sections 41.1(i) and 42 of this Tariff;
 - (2) the deposit requirement specified in Section 41.2 of this Tariff;
 - (3) the requirement that a Network Customer execute a Service Agreement, as specified in Section 41.1 (iii) of this Tariff; provided that a Service Agreement shall be required (i) for any Participant initially taking Regional Network Service after the Compliance Effective Date, (ii) if a Participant serves load not physically interconnected with the NEPOOL Transmission System pursuant to Section 43.3 of this Tariff or

- (iii) if a new facility or upgrade is to be constructed pursuant to Section 44.4 of this Tariff;
- (4) the requirement that a Network Customer execute a Network Operating Agreement, as specified in Section 41.1(iv) of this Tariff; provided that a Network Operating Agreement shall be required if a Participant serves load not physically interconnected with the NEPOOL Transmission System pursuant to Section 43.3 of this Tariff; and
- (5) the requirement that a Network Customer provide an annual update of Network Load and Network Resource forecasts, as specified in Section 43.6 of the Tariff.

Notwithstanding the foregoing, if the System Operator determines at any time that it requires information from a Participant which would be contained in an Application submitted pursuant to Section 41.2 or an annual update of Network Load and Network Resource forecasts provided pursuant to Section 43.6, it has the right to require that the Customer provide the information.

INTERCONNECTIONS**49 Interconnection Requirements**

Any Participant or Non-Participant which proposes to site a new generating unit at a site owned or controlled by it, or which it has the right to acquire or control, or to materially change and increase the capacity of an existing generating unit, located in the NEPOOL Control Area ("Generator Owner"), shall be obligated to:

- (a) complete and submit to the System Operator a standard application, which is available from the System Operator, entitled "Interconnection of New Generation to the New England Transmission System -Application for System Impact Study Agreement" ("Interconnection Application"), along with the administrative fee and description of its proposal and site information required by the Interconnection Application;
- (b) within fifteen (15) days of its tender by the System Operator (which tender shall occur no

later than thirty (30) days following System Operator's receipt of a complete Interconnection Application), enter into an agreement with the System Operator and, if deemed necessary by the System Operator, one or more affected Transmission Providers to provide for the conduct of a System Impact Study to determine what additions or upgrades to the NEPOOL Transmission System and to the Non-PTF system are required in order to permit its generating unit to interconnect in a manner that avoids any significant adverse effect on system reliability, stability, and operability, including protecting against the degradation of transfer capability for interfaces affected by the unit ("Minimum Interconnection Standard"). If the Generator Owner does not enter into the System Impact Study agreement within the above time period, its application shall be deemed withdrawn. The System Impact Study shall be conducted in accordance with the procedures, and subject to the obligations, specified in Sections 33.2 and

33.3 and Attachment D of this Tariff and using the form of agreement specified in Attachment I of this Tariff, except that: (1) references therein to transmission service shall be deemed to refer to interconnection; (2) references therein to Eligible Customer or Transmission Customer shall be deemed to refer to the Generator Owner; (3) Attachment D shall be applied so that the interconnection is studied on a Minimum Interconnection Standard basis; and (4) any references to, or requirements for, a Service Agreement in Section 33.3 shall be inapplicable.

- (c) if a System Impact Study indicates that additions or upgrades to the NEPOOL Transmission System and to the Non-PTF system are required in order to permit its generating unit to interconnect to the NEPOOL system on a basis satisfying the Minimum Interconnection Standard, within fifteen (15) days of its tender by the System Operator (which

tender shall occur no later than thirty (30) days following the completion of the System Impact Study), enter into an agreement with the System Operator and, if deemed necessary by the System Operator, one or more affected Transmission Providers to provide for the conduct of a Facilities Study. The Facilities Study shall be conducted in accordance with the procedures, and subject to the obligations, specified in Sections 33.4 and 33.5 of this Tariff, and using the form of agreement specified in Attachment J of this Tariff, except that: (1) references therein to transmission service shall be deemed to refer to interconnection;(2) references therein to Eligible Customer or Transmission Customer shall be deemed to refer to the Generator Owner; and (3) any references to, or requirements for, a Service Agreement in Section 33.4 shall be inapplicable. In lieu of a Facilities Study, if transmission system modifications are required, within 45 days of submission of the final System Impact Study report to the Generator Owner, the

Generator Owner, the System Operator and the affected Transmission Provider(s) may establish an agreement for "Expedited Interconnection". While the Transmission Provider(s) or other entities that will be responsible for constructing the new facilities or upgrades on an expedited basis will provide the Generator Owner with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Generator Owner shall agree in writing to pay for all applicable costs incurred;

- (d) in the event that transmission service will be needed under a Transmission Provider's local tariff or the unit will be interconnected to the Local Network of a Transmission Provider, satisfy any applicable requirements under the local tariff of the relevant Transmission Provider (except for those relating to System Impact Studies and Facilities Studies, which will be

performed on a unified basis by the System Operator in accordance with this Section); and

- (e) submit its proposal for review in accordance with Section 18.4 of the Agreement and to take any action required pursuant to Section 18.5 of the Agreement as a result of such review in order that its generating unit can be interconnected to the NEPOOL Transmission System in a manner to satisfy the Minimum Interconnection Standard;

and upon the satisfaction of the obligations described in (a), (b), (c), (d), and (e) above, the Generator Owner's unit shall have the right to be interconnected to the NEPOOL Transmission System.

If the studies conducted pursuant to this Section indicate that new PTF or non-PTF facilities or a facility modification or other PTF upgrades are necessary to satisfy the Minimum Interconnection Standard or an enhanced interconnection option in connection with a new or materially changed

generating unit, or otherwise, in order to interconnect, upon approval of the studies by the Regional Transmission Planning Committee, subject to review by the System Operator, one or more Transmission Providers or their designees shall be designated by the Regional Transmission Planning Committee, subject to review by the System Operator, to design and effect the construction or modification. Construction or modification of Non-PTF facilities shall be the obligation of the appropriate local Transmission Provider(s) or its designee(s).

Upon the designation of a Transmission Provider or its designee to design and effect a PTF addition or upgrade and agreement on the security and other provisions of the arrangement, the Transmission Provider or its designee designated to perform the construction shall, (i) in accordance with the terms of the arrangements described in this paragraph and subject to Sections 18.4 and 18.5 of the Agreement, use its best efforts to design and effect the

proposed construction or modification and (ii) enter into an interconnection agreement with the Generator Owner, which interconnection agreement may be filed with the Commission by the Transmission Provider unsigned either on its own or at the request of the Generator Owner. Sections 34.1, 34.2 (other than those sentences referring to Service Agreements), 34.3 and 35 of the Tariff shall be applicable to the facilities construction, except that: (1) references therein to transmission service shall be deemed to refer to interconnection; and (2) references therein to Eligible Customer or Transmission Customer shall be deemed to refer to Generator Owner.

Any facilities required in connection with a new generating unit or the material change of an existing generating unit which constitute a Direct Assignment Facility shall be fully paid for by the Participant or Non-Participant proposing the new generating unit or material change under an interconnection agreement with the Transmission Provider.

A Participant or Non-Participant proposing a new or materially changed generating unit to be interconnected shall be responsible for the cost of whatever upgrades that are identified as a result of the study or studies performed at the request of such Participant or Non-Participant pursuant to the procedures set forth in this Section, including any new PTF or Non-PTF facilities or facility modification or other PTF or Non-PTF upgrade; provided, however, that with respect to any new PTF facilities or facility modification or other PTF upgrades that are required in order to interconnect, Schedule 11 of this Tariff shall apply, subject to such changes in the Schedule or otherwise as may be determined in connection with the development of the New CMS (as defined below) or as the Commission may otherwise require and subject further to any refund or surcharge requirements that may result from retroactive implementation of changes in Schedule 11 or otherwise as set forth in the New CMS or a Commission order.

For purposes of determining whether a generating unit is placed in service after the Compliance Effective Date for purposes of Section 42.6 of this Tariff or is obligated to satisfy the requirements of this Section, on January 1, 1999 and thereafter, any unit in active or deactivated status, as classified in the April 1998 NEPOOL Capacity, Energy, Loads and Transmission Report and any other generating unit in active status on that date may receive deactivated status, subject to criteria developed by the appropriate NEPOOL committee. If so designated, the deactivated unit may retain this status for a period not to exceed three (3) years from the date the unit receives deactivated status and shall not be obligated to comply with this Section if it is reactivated during such period, but if not reactivated during such period shall be deemed retired at the end of such period for purposes of this Section. Notwithstanding the foregoing, if a proposal is submitted and approved under Section 18.4 of the Agreement during the three-year period to 1) reactivate, 2) materially modify and reactivate or 3)

replace the deactivated unit, the unit may be reactivated without material modification without compliance with this Section. The cost of any PTF upgrade required by 2) or 3) above shall be paid for or shared in accordance with the preceding provisions of this Section. Notwithstanding the foregoing, any unit in deactivated status prior to January 1, 1999 shall be entitled to retain such status through December 31, 2001 whether or not a submission is made under Section 18.4 during such period.

Unless amended, the Interconnection Requirements set forth in this Section shall remain in effect at least until such time as the substitute Congestion Management System contemplated by Section 24 of this Tariff and by subsection (b) of Section 14.4 of the Agreement ("New CMS") has become effective. It is recognized that, in view of the pending development of the New CMS, there can be no assurance or implication as to the nature of the rights beyond physical interconnection, if any, or cost obligations that any existing or future Generator Owner may have

as a result of compliance with the Minimum Interconnection Standard or the results of any additional studies as set forth in this Section, and that the rights beyond physical interconnection, if any, and obligations of all existing and future Generator Owners are subject to future determination and to the further orders of the Commission, including a determination of the extent to which particular Generator Owners are able to participate in Interchange Transactions and other transactions in the seven products which are defined in the Restated NEPOOL Agreement.

1 Rights of Generator Owners

- (a) Subsection (b) of this Section shall be of no force or effect until such time the New CMS (as defined in Section 49) has become effective. The Participants shall delete or modify subsection (b) of this Section as appropriate in connection with the development of the CMS.
- (b) Upon compliance with the applicable requirements of the Tariff, (i) any generating unit located in the NEPOOL Control Area which is in service on the Compliance Effective Date (including a unit that has lost its capacity value when its capacity

value is restored or a deactivated unit which may be reactivated without satisfying the requirements of Section 49 of this Tariff in accordance with the provisions thereof); (ii) any generating unit located in the NEPOOL Control Area which is placed in service after the Compliance Effective Date after complying with Section 49 and Schedule 11 of the Tariff; and (iii) any resource outside the NEPOOL Control Area that is the subject of a Firm Transmission Service transaction shall with respect to NEPOOL internal services have rights equal to all other firmly integrated resources, and shall not at any later time (other than in connection with service over the Ties not specifically referred to in the Section 18.4 approval) be required to pay for any additional Network or other upgrades or costs required in order to further reinforce the transmission system; provided that any generating unit placed in service after the Compliance Effective Date, the output of which is limited in accordance with Section 18.4 of the Agreement to below its full capacity shall have such rights only up to the permitted output level(s); provided further that there will be no adverse distinctions in the planning process or with respect to transmission facility construction between Firm Transmission Service Customers, any generators referred to in (i) or (ii) above, and any resources referred to in (iii) above. It is further provided that, in accordance with Section 18.4 of the Agreement, no generator referred to in (i) or (ii) above shall have its established operating limits reduced, except for

emergency situations, as a result of any new request for NEPOOL interconnection or subsequent Section 18.4 approvals. Notwithstanding the foregoing, nothing set forth in this Part VII shall be deemed to relieve any Transmission Customer from its obligations to pay any charges or costs otherwise payable by it under Parts I through VI of this Tariff and the relevant schedules related thereto.

51 New Interconnection to Other Control Area

The allocation of PTF upgrade costs associated with interconnections to other Control Areas placed in service or modified after the Compliance Effective Date ("New Interconnections") is not presently addressed in this Tariff. The Participants intend to address in a filing with the Commission prior to the Compliance Effective Date arrangements for the allocation and payment of such PTF upgrade costs as follows:

- (i) costs of PTF upgrades for New Interconnections to accommodate a reservation for In Service shall be allocated and paid in a manner that is consistent with the cost allocation mechanism set forth in Schedule 11 to this Tariff; and

(ii) costs of PTF upgrades for New Interconnections to accommodate a reservation for Through or Out Service shall be allocated and paid in a manner that is consistent with Section 20 of this Tariff.

It is expected that the rights associated with these reservations will be equal to the rights for similar reservations for service on existing Ties that are in service on the Compliance Effective Date.

SCHEDULE 1**Scheduling, System Control and Dispatch Service**

Scheduling, System Control and Dispatch Service is the service required to schedule at the pool level the movement of power through, out of, within, or into the NEPOOL Control Area. Local level service is provided under the Local Network Service tariffs of the Participants which are the individual Transmission Providers. For transmission service under this Tariff, this Ancillary Service can be provided only by the System Operator and the Transmission Customer must purchase this service from the System Operator. Charges for Scheduling, System Control and Dispatch Service are to be based on the expenses incurred by the System Operator, and by the individual Transmission Providers in the operation of satellite dispatch centers or otherwise, to provide these services. Effective as of January 1, 1999, or such other date as the Commission may determine, the expenses incurred by the System Operator in providing these services are to be recovered under its Tariff for Transmission Dispatch and Power Administration Services,

which has been filed in Docket No. ER98-3554-000. A surcharge for the expenses incurred by Participants in the provision of these services will be added to the Internal Point-to-Point Service rate, to the Through or Out Service rate and to the Regional Network Service rate.

The expenses incurred in providing Scheduling, System Control and Dispatch Service for each Participant will be determined by an annual calculation based on the previous calendar year's data as shown, in the case of Transmission Providers which are subject to the Commission's jurisdiction, in the Participants' FERC Form 1 report for that year, and shall be based on actual data in lieu of allocated data if specifically identified in the Form 1 report.

This amended Schedule 1 shall be effective as of January 1, 1999, or such other date as the Commission may determine. The surcharge shall be redetermined annually as of June 1 in each year and shall be in effect for the succeeding twelve months. The rate surcharge per kilowatt for each month is one-twelfth of the amount derived by dividing the total annual Participant expenses for providing the service by the sum of the average of the

coincident Monthly Peaks (as defined in Section 46.1) of all Local Networks for the prior calendar year.

Each Participant or Non-Participant which is obligated to pay the rate for Regional Network Service for a month shall pay the surcharge on the basis of the number of kilowatts of its Monthly Network Load (as defined in Section 46.1) for the month. Each Participant or Non-Participant which is obligated to pay the rate for Internal Point-to-Point Service or Through or Out Service for the applicable period shall pay the surcharge on the basis of the highest amount of its Reserved Capacity for each transaction scheduled as Internal Point-to-Point Service and/or Through or Out Service for such period.

The revenues received under this Schedule 1 to cover the expenses incurred by Participants for providing Scheduling, System Control and Dispatch Service shall be allocated each month among the Participants whose satellite or other costs are reflected in the computation of the surcharge for the service in proportion to the costs for each which are reflected in the computation of the surcharge.

The details for implementation of Schedule 1 shall be established in accordance with a rule approved by the

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Regional Transmission Operations Committee which shall be filed with the Commission and considered a supplement to this Tariff.

SCHEDULE 2**Reactive Supply and Voltage Control from
Generation Sources Service**

In order to maintain transmission voltages on the NEPOOL Transmission System within acceptable limits, generation facilities are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation Sources Service must be provided for each transaction on the NEPOOL Transmission System. The amount of Reactive Supply and Voltage Control from Generation Sources Service that must be supplied with respect to a Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Participants.

Reactive Supply and Voltage Control from Generation Sources Service is to be provided through the Participants and the System Operator and the Transmission Customer must purchase this service from the Participants through the System Operator when the System Operator (or applicable satellite dispatching center) determines, in the exercise

of its discretion, that it is necessary to direct a generating unit to alter its operations in an hour in order to provide such service. The charge for each hour for such service, when required by the System Operator (or satellite dispatching center) as set forth above, shall be paid by each Participant or Non-Participant which receives either Regional Network Service or Internal Point-to-Point Service or Through or Out Service and shall be determined in accordance with the following formula:

$$CH = (CC + LOC + SCL) \frac{(HL_1 + RC_1)}{(HL + RC)}$$

in which

CH = the amount to be paid by the Participant or Non-Participant for the hour;

CC = the capacity costs for the hour, which shall be stated in an informational filing with the Commission;

LOC = the lost opportunity costs for the hour to be paid to Participants who provide VAR support in accordance with Section 14.5(a) of the Agreement commencing on the Second Effective Date;

SCL = the cost of energy used in the hour by generating facilities, synchronous condensers or static controlled VAR regulators in order to provide VAR support to the transmission system;

HL₁ = the Network Load of the Participant or Non-Participant for the hour;

HL = the aggregate of the Network Loads of all Participants and Non-Participants for the hour;

RC₁ = the Reserved Capacity for Internal Point-to-Point Service and/or Through or Out Service of the Participant or Non-Participant for the hour; and

RC = the aggregate Reserved Capacity for Internal Point-to-Point Service and/or Through or Out Service of all Participants and Non-Participants for the hour.

SCHEDULE 3**Regulation and Frequency Response Service**
(Automatic Generator Control)

Regulation and Frequency Response Service (Automatic Generator Control) is necessary to provide for continuous balancing of resources (generation and interchange) with Load, and for maintaining scheduled interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service (Automatic Generation Control) is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) as necessary to follow the moment-by-moment changes in load.

The obligation to maintain this balance between resources and load lies with the System Operator and this service will be available to all Participants and other entities that serve load within the NEPOOL Control Area which enter into separate agreements with NEPOOL through Interchange Transactions pursuant to the Agreement which result from

NEPOOL central dispatch. The Transmission Customer must either take this service from the System Operator or through the Interchange or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service (Automatic Generator Control or AGC) obligation.

As of December 1, 1996, charges for this Service are determined under the Prior Agreement as follows:

Payments and reimbursements under the current AGC Billing System fall into two categories. First, those Participants who have either not made the appropriate installation arrangements, or who have responsibility for units that have not met the minimum AGC availability criterion, are required to pay into a Fixed Cost fund. The dollars collected in the fund are paid to lead Participants having AGC capability in accordance with a formula which provides for distribution of the Fixed Cost Fund. The billing for fixed costs is done on a calendar year basis, by April 1 of the following year. Second, the AGC Billing system compensates the lead Participants for the loss of efficiency and increased

maintenance costs that are experienced as a result of AGC operation of their units. An amount representing an estimate of the total increased hourly operating costs is collected from all Participants pro rata to their hourly load. These collected funds are distributed to the lead Participants who incurred the costs. Billing for hourly costs is done on a monthly basis.

As of the Second Effective Date, charges for this Service will be determined on the basis of Bid Prices submitted by the Participants in accordance with Section 14 of the Agreement.

The transmission service required with respect to Regulation and Frequency Response Service (Automatic Generator Control) will be paid for as part of Regional Network Service or Internal Point-to-Point Service by all Participants and other entities serving load in the NEPOOL Control Area. The charge for Regional Network Service is specified in Schedule 9. The charge for Internal Point-to-Point Service is specified in Schedule 10.

SCHEDULE 4**Energy Imbalance Service**

Energy Imbalance Service is the service provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within the NEPOOL Control Area during a single hour. This service will be available to all Participants and other entities that serve load within the NEPOOL Control Area which enter into separate agreements with NEPOOL through Interchange Transactions resulting from NEPOOL central dispatch at prices which will be determined in accordance with Section 12 of the Prior Agreement until the Second Effective Date, and which will be determined in accordance with Section 14 of the Agreement thereafter. The Transmission Customer may either supply its load from its own resources or through bilateral transactions or obtain the service through Interchange Transactions. The transmission service required with respect to Interchange Transactions will be furnished as part of Regional Network Service or Internal Point-to-Point Service to all Participants and other entities serving load in the NEPOOL Control Area. The charges for Regional Network Service or Internal

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Point-to-Point Service are specified in Schedules 9 and
10.

SCHEDULE 5**Operating Reserve - 10-Minute Spinning Reserve Service**

10-Minute Spinning Reserve Service is a service needed to serve load immediately in the event of a system contingency. This service will be available to all Participants and other entities that serve load within the NEPOOL Control Area which enter into separate agreements with NEPOOL through Interchange Transactions resulting from NEPOOL central dispatch. The Transmission Customer may either supply this service with its own resources or through bilateral transactions or obtain the service through Interchange Transactions on terms determined until the Second Effective Date in accordance with Section 12 of the Prior NEPOOL Agreement, and on terms determined thereafter in accordance with Sections 14.4, 14.5 and 14.9 of the Agreement.

Under the Prior Agreement arrangements which will remain in effect until the Second Effective Date, operating reserve is provided through central dispatch and the after-the-fact own load energy billing arrangements. Prior NEPOOL Agreement, §§12.5 - 12.8. Participants that are deemed to carry operating reserve in any hour are

entitled to share in distributions each month from the Pool Savings Fund. Prior NEPOOL Agreement §§14.1(e)(viii)(B) and 14.8(d). These arrangements are equally applicable to 10-Minute Spinning Reserve Service, 10-Minute Non-Spinning Reserve Service and 30-Minute Reserve Service. Prior NEPOOL Agreement, §§12.5, 14.1(e)(viii)(B) and 14.8(d).

Under Sections 14.4, 14.5 and 14.9 of the Agreement, as it will be in effect after the Second Effective Date, the price to be paid for 10-Minute Non-Spinning Reserve Service or 30-Minute Operating Reserve Service received in any hour will be the Operating Reserve Clearing Price for the hour for that category of reserve service, as determined on the basis of bid prices to provide the service. Agreement, §14.9(a). The price for 10-Minute Spinning Reserve Service will be the Operating Reserve Clearing Price for 10-Minute Spinning Reserve for the hour, as determined on the basis of the 10-Minute Spinning Reserve Lost Opportunity Prices, in accordance with Section 14.9(b) of the Agreement. Agreement, §14.9(a) and (b).

The Transmission Service required with respect to Interchange Transactions will be furnished as part of Regional Network Service or Internal Point-to-Point Service to all Participants and other entities serving load in the NEPOOL Control Area. The charge for Regional Network Service is determined in accordance with Section 16 of the Tariff and Schedule 9. The charge for Internal Point-to-Point Service is determined in accordance with Section 21 of the Tariff and Schedule 10.

SCHEDULE 6**Operating Reserve - 10-Minute Non-Spinning Reserve Service**

10-Minute Non-Spinning Reserve Service is a service needed to serve load in the event of a system contingency.

This service will be available to all Participants and other entities that serve load within the NEPOOL Control Area which enter into separate agreements with NEPOOL through Interchange Transactions resulting from NEPOOL central dispatch. The Transmission Customer may either supply this service with its own resources or through bilateral transactions or obtain the service through Interchange Transactions on terms determined until the Second Effective Date in accordance with Section 12 of the Prior NEPOOL Agreement, and on terms determined thereafter in accordance with Sections 14.4, 14.5 and 14.9 of the Agreement.

Under the Prior NEPOOL Agreement arrangements which will remain in effect until the Second Effective Date, operating reserve is provided through central dispatch and the after-the-fact own load energy billing arrangements. Prior NEPOOL Agreement, §§12.5 - 12.8. Participants that are deemed to carry operating reserve in any hour are

entitled to share in distributions each month from the Pool Savings Fund. Prior NEPOOL Agreement §§14.1(e)(viii)(B) and 14.8(d). These arrangements are equally applicable to 10-Minute Spinning Reserve Service, 10-Minute Non-Spinning Reserve Service and 30-Minute Reserve Service. Prior NEPOOL Agreement, §§12.5, 14.1(e)(viii)(B) and 14.8(d).

Under Sections 14.4, 14.5 and 14.9 of the Agreement, as it will be in effect after the Second Effective Date, the price to be paid for 10-Minute Non-Spinning Reserve Service or 30-Minute Operating Reserve Service received in any hour will be the Operating Reserve Clearing Price for the hour for that category of reserve service, as determined on the basis of bid prices to provide the service. Agreement, §14.9(a). The price for 10-Minute Spinning Reserve Service will be the Operating Reserve Clearing Price for 10-Minute Spinning Reserve for the hour, as determined on the basis of the 10-Minute Spinning Reserve Lost Opportunity Prices, in accordance with Section 14.9(b) of the Agreement. Agreement, §14.9(a) and (b).

The Transmission Service required with respect to Interchange Transactions will be furnished as part of Regional Network Service or Internal Point-to-Point Service to all Participants and other entities serving load in the NEPOOL Control Area. The charge for Regional Network Service is determined in accordance with Section 16 of the Tariff and Schedule 9. The charge for Internal Point-to-Point Service is determined in accordance with Section 21 of the Tariff and Schedule 10.

SCHEDULE 7**Operating Reserve - 30-Minute Reserve Service**

30-Minute Reserve Service is a service needed to serve load in the event of a system contingency. This service will be available to all Participants and other entities that serve load within the NEPOOL Control Area which enter into separate agreements with NEPOOL through Interchange Transactions resulting from NEPOOL central dispatch. The Transmission Customer may either supply this service with its own resources or through bilateral transactions or obtain the service through Interchange Transactions on terms determined until the Second Effective Date in accordance with Section 12 of the Prior NEPOOL Agreement, and on terms determined thereafter in accordance with Sections 14.4, 14.5 and 14.9 of the Agreement.

Under the Prior NEPOOL Agreement arrangements which will remain in effect until the Second Effective Date, operating reserve is provided through central dispatch and the after-the-fact own load energy billing arrangements. Prior NEPOOL Agreement, §§12.5 - 12.8. Participants that are deemed to carry operating reserve in any hour are

entitled to share in distributions each month from the Pool Savings Fund. Prior NEPOOL Agreement §§14.1(e)(viii)(B) and 14.8(d). These arrangements are equally applicable to 10-Minute Spinning Reserve Service, 10-Minute Non-Spinning Reserve Service and 30-Minute Reserve Service. Prior NEPOOL Agreement, §§12.5, 14.1(e)(viii)(B) and 14.8(d).

Under Sections 14.4, 14.5 and 14.9 of the Agreement, as it will be in effect after the Second Effective Date, the price to be paid for 10-Minute Non-Spinning Reserve Service or 30-Minute Operating Reserve Service received in any hour will be the Operating Reserve Clearing Price for the hour for that category of reserve service, as determined on the basis of bid prices to provide the service. Agreement, §14.9(a). The price for 10-Minute Spinning Reserve Service will be the Operating Reserve Clearing Price for 10-Minute Spinning Reserve for the hour, as determined on the basis of the 10-Minute Spinning Reserve Lost Opportunity Prices, in accordance with Section 14.9(b) of the Agreement. Agreement, §14.9(a) and (b).

The Transmission Service required with respect to Interchange Transactions will be furnished as part of Regional Network Service or Internal Point-to-Point Service to all Participants and other entities serving Load in the NEPOOL Control Area. The charge for Regional Network Service is determined in accordance with Section 16 of the Tariff and Schedule 9. The charge for Internal Point-to-Point Service is determined in accordance with Section 21 of the Tariff and Schedule 10.

SCHEDULE 8**Through or Out Service -
The Pool PTF Rate**

(1) A Transmission Customer shall pay to NEPOOL for firm or non-firm Through or Out Service reserved for it in accordance with Section 19 of the Tariff the highest of (a) the Pool PTF Rate or (b) a rate which is derived from the annual incremental cost, not otherwise borne by the Transmission Customer or a Generator Owner, of any new facilities or upgrades that would not be required but for the need to provide the requested service or (c) a rate which is equal to NEPOOL's opportunity cost (if and when available) capped at the cost of expansion, as determined for the period of service in accordance with Section 20 of this Tariff. If at any time NEPOOL proposes to charge a rate based on opportunity cost, it shall first file with the Commission procedures for computing opportunity cost pricing for all Transmission Customers. The Transmission Customer shall also be obligated to pay any applicable ancillary service charges and any congestion or other uplift charge required to be paid pursuant to Section 24 of this Tariff.

(2) The Pool PTF Rate in effect at any time shall be determined annually on the basis of the information for the most recent calendar year contained in Form 1 filings (or similar information on the books of Transmission Providers that are not required to submit a Form 1 filing) and shall be changed annually effective as of June 1 in each year. The Pool PTF rate shall be equal to (i) the sum for all Participants of Annual Transmission Revenue Requirements determined in accordance with Attachment F divided by (ii) the sum of the coincident Monthly Peaks (as defined in Section 46.1) of all Local Networks, excluding from the Monthly Peak for each Local Network as applicable the loads at each applicable Point of Delivery of each Participant or Non-Participant which has elected to take Internal Point-to-Point Service in lieu of Regional Network Service at one or more Points of Delivery; plus the Long-Term Firm Reserved Capacity amount for each such Participant or Non-Participant which has elected to take Firm Internal Point-to-Point Service in lieu of Regional Network Service at one or more Points of Delivery plus the Long-Term Reserved Capacity amount for each Participant or Non-Participant for Firm Through or

Out Service. Revenues associated with Short-Term Point-to-Point reservations will be credited to the sum of all Participants' Annual Transmission Revenue Requirements referred to in (i) above.

(3) **Discounts:** Three principal requirements apply to discounts for Through or Out Service as follows (1) any offer of a discount made by the Participants must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from Point(s) of Receipt to Point(s) of Delivery, the Participants must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same Point(s) of Delivery on the NEPOOL Transmission System.

SCHEDULE 9**Regional Network Service**

(1) A Transmission Customer which serves a Network Load in the NEPOOL Control Area shall pay to NEPOOL each month for Regional Network Service the amount determined in accordance with the following formula:

$$A = 1/12 (R \cdot L)$$

in which

A = the amount to be paid

R = the Participant RNS Rate per Kilowatt for the current Year for the Participant which owns the Local Network from which the Customer's load is served

L = the Customer's Monthly Network Load for the month

It shall also be obligated to pay any ancillary charges and any applicable congestion or other uplift charge required to be paid pursuant to Sections 24, 25A and 25B of this Tariff.

Each Participant RNS Rate is to be determined in accordance with the remaining provisions of this Schedule 9. The Participants intend that the rate will be determined by looking separately at the costs associated

with facilities which are in service at December 31, 1996, and the costs associated with new facilities which are placed in service after December 31, 1996. Costs of new facilities are to be shared regionally on a per Kilowatt basis in determining the rates of each of the Participants with a Local Network, unless otherwise allocated to a particular entity pursuant to this Tariff.

Costs of existing facilities are to be determined separately for each Participant and reflected in the rate for service to Transmission Customers serving load in the Participant's Local Network. This is initially subject to a band width which limits the variation of the Participant per Kilowatt cost from the average per Kilowatt cost for all Participants to not less than 70%, or more than 130%, of the average cost.

(2) The Pool RNS Rate per Kilowatt is \$1 in Year One, \$4 in Year Two, \$7 in Year Three, \$10 in Year Four and \$13 in Years Five and Six and the period from the end of Year Six to the next succeeding June 1, and is equal to the Pool PTF Rate for each Year thereafter.

(3) The Participant RNS Rate for a Participant for a Year shall be a percentage of the Pool RNS Rate for the year and shall be equal to the Pool RNS Rate after the end of the transitional period described in paragraph (4) of this Schedule. The percentage for each Participant for each Year shall equal the percentage which the sum of (i) the Participant's pre-1997 Participant RNS Rate and (ii) the post-1996 Pool PTF Rate represents of (iii) the Pool PTF Rate for the Year.

(4) The pre-1997 Participant RNS Rate for each Participant shall be determined by comparing its individual pre-1997 PTF Rate, for the most recent calendar year for which information is available from Form 1 filings or otherwise to the pre-1997 Pool PTF Rate for the same calendar year. If the Participant's individual pre-1997 PTF Rate for a Year is less than the pre-1997 Pool PTF Rate, its pre-1997 Participant RNS Rate for the Year shall be the rate determined by reducing the pre-1997 Pool PTF Rate by the percentage which the Participant's pre-1997 PTF Rate is less than the pre-1997 Pool PTF Rate; provided that in no event shall its pre-1997 Participant

RNS Rate be less than 70% of the pre-1997 Pool PTF Rate, until the end of Year Five, and thereafter shall be no less than 50% of the pre-1997 Pool PTF Rate for Year Six through Year Eleven, and shall be equal to the pre-1997 Pool PTF Rate for Year Twelve and thereafter. If the Participant's individual pre-1997 PTF Rate is greater than the pre-1997 Pool PTF Rate, its pre-1997 Participant RNS Rate shall be the rate determined by increasing the pre-1997 Pool PTF Rate by the percentage which its pre-1997 Participant PTF Rate is greater than the pre-1997 Pool PTF Rate; provided that in no event shall its pre-1997 Participant RNS Rate be greater than 130% of the pre-1997 Pool PTF Rate until the end of Year Six, and thereafter shall be no greater than 127% of the pre-1997 Pool PTF Rate for Year Seven, 123% of the pre-1997 Pool PTF Rate for Year Eight, 118% of the pre-1997 Pool PTF Rate for Year Nine, 112% of the pre-1997 Pool PTF Rate for Year Ten, 105% of the pre-1997 Pool PTF Rate for Year Eleven, and shall be equal to the pre-1997 Pool PTF Rate for Year Twelve and thereafter. If for any Year the revenues to be received from the payment by Participants or other Transmission Customers of their respective applicable

Participant RNS Rates will average more or less than the Pool PTF Rate per Kilowatt for the Year, each Participant RNS Rate will be increased or decreased, as appropriate, so that the revenues to be received per Kilowatt per Year will equal the Pool PTF Rate per Kilowatt for the Year.

(5) The individual pre-1997 PTF Rate of a Participant which owns a Local Network for a year is the amount derived annually by dividing its Annual Transmission Revenue Requirements for the most recent calendar year for which information is available from Form 1 filings (or similar information on the books of Transmission Providers that are not required to submit a Form 1 filing) with respect to PTF placed in service before January 1, 1997, as determined in accordance with Attachment F to this Tariff, by the average for the twelve months of the calendar year on which the rate is based of the sum of the coincident Monthly Peaks for the Local Network, as adjusted each month for losses, excluding from the Monthly Peak the load at each applicable Point of Delivery of each Participant or Non-Participant which has elected to take Internal Point-to-Point Service in lieu of Regional

Network Service at one or more Points of Delivery; plus the Long-Term Firm Reserved Capacity amount for each such Participant or Non-Participant which has elected to take Firm Internal Point-to-Point Service in lieu of Regional Network Service at one or more Points of Delivery.

(6) The pre-1997 Pool PTF Rate shall be determined in accordance with the following formula:

$$R = \frac{\text{ATRR}}{\text{ARNL}}$$

and the post-1996 Pool PTF Rate shall be determined in accordance with the following formula:

$$R' = \frac{\text{ATRR}'}{\text{ARNL}}$$

in which

R = the pre-1997 Pool PTF Rate

R' = the post-1996 Pool PTF Rate

ATRR = the aggregate of the Annual Transmission Revenue Requirements of the Participants with respect to PTF placed in service before January 1, 1997, as determined in accordance with Attachment F to this Tariff.

ATRR' = the aggregate of the Annual Transmission Revenue Requirements of the Participants with respect to PTF placed in service on or after January 1, 1997, including upgrades, modifications or additions to PTF placed in service before January 1, 1997, as determined in accordance with Attachment F to this Tariff.

ARNL = the average for the twelve months of the calendar year on which the rate is based of the sum of the coincident Monthly Peaks for all Local Networks, as adjusted each month for NEPOOL losses, excluding from the Monthly Peak for each Local Network as applicable the load at each applicable Point of Delivery of each Participant or Non-Participant which has elected to take Internal Point-to-Point Service in lieu of Regional Network Service at one or more Points of Delivery; plus the Long-Term Firm Reserved Capacity amount for each such Participant or Non-Participant which has elected to take Firm Internal Point-to-Point Service in lieu of Regional Network Service at one or more Points of Delivery plus the Long-Term Reserved Capacity amount for each Participant or Non-Participant for Firm Through or Out Service.

(7) As used in this Schedule, "Monthly Peak" and "Monthly Network Load" each has the meaning specified in Section 46.1 of this Tariff.

(8) With the exception of any provision of this Schedule relating to the determination or application of the post-1996 Pool PTF Rate and technical changes to the last sentence of paragraph (4) of this Schedule 9 to allocate costs as necessary to keep Participants within the bandwidths identified in that paragraph, the provisions of this Schedule 9 shall not be amended for service rendered

under the NEPOOL Tariff through December 31, 2003, except by agreement in writing of the parties executing the Settlement Agreement in FERC Docket Nos. OA97-237-000 et al. and compliance with the applicable requirements of the Restated NEPOOL Agreement.

SCHEDULE 10**Internal Point-to-Point Service**

(1) A Transmission Customer shall pay to NEPOOL for firm or non-firm Internal Point-to-Point Service reserved for it in accordance with Section 19 of the Tariff a charge per Kilowatt, as determined for the period of the service in accordance with Section 21 of this Tariff, equal to the Internal Point-to-Point Service Rate; provided if either or both (i) a rate which is derived from the annual incremental cost not otherwise borne by the Transmission Customer or a Generator Owner, of any new facilities or upgrades that would not be required but for the need to provide the requested service or (ii) a rate which is equal to NEPOOL's opportunity cost (if and when available) capped at the cost of expansion, is greater than the Pool PTF Rate the charge shall be the higher of such amounts; provided further that no such charge shall be payable with respect to the use of Internal Point-to-Point Service to effect a delivery to the NEPOOL power exchange in an Interchange Transaction. If at any time NEPOOL proposes to charge a rate based on opportunity cost, it shall first file with the Commission procedures

for computing opportunity cost pricing for all Transmission Customers. The Customer shall also be obligated to pay any applicable ancillary service charge and any applicable congestion or other uplift charge required to be paid pursuant to Sections 24, 25A and 25B of this Tariff.

(2) **Discounts:** Three principal requirements apply to discounts for Internal Point-to-Point Service as follows (1) any offer of a discount made by the Participants must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from Point(s) of Receipt to Point(s) of Delivery, the Participants must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same Point(s) of Delivery on the NEPOOL Transmission System.

SCHEDULE 11

Additions to or Upgrades of PTF

If any of the studies referred to in Sections 33, 44 or 49 of the Tariff indicates that PTF upgrades are necessary to provide the requested service, or in connection with a new or materially changed generating unit, responsibility for the costs of the PTF upgrades shall, where necessary, be determined by the Regional Transmission Planning Committee before construction is commenced, subject to the following limitations:

- (i) If the construction of a PTF upgrade is required in connection with a new generating unit or materially changed generating unit, one-half of the Shared Amount (as defined below) of the capital cost of the PTF upgrade shall be included in Annual Transmission Revenue Requirements under Attachment F, and the Generator Owner shall be obligated to pay the other half of the Shared Amount of the capital cost of the PTF upgrade and all of the capital cost in excess of the Shared Amount, and any applicable tax gross-up amounts and such amounts to be paid by the Generator Owner shall not be included in Annual Transmission

Revenue Requirements under Attachment F. Following completion of the construction or modification, the Generator Owner shall be obligated to pay its pro rata share of all of the annual costs (including cost of capital, federal and state income taxes, O&M and A&G expenses, annual property taxes and other related costs) which are allocable to the PTF upgrade, pursuant to the interconnection agreements with the individual Transmission Providers or their designees which are responsible for the construction or modification, which agreements may be filed with the Commission by a Transmission Provider unsigned either on its own or at the request of the Generator Owner.

- (ii) In determining the cost responsibilities for a particular PTF upgrade, the Regional Transmission Planning Committee, subject to review by the System Operator, may determine that all or a portion of the proposed facilities exceed regional system, regulatory or other public requirements. In such a case, the Regional Transmission Planning Committee, subject to review by the System Operator, shall determine the amount of the excess costs of the PTF

upgrade which shall be borne by the entity which is responsible for requiring such excess costs, and the excess costs shall not be included in the calculation of the Shared Amount, if any, of the costs of the PTF upgrade and shall be borne directly by the responsible entity.

The Shared Amount of the capital cost of the PTF upgrade required in connection with the installation or modification of a generating facility (excluding any costs which are determined to be excess costs in accordance with paragraph (ii) above) shall be initially determined as of the time that the System Impact Study agreement is executed by all parties and the Generator Owner has paid the cost of the study, (such initial determination to be based on the estimated cost of the PTF upgrade, subject to later adjustment as set forth below) subject to truing up the KW element of the following formula upon completion of the PTF upgrade, and shall be the lesser of (a) the full actual capital cost of the PTF upgrade (excluding any costs which are determined to be excess costs in

accordance with paragraph (ii) above) or (b) the amount determined in accordance with the following formula:

$$P = \frac{KW(R)(.50)}{C}$$

in which:

P is the maximum amount to be shared;

KW in the case of a generating unit, is the actual demonstrated net capability of the new generating unit or increase in the capacity of an existing generating unit corrected to 50°F, in kilowatts. If winter operating conditions are shown in the System Impact Study and/or application under Section 18.4 of the Agreement to require additional transmission reinforcements beyond those reinforcements required for summer operating conditions, the net capability of the unit will be corrected to an ambient air temperature of 0°F;

R is the Pool PTF Rate, as in effect on the Compliance Effective Date; and

C is the weighted average carrying charge factor of all the Transmission Providers which own PTF, determined, as of the Compliance Effective Date, in accordance with Attachment F to the Tariff, i.e., the sum for all Transmission Providers of the amounts in Attachment F, Section I.A through I.H, divided by the sum of PTF Transmission Plant for all Transmission Providers as defined in Attachment F, Section I.A.1.a.

If the Regional Transmission Planning Committee (RTPC) and the System Operator at the time of the review of a generation project under Section 18.4 of the Agreement find that the proposed generation project would result in deferral for two years or more or cancellation of transmission upgrade investments that would have been required (subject to criteria proposed by the System Operator and approved by the RTPC and the Executive

Committee with respect to the siting of generation in the most advantageous location and is only exercised when there is a significant net benefit to load) but for the proposed generation project in an amount that equals or exceeds 75% of the capital equivalent of the Pool PTF Rate, then the Executive Committee shall have the authority to vote to permit a deviation from the cost allocation formula in this Schedule 11 that would allow the cap on the Shared Amount to increase to as much as 100% of the capital equivalent of the Pool PTF Rate.

All payments required hereunder shall be determined initially on an estimated basis, and then adjusted after the appropriate portion of the construction or modification costs has been reflected in Tariff rates in the first adjustment of Tariff rates after the PTF upgrade has been placed in commercial operation.

If a proposal for a new generating unit or a material change to a generating unit requires the construction of a

PTF upgrade to interconnect and/or accommodate the generator, the Generator Owner requesting such interconnection may, at the request of the Transmission Provider or its designee responsible for effecting such construction, be obligated to pay to the Transmission Provider or its designee constructing the PTF upgrade an amount equal to its share of the estimated cost of the construction at one time or in monthly or other periodic installments, including, without limitation, all costs associated with acquiring land, rights of way easements, purchasing equipment and materials, installing, constructing, interconnecting, and testing the facilities; O&M and engineering costs; all related overheads; and any and all associated taxes and government fees. In addition to, or in lieu of said payment, the affected Transmission Provider or its designee may require the Generator Owner to provide, as security for its obligation to pay any unfunded balance of the construction costs, and its obligation to pay the entire construction cost if the new PTF or upgrades are partly or completely constructed and the Generator Owner then goes out of business or abandons its project, a letter of credit or other reasonable form

of security acceptable to the Transmission Provider or its designee that will be responsible for the construction equivalent to the cost of the new facilities or upgrades and consistent with relevant commercial practices, as established by the Uniform Commercial Code. As soon as reasonably practical, but in any event within 180 days after completion of the construction, or as otherwise mutually agreed, the Transmission Provider or its designee responsible for the construction will determine the difference, if any, between the estimated cost already paid by the Generator Owner to the Transmission Provider or its designee responsible for the construction and its share of the actual cost of the construction, and will either receive from the Generator Owner, with Interest (if the sum paid is insufficient) or pay to the Generator Owner, with Interest, (if the sum paid is surplus) the difference; provided that if, at the time such determination is made, items of construction remain to be completed and/or some construction costs have not been invoiced and paid, the Transmission Provider or its designee responsible for the construction shall continue to be entitled to recover from the Generator Owner the

Generator Owner's share of the costs of such remaining items and may retain a reserve to cover such items.

Furthermore, the Transmission Provider shall release any letter of credit or other security instrument received by the Transmission Provider, up to the amount allowed to be recovered through the Transmission Provider's Annual Transmission Revenue Requirement, no later than 60 days after the later of the reflection of such costs in the Pool rates and the commercial operation of the generation addition or modification. To the extent PTF upgrades, or any portion thereof, are completed in a calendar year, Transmission Providers will use their best efforts to reflect such facilities in their Annual Transmission Revenue Requirements calculated on the basis of that year.

That portion of the construction costs paid by the Generator Owner may, by mutual agreement of the Transmission Provider and the Generator Owner, either be retained by the Transmission Provider, or be refunded to the Generator Owner upon the Generator Owner executing a contract with the Transmission Provider obligating the Generator Owner to pay the Transmission Provider the ongoing transmission revenue requirement associated with

its share of the PTF construction, including cost of capital, federal and state income taxes, O&M and A&G costs, annual property taxes and all other related costs, and providing the Transmission Provider with an irrevocable letter of credit or other form of security acceptable to the Transmission Provider. In the event the Generator Owner's portion of the construction costs is retained by the Transmission Provider or its designee in accordance with the preceding sentence, the Generator Owner will be obligated (i) to pay the federal and state income taxes required to be paid by the Transmission Provider with respect to the retained amount, and (ii) to pay annually its percentage of the O&M and A&G costs, annual property taxes and all other related costs in accordance with the interconnection agreement; provided that in no event shall the Generator Owner be obligated to pay any cost more than once. If the Generator Owner for whatever reason goes out of business, or otherwise abandons its generation project, and the PTF upgrade has already been partially or completely constructed, the Generator Owner shall be responsible for all of the unrecovered ongoing costs of the PTF upgrade that would

not have been incurred but for the proposed generation project. Nothing contained herein shall prevent the Transmission Provider or its designee responsible for the construction and the Generator Owner from negotiating other methods for providing financial security associated with the cost of a PTF upgrade to existing PTF deemed acceptable to the Transmission Provider or other entity.

In any case other than the construction or modification of a PTF upgrade with respect to a new or modified generating unit, a Transmission Customer shall also be obligated to pay such costs and to provide such security for its obligation as may be agreed to under an interconnection or other applicable agreement with the Transmission Provider or its designee which will effect the construction or modification.

Subject to the foregoing, the interconnection and support agreements for a PTF upgrade may specify the basis for continued support of such upgrade in the event of a termination of NEPOOL, the cancellation of the project due to a failure to obtain regulatory approvals or permits or

required rights of way or other property, or action to terminate the project before its completion for whatever reason and any other matters.

Interest payable hereunder shall be calculated in accordance with Section 8.3 of the Tariff.

ATTACHMENT A

**Form of Service Agreement for
Through or Out Service or
Internal Point-To-Point Service**

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between the NEPOOL Participants acting through _____ (the "System Operator") and _____ ("Transmission Customer").

- 2.0 The Transmission Customer has been determined by the System Operator to have a Completed Application for Firm [Non-Firm] Transmission Service under this Tariff.

- 3.0 If required, the Transmission Customer has provided to the System Operator an Application deposit in accordance with the provisions of this Tariff.

- 4.0 Service under this Service Agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction or any Direct Assignment Facilities

and/or facility additions or upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this Service Agreement shall terminate on such date as is mutually agreed upon by the parties. [The Service Agreement may be a blanket agreement for non-firm service.]

- 5.0 The Participants agree to provide, and the Transmission Customer agrees to take and pay for, Transmission Service in accordance with the provisions of the Tariff and this Service Agreement.
- 6.0 Any notice or request made to or by either party regarding this Service Agreement shall be made to the representative of the other party as indicated below.

NEPOOL Participants:

New England Power Pool
One Sullivan Road
Holyoke, MA 01040-2841

Transmission Customer:

7.0 The Tariff is incorporated in this Service Agreement
and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service
Agreement to be executed by their respective authorized
officials.

NEPOOL Participants:

By [System Operator]

By: _____

Name

Title

Date

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Transmission Customer:

By: _____
Name Title Date

Specifications For Through or Out Service
or Internal Point-to-Point Service

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

2.0 Description of capacity and energy to be transmitted
by Participants including the electric Control Area
in which the transaction originates.

—

3.0 Point(s) of
Receipt: _____

Delivering
party: _____

4.0 Point(s) of

Delivery:_____

Receiving

party:_____

5.0 Maximum amount of capacity and energy to be
transmitted (Reserved

Capacity):_____

6.0 Designation of party(ies) or other entity(ies)
subject to reciprocal service

obligation:_____

—

—

—

—

7.0 Name(s) of any intervening systems providing

transmission service: _____

8.0 Service under this Service Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of this Tariff.)

8.1 Transmission

Charge: _____

—

8.2 System Impact Study and/or Facilities Study

Charge(s):

—

—

8.3 direct assignment expansion charge [**Need to define or reference upgrade costs**]:

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ATTACHMENT B
Form Of Service Agreement For
Regional Network Service

- 1.0 This Service Agreement, dated as of _____,
is entered into, by and between the NEPOOL
Participants acting through
_____ (the "System Operator"),
and _____ ("Transmission Customer").
- 2.0 The Transmission Customer has been determined by the
System Operator to be a Transmission Customer under
the Tariff and has requested Regional Network Service
under the Tariff.
- 3.0 Regional Network Service (including, if requested,
Network Integration Transmission Service) under this
Agreement shall be provided by the NEPOOL
Participants upon request by an authorized
representative of the Transmission Customer.

- 4.0 The Transmission Customer agrees to supply information the System Operator deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
- 5.0 The Participants agree to provide and the Transmission Customer agrees to take and pay for Regional Network Service in accordance with the provisions of the Tariff and this Service Agreement.
- 6.0 Any notice or request made to or by either party regarding this Service Agreement shall be made to the representative of the other party as indicated below.

NEPOOL Participants:

New England Power Pool
One Sullivan Road
Holyoke, MA 01040-2841

Transmission Customer:

7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Customer:

By: _____

Name

Title

Date

NEPOOL Participants:

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By: [System Operator]

By: _____

Name

Title

Date

ATTACHMENT C**Methodology To Assess Available Transmission Capability**

Available Transmission Capability (ATC) will be assessed based on industry-accepted standards; currently, ATC will be established by reducing the determined Total Transfer Capability (TTC) by the Transmission Reliability Margin (TRM) and by transmission commitments.

Total Transfer Capability (TTC) is the determined amount of electric power that can be reliably transferred over the network consistent with the following:

- Good utility practice
- NERC standards, guides, and procedures;
- NPCC criteria and guidelines;

- New England criteria, rules, procedures, and reliability standards;
- Applicable guides, standards, and criteria of the affected Transmission Owner(s), whether Participant or Non-Participant;
- Other applicable guidelines and standards which may need to be established from time to time.

As such, TTC will be determined at a level which maintains all of the following:

- All equipment within its applicable capabilities;
- Voltages and reactive reserves within acceptable levels;
- Stability maintained with adequate levels of damping;
- Frequency (Hz) within acceptable levels.

TTC will be evaluated using appropriate and suitable tools, data, and information, considering the physical impacts of electric power transfers on the interconnected transmission network. It will reflect anticipated system conditions and equipment status to the degree practicable.

The Transmission Reliability Margin (TRM) will be established at a level which incorporates the uncertainties and continued variability of system conditions and the practical limitations of system control.

Transmission commitments include existing and pending requests for transmission service and obligations of other existing contracts under which transmission service is provided.

ATTACHMENT D**Methodology for Completing a System Impact Study**

The system impact study will be performed to evaluate the impact of the requested service on the reliability and operating characteristics of the bulk power system, consistent with:

- Good utility practice
- NERC standards, guides, and procedures;
- NPCC criteria and guidelines;
- New England criteria, rules, procedures, and reliability standards;
- Applicable guides, standards, and criteria of the impacted Transmission Owner(s), whether Participant or Non-Participant;

- Other applicable guidelines and standards which may need to be established from time to time.

As such, the study will examine the impact on the New England regional bulk power system and its component systems and neighboring and external systems. Consistent with the aforementioned, the ability to operate the system subject to the following will be considered:

- All equipment within its applicable capabilities;
- Voltages and reactive reserves within acceptable levels;
- Stability maintained with adequate levels of damping;
- Frequency (Hz) within acceptable levels.

The study will consider the reliability requirements to meet existing and pending obligations of the Participants and the obligations of the impacted Transmission Owner(s).

The study will be performed using appropriate and suitable analysis tools and modeling data consistent with the nature and duration of the requested service. It is expected that the Eligible Customer will provide the information as prescribed in Exhibit 1 of Attachment I, and such other information as may be reasonably required and associated with the requested service and necessary for its study. It is also recognized that it may be determined that additional or specialized analysis tools or computer software are necessary for the study. The responsibility for the provision of these items will be subject to the System Impact Study Agreement.

The study will identify if the requested service or a portion of it can be provided without adverse impact on the reliability and operating characteristics of the system. The study will also identify if it appears that modification of the system is necessary to provide the service.

ATTACHMENT E**Local Networks**

The Local Networks, as of the effective date of this Tariff, are those of the following:

1. Bangor Hydro-Electric Company
2. Boston Edison Company
3. Central Maine Power Company
4. the Commonwealth Energy System companies
5. the Eastern Utility Associates companies
6. the New England Electric System companies
7. the Northeast Utilities companies
8. The United Illuminating Company

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9. Vermont Electric Power Company and the entities which are grouped with it as a single Participant.

ATTACHMENT F**Annual Transmission Revenue Requirements**

The Transmission Revenue Requirements for each Participant will reflect the Participants' costs for Pool Transmission Facilities (PTF). The Transmission Revenue Requirements will be an annual calculation based on the previous year's calendar data as shown, in the case of Transmission Providers which are subject to the Commission's jurisdiction, in the Participants' FERC Form 1 report for that year, and shall be based on actual data in lieu of allocated data if specifically identified in the Form 1 report in accordance with the following formula:

- I. The Transmission Revenue Requirement shall equal the sum of the Transmission Provider's (A) Return and Associated Income Taxes, (B) Transmission Depreciation Expense, (C) Transmission Related Amortization of Loss on Reacquired Debt, (D)

Transmission Related Amortization of Investment Tax Credits, (E) Transmission Related Municipal Tax Expense, (F) Transmission Related Payroll Tax Expense, (G) Transmission Operation and Maintenance Expense, (H) Transmission Related Administrative and General Expense, (I) Transmission Related Integrated Facilities Charges, minus (J) Transmission Support Revenue, plus (K) Transmission Support Expense, plus (L) Transmission Related Expense from Generators, plus (M) Transmission Related Taxes and Fees Charge, minus (N) Revenue for Short-Term Transmission Service under the NEPOOL Tariff and (O) Transmission Rents Received from Electric Property.

The details for implementation of Attachment F, as well as the definitions of the terms used in the Attachment F formula, shall be established in accordance with the applicable rule set forth in the Settlement Agreement entered into in FERC Dockets OA97-237-000, et al. Any changes to that rule must be approved by the Regional Transmission Operations Committee. The rule and any changes thereto shall be filed with the Commission and considered a supplement to this Tariff.

Attachment G: List of Excepted Transaction Agreements

Attachment G is a listing of transmission agreements pertaining to certain point-to-point wheeling transactions across or out of a Local Network. In accordance with Sections 25, 25A and 25B of the Tariff, these agreements will continue to be in effect at the rates and terms thereunder rather than under the Tariff.

Item #	Receiver	Description, Purpose or Service	Effective Date	End Date	Amount (MW's)	Comments FERC Docket #'s
1	Unitil	PTP firm wheeling of BHE QF's	1/1/87	2/28/03	25	25.0MW since 11/1/91, dropping to 24.27 MW's on 7/97, decreasing further later. 2 yr notification Please see the Addendum to this Attachment for Additional Information
2	Cambridge	Firm agreement to transfer energy/capacity from Canal 1 to Cambridge Electric Light across BECO system	7/1/68	11/1/01	varies	
3	BECO	Long term wheeling of L'Energia ⁽¹⁾	7/9/96	3/13/13	65.048	See note #1
4	Braintree	Long term wheeling of system power ⁽¹⁾	7/9/96	10/31/04	2	See note #1, option to extend Please see the Addendum to this Attachment for Additional Information
5	CES	Long term non-firm wheeling of power from Boott Hydro ⁽¹⁾	7/9/96	life	20	See note #1
6	CES	Long term non-firm wheeling of power from Collins Dam ⁽¹⁾	7/9/96	10/1/04	1.5	See note #1
7	Hingham	Long term wheeling of power from Manchester street ⁽¹⁾	7/9/96	12/31/27	1.446	See note #1 Please see the Addendum to this Attachment for Additional Information
8	Hingham	Long term wheeling of power from Bear Swamp ⁽¹⁾	7/9/96	11/1/05	5.02	See note #1 Please see the Addendum to this Attachment for Additional Information
9	Montaup	Long term wheeling of McNeil Burlington ⁽¹⁾	7/9/96	life	8	See note #1
10	Taunton	Long term wheeling of system power ⁽¹⁾	7/9/96	10/31/05	10	See note #1 Please see the Addendum to this Attachment for Additional Information
11	Unitil	Long term wheeling power from Ocean State I & II ⁽¹⁾	7/9/96	10/31/10	22.5	See note #1, amount changes over contract/seasons Please see the Addendum to this Attachment for

Item #	Receiver	Description, Purpose or Service	Effective Date	End Date	Amount (MW's)	Comments FERC Docket #'s
						Additional Information
12	Unitil	Long term wheeling of power from Salem Harbor ⁽¹⁾	7/9/96	10/31/05	9.8	See note #1, amount changes over contract/seasons Please see the Addendum to this Attachment for Additional Information
13	Unitil	Long term wheeling power from Maine Yankee	7/9/96	10/31/05	2	Please see the Addendum to this Attachment for Additional Information
14	NUSCO	Firm PTP Trans. Wheeling Service	9/1/94	2003	40	Madison Electric Works - ER94-1160-000
15	Holyoke	Firm PTP Trans. Wheeling Service	7/1/95	2003	4	NYPA Power - ER95-1354-0000 Please see the Addendum to this Attachment for Additional Information
16	CES	Firm PTP Trans. Wheeling Service	5/1/85	2013	2	Swift River - Chicopee 1&2 ER86-85-000/ER86-79-000
17	Groton	Firm PTP Trans. Wheeling Service	11/1/89	1999	1	Glendale Hydro - ER92-66-000 Please see the Addendum to this Attachment for Additional Information
18	UI/Unitil	Firm PTP Trans. Wheeling Service BHS3 to Unitil	5/1/90	2010	15	TSA Corridor - ER92-65-000 Please see the Addendum to this Attachment for Additional Information
19	Groton	Firm PTP Trans. Wheeling Service	4/1/92	2010	1	Littleville Power Co-Texon Hydro ER92-458-000/ER92-66-000/ER93-219-000 Please see the Addendum to this Attachment for Additional Information
20	Fitchburg	Firm PTP Trans. Wheeling Service	1/1/95	2012	3	Harris Hydro - ER94-559-000/ER95-357-000 Please see the Addendum to this Attachment for Additional Information
21	MASS POWER	Firm PTP Trans. Wheeling Service ⁽⁴⁾	7/31/93	7/30/13	200	ER94-902-000/ER93-219-000 See note #6 Please see the Addendum to this Attachment for Additional Information
22	LILCO	Firm PTP Trans. Wheeling Service	5/1/94	1997	88	Fitzpatrick - ER94-1201-000
23	Altresco Pittsfield	Firm PTP Trans. Wheeling Service ⁽⁴⁾	1/1/95	12/31/11	160	ER95-306-000 See note #6
24	MMWEC	Firm PTP Trans. Wheeling Service	11/1/95	2003	27	NYPA Power - ER96-201-000 Please see the Addendum to this Attachment for Additional Information
25	Pascoag	Firm PTP Trans. Wheeling Service	11/1/95	2003	3	NYPA Power - ER96-201-000
26	Pontook	Firm PTP Trans. Wheeling Service	7/26/85	2001	11	Pontook

Item #	Receiver	Description, Purpose or Service	Effective Date	End Date	Amount (MW's)	Comments FERC Docket #'s
						Please see the Addendum to this Attachment for Additional Information
27	Suncook	Firm PTP Trans. Wheeling Service	4/8/96	2021	3	Suncook - ER96-1277-000
28	NUSCO	Firm PTP Trans. Wheeling Service⁽²⁾	10/1/96	2006	100/200	See Note #2, Suffolk County, NY - ER96-2338-000
29	NUSCO	Firm PTP Trans. Wheeling Service	12/1/81	2019	variable	MMWEC: Stonybrook ER83-358-000/ER93-219-000
30	NUSCO	Firm PTP Trans. Wheeling Service	6/1/94	2005	10	Unitil: Norwalk 1&2 - ER94-1088-0000
31	NUSCO	Firm PTP Trans. Wheeling Service	11/1/94	2004	15	Fitchburg Gas & Electric - ER93-417-001
32	NUSCO	Firm PTP Trans. Wheeling Service	11/1/94	2005	13	Reading Municipal Light - ER94-1591-000 Please see the Addendum to this Attachment for Additional Information
33	NUSCO	Firm PTP Trans. Wheeling Service	11/1/93	1998	5	Middleton Municipal Light - ER93-901-000 Please see the Addendum to this Attachment for Additional Information
34	NUSCO	Firm PTP Trans. Wheeling Service	11/1/93	1998	2	Georgetown Municipal Light - ER93-884-000 Please see the Addendum to this Attachment for Additional Information
35	NUSCO	Firm PTP Trans. Wheeling Service	11/1/93	2004	1	Princeton Municipal Light: Holyoke Hydro ER93-915-000
36	NUSCO	Firm PTP Trans. Wheeling Service	11/1/93	1998	1	VT Public Power Supply - ER93-913-000 Please see the Addendum to this Attachment for Additional Information
37	NUSCO	Firm PTP Trans. Wheeling Service	5/1/94	1999	25	Citizens Utility Co. ER94-1211-000/EC90-10-007
38	NUSCO	Firm PTP Trans. Wheeling Service	11/1/94	1998	5	Holyoke Gas & Electric - ER94-1592-000 Please see the Addendum to this Attachment for Additional Information
39	NUSCO	Firm PTP Trans. Wheeling Service	11/1/94	2004	20	Danver Electric Dept. - ER94-1207-000 Please see the Addendum to this Attachment for Additional Information
40	NUSCO	Firm PTP Trans. Wheeling Service	11/1/94	2004	20	Littleton Electric Light/Water ER94-1207-000 Please see the Addendum to this Attachment for Additional Information
41	NUSCO	Firm PTP Trans. Wheeling Service	11/1/94	2004	10	Mansfield Municipal Electric ER94-1207-000 Please see the Addendum to this Attachment for

Item #	Receiver	Description, Purpose or Service	Effective Date	End Date	Amount (MW's)	Comments FERC Docket #'s
						Additional Information
42	NUSCO	Firm PTP Trans. Wheeling Service	5/1/95	2004	1	Sterling Municipal Electric ER95-584-000 Please see the Addendum to this Attachment for Additional Information
43	NUSCO	Firm PTP Trans. Wheeling Service	6/1/95	2002	3	Princeton Municipal Electric ER95-1137-000 Please see the Addendum to this Attachment for Additional Information
44	NUSCO	Firm PTP Trans. Wheeling Service	8/1/95	1999	2	VT Marble Power Div. - ER95-1461-000
45	NUSCO	Firm PTP Trans. Wheeling Service	11/1/95	2002	6	Rowley Municipal Lighting ER96-160-000 Please see the Addendum to this Attachment for Additional Information
46	Littleton	Non-Firm PTP Trans. Wheeling Service	10/30/91	n/a	1	Marlboro Hydro Corp/Minnewawa Please see the Addendum to this Attachment for Additional Information
47	NEP	Non-Firm PTP Trans. Wheeling Service	12/6/91	n/a	3	Waste Mgmt of NH/Turnkey
48	NEP	Non-Firm PTP Trans. Wheeling Service	11/1/93	1998	40	ER93-914-000/ER95-41-000
49	CMEEC	Non-Firm PTP Trans. Wheeling Service	6/15/93		variable	Liquid Carbonic Ind Medical Corp ER93-663-000
50	Wallingford	Non-Firm PTP Trans. Wheeling Service	7/27/92		variable	Ct Steel - ER92-730-000
51	NUSCO	Non-Firm PTP Trans. Wheeling Service	11/1/95	1999	150	CMP ER94-48-000/ER95-1635-000
52	NUSCO	Non-Firm PTP Trans. Wheeling Service	11/1/95	1997	100	BECO ER94-48-000 ER95-1851-000/ER96-3144-000
53	NHEC	Firm Trans. Wheeling Services	3/31/81	n/a	6	Maine Yankee Through PSNH
54	MASS POWER	Firm wheeling of Mass power	7/31/93	7/30/13 12/31/13 7/30/08	29.3/25 117/100 30/26	ER93-624-000, ER97-2574-000 Please see the Addendum to this Attachment for Additional Information
55	Pittsfield	Firm wheeling of Pittsfield Generating Company (Altresco)	9/1/93	12/31/11	29.5 W 26 S	ER93-623-000, ER97-2574-000 Please see the Addendum to this Attachment for Additional Information
56	North Attleboro	Non-firm wheeling of Cleary 9cc to North Attleboro	11/1/84	LOU	10	ER93-396-000 Please see the Addendum to this Attachment for Additional Information
57	Hudson	Non-firm wheeling of Cleary 9cc to Hudson Light & Power	11/1/86	LOU	5	ER87-362-000 Please see the Addendum to this Attachment for

Item #	Receiver	Description, Purpose or Service	Effective Date	End Date	Amount (MW's)	Comments FERC Docket #'s
						Additional Information
58	MMWEC	Firm wheeling of NYPA power to Braintree, Hingham, Hull, Wellesley, Reading, Belmont, Concord	7/1/85	6/30/01	3.03/2.0 9 1.11/2.3 3 5.84/2.3 2 1.69	amounts in order of co.'s listed & through 6/30/97, can be extended monthly 6/30/01 thru 10/31/03 ER87-362-000 Please see the Addendum to this Attachment for Additional Information
59	Braintree	Non-firm wheeling of Cleary 9cc to Braintree	11/1/84(1) 11/1/86(2)	LOU	10	ER85-390-000/ER87-126-000 Please see the Addendum to this Attachment for Additional Information
60	Hingham	Non-firm wheeling of Cleary 9cc to Hingham	11/1/88	LOU	3	ER93-137-000/ER87-126-000 Please see the Addendum to this Attachment for Additional Information
61	CES	Non-firm backup wheeling agreement	7/31/93	8/31/01		
62	Pascoag Fire District	Firm transmission service	11/1/81	11/1/97 10/31/98, 99,00	5, 5.3, 4.97,2.9 7	Contract Demand service agreement ER82-61-000 Please see the Addendum to this Attachment for Additional Information
63	Middle-borough	Firm transmission service	5/1/83	11/1/97 10/31/99	8 6	Contract Demand service agreement ER83-485-000
64	NU	Unit firm exchange of capacity, NU gas turbine for UI base fossil Only BHS3 share - 25 MW's	5/1/93	12/31/99	2.4:1 120to50	can be extended & requires notice of termination
65	UI	Firm Niagara & St. Lawrence Hydro power project contract	3/1/90	6/30/01		
66	Altresco	Firm wheeling power contract	9/1/93	12/31/11	29	ER93-786-000, ER97-2500-000
67	MMWEC	Wheeling contract from PASNY for Braintree, Hingham, Hull, Reading, Belmont, Concord, Wellesley		10/31/03	18 total	Please see the Addendum to this Attachment for Additional Information
68	Unitil	Firm power & wheeling of Vermont Yankee Bundled T & G	1991	2001	25	with CVPS termination right at 11/98 Please see the Addendum to this Attachment for Additional Information
69	CMP	Firm delivery of Beaver-Ashland NELP #2 output from MPS to CMP⁽³⁾	1/1/93	12/31/16	34	See Note #3
70	CMP	Firm transmission of capacity/energy from Avec in excess of Houlton Water Req. for CMP native load⁽³⁾	10/26/94	4/30/2000	26 0	amount varies with Houlton load See Note #3
71	HWC	Firm power sales agreement for requirements from CMP to Houlton Water Co.⁽³⁾	1/1/96	12/31/05	11-15	See Note #3 & #4

Attachment G-1: List of Excepted Agreements

Attachment G-1 is a listing of comprehensive network service agreements. In accordance with Sections 25, 25A and 25B of the Tariff, these agreements are to continue in effect and transmission service for the transactions covered by such agreements will continue to be provided at the rates and terms in effect thereunder rather than under the Tariff. Further, service for the transactions covered by such agreements shall continue to be excepted for their respective terms from the requirement to pay a Local Network Service charge.

Parties to the Agreement	Description, Purpose or Service	Effective Date	End Date	Amount (MW's)	Comments FERC Docket #'s
WM ECO/ NEP	Service to French King/Shelburne	3/15/94	2 yr notice	varies	Transmission Service Agreement Please See the Addendum to this Attachment for Additional Information
WM ECO/ NEP	Service to SBNGB	2/23/93	2 yr notice	varies	Transmission Service Agreement Please See the Addendum to this Attachment for Additional Information
Cam bridge/ BE CO	Support Agreements	1/1/75	open	n/a	Rights in perpetuity
UI/ N U	Six UI Substations Agreement	8/24/93	10/31/98	varies	
CMP	Firm Transmission of	5/16/94	12/31/03	varies	1yr Notification, Can be extended to 12/31/08

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Parties to the Agreement	Description, Purpose or Service	Effective Date	End Date	Amount (MW's)	Comments FERC Docket #'s
/ME W/N U	Capacity/Energy to Serve Madison				
CME EC/N U	Comprehensive Transmission Service Agreement	11/29/90	1/1/09	n/a	ER91-209-000, ER93-297-000
Chicopee /NU	Comprehensive Transmission Service Agreement	11/1/95	10/31/09	n/a	ER85-689-000, ER93-219-000
South Hadley/ NU	Comprehensive Transmission Service Agreement	11/1/95	7/1/10	n/a	EC90-10-000, ER85-689-000, ER720-000
West field/ NU	Comprehensive Transmission Service Agreement	1/1/95	7/1/10	n/a	EC90-10-000
CMP /NU	Firm Border Line Agreement for Bolt Hill Substation	12/15/81	open	35-40	Amount varies, 2yr Notification Please See the Addendum to this Attachment for Additional Information

Parties to the Agreement	Description, Purpose or Service	Effective Date	End Date	Amount (MW's)	Comments FERC Docket #'s
All VT Utilities	Velco 1991 Transmission Agreement	1991		n/a	Transmission Service Agreement
CMP /Fox Island	Firm Transmission Assoc. with Bundled Requirements Contract	1/1/94	12/31/98	varies	Can be extended to 12/31/03*
CMP /Kennebunk	Firm Transmission Assoc. with Bundled Requirements Contract	1/1/94	12/31/98	varies	Can be extended to 12/31/03*
GMP /CVP S	Firm Network support with outflow-Interconnection agreement	10/19/93	10/19/08	varies	Transmission Interconnection Agreement

* Terminated as of 4/30/99

Attachment G-2: List of Certain Arrangements over External Ties

Attachment G-2 is a listing of agreements which relates to the use of the tie lines to New York.

	Receiver	Description, Purpose of Service	Effective Date	End Date	Amount (MW's)	Comments FERC Docket #'s
P r o v i d e r V T E l e c t r i c P o w e r C o .	VT Public Systems	To import NYPA power	03/01/90	10/2003	14 MW	

V T E l e c t r i c P o w e r C o .	VT Public Power Supply Authority (VPPSA)	To import power from New York State Electric & Gas Company (NYSE&G)	02/16/95	10/2003	5 MW S 7 MW W	
V T E l e c t r i c P o	VPPSA	To import power from Niagara Mohawk	11/01/93	10/98	9 MW	

w e r C o .						
V T E l e c t r i c P o w e r C o .	City of Burlington	To import power from NYSE&G - signed 04/01/96	05/01/98	12/2009	10 MW	

Notes to Attachments G, G-1 and G-2

1. NEP's long-term Point-to-Point transmission services will be grandfathered at a fixed rate of \$17.00/kW-yr. Distribution, transformation, and metering surcharges when applicable, will be subject to NEP's applicable point-to-point tariffs.
2. See FERC Contract for specific details of agreement. In general, 100MW's until transmission upgrades are complete. This item is still under review and is subject to further review dependent upon outcome of Congestion Pricing.
3. Excepted status applies to transmission by CMP. Transmission by others (MEPCO, NBP, MPS) remains under the rates, terms and conditions of applicable agreements.
4. This Transmission Service Agreement is governed in part by a memorandum of understanding, filed 6/13/97 in Docket nos. EC90-10-007, ER93-294-000, ER95-1686-000, ER96-496-000, OA97-237-000, and ER97-1079-000.

ADDENDUM TO ATTACHMENTS G, G-1 AND G-2

Pursuant to the terms of a settlement agreement (the "Settlement Agreement") reached in FERC Dockets OA97-237-000, et al., the parties to the Excepted Transaction Agreements specifically identified below have reached the following agreements with respect to those Excepted Transaction Agreements. In addition to the items specifically identified below, other Excepted Transaction Agreements listed in Attachment G, G-1 and G-2 to this Tariff may also be affected more generally by the terms of that Settlement Agreement.

NEPOOL Tariff Attachment G, Item 1

If the Settlement Agreement is approved in its entirety and takes effect as to all signatories, Unitil and CMP agree as follows: This Transmission Service Agreement between Unitil and CMP (the "Unitil/CMP Agreement") will continue in effect without modification until that date on which the revenues received by CMP, pursuant to the terms and conditions of the Unitil/CMP Agreement, as calculated

prospectively from March 1, 1999, equals Three Hundred Thousand Dollars (\$300,000.00). Such date is anticipated to be December 13, 1999. On that date, the said Unitil/CMP Agreement will terminate, and any rights and obligations enjoyed by CMP and Unitil under the terms of the Unitil/CMP Agreement will cease. Any issues involving the revenues received prior to March 1, 1999 by CMP from Unitil pursuant to the Unitil/CMP Agreement have been resolved in accordance with the terms of the Settlement Agreement, Section G. Unitil and CMP each agree to waive any claims against the other arising prior to March 1, 1999, whether identified previously or not, that are based on or in any way relate to the terms and conditions of the Unitil/CMP Agreement.

NEPOOL Tariff Attachment G, Item 4

Phase I payments will be made according to the Settlement Agreement, Section G. This Excepted Transaction will be terminated effective March 1, 1999.

NEPOOL Tariff Attachment G, Items 7 and 8

From March 1, 1999 forward the service under the Excepted Transaction will be terminated and will be subject to NEPOOL Tariff and, if applicable, the NEPOOL Tariff.

NEPOOL Tariff Attachment G, Item 10

Phase I payments will be made according to the Settlement Agreement, Section G. This Excepted Transaction will be terminated effective March 1, 1999.

NEPOOL Tariff Attachment G, Item 11

Phase I payments will be made according to the Settlement Agreement, Section G. This Excepted Transaction will be terminated effective March 1, 1999.

NEPOOL Tariff Attachment G, Item 12

Phase I payments will be made according to the Settlement Agreement, Section G. This Excepted Transaction will be terminated effective March 1, 1999.

NEPOOL Tariff Attachment G, Item 13

Phase I payments will be made according to the Settlement Agreement, Section G. This Excepted Transaction will be terminated effective March 1, 1999. As a clarification, Maine Yankee has been retired and swapped for Vermont Yankee. Therefore, retroactively, the refunds apply to both Maine and Vermont Yankee and prospectively the transmission of Vermont Yankee is terminated.

NEPOOL Tariff Attachment G, Item 15

This contract has been terminated and Holyoke is receiving service under NU's Open Access Tariff.

NEPOOL Tariff Attachment G, Items 17, 19 and 46

These arrangements will continue for the life of the Unit Contract at a rate of \$6.50 per kw-year.

NEPOOL Tariff Attachment G, Item 18

NU, UI and Unitil agree that Item 19, which is a contract for corridor transmission service between NU and UI (the "NU-UI Agreement") that was entered into as a settlement of prior disputes, will remain in effect in accordance with its terms. The parties further agree that the Purchased Power Agreement between UI and Unitil for power from Bridgeport Harbor Station Unit No. 3 (the "UI-UNITIL Agreement") shall remain in effect subject to the terms of that agreement for its full term at the rate stated therein. NU shall pay Unitil an amount equal to one-third of the transmission charges Unitil pays to reimburse UI for the costs UI incurs for the transmission of Unitil's power in connection with the UI-UNITIL agreement for the period between March 1, 1999 and October 31, 2003. From November 1, 2003 to October 31, 2005, NU shall pay Unitil an amount equal

to 100% of the transmission charges Unitil pays UI to reimburse UI for the costs UI incurs for the transmission of Unitil's power in connection with the UI-UNITIL Agreement. NU, UI and Unitil agree that the foregoing arrangements satisfy any claims of double charges under the NU-UI Agreement and the UI-UNITIL Agreement.

NEPOOL Tariff Attachment G, Item 20

This contract will remain in force according to its terms at a rate of \$6.50 per kw-year.

NEPOOL Tariff Attachment G, Items 21 and 23

The transmission contract between NUSCO and MASSPOWER (and the contract between NUSCO and Pittsfield) will remain in effect in accordance with their terms under the NU System Companies' Tariff No. 9, subject to the settlement among MASSPOWER, Pittsfield and the NU System Companies that is currently pending the Commission in Dockets EC90-10-007, ER93-294-000, ER95-1686-000, ER96-496-

000, OA97-237-000 and ER97-1079-000. The parties in those dockets who are also signatories to this Settlement Agreement will withdraw their opposition to the settlement pending in those dockets.

NEPOOL Tariff, Attachment G, Items 24 and 25

The parties to these Excepted Transactions, which are contracts for transmission service by NU over the New York tie, have agreed that these contracts for transmission service will remain in effect for their full term at a rate of \$6.50 per kw-year.

NEPOOL Tariff Attachment G, Item 32

NU and Reading have agreed that the transmission rate applicable to this Attachment G contract will be one-half of the current transmission charge paid by Reading under such contract from March 1, 1999 through the remainder of its term. This Attachment G contract will remain in effect in accordance with its current terms. Reading will continue to be billed

and pay for service in accordance with the pre-existing negotiated rates in this Attachment G contract and such bills will include a line item reflecting the cost of transmission based on the NU Tariff 9 rate in effect for the applicable billing period. Monthly adjustments in the transmission portion of the bill will be made separately by NU's transmission group to account for the difference between the Tariff 9 rate used for billing purposes and the settlement rate of one-half the current transmission charge paid by Reading under this contract such that Reading will pay a net transmission charge of one-half the current transmission charge paid by Reading under this contract.

NEPOOL Tariff Attachment G, Items 33, 34, 35, 39, 40, 41, 42, 43 and 45

NU and the MMWEC parties have agreed that the transmission rate applicable to these Attachment G contracts will be \$6.50/kw-year from March 1, 1999 through the remainder of their terms. These

Attachment G contracts will remain in effect in accordance with their current terms. The customers will continue to be billed and pay for service in accordance with the pre-existing negotiated rates in those contracts and such bills will include a line item reflecting the cost of transmission based on the Nu Tariff 9 rate in effect for the applicable billing period. Monthly adjustments in the transmission portion of the bill will be made separately by NU's transmission group to account for the difference between the Tariff 9 rate used for billing purposes and the settlement rate of \$6.50/kw-year such that the MMWEC parties will pay a net transmission charge of \$6.50/kw-year.

NEPOOL Tariff Attachment G, Item 38

This contract ended by its terms in 1998.

NEPOOL Tariff Attachment G, Items 55 and 56

Montaup, as Transmission Provider, and MASSPOWER and Pittsfield, as Transmission Customers, and all other

Parties agree that these Excepted Transactions shall not be affected by this Settlement Agreement and shall remain in full force and effect in accordance with their terms.

NEPOOL Tariff Attachment G, Items 57, 58, 60 and 61

Non-firm wheeling of Cleary 9 power by Montaup to North Attleboro, Hudson Light & Power and Hingham will continue at 50% of the current contract transmission rate until February 28, 2001, after which date it will terminate. Non-firm wheeling of Cleary 9 power by Montaup to Braintree terminated as of February 28, 1999.

NEPOOL Tariff Attachment G, Item 59

Firm wheeling of NYPA power by Montaup for Braintree and Reading will continue at 50% of the current contract transmission rate until the expiration of the existing contract. Firm wheeling by Montaup for Hingham, Hull, Wellesley, Belmont and Concord under the same transaction will continue at 50% of the current transmission rate until February 28, 2001 after which date it terminates subject to extension upon agreement of the parties.

NEPOOL Tariff Attachment G, Item 63

Firm wheeling of NYPA power by Montaup for Pascoag Fire District will continue at 50% of the current transmission rate until February 28, 2001 after which date it terminates, subject to extension upon agreement of the parties.

NEPOOL Tariff Attachment G, Item 68

From March 1, 1999 to the expiration of the contract, BECO will not bill Braintree, Reading, Hingham and

Hull, and BECO will bill Concord, Wellesley and Belmont at 50% of the contract rate.

NEPOOL Tariff Attachment G, Item 69

CVPS and Unitil are currently engaged in an arbitration with respect to this Excepted Transaction. This Settlement Agreement has no impact on arbitration findings for payments due prior to March 1, 1997. For purposes of this Settlement Agreement, CVPS and Unitil agree as follows: If Unitil prevails at the arbitration, Unitil will owe nothing to CVPS. If CVPS prevails, then Unitil will pay 75% of the amount of the award related to the period March 1, 1997 through February 28, 1999, plus 100% of any interest. The transmission component of this contract shall be null and void going forward from February 28, 1999. Unitil shall continue to take and pay for capacity and energy for the term of the contract, consistent with the existing terms of the agreement. Neither CVPS nor Unitil shall communicate any aspect of this Settlement Agreement,

NEPOOL

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or side agreement between them, to the arbitrator
prior to the rendering of his decision.

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NEPOOL Tariff Attachment G-1, Items 1 and 2

NEP and NU will terminate items 1 and 2 in Attachment G-1 to the NEPOOL Tariff and both services will transfer to the respective LNS Tariffs as of April 1, 1999.

NEPOOL Tariff Attachment G-1, Item 10

This contract has been terminated.

ATTACHMENT H

Form of
Network Operating Agreement

1.0 Preamble

This Network Operating Agreement is entered into by and between the NEPOOL Participants (the "Transmission Provider") acting through _____ (the "System Operator") and _____ (the "Transmission Customer") as an implementing agreement for the NEPOOL Open Access Transmission Tariff and is subject to and in accordance with the NEPOOL Open Access Transmission Tariff. All definitions and other terms and conditions of the NEPOOL Open Access Transmission Tariff are incorporated herein by reference. The Transmission Provider may designate a satellite dispatch center and/or one or more Participants to act for it under this Agreement.

2.0 General Terms and Conditions

The Transmission Provider agrees to provide transmission service to the Transmission Customer's equipment or facilities, etc., subject to the Transmission Customer operating its facilities in accordance with applicable NEPOOL and NPCC criteria, rules, standards, procedures, or guidelines as they may be adopted and/or amended from time to time. In addition to the provisions defined in those documents, service to the Transmission Customer's equipment or facilities, etc. is provided subject to the following specified terms and conditions.

2.1 Electrical Supply: The electrical supply to the Point(s) of Delivery shall be in the form of three-phase sixty-hertz alternating current at a voltage class determined by mutual agreement of the parties.

2.2 Coordination of Operations: The Transmission Provider shall consult the Transmission Customer and/or its Designated Agent regarding timing of scheduled maintenance of the Transmission System and the Transmission Provider shall schedule any shutdown or withdrawal of facilities to coincide with the Transmission Customer's equipment or facilities, etc. scheduled outages of the Transmission Customer's resources, to the extent practicable. In the event the Transmission Provider is unable to schedule the shutdown of its facilities to coincide with Transmission Customer's schedule, the Transmission Provider shall notify the Transmission Customer and/or its Designated Agent, in advance if feasible, of reasons for the shutdown, the time scheduled for it to take place, and its expected duration. The Transmission Provider shall use due diligence to resume delivery of electric power as quickly as possible.

2.3 Reporting Obligations: The Transmission Customer shall be responsible for all information required

by NPCC or NEPOOL. The Transmission Customer shall respond promptly and completely to the Transmission Provider's reasonable requests for information, including but not limited to, data necessary for operations, maintenance, regulatory requirements and analysis. In particular, that information may include:

For Network Loads:

- 10-year coincident, seasonal (summer, winter) Annual Peak Load forecast, aggregated by geographic distribution area
- Load Power Factor performance by geographic distribution area
- Underfrequency load shedding capability aggregated by geographic distribution area

- Block load shedding capability aggregated by geographic distribution area
- Disturbance/interruption reports
- Protection system setting conformance
- Protection system testing and maintenance conformance
- Planned changes to protection systems
- Metering testing and maintenance conformance
- Planned changes in transformation capability
- Conformance to harmonic and voltage fluctuation limits
- Dead station tripping conformance
- Voltage reduction capability conformance

For Network Resources and interconnected generators:

- 10-year forecast of generation capacity retirements and additions, if applicable
- Generator reactive capability verification

- Generator underfrequency relaying conformance
- Protection system testing and maintenance conformance
- Planned changes to protection system
- Planned changes to generation parameters
- Metering testing and maintenance conformance

Failure by the Transmission Customer to do so may constitute default. Delinquency in responding by the Transmission Customer will result in a fine as described in 5.0 below.

The Transmission Customer shall supply accurate and reliable information to the system operators regarding metered values for MW, MVAR, volt, amp, frequency, breaker status indication, and all other information deemed necessary by the Transmission Provider for reliable operation. Information shall be gathered for electronic communication using one or more of the following: supervisory control

and data acquisition (SCADA), remote terminal unit (RTU) equipment, and remote access pulse recorders (RAPR). All equipment used for metering, SCADA, RTU, RAPR, and communications must be approved by the Transmission Provider.

2.4 Operational Obligations: The Transmission Customer shall request permission from the system operators prior to opening and/or closing circuit breakers per applicable switching and operating procedures. The Transmission Customer shall carry out all switching orders from the Transmission Provider, the System Operator or the Transmission Provider's designee in a timely manner.

The Transmission Customer shall balance the load at the Point(s) of Delivery such that the difference in the individual phase currents are acceptable to the Transmission Provider.

The Transmission Customer's equipment shall conform with harmonic distortion and voltage fluctuation standards of the Transmission Provider.

The Transmission Customer's equipment must comply with all environmental requirements to the extent they impact the operation of the Transmission Provider's system.

The Transmission Customer shall operate all of its equipment and facilities connected to the Transmission Provider's system in a safe and efficient manner and in accordance with manufacturers' recommendations, Good Utility Practice, applicable regulations, and requirements of the Transmission Provider, the System Operator, and NPCC.

2.5 Notice of Transmission Service Interruptions:

If at any time, in the reasonable exercise of the system operator's judgement, operation of the Transmission Customer's equipment adversely

affects the quality of service or interferes with the safe and reliable operation of the system, the Transmission Provider may discontinue transmission service until the condition has been corrected. Unless the system operators perceive that an emergency exists or the risk of one is imminent, the system operators shall give the Transmission Customer and/or its Designated Agent reasonable notice of its intention to discontinue transmission service and, where practical, allow suitable time for the Transmission Customer to remove the interfering condition. The Transmission Provider's judgement with regard to the discontinuance of service under this paragraph shall be made in accordance with Good Utility Practice. In the case of such discontinuance, the Transmission Provider shall immediately confer with the Transmission Customer regarding the conditions causing such discontinuance and its recommendation concerning timely correction thereof. Failure by a Customer to shed load would be subject to

an additional charge of 10¢/kWh for every kWh the Customer failed to shed.

2.6 Access and Control: Properly accredited representatives of the Transmission Provider shall at all reasonable times have access to the Transmission Customer's facilities to make reasonable inspections and obtain information required in connection with this Tariff. Such representatives shall make themselves known to the Transmission Customer's personnel, state the object of their visit, and conduct themselves in a manner that will not interfere with the construction or operation of the Transmission Customer's facilities. The Transmission Provider or its designee will have control such that it may open or close the circuit breaker or disconnect and place safety grounds at the Point(s) of Delivery, or at the station, if the Point(s) of Delivery is remote from the station.

2.7 Point(s) of Delivery: Network Integration

Transmission Service will be delivered by the Transmission Provider at the Point(s) of Delivery as specified in the customer's Service Agreement, and as amended from time to time. Each Point of Delivery shall have a unique identifier, meter location, meter number, metered voltage, terms on meter compensation and, the actual, or if not currently in service, the projected in-service year.

2.8 Maintenance of Equipment: The Transmission

Customer shall maintain all of its equipment and facilities connected to the Transmission Provider's system in a safe and efficient manner and in accordance with manufacturers' recommendations, Good Utility Practice, applicable regulations, and requirements of NEPOOL, and NPCC.

The Transmission Provider may request that the Transmission Customer test, calibrate, verify or validate the data link, metering, data

acquisition, transmission, protective, or other equipment or software consistent with the Transmission Customer's routine obligation to maintain its equipment and facilities or for the purposes of trouble shooting problems on the network facilities. The Transmission Customer will be responsible for the cost to test, calibrate, verify or validate the equipment or software.

The Transmission Provider shall have the right to inspect the tests, calibrations, verifications and validations of the data link, metering, data acquisition, transmission, protective, or other equipment or other software connected to the Transmission Provider's system.

The Transmission Customer, at the Transmission Provider's request, shall supply the Transmission Provider with a copy of the installation, test, and calibration records of the data link, metering, data acquisition,

transmission, protective or other equipment or software connected to the Transmission Provider's system.

The Transmission Provider shall have the right, at the Transmission Customer's expense, to monitor the factory acceptance test, the field acceptance test, and the installation of any metering, data acquisition, transmission, protective or other equipment or software connected to the Transmission Provider's system.

2.9 Emergency System Operations: The Transmission Customer's equipment and facilities, etc. shall be subject to all applicable emergency operation standards required of and by the Transmission Provider to operate in an interconnected transmission network.

The Transmission Provider reserves the right to have the system operators take whatever actions or inactions they deem necessary during

emergency operating conditions to: (i) preserve the integrity of the Transmission System, (ii) limit or prevent damage, (iii) expedite restoration of service, or (iv) preserve public safety.

2.10 Cost Responsibility: The Transmission Customer shall be responsible for all costs incurred by the Transmission Provider relative to the Transmission Customer's facilities. Some costs may be allocated to several Transmission Customers. If the method for allocating costs is not clearly defined, then the method for allocation will be at the Transmission Provider's discretion.

3.0 Service For a Network Resource

The following Terms and Conditions are specific to Service for a generator Network Resource.

3.1 Voltage or Reactive Control Requirements:

Unless directed otherwise, the Transmission

Customer will operate its existing interconnected generation facility(ies) with an automatic voltage regulator(s). The voltage regulator will control voltage at the Point(s) of Receipt consistent with the range of voltage scheduled by the System Operator.

At the discretion of the Transmission Provider, the Transmission Customer may be directed to deactivate the automatic voltage regulator and to supply reactive power per a schedule provided by the Transmission Provider.

If the Transmission Customer has not installed capacity sufficient to operate its generation facility consistent with recommendations of the Transmission Provider resulting from the System Impact and Facilities Studies or fails to operate at such capacity, the Transmission Provider may install, at the Transmission Customer's expense, reactive compensation equipment necessary to ensure the proper

voltage or reactive supply at the Point(s) of Receipt.

3.2 Station Service: When the Transmission Customer's generation facility is producing electricity, the Customer must supply its own station service power. If and when the Transmission Customer's generation facility is not producing electricity, the Customer must obtain station service capacity and energy from another supplier or another of its resources.

3.3 Protection Requirements: Protection requirements are defined in NEPOOL and NPCC documents as may be adopted or amended from time to time.

3.4 Operational Obligations The Transmission Provider may require the generator to be equipped for Automatic Generation Control (AGC). The Transmission Customer will be responsible for all costs associated with

installing and maintaining an AGC system on the generator(s).

The Transmission Provider retains the right to require reduced generation at times when system conditions present transmission restrictions or otherwise adversely affect the Transmission Provider's other customers. The Transmission Provider will use due diligence to resolve the problems to allow the generator to return to the operating level prior to the Transmission Provider's notice to reduce generation.

All operations (including start-up, shutdown and determination of hourly generation) will be coordinated by the Transmission Provider.

3.5 Coordination of Operations: The Transmission Customer shall furnish the Transmission Provider with generator annual maintenance schedules, advise the Transmission Provider if its Network Resource is capable of

participation in system restoration and/or if it has black start capability.

The Transmission Provider reserves the right to specify turbine and/or generator control (e.g., droop) settings as determined by the System Impact or Facilities Study or subsequent studies. The Transmission Customer agrees to comply with such specifications by the Transmission Provider at the Transmission Customer's expense.

If the generator is not dispatchable by the Transmission Provider, the Transmission Customer shall notify the Transmission Provider at least 48 hours in advance of its intent to take its resource temporarily off-line and its intent to resume generation. In circumstances such as forced outages, the Transmission Customer shall notify the Transmission Provider as promptly as possible of the Network Resource's temporary interruption of generation and/or transmission.

4.0 Service for Delivery to Load

The following Terms and Conditions are specific to Service for Delivery to Load.

4.1 Power Factor Requirement: The Transmission Customer agrees to maintain an overall Load Power Factor and reactive power supply within predefined sub-areas as measured at the Point(s) of Delivery within ranges specified by the Transmission Provider or NEPOOL criteria, rules and standards which identify the power factor levels that must be maintained throughout the applicable sub-area for each anticipated level of total NEPOOL load. The Transmission Customer agrees to maintain Load Power Factor and reactive power requirements within the range specified by the Transmission Provider for the sub-area based on total NEPOOL load during that hour. NEPOOL may revise the power factor limits required from time to time.

If the Transmission Customer lacks the

capability to maintain the Load Power Factor within the ranges specified, the Transmission Provider may:

- a) install, at the Transmission Customer's expense, reactive compensation equipment necessary to ensure proper load power factor at the Point(s) of Delivery;
- b) charge the Transmission Customer per the Tariff.

4.2 Protection Requirements: The Transmission Customer's relay and protection systems must comply with all applicable NEPOOL and NPCC criteria, rules, procedures, guidelines, standards or requirements as may be adopted or amended from time to time.

4.3 Operational Obligations: The Transmission Customer shall be responsible for operating and maintaining security of its electric system in a manner that avoids adverse impact to the Transmission Provider's or others' interconnected systems and complies with all applicable NEPOOL, and NPCC operating criteria, rules, procedures, guidelines and interconnection standards as may be amended or adopted from time to time. These actions include, but are not limited to:

- Voltage Reduction Load Shedding
- Underfrequency Load Shedding
- Block Load Shedding
- Dead Station Tripping
- Transferring Load Between Point(s) of Delivery
- Implementing Voluntary Load Reductions Including Interruptible Customers
- Starting Stand-by Generation

- Permitting Transmission Provider
Controlled Service Restoration Following
Supply Delivery Contingencies on
Transmission Provider Facilities

5.0 Default

If the Transmission Customer's equipment fails to perform consistent with the Terms and Conditions of this agreement, then the Transmission Customer will be deemed to be in default and service may be suspended immediately and subject to a termination through a FERC filing. If the Transmission Customer fails to provide the information required in Section 2.3 in a timely manner, the Transmission Provider shall be permitted to assess a penalty of \$100 per day until such information is provided in its entirety to the Transmission Provider.

The Parties whose authorizing signatures appear below warrant that they will abide by the foregoing terms and conditions.

NEPOOL Participants

(Transmission Customers)

By (System Operator)

By:

By:

Title:

Title:

Date:

Date:

ATTACHMENT I**Form of
System Impact Study Agreement**

This Agreement dated _____, is entered into by _____ (the "Transmission Customer") and the NEPOOL Participants (the "Transmission Provider") acting through _____ (the "System Operator"), for the purpose of setting forth the terms, conditions and costs for conducting a System Impact Study relative to _____, in accordance with the NEPOOL Open Access Transmission Tariff ("Tariff"). All definitions and other terms and conditions of that Tariff are incorporated herein by reference. The Transmission Provider may designate one or more Participants or the System Operator to act for it under this Agreement.

1. The Transmission Customer agrees to provide, in a timely and complete manner, the information and technical data specified in Exhibit 1 to this

Agreement and reasonably necessary for the Transmission Provider to conduct the System Impact study. The Transmission Customer understands that it must provide all such information and data prior to the Transmission Provider's commencement of the Study. Such information and technical data is specified in Exhibit 1 to this Agreement.

2. All work pertaining to the System Impact Study that is the subject of this Agreement will be approved and coordinated only through designated and authorized representatives of the Transmission Provider and the Transmission Customer. Each party shall inform the other in writing of its designated and authorized representative.
3. The Transmission Provider will advise the Transmission Customer of any additional information as it may in its sole reasonable discretion deem necessary to complete the study. Any such additional information shall be obtained only if required by Good Utility Practice and shall be subject to the Transmission Customer's consent to

proceed, such consent not to be unreasonably withheld.

4. The Transmission Provider contemplates that it will require _____ to complete the System Impact Study. Upon completion of the Study by the Transmission Provider, the Transmission Provider will provide a report to the Transmission Customer based on the information provided and developed as a result of this effort. If, upon review of the Study results, the Transmission Customer decides to pursue _____, the Transmission Provider will, at the Transmission Customer's direction, tender a Facilities Study Agreement within thirty (30) days.

The System Impact and Facilities Studies, together with any additional studies contemplated in Paragraph 3, shall form the basis for the Transmission Customer's proposed use of the Transmission Provider's transmission system and shall be furthermore utilized in obtaining necessary third-party approvals of any interconnection facilities and requested transmission services. The Transmission Customer understands and acknowledges

that any use of study results by the Transmission Customer or its agents, whether in preliminary or final form, prior to NEPOOL 18.4 approval, is completely at the Transmission Customer's risk and that the Transmission Provider will not guarantee or warrant the completeness, validity or utility of study results prior to NEPOOL 18.4 approval.

5. The estimated costs contained within this Agreement are the Transmission Provider's good faith estimate of its costs to perform the System Impact Study contemplated by this Agreement. The Transmission Provider's estimates do not include any estimates for wheeling charges that may be associated with the transmission of facility output to third parties or with rates for station service. The actual costs charged to the Transmission Customer by the Transmission Provider may change as set forth in this Agreement. Prepayment will be required for all study, analysis, and review work performed by the Transmission Provider or its Designated Agent, all of which will be billed by the Transmission provider

to the Transmission Customer in accordance with Paragraph 6 of this Agreement.

6. The payment required is \$_____ from the Transmission Customer to the Transmission Provider for the primary system analysis, coordination, and monitoring of the System Impact Study. The Transmission Provider will, in writing, advise the Transmission Customer in advance of any cost increases for work to be performed if total amount increases by 10% or more. Any such changes to the Transmission Provider's costs for the study work shall be subject to the Transmission Customer's consent, such consent not to be unreasonably withheld. The Transmission Customer shall, within thirty (30) days of the Transmission Provider's notice of increase, either authorize such increases and make payment in the amount set forth in such notice, or the Transmission Provider will suspend the System Impact Study and this Agreement will terminate if so permitted by the Federal Energy Regulatory Commission.

In the event this Agreement is terminated for any reason, the Transmission Provider shall refund to the Transmission Customer the portion of the above credit or any subsequent payment to the Transmission Provider by the Transmission Customer that the Transmission provider did not expend in performing its obligations under this Agreement. Any additional billings under this Agreement shall be subject to an interest charge computed in accordance with the provisions of the Tariff. Payments for work performed shall not be subject to refunding except in accordance with Paragraph 7 below.

7. If the actual costs for the work exceed prepaid estimated costs, the Transmission Customer shall make payment to the Transmission Provider for such actual costs within thirty(30) days of the date of the Transmission Provider's invoice for such costs. If the actual costs for the work are less than those prepaid, the Transmission Provider will credit such difference toward Transmission Provider costs unbilled, or in the event there will be no additional billed expenses, the amount of the

overpayment will be returned to the Transmission Customer with interest computed as stated in Paragraph 6 of this Agreement, from the date of reconciliation.

8. Nothing in this Agreement shall be interpreted to give the Transmission Customer immediate rights to wheel over or interconnect with the Transmission Provider's transmission or distribution system. Such rights shall be provided for under separate agreement and in accordance with the Transmission Provider's open access tariff.

9. Within one (1) year following the Transmission Provider's issuance of a final bill under this Agreement, the Transmission Customer shall have the right to audit the Transmission Provider's accounts and records at the offices where such accounts and records are maintained, during normal business hours; provided that appropriate notice shall have been given prior to any audit and provided that the audit shall be limited to those portions of such accounts and records that relate to service under

this Agreement. The Transmission Provider reserves the right to assess a reasonable fee to compensate for the use of its personnel time in assisting any inspection or audit of its books, records or accounts by the Transmission Customer or its Designated Agent.

10. Each party agrees to indemnify and hold the other party and its Related Persons of each of them (collectively "Affiliates") harmless from and against any and all damages, costs (including attorney's fees), fines, penalties and liabilities, in tort, contract, or otherwise (collectively "Liabilities") resulting from claims of third parties arising, or claimed to have arisen as a result of any acts or omissions of either party under this Agreement. Each party hereby waives recourse against the other party and its Related Persons for, and releases the other party and its Related Persons from, any and all Liabilities for or arising from damage to its property due to a performance under this Agreement by such other party

except in cases of negligence or intentional wrongdoing by either party.

11. If either party materially breaches any of its covenants hereunder, the other party may terminate this Agreement by filing a notice of intent to terminate with the Federal Energy Regulatory Commission and serving notice of same on the other party to this Agreement. This remedy is in addition to any other remedies available to the injured party.
12. This Agreement shall be construed and governed in accordance with the laws of the State of Connecticut and with Part II of the Federal Power Act, 16 U.S.C. §§824d et seq., and with Part 35 of Title 18 of the Code of Federal Regulations, 18 C.F.R. §§35 et seq.
13. All amendments to this Agreement shall be in written form executed by both parties.

- 14. The terms and conditions of this Agreement shall be binding on the successors and assigns of either party.

- 15. This Agreement will remain in effect for a period of up to two years from its effective date as permitted by the Federal Energy Regulatory Commission, and is subject to extension by mutual agreement. Either party may terminate this Agreement by thirty (30) days' notice except as is otherwise provided herein.
 If this Agreement expires by its own terms, it shall be the Transmission Provider's responsibility to make such filing.

Transmission Customer:

NEPOOL Participants

By (System Operator)

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT 1**Information to be Provided to the Transmission Provider
by the Transmission Customer for System Impact Study**1.0 Facilities Identification

- 1.1 Requested capability in MW and MVA; summer and winter
- 1.2 Site location and plot plan with clear geographical references
- 1.3 Preliminary one-line diagram showing major equipment and extent of Transmission Customer ownership
- 1.4 Auxiliary power system requirements
- 1.5 Back-up facilities such as standby generation or alternate supply sources

2.0 Major Equipment

2.1 Power transformer(s): rated voltage, MVA and BIL of each winding, LTC and or NLTC taps and range, Z_1 (positive sequence) and Z_0 (zero sequence) impedances, and winding connections.

Provide normal, long-time emergency and short-time emergency thermal ratings.

2.2 Generator(s): rated MVA, speed and maximum and minimum MW output, reactive capability curves, open circuit saturation curve, power factor (V) curve, response (ramp) rates, H (inertia), D (speed damping), short circuit ratio, X_1 (leakage), X_2 : (negative sequence), and X_0 (zero sequence) reactances and other data:

	Direct Axis	Quadrature Axis
Saturated synchronous reactance	X_{dv}	X_{qv}
unsaturated synchronous reactance	X_{di}	X_{qi}
saturated transient reactance	X'_{dv}	X'_{qv}
unsaturated transient reactance	X'_{di}	X'_{qi}
saturated subtransient reactance	X''_{dv}	X''_{qv}
unsaturated subtransient reactance		X''_{di} X''_{qi}
transient open-circuit time constant	T'_{do}	T'_{qo}
transient short-circuit time constant	T''_d	T''_q
subtransient open-circuit time constant	T''_{do}	T''_{qo}
subtransient short-circuit time constant	T''_d	T''_q

2.3 Excitation system, power system stabilizer and governor: manufacturer's data in sufficient detail to allow modeling in transient stability simulations.

- 2.4 Prime mover: manufacturer's data in sufficient detail to allow modeling in transient stability simulations, if determined necessary.
- 2.5 Busses: rated voltage and ampacity (normal, long-time emergency and short-time emergency thermal ratings), conductor type and configuration.
- 2.6 Transmission lines: overhead line or underground cable rated voltage and ampacity (normal, long-time emergency and short-time emergency thermal ratings), Z_1 (positive sequence) and Z_0 (zero sequence) impedances, conductor type, configuration, length and termination points.

- 2.7 Motors greater than 150 kW 3-phase or 50 kW single-phase: type (induction or synchronous), rated hp, speed, voltage and current, efficiency and power factor at 1/2, 3/4 and full load, stator resistance and reactance, rotor resistance and reactance, magnetizing reactance.
- 2.8 Circuit breakers and switches: rated voltage, interrupting time and continuous, interrupting and momentary currents. Provide normal, long-time emergency and short-time emergency thermal ratings.
- 2.9 Protective relays and systems: ANSI function number, quantity manufacturer's catalog number, range, descriptive bulletin, tripping diagram and three-line diagram showing AC connections to all relaying and metering.
- 2.10 CT's and VT's: location, quantity, rated voltage, current and ratio.

2.11 Surge protective devices: location, quantity,
rated voltage and energy capability.

3.0 Other

3.1 Additional data reasonably necessary to perform
the System Impact Study will be provided by the
Transmission Customer as requested by the
Transmission Provider.

3.2 The Transmission Provider reserves the right to
require that the Transmission Customer accept
the use in the study of specific equipment
settings or characteristics necessary to meet
NEPOOL and NPCC criteria and standards.

ATTACHMENT J**Form of
Facilities Study Agreement**

This agreement dated _____, is entered into by _____ (the Transmission Customer) and the NEPOOL Participants (the "Transmission Operator") acting through the _____ ("System Provider"), for the purpose of setting forth the terms, conditions and costs for conducting a Facilities Study relative to _____, in accordance with the NEPOOL Open Access Transmission Tariff ("Tariff"). All definitions and other terms and conditions of that Tariff are incorporated herein by reference. The Transmission Provider may designate one or more Participants or the System Operator to act for it under this Agreement. The Facilities Study will determine the detailed engineering, design and cost of the facilities necessary to satisfy the Transmission Customer's request for service over the NEPOOL Transmission System.

1. The Transmission customer agrees to provide, in a timely complete manner, the information and technical data specified in Exhibit 1 to this Agreement and reasonably necessary for the Transmission Provider to conduct the Facilities Study. Where such information and technical data was provided for the System Impact Study, it should be reviewed and updated with current information, as required.
2. All work pertaining to the Facilities Study that is the subject of this Agreement will be approved and coordinated only through designated and authorized representatives of the Transmission Provider and the Transmission Customer. Each party shall inform the other in writing of its designated and authorized representative.
3. The Transmission Provider will advise the Transmission Customer of additional information as may be reasonably deemed necessary to complete the study by the Transmission Provider. Any such

additional information shall be obtained only if required by Good Utility Practice and shall be subject to the Transmission Customer's consent to proceed, such consent not to be unreasonably withheld.

4. The Transmission Provider contemplates that it will require ____ days to complete the Facilities Study.

Upon completion of the study by the Transmission Provider, the Transmission Provider will provide a report to the Transmission Customer based on the information provided and developed as a result of this effort. If, upon review of the study results, the Transmission Customer decides to pursue its transmission service request, the Transmission Customer must sign a supplemental Service Agreement with the Transmission Provider under the Tariff. The System Impact and Facilities Studies, together with any additional studies contemplated in Paragraph 3, shall form the basis for the Transmission Customer's proposed use of the Transmission Provider's Transmission System and shall be furthermore utilized in obtaining necessary

third-party approvals of any facilities and requested transmission services. The Transmission Customer understands and acknowledges that any use of the study results by the Transmission Customer or its agents whether in preliminary or final form, prior to approval under Section 18.4 of the Restated NEPOOL Agreement, is completely at the Transmission Customer's risk and that the Transmission Provider will not guarantee or warrant the completeness, validity or utility of the study results prior to NEPOOL 18.4 approval.

5. The estimated costs contained within this Agreement are the Transmission Provider's good faith estimate of its costs to perform the Facilities Study contemplated by this Agreement. The Transmission Provider's estimates do not include any estimates for wheeling charges that may be associated with the transmission of facility output to third parties or with rates for station service. The actual costs charged to the Transmission Customer by the Transmission Provider may change as set forth in this Agreement. Prepayment will be required for all

study, analysis, and review work performed by the Transmission Provider's or its Designated Agent's personnel, all of which will be billed by the Transmission Provider to the Transmission Customer in accordance with Paragraph 6 of this Agreement.

6. The payment required is \$_____ from the Transmission Customer to the Transmission Provider for the primary system analysis, coordination, and monitoring of the Facilities Study to be performed by the Transmission Provider for the Transmission Customer's requested service. The Transmission Provider will, in writing, advise the Transmission Customer in advance of any cost increases for work to be performed if the total amount increases by 10% or more. Any such changes to the Transmission Provider's costs for the study work to be performed shall be subject to the Transmission Customer's consent, such consent not to be unreasonably withheld. The Transmission Customer shall, within thirty (30) days of the Transmission Provider's notice of increase, either authorize such increases and make payment in the amount set forth in such

notice, or the Transmission Provider will suspend the study and this Agreement will terminate if so permitted by the Federal Energy Regulatory Commission.

In the event this Agreement is terminated for any reason, the Transmission Provider shall refund to the Transmission Customer the portion of the above credit or any subsequent payment to the Transmission Provider by the Transmission Customer that the Transmission Provider did not expend in performing its obligations under this Agreement. Any additional billings under this Agreement shall be subject to an interest charge computed in accordance with the provisions of the Tariff. Payments for work performed shall not be subject to refunding except in accordance with Paragraph 7 below.

7. If the actual costs for the work exceed prepaid estimated costs, the Transmission Customer shall make payment to the Transmission Provider for such actual costs within thirty (30) days of the date of the Transmission Provider's invoice for such costs.

If the actual costs for the work are less than that prepaid, the Transmission Provider will credit such difference toward Transmission Provider's costs unbilled, or in the event there will be no additional billed expenses, the amount of the overpayment will be returned to the Transmission Customer with interest computed in accordance with the provisions of the Tariff.

8. Nothing in this Agreement shall be interpreted to give the Transmission Customer immediate rights to interconnect to or wheel over the NEPOOL Transmission System. Such rights shall be provided for under separate agreement.
9. Within one (1) year following the Transmission Provider's issuance of a final bill under this Agreement, the Transmission Customer shall have the right to audit the Transmission Provider's accounts and records at the offices where such accounts and records are maintained during normal business hours; provided that appropriate notice shall have been given prior to any audit and provided that the audit

shall be limited to those portions of such accounts and records that relate to service under this Agreement. The Transmission Provider reserves the right to assess a reasonable fee to compensate for the use of its personnel time in assisting any inspection or audit of its books, records or accounts by the Transmission Customer or its Designated Agent.

10. Each party agrees to indemnify and hold the other party and its Related Persons harmless from and against any and all damages, costs (including attorney's fees), fines, penalties and liabilities, in tort, contract, or otherwise (collectively "Liabilities") resulting from claims of third parties arising, or claimed to have arisen as a result of any acts or omissions of either party under this Agreement. Each party hereby waives recourse against the other party and its Related Persons for, and releases the other party and its Related Persons from, any and all Liabilities for or arising from damage to its property due to performance under this Agreement by such other party

except in cases of negligence or intentional wrongdoing by either party.

11. If any party materially breaches any of its covenants hereunder, the other party may terminate this Agreement by filing a notice of intent to terminate with the Federal Energy Regulatory Commission and serving notice of same on the other party to this Agreement. This remedy is in addition to any other remedies available for the injured party.
12. This agreement shall be construed and governed in accordance with the laws of the State of Connecticut and with Part II of the Federal Power Act, 16 U.S.C. §§824d et seq., and with Part 35 of Title 18 of the Code of Federal Regulations, 18 C.F.R. §§35 et seq.
13. All amendments to this Agreement shall be in written form executed by both parties.

14. The terms and conditions of this Agreement shall be binding on the successors and assigns of either party.

15. This Agreement will remain in effect for a period of two years from its effective date as permitted by the Federal Energy Regulatory Commission, and is subject to extension by mutual agreement.

Either party may terminate this Agreement by thirty (30) days' notice except as is otherwise provided herein. If this Agreement expires by its own terms, it shall be the Transmission Provider's responsibility to make such filing.

Transmission Customer:

NEPOOL Participants

By (System Operator)

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Attachment K

1997 Twelve CP Network Load Data

NEPOOL 1997 12 CP Network Load

NEPOOL 1997 12CP Network Loads	
NEPOOL Local Networks - 1997	1997 12CP Network Load (MW)
Boston Edison Co.	3,023.024
Bangor Hydro Electric	255.589
Commonwealth Energy Systems	601.023
Central Maine Power	1,464.781
Eastern Utilities Associates	885.357
New England Electric System	3,957.775
Northeast Utilities	6,332.724
United Illuminating	677.367
Vermont Electric Light Co.	796.881
TOTAL	17,994.521

Boston Edison Company

Network Load Customer	1997 12CP Network Load (MW)
Boston Edison Co.**	2,383.727
Braintree	58.395
Cambridge***	216.966
Concord (PASNY)	1.690

316

Hingham	25.083
Hull	6.139
MBTA	7.283
Norwood (NYPA)	2.635
Norwood (NEP Tariff 1)	48.448
Quincy/Weymouth (Retail Wheeling-MECO)	0.000
Quincy/Weymouth (NEP Tariff 1)	185.693
Reading	82.333
Wellseley (PASNY)	2.335
Belmont (PASNY)	2.297
Total	3,023.024

Bangor Hydro Electric Company

Network Load Customer	1997 12CP Network Load (NW)
Bangor Hydro Electric	255.589
Total	255.589

Commonwealth Electric Company

Network Load Customer	1997 12CP Network Load (MW)
Commonwealth Electric Company	585.283
Nantucket (NEP Tariff 1)	15.740
Nantucket (Retail Wheeling)	0.000
Total	601.023

Central Maine Power

Network Load Customer	1997 12CP Network Load (MW)
Central Maine Power	1,407.939
Fox Island	1.491
Kennebunk	15.024
Madison	40.327
Total	1,464.781

Eastern Utilities Associates

Network Load Customer	1997 12CP Network Loan (MW)
Eastern Utilities Associates**	756.175
Middleborough	22.967
Pascoag, RI	1.592
Taunton	90.940
Tiverton (Retail Wheeling - NECO)	0.000
Tiverton (NEP Tariff 1)	13.683
Total	885.357

New England Power

Network Load Customer	1997 12CP Network Load (MW)
New England Power**	3,287.945
Granite State Electric (Retail Wheeling)	2.307
Massachusetts Electric (Retail Wheeling)	43.397
Narragansett Electric (Retail Wheeling)	2.750
Ashburnham	4.540
Boylston	3.930
Central Vermont Public Service	8.234
Danvers	52.435
Fitchburg Gas & Electric	72.331
French King	11.341
Georgetown	6.805
Green Mountain Power (Except Stamford)	59.480
Groton, MA	8.281
Groveland (NYPA Load)	0.510
Holden	15.199
Hudson	47.500
Ispwich	14.670
Littleton, MA	26.751
Mansfield	31.725
MBTA	5.851
Marblehead	17.121
Massachusetts Governors Land Bank	2.127
Merrimac (NYPA)	0.525
Middleton	14.928
N. Attleboro	36.158
Paxton	3.069
Peabody	73.540

320

Network Load Customer	1997 12CP Network Loan (MW)
Princeton	2.388
Rowley	5.305
Shrewsbury	43.113
Sterling	6.673
Templeton	8.902
Wakefield	28.317
W. Boylston	9.627
Total	3,957.775

Northeast Utilities

Network Load Customer	1997 12CP Network Loan (MW)
Northeast Utilities**	5,377.920
Bolt Hill	34.630
Chicopee	64.539
Conn. Municipal Electric Energy Co-op	268.199
Holyoke Gas & Electric	48.541
SBNG (Retail Wheeling - MECO)***	0.000
SBNG (NEP Tariff 1)***	84.184
S. Hadley	21.182
The Six United Illuminating Substations	218.535
UNITIL	164.297
Westfield	50.697
Total	6,332.724

United Illuminating Company

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Network Load Customer	1997 12CP Network Loan (MW)
United Illuminating	677.367
Total	677.367

Vermont Electric Power Co.

Network Load Customer	1997 12CP Network Loan (MW)
Vermont Electric Light Co.	796.881
Total	796.881

Total of all Transmission Providers 12CP =	17,994.521
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Attachment L**Financial Assurance Policy for NEPOOL Members**

This Financial Assurance Policy for NEPOOL Members ("Policy") shall become effective January 1, 1999 (the "Policy Effective Date").¹

The purpose of this Policy is (i) to establish a financial assurance policy for NEPOOL members ("Participants") that includes commercially reasonable credit review procedures to assess the financial ability of an applicant for membership in NEPOOL ("Applicant") or

¹ Capitalized terms used but not defined in this Policy are intended to have the meanings given to such terms in Section 1 of the Restated NEPOOL Agreement or Section 1 of the Restated NEPOOL Open Access Transmission Tariff (the "Tariff"), as amended.

of a Participant to pay for service transactions under the Restated NEPOOL Agreement and the Restated NEPOOL Open Access Transmission Tariff (the "Tariff") and to pay its share of NEPOOL expenses, including amounts owed to ISO New England Inc. under its tariff, (ii) to set forth requirements for alternative forms of security that will be deemed acceptable to NEPOOL and consistent with commercial practices established by the Uniform Commercial Code that protects the Participants against the risk of non-payment by other, defaulting Participants, (iii) to set forth the conditions under which NEPOOL will conduct business so as to avoid the possibility of failure of payment for services rendered under the Tariff or the Restated NEPOOL Agreement, and (iv) to collect amounts past due, make up shortfalls in payments, and terminate membership of defaulting Participants.

In accordance with Sections 3.5 and 6.14 of the Restated NEPOOL Agreement, NEPOOL requires the following procedures and requirements to apply to all Applicants and Participants. Generally, any Applicant or Participant that does not have an investment grade rating

by either Standard & Poor's, Moody's, Duff & Phelps, or Fitch (or in the case of Applicants or Participants that are not rated themselves, any Applicant or Participant that does not have outstanding debt with such a rating) will be required to provide financial assurances, as described in detail below.

GENERAL REQUIREMENTS

Each Applicant or Participant must comply with the following general requirements.

In the case of a group of members that are treated as a single Participant pursuant to Section 4.1 of the Restated NEPOOL Agreement, the group members shall be deemed to have elected to be jointly and severally liable for all debts to NEPOOL of any of the group members unless (i) charges of an individual member can be tracked and allocated to the member incurring such charges by the System Operator² utilizing all information available to

² The System Operator will act as NEPOOL's agent in managing and enforcing this Policy with the exception of

the System Operator determined by it to be reliable, including information from Participants or from a single Participant's representative, (ii) an alternate form of financial assurance is provided as set forth below, (iii) the group members agree to allocate amongst themselves responsibility for payment of group member charges on a percentage basis in a manner acceptable to NEPOOL, with additional financial assurance to be provided by those members, if any, that do not satisfy the minimum corporate debt rating, or (iv) the group members when evaluated as a whole (at their expense by one of the above rating agencies) satisfy the minimum corporate debt rating requirement set forth above and, in addition, provide a corporate guaranty from a parent or other responsible affiliate, which parent or affiliate satisfies the minimum corporate debt rating. For the fourth type of consolidated Participant, NEPOOL will

termination of membership issues, which are specifically reserved to the NEPOOL Participants and will be addressed by the NEPOOL Executive Committee Membership Subcommittee, subject to appeal to the Management Committee. Accordingly, all financial information required pursuant to this Policy is to be provided to the System Operator, which will keep all such information confidential in accordance with the provisions of Section 2 of NEPOOL Criteria, Rules and Standards No. 45.

conduct a financial assurances review based on the credit rating of only the rated members of the group.

For the purposes of these financial assurance provisions, the term "Participant" shall, in the case of a group of members that are treated as a single Participant pursuant to Section 4.1 of the Restated NEPOOL Agreement, be deemed to refer to the group of members as a whole unless the group members have affirmatively indicated to NEPOOL, and NEPOOL has agreed, that they are to be treated pursuant to options (i) or (iii) above, in which case the term "Participant" shall be deemed to refer to each individual group member and not to the aggregate of such group; and the terms "charges" and fees" shall, likewise, be deemed to refer to the charges and fees allocable to the individual group member as opposed to the aggregate of such group.

Proof of Financial Viability

Each Applicant must with its application submit proof of financial viability, as described below, satisfying NEPOOL requirements to demonstrate the Applicant's ability to meet its obligations, or must provide prior to

its membership becoming effective financial assurance in the form of a cash deposit, letter of credit or performance bond as set forth below. An Applicant that chooses to provide a cash deposit, letter of credit or performance bond will not be required to provide financial information to NEPOOL.

Generally, each Applicant must submit a current rating agency report, which report must indicate an investment grade rating by either Standard & Poor's, Moody's, Duff & Phelps, or Fitch for the Applicant or, if the Applicant itself is not rated, for the Applicant's outstanding rated debt, in order for the Applicant to be considered as a candidate for NEPOOL membership without furnishing additional financial assurances as described below.

Current Participants must also provide a current rating agency report by the Policy Effective Date, as well as any of the financial statements and information set forth below if and as requested by NEPOOL within ten (10) days of such request. Those Participants that do not satisfy the rating requirement as set forth above must provide instead on the Policy Effective Date one form of the

financial assurances set forth below. A Participant's failure to meet these requirements may result in termination proceedings by NEPOOL.

Financial Statements

Each Applicant must submit, if and as requested by NEPOOL and within ten (10) days of such request, audited financial statements for at least the immediately preceding three years, or the period of its existence, if shorter, including, but not limited to, the following information:

Balance Sheets

Income Statements

Statements of Cash Flows

Notes to Financial Statements

Additionally, the following information for at least the immediately preceding three years, if available, must be submitted if and as requested by NEPOOL and within ten (10) days of such request:

Annual and Quarterly Reports

10-K, 10-Q and 8-K Reports

Where the above financial statements are available on the Internet, the Applicant may provide instead a letter to NEPOOL stating where such statements may be located and retrieved by NEPOOL.

Each Applicant may also be required to provide at least one bank reference and three (3) Utility credit references. In those cases where an Applicant does not have three (3) Utility credit references, three (3) trade payable vendor references may be substituted.

Each Applicant may also be required to include information as to any known or anticipated material lawsuits, as well as any prior bankruptcy declarations by the Applicant, or by its predecessor(s), if any.

In the case of certain Applicants, some of the above financial submittals may not be applicable, and alternate requirements may be specified by NEPOOL.

Ongoing Financial Review

Each Participant that has not provided a cash deposit, letter of credit, performance bond, or corporate guaranty must submit its current rating agency report promptly upon the request of NEPOOL, and 8-K Reports promptly upon their issuance.

In addition, each Participant is responsible for informing NEPOOL in writing within ten (10) business days of any material change in its financial status. A material change in financial status includes, but is not limited to, the following: a downgrade to a below investment grade rating of senior long term debt by a major rating agency, being placed on credit watch with negative implication by a major rating agency if senior long term debt does not have an investment grade rating, a bankruptcy filing, insolvency, a report of a significant quarterly loss or decline of earnings, the resignation of key officer(s), and/or the filing of a material lawsuit that could materially adversely impact current or future financial results. A Participant's failure to provide this information may result in termination proceedings by NEPOOL.

If there is a material adverse change in the financial condition of the Participant, NEPOOL may require the Participant to provide one of the forms of other financial assurances set forth below. If the Participant fails to do so, NEPOOL may initiate termination proceedings in accordance with the procedure set forth in Section 21.2(d) of the Restated NEPOOL Agreement.

OTHER FINANCIAL ASSURANCES

Applicants or Participants that do not satisfy the rating requirement or NEPOOL's credit review process must submit instead one of the following additional financial assurances, depending on the type of transactions they anticipate engaging in as Participants.

In general, Participants must provide additional financial assurance in the following amounts, based on their average or expected monthly charges for interchange and transmission service under the Tariff (which would include charges for Regional Network Service or Through or Out Service) and the Restated NEPOOL Agreement (which would include energy and other services received through

NEPOOL) and NEPOOL expenses for services, including amounts owed to ISO New England Inc. under its tariff (collectively the "NEPOOL Charges"):

Monthly NEPOOL Charges Financial Assurance Requirement

\$0 - \$15,000	0 months' NEPOOL Charges
\$15,001 - \$30,000	1 month's NEPOOL Charges
\$30,001 - \$50,000	2 months' NEPOOL Charges
\$50,001 or more	3½ months' NEPOOL Charges

The three and one-half months is based on the time required for a FERC filing made by NEPOOL to suspend service to be effective.

Therefore, a Participant with \$32,000 in monthly NEPOOL Charges that does not satisfy the rating requirement or NEPOOL credit review process must provide additional financial assurances in the amount of \$64,000 to NEPOOL.

In the case of new Participants, the additional financial assurance requirement will be based on estimated monthly NEPOOL Charges, which estimate NEPOOL has the right to adjust in light of subsequent experience as to actual monthly NEPOOL Charges.

Cash Deposit

A cash deposit for the full value of the Financial Assurance Requirement based on actual or anticipated NEPOOL Charges, as determined by NEPOOL, provides an acceptable form of financial assurance to NEPOOL.

If it is necessary to use all or a portion of the deposit to pay the Participant's obligation, the deposit must be promptly replenished to the required level; otherwise, termination proceedings may be initiated. In the event that actual NEPOOL Charges exceed those anticipated, the anticipated charges will be increased accordingly and the Participant must augment its cash deposit to reach the required level.

The cash deposit will be invested by NEPOOL in investments as may be designated by the Participant in direct obligations of the United States or its agencies and interest earned will be paid to the Participant.

NEPOOL may sell or otherwise liquidate such investments at its discretion to meet the Participant's obligations to NEPOOL.

The requirement to continue the deposit may be reviewed by NEPOOL after one year. Consideration will be given to replacing the cash deposit with a corporate guaranty if certain conditions are met, as discussed below in the Corporate Guaranty section.

Letter of Credit

An irrevocable standby letter of credit for the full value of the Financial Assurance Requirement based on actual or anticipated NEPOOL Charges, as determined by NEPOOL, provides an acceptable form of financial assurance to NEPOOL. The letter of credit will renew automatically unless the issuing bank provides notice to NEPOOL at least ninety (90) days prior to the letter of

credit's expiration of the bank's decision not to renew the letter of credit.

If the letter of credit amount falls below the required level because of a drawing, it must be replenished immediately; otherwise, termination proceedings may be initiated by NEPOOL. If actual NEPOOL Charges exceed those anticipated, the Participant must obtain a substitute letter of credit that equals the actual NEPOOL Charges.

The form, substance, and provider of the letter of credit must all be acceptable to NEPOOL. The letter of credit should clearly state the full names of the "Issuer," "Account Party" and "Beneficiary" (NEPOOL), the dollar amount available for drawings, and should include a statement required on the drawing certificate and other terms and conditions that should apply. It should also specify that funds will be disbursed, in accordance with the instructions, within one (1) business day after due presentation of the drawing certificate. The bank issuing the letter of credit must have a minimum corporate debt rating of an "A-" by Standard & Poor's, or

"A3" by Moody's, or "A-" by Duff & Phelps, or "A-" by Fitch, or an equivalent short term debt rating by one of these agencies.

Please refer to Attachment 1, which provides an example of a generally acceptable sample "clean" letter of credit. All costs associated with obtaining financial security and meeting the Policy provisions are the responsibility of the Applicant or Participant.

The requirement to continue to provide a letter of credit may be reviewed by NEPOOL after one year.

Consideration will be given to replacing the letter of credit with a corporate guaranty if certain conditions are met, as discussed below in the Corporate Guaranty section.

Performance Bond

A performance bond complying with the requirements set forth herein provides an acceptable form of financial assurance to NEPOOL. The penal sum of such performance bond shall be in an amount equal to the full value of the Financial Assurance Requirement based on actual or

anticipated NEPOOL Charges, as determined by NEPOOL, and shall automatically be adjusted to reflect any adjustment in such Financial Assurance Requirement. The bond shall permit suit thereunder until two years after the date that all of the Applicant's or Participant's obligations to NEPOOL expire.

If the amount of penal sum of the performance bond available to NEPOOL falls below the required level because of a payment thereon, it must be increased to the required level immediately; otherwise, termination proceedings may be initiated by NEPOOL. If actual NEPOOL Charges exceed those anticipated, the Participant must either cause the penal sum of such performance bond to be increased accordingly or must obtain a substitute performance bond in the appropriate amount.

The form, substance and provider of the performance bond must be acceptable to NEPOOL. The performance bond should clearly state the full names of the "Principal," the "Surety" and the "Obligee" (NEPOOL) and the penal sum and should include a clear statement that the surety will promptly and faithfully perform the Participant's

obligations to NEPOOL if the Participant fails to do so.

The insurance company issuing the performance bond must be rated "A" or better by A.M. Best & Co.

Please refer to Attachment 2, which provides an example of a generally acceptable sample performance bond. All costs associated with obtaining financial security and meeting the Policy provisions, including without limitation the cost of the premiums for such performance bond, are the responsibility of the Applicant or Participant.

The requirement to continue to provide a performance bond may be reviewed by NEPOOL after one year. Consideration will given to replacing the performance bond with a corporate guaranty if certain conditions are met, as discussed below in the Corporate Guaranty section.

Weekly Payments

A Participant that does not satisfy the rating requirement may request that, in lieu of providing one of the additional financial assurances set forth above, a weekly billing schedule be implemented for it. NEPOOL

may, in its discretion, agree to such a request; provided, however, that any weekly billing arrangement will terminate no more than six months after the date on which such arrangement begins unless the Participant requests an extension of such arrangement and demonstrates to NEPOOL's satisfaction in its sole discretion that the termination of such arrangement and compliance with the other provisions of this Policy (including providing another form of financial assurance, if required) will impose a substantial hardship on the Participant. Such demonstration of a substantial hardship shall be made every six months after the initial demonstration, and a Participant's weekly billing arrangement will be terminated if it fails to demonstrate to NEPOOL's satisfaction in its sole discretion at any such six month interval that compliance with the other provisions of this Policy will impose a substantial hardship on it.

If NEPOOL agrees to implement a weekly billing schedule for a Participant, the Participant shall be billed weekly in arrears on an estimated basis for all amounts owed to NEPOOL and the System Operator for the week, with an

adjustment for each month as part of the regular NEPOOL monthly billing to reflect any under or over collection for the month. The Participant shall be obligated to pay each such weekly bill within five business days after it is received. The Participant shall pay with respect to each weekly bill an administrative fee, determined by the System Operator, to reimburse the System Operator for the costs it incurs as a result of that Participant's weekly billing arrangement.

If a weekly billing schedule is implemented for a Participant in lieu of requiring the Participant to provide an additional financial assurance, the Participant may be required to provide an additional financial assurance at any time if the Participant fails to pay when due any weekly bill. In addition, upon the termination of a Participant's weekly billing arrangement, the Participant shall either satisfy the rating requirement set forth herein or provide one of the other forms of financial assurance set forth herein.

Use of Transaction Setoffs

Under certain conditions, NEPOOL may be obligated to make payments to a Participant. In this event, the amount of the cash deposit, letter of credit or performance bond required for financial assurance for the contemplated transactions may be reduced ("setoff") by an amount equal to NEPOOL's unpaid balance or expected billing under the other transactions. The terms and the amount of the setoff must be approved by NEPOOL.

Corporate Guaranty

An irrevocable corporate guaranty obtained from a Participant's affiliated company ("Guarantor") for the full value of the Financial Assurance Requirement based on actual or anticipated NEPOOL Charges, as determined by NEPOOL, may provide an acceptable form of financial assurance to NEPOOL.

If actual NEPOOL Charges exceed those anticipated, the Participant must provide a substitute corporate guaranty that equals the actual NEPOOL Charges.

A Participant for which a letter of credit, performance bond or cash deposit was initially required may have the opportunity to substitute a corporate guaranty if the following conditions are met:

1. NEPOOL determines that the Participant has satisfactorily met its payment obligations in NEPOOL for at least one-year, which one-year period may in whole or in part pre-date the Policy Effective Date;
2. NEPOOL determines that the financial condition of the Guarantor meets the requirements of this Policy; and
3. The form and substance of the corporate guaranty are acceptable to NEPOOL.

Upon NEPOOL's written authorization, the Participant may substitute a corporate guaranty that is issued by the Guarantor for a cash deposit, bank letter of credit or performance bond when it has satisfied the conditions stipulated above. The corporate guaranty is considered to be a lesser form of financial assurance than a cash deposit, letter of credit or performance bond, and

therefore is allowed as an acceptable form of financial assurance only to those Participants that have satisfied their payment obligations to NEPOOL in a timely manner for at least one year.

The corporate guaranty may only be used if the Participant is affiliated with a Guarantor that has greater financial assets, a strong balance sheet and income statements, and at minimum an investment grade rating by either Standard & Poor's, Moody's, Duff & Phelps, or Fitch.

The corporate guaranty should clearly state the identities of the "Guarantor," "Beneficiary" and "Obligor," and the relationship between the Guarantor and the Participant Obligor. The corporate guaranty must be duly authorized by the Guarantor, must be signed by an officer of the Guarantor, and must be furnished with either an opinion satisfactory to NEPOOL of the Guarantor's counsel with respect to the enforceability of the guaranty or accompanied by a certificate of corporate guarantee that includes a seal of the corporation with the signature of the corporate secretary. Additionally,

adequate documentation regarding the signature authority of the person signing the corporate guaranty must be provided with the corporate guaranty.

A corporate guaranty must also obligate the Guarantor to submit a current rating agency report promptly upon the request of NEPOOL, to submit 8-K Reports promptly upon their issuance, to submit financial reports if and as requested by NEPOOL within ten (10) days of such request, and to inform NEPOOL in writing within ten (10) business days of any material change in its financial status. A material change in financial status includes, but is not limited to, the following: a downgrade to a below investment grade rating of senior long term debt by a major rating agency, being placed on credit watch with negative implication by a major rating agency if senior long term debt does not have an investment grade rating, a bankruptcy filing, insolvency, a report of a significant quarterly loss or decline of earnings, the resignation of key officer(s), and/or the filing of a material lawsuit that could materially adversely impact current or future financial results. A Guarantor's failure to provide this information may result in

proceedings by NEPOOL to terminate the Participant Obligor. If there is a material adverse change in the financial condition of the Guarantor, NEPOOL may require the Participant Obligor to provide another form of financial assurance, either a cash deposit or a letter of credit or a performance bond.

Non-payment of Amounts Due

If a Participant does not pay amounts billed when due and as a result a letter of credit or cash deposit is drawn down or a performance bond is paid on, then the Participant must immediately replenish the letter of credit or cash deposit to the required amount or cause the penal sum of the performance bond to be increased to equal the required amount plus all amounts paid thereunder. If a Participant fails to do so, NEPOOL may initiate termination proceedings against the Participant in accordance with the procedure set forth in Section 21.2(d) of the Restated NEPOOL Agreement.

In order to encourage prompt payment by Participants of amounts owed to NEPOOL and the ISO, if a Participant is delinquent two or more times within any period of twelve months in paying on time its NEPOOL Charges, the

Participant shall pay, in addition to interest on each late payment, a late payment charge for its second failure to pay on time, and for each subsequent failure to pay on time, within the same twelve-month period, in an amount equal to the greater of (i) two percent (2%) of the total amount of such late payment or (ii) \$250.00.

In the case of a former Participant that applies again for membership in NEPOOL, a determination of delinquency shall be based on the Participant's history of payment of its NEPOOL Charges in its last twelve (12) months of membership.

ATTACHMENT 1

SAMPLE LETTER OF CREDIT

[DATE PROVIDED]

IRREVOCABLE STANDBY LETTER OF CREDIT NO.

[EXPIRATION DATE] AT OUR COUNTERS *[unless an evergreen
l/c is obtained]*

WE DO HEREBY ISSUE AN IRREVOCABLE NON-TRANSFERABLE
STANDBY LETTER OF CREDIT BY ORDER OF AND FOR THE ACCOUNT
OF _____ ON BEHALF OF _____ [PARTICIPANT]

("ACCOUNT PARTY") IN FAVOR OF THE PARTICIPANTS IN THE
NEW ENGLAND POWER POOL ("NEPOOL") IN AN AMOUNT NOT
EXCEEDING US\$ _____.00 (UNITED STATES DOLLARS
_____ AND 00/100) AGAINST PRESENTATION TO US OF A
DRAWING CERTIFICATE SIGNED BY A PURPORTED OFFICER OR
AUTHORIZED AGENT OF NEPOOL AND DATED THE DATE OF
PRESENTATION CONTAINING THE FOLLOWING STATEMENT:

"THE UNDERSIGNED HEREBY CERTIFIES TO [BANK]
("BANK"), WITH REFERENCE TO IRREVOCABLE NON-
TRANSFERABLE STANDBY LETTER OF CREDIT NO.
ISSUED BY [BANK] IN FAVOR OF THE PARTICIPANTS IN THE
NEW ENGLAND POWER POOL ("NEPOOL") THAT [PARTICIPANT]
HAS FAILED TO PAY NEPOOL IN ACCORDANCE WITH THE
TERMS AND PROVISIONS OF THE RESTATED NEPOOL
AGREEMENT BETWEEN [PARTICIPANT] AND THE OTHER NEPOOL
MEMBERS , AND THUS NEPOOL IS DRAWING UPON THE LETTER
OF CREDIT IN AN AMOUNT EQUAL TO \$_____."

IF PRESENTATION OF ANY DRAWING CERTIFICATE IS MADE ON A
BUSINESS DAY AND SUCH PRESENTATION IS MADE AT OUR
COUNTERS ON OR BEFORE 10:00 A.M. _____TIME, WE SHALL
SATISFY SUCH DRAWING REQUEST ON THE SAME BUSINESS DAY.

IF THE DRAWING CERTIFICATE IS RECEIVED AT OUR COUNTERS
AFTER 10:00 A.M. _____ TIME, WE WILL SATISFY SUCH
DRAWING REQUEST ON THE NEXT BUSINESS DAY, FOR THE
PURPOSES OF THIS SECTION, A BUSINESS DAY MEANS A DAY,
OTHER THAN A SATURDAY OR SUNDAY, ON WHICH COMMERCIAL
BANKS ARE NOT AUTHORIZED OR REQUIRED TO BE CLOSED IN NEW
YORK, NEW YORK.

DISBURSEMENTS SHALL BE IN ACCORDANCE WITH THE
INSTRUCTIONS OF NEPOOL.

THE FOLLOWING TERMS AND CONDITIONS APPLY:

THIS LETTER OF CREDIT SHALL EXPIRE AT THE CLOSE OF
BUSINESS [DATE]. WE WILL PROVIDE NOTICE TO NEPOOL
AT LEAST 90 DAYS PRIOR TO SUCH DATE IF THIS LETTER
OF CREDIT WILL NOT BE RENEWED AS OF SUCH DATE [*or:*
THIS LETTER OF CREDIT SHALL EXPIRE ONLY UPON THE
FOLLOWING CONDITIONS: (1) WHEN FULL PAYMENT HAS BEEN
RECEIVED BY NEPOOL FROM [PARTICIPANT] AND (2) NEPOOL
HAS PROVIDED A WRITTEN RELEASE TO THIS BANK .]

THE AMOUNT WHICH MAY BE DRAWN BY YOU UNDER THIS
LETTER OF CREDIT SHALL BE AUTOMATICALLY REDUCED BY
THE AMOUNT OF ANY UNREIMBURSED DRAWINGS HEREUNDER AT
OUR COUNTERS. ANY NUMBER OF PARTIAL DRAWINGS ARE
PERMITTED FROM TIME TO TIME HEREUNDER.

ALL COMMISSIONS AND CHARGES WILL BE BORNE BY THE
ACCOUNT PARTY.

THIS LETTER OF CREDIT IS NOT TRANSFERABLE OR
ASSIGNABLE.

THIS LETTER OF CREDIT DOES NOT INCORPORATE AND SHALL
NOT BE DEEMED MODIFIED, AMENDED OR AMPLIFIED BY
REFERENCE TO ANY DOCUMENT, INSTRUMENT OR AGREEMENT
(A) THAT IS REFERRED TO HEREIN (EXCEPT FOR THE UCP,
AS DEFINED BELOW) OR (B) IN WHICH THIS LETTER OF
CREDIT IS REFERRED TO OR TO WHICH THIS LETTER OF
CREDIT RELATES.

THIS LETTER OF CREDIT SHALL BE GOVERNED BY THE
UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY
CREDITS, 1993 REVISION, INTERNATIONAL CHAMBER OF
COMMERCE PUBLICATION NO. 500 (THE "UCP"), EXCEPT TO
THE EXTENT THAT TERMS HEREOF ARE INCONSISTENT WITH
THE PROVISIONS OF THE UCP, INCLUDING BUT NOT LIMITED
TO ARTICLES 13(b) AND 17 OF THE UCP, IN WHICH CASE
THE TERMS OF THE LETTER OF CREDIT SHALL GOVERN.

THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR
MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF
NEPOOL AND US.

WE HEREBY ENGAGE WITH YOU THAT DOCUMENTS DRAWN UNDER AND
IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT
SHALL BE DULY HONORED UPON PRESENTATION AS SPECIFIED.

PRESENTATION OF ANY DRAWING CERTIFICATE UNDER THIS
STANDBY LETTER OF CREDIT MAY BE SENT TO US BY COURIER,
CERTIFIED MAIL, REGISTERED MAIL, TELEGRAM, TELEX TO THE
ADDRESS SET FORTH BELOW, OR SUCH OTHER ADDRESS AS MAY
HEREAFTER BE FURNISHED BY US. OTHER NOTICES CONCERNING
THIS STANDBY LETTER OF CREDIT MAY BE SENT BY FACSIMILE OR
SIMILAR COMMUNICATIONS FACILITY TO THE RESPECTIVE
ADDRESSES SET FORTH BELOW. ALL SUCH NOTICES AND
COMMUNICATIONS SHALL BE EFFECTIVE WHEN ACTUALLY RECEIVED
BY THE INTENDED RECIPIENT PARTY.

IF TO THE BENEFICIARY OF THIS LETTER OF CREDIT:

NEPOOL

Composite Restated **Open Access Transmission Tariff**
Original Sheet No. 352

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IF TO THE ACCOUNT PARTY:

IF TO US:

[signature]

[signature]

ATTACHMENT 2

SAMPLE PERFORMANCE BOND

[Insurance Company]

Bond No.

KNOW ALL MEN BY THESE PRESENTS, That the undersigned [participant], of [participant's address] hereinafter referred to as the Principal, and [insurance company], a corporation organized and existing under the laws of the State of [insurance company's state of incorporation], as Surety, are held and firmly bound unto the Participants in the New England Power Pool as obligees, hereinafter referred to collectively as the Obligee, in the sum of _____, lawful money of the United States of America (which sum shall automatically be adjusted to reflect any adjustment in the Financial Assurance Requirement applicable to the Principal under the New England Power Pool's Financial Assurance Policy for

NEPOOL Members, as in effect from time to time) for the payment of which sum, well and truly to be made, we bind ourselves, our executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has entered into agreements for the purchase and sale of electric services and the payment of amounts owed to ISO New England Inc. and its share of the expenses of the New England Power Pool under the Restated NEPOOL Agreement, the Restated NEPOOL Open Access Transmission Tariff and the ISO New England Inc. Tariff for Transmission Dispatch and Power Administration Services, each as amended from time to time (collectively referred to as the "Agreements"), and in strict accordance with their respective terms.

NOW, THEREFORE, the condition of this obligation is such, that if the Principal shall promptly and faithfully make the payments required by, and comply with terms of, the Agreements which have been or may hereafter be in force and shall save and keep harmless the Obligee from all loss or damage which it may sustain or for which it may become liable on account of the issuance of said

NEPOOL

Composite Restated **Open Access Transmission Tariff**
Original Sheet No. 356

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BY: _____

[Insurance Company]

Surety

[Seal]

BY: _____

ATTACHMENT 3**CORPORATE GUARANTY**

For and in consideration of the credit advance or sale of products on open account by the New England Power Pool Participants from time to time ("Participants") to [Participant] ("Company"), the undersigned guarantor, ("Guarantor"), the [subsidiary/affiliate] of Company, hereby unconditionally and irrevocably guarantees the prompt and complete payment of all amounts that Company now or hereafter owes to Participants under the Restated NEPOOL Agreement and Restated NEPOOL Open Access Transmission Tariff, [and performance by Company of any other agreements, whether now existing or hereafter arising, between Company and Participants], as amended from time to time (collectively referred to as the "Agreements"), in strict accordance with their respective terms.

1. If Company does not perform its obligations in strict accordance with the Agreements, Guarantor shall immediately pay all amounts now or hereafter

due thereunder (including, without limitation, all principal, interest, and fees) and otherwise proceed to complete the same and satisfy all of Company's obligations under the Agreements. This Guaranty may be satisfied by Guarantor paying and/or performing (as appropriate) Company's obligations or by Guarantor causing Company's obligations to be paid or performed; provided, however, that Guarantor shall at all times remain fully responsible and liable for its obligations hereunder notwithstanding any such payment or performance (or failure thereof) by any third party. Participants will undertake commercially reasonable efforts to notify Guarantor of a failure by Company to make a payment or perform its obligations under the Agreements; provided, however, that failure by Participants to so notify Guarantor shall not defeat, limit or otherwise affect the rights and obligations of Participants, Company or Guarantor. Subject to the terms and conditions set forth herein, Guarantor's obligations hereunder shall not exceed the complete payment of all amounts that Company now or hereafter owes to Participants under the Restated NEPOOL Agreement and

NEPOOL Open Access Transmission Tariff and performance by Company of the Agreements in strict accordance with their respective terms.

2. This Guaranty is an absolute, unconditional and continuing guaranty of the full and punctual payment and performance by Company of each of its obligations under the Agreements, and not of collectibility only, and is in no way conditioned upon any requirement that Participants first attempt to collect payment from Company or any other guarantor or surety or resort to any security or other means of obtaining payment of all or any part of Company's obligations or upon any other contingency. This is a continuing guaranty and shall be binding upon Guarantor until the full, final and irrevocable payment and performance of all of Company's obligations under the Agreements, regardless of (i) how long after the date hereof any part of the obligations under the Agreements is incurred by Company and (ii) the amount of the obligations under the Agreements at any time outstanding. This Guaranty may be enforced by

Participants from time to time and as often as occasion for such enforcement may arise.

3. The obligations hereunder are independent of the obligations of Company, and a separate action or actions may be brought and prosecuted against Guarantor whether action is brought against Company or whether Company be joined in any such action or actions. Guarantor's liability under this Guaranty is not conditioned or contingent upon genuineness, validity, regularity or enforceability of the Agreements.

4. Guarantor authorizes Participants, without notice or demand and without affecting its liability hereunder, from time to time to (a) renew, extend, or otherwise change the terms of the Agreements or any part thereof, (b) take and hold security for the payment of the Agreements, and exchange, enforce, waive and release any such security; and (c) apply such security and direct the order or manner of sale thereof as Participants in their sole discretion may

determine. The obligations and liabilities of Guarantor hereunder shall be absolute and unconditional, shall not be subject to any counterclaim, set-off, deduction or defense based upon any claim Guarantor may have against Company, any other guarantor, or any other person or entity, and shall remain in full force and effect until all of the obligations hereunder and under the Agreements have been fully satisfied, without regard to, or release or discharge by, any event, circumstance or condition (whether or not Guarantor shall have knowledge or notice thereof) which but for the provisions of this Section might constitute a legal or equitable defense or discharge of a guarantor or surety or which might in any way limit recourse against Guarantor, including without limitation: (a) any amendment or modification of, or supplement to, the terms of the Agreements; (b) any waiver, consent or indulgence by Participants, or any exercise or non-exercise by Participants of any right, power or remedy, under or in respect of this Guaranty or the Agreements (whether or not Guarantor or Company has or have notice or knowledge

of any such action or inaction); (c) the invalidity or unenforceability, in whole or in part, of the Agreements, or the termination (except pursuant to its terms or by written agreement between Participants and Company), cancellation or frustration of any thereof, or any limitation or cessation of Company's liability under any thereof (other than any limitation or cessation expressly provided for therein), including without limitation any invalidity, unenforceability or impaired liability resulting from Company's lack of capacity, power and/or authority to enter into the Agreements and/or to incur any or all of the obligations thereunder, or from the execution and delivery of any Agreement by any person acting for Company without or in excess of authority (except to the extent the same would limit or cease Company's liability under the Agreements); (d) any actual, purported or attempted sale, assignment or other transfer by Participants of any Agreement or of any of its rights, interests or obligations thereunder; (e) the taking or holding by Participants of a security interest, lien or other encumbrance in or

on any property as security for any or all of the obligations of Company under the Agreements or any exchange, release, non-perfection, loss or alteration of, or any other dealing with, any such security; (f) the addition of any party as a guarantor or surety of all or any part of the obligations of Company under the Agreements; (g) any merger, amalgamation or consolidation of Company into or with any other entity, or any sale, lease, transfer or other disposition of any or all of Company's assets or any sale, transfer or other disposition of any or all of the shares of capital stock or other securities of Company to any other person or entity; (h) any change in the financial condition of Company or (as applicable) of any subsidiary, affiliate, partner or controlling shareholder thereof, or Company's entry into an assignment for the benefit of creditors, an arrangement or any other agreement or procedure for the restructuring of its liabilities, or Company's insolvency, bankruptcy, reorganization, dissolution, liquidation or any similar action by or occurrence with respect to Company.

5. Guarantor unconditionally waives, to the fullest extent permitted by law: (a) notice of any of the matters referred to in Section 4 hereof; (b) any right to the enforcement, assertion or exercise by Participants of any of their rights, powers or remedies under, against or with respect to (i) any of the Agreements, (ii) any other guarantor or surety, or (iii) any security for all or any part of the obligations of Company under the Agreements or obligations of Guarantor hereunder; (c) any requirement of diligence and any defense based on a claim of laches; (d) all defenses which may now or hereafter exist by virtue of any statute of limitations, or of any stay, valuation, exemption, moratorium or similar law, except the sole defense of full and indefeasible payment; (e) any requirement that Guarantor be joined as a party in any action or proceeding against Company to enforce any of the provisions of the Agreements; (f) any requirement that Participants mitigate or attempt to mitigate damages resulting from a default by

Guarantor hereunder or from a default by Company under any of the Agreements; (g) acceptance of this Guaranty by Participants; and (h) all presentments, protests, notices of dishonor, demands for performance and any and all other demands upon and notices to Company, and any and all other formalities of any kind, the omission of or delay in performance of which might but for the provisions of this Section constitute legal or equitable grounds for relieving or discharging Guarantor in whole or in part from its irrevocable, absolute and continuing obligations hereunder, it being the intention of Guarantor that its obligations hereunder shall not be discharged except by payment and performance and then only to the extent thereof.

6. Guarantor waives any right to require Participants to (a) proceed against Company; (b) proceed against or exhaust any security held from Company; or (c) pursue any other remedy in Participants' power whatsoever. So long as any obligations remain outstanding under this Guaranty or the Agreements,

Guarantor shall not exercise any rights against Company arising as a result of payment by Guarantor hereunder, by way of subrogation or otherwise, and will not prove any claim in competition with Participants or their affiliates in respect of any payment under the Agreements in bankruptcy or insolvency proceedings of any nature; Guarantor will not claim any set-off or counterclaim against Company in respect of any liability of Guarantor to Company and Guarantor waives any benefit of any right to participate in any collateral which may be held by Participants or any of their affiliates. Guarantor shall have no right of subrogation or reimbursement, contribution or other rights against Company.

7. If after receipt of any payment of, or the proceeds of any collateral for, all or any part of the obligations of Company under the Agreements, Participants are compelled to surrender or voluntarily surrender such payment or proceeds to any person because such payment or application of proceeds is or may be avoided, invalidated,

recaptured, or set aside as a preference, fraudulent conveyance, impermissible setoff or for any other reason, whether or not such surrender is the result of (i) any judgment, decree or order of any court or administrative body having jurisdiction over Participants, or (ii) any settlement or compromise by Participants of any claim as to any of the foregoing with any person (including Company), then the obligations of Company under the Agreements, or part thereof affected, shall be reinstated and continue and this Guaranty shall be reinstated and continue in full force as to such obligations or part thereof as if such payment or proceeds had not been received, notwithstanding any previous cancellation of any instrument evidencing any such obligation or any previous instrument delivered to evidence the satisfaction thereof. The provisions of this Section shall survive the termination of this Guaranty and any satisfaction and discharge of Company by virtue of any payment, court order or any federal or state law until the full, final and irrevocable satisfaction of all of Company's obligations under the Agreements.

8. Any indebtedness of Company now or hereafter held by Guarantor is hereby subordinated to any indebtedness of Company to Participants; and such indebtedness of Company to Guarantor shall be collected, enforced and received by Guarantor as trustee for Participants and be paid over to Participants on account of the indebtedness of Company due and owing at any time to Participants but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty.

9. Guarantor represents and warrants to Participants, as an inducement to Participants to make the credit advances or sales of products on open account to Company, that:
 - a. the execution, delivery and performance by Guarantor of this Guaranty (i) are within Guarantor's powers and have been duly authorized by all necessary action; (ii) do not contravene Guarantor's charter documents or any law or any material contractual restrictions binding on or

affecting Guarantor or by which Guarantor's property may be affected; and (iii) do not require any authorization or approval or other action by, or any notice to or filing with, any public authority or any other person except such as have been obtained or made;

b. this Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable in accordance with its terms, except as the enforceability thereof may be subject to or limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws relating to or affecting the rights of creditors generally and by general principles of equity; and

c. there is no action, suit or proceeding affecting Guarantor pending or threatened before any court, arbitrator, or public authority that may materially adversely affect Guarantor's ability to perform its obligations under this Guaranty, except as set forth in writing to the

Participants and ISO New England Inc. prior to Participants' written authorization of this Guaranty.

10. Guarantor shall submit to Participants (i) a current credit rating agency report regarding Guarantor promptly upon the request of Participants, (ii) a copy of any Report on Form 8-K promptly after the filing by Guarantor of such report with the Securities and Exchange Commission, and (iii) a balance sheet, statement of income and such other financial statements of Guarantor as Participants shall reasonably request within ten (10) days after such statements are requested by Participants. Guarantor shall notify Participants in writing within ten (10) days after a material change in the financial status of Guarantor. For purposes of this section, a material change in financial status includes, but is not limited to, the following: (a) a downgrade to a below investment grade rating in the rating of Guarantor's senior long-term debt by a major rating agency; (b) the placement of Guarantor on credit watch with negative implication by a major

credit rating agency if Guarantor's senior long-term debt does not have an investment grade rating; (c) Guarantor's bankruptcy or insolvency; (d) a report by Guarantor of a significant quarterly loss or decline in earnings; (e) the resignation of a key officer of Guarantor; and (e) the filing of a lawsuit that could materially adversely impact Guarantor's current or future financial results. Guarantor acknowledges that failure by it to provide the information required hereunder may result in Participants bringing proceedings to terminate Company from the New England Power Pool.

11. Guarantor agrees to pay on demand all reasonable attorneys' fees and all other costs and expenses which may be incurred by Participants in the enforcement of this Guaranty. No terms or provisions of this Guaranty may be changed, waived, revoked or amended without Participants' prior written consent. Should any provision of this Guaranty be determined by a court of competent jurisdiction to be unenforceable, all of the other provisions shall remain effective. This Guaranty

embodies the entire agreement among the parties hereto with respect to the matters set forth herein, and supersedes all prior agreements among the parties with respect to the matters set forth herein. No course of prior dealing among the parties, no usage of trade, and no parol or extrinsic evidence of any nature shall be used to supplement, modify or vary any of the terms hereof.

There are no conditions to the full effectiveness of this Guaranty. Participants may assign this Guaranty without in any way affecting Guarantor's liability under it, except that Guarantor shall be provided reasonable notice of any such assignment. This Guaranty shall inure to the benefit of Participants and their successors and assigns. This Guaranty is in addition to the guaranties of any other guarantors and any and all other guaranties of Company's indebtedness or liabilities to Participants.

12. This Guaranty shall be governed by the laws of the State of Connecticut, without regard to conflicts of laws principles. Guarantor hereby irrevocably

submits to the jurisdiction of any Connecticut State or United States Federal court sitting in Connecticut over any action or proceeding arising out of or relating to this Guaranty or any of the Agreements, and Guarantor hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Connecticut State or Federal court. Guarantor irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to Guarantor at its address set forth below its signature.

Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Guarantor further waives any objection to venue in such State and any objection to an action or proceeding in such State on the basis of forum non conveniens. Guarantor further agrees that any action or proceeding brought against Participants shall be brought only in Connecticut State or United States Federal courts sitting in Connecticut.

Nothing herein shall affect the right of Participants to bring any action or proceeding against the Guarantor or its property in the courts of any other jurisdictions.

13. GUARANTOR ACKNOWLEDGES THAT IT HAS BEEN ADVISED BY COUNSEL OF ITS CHOICE WITH RESPECT TO THIS GUARANTY AND THAT IT MAKES THE FOLLOWING WAIVERS KNOWINGLY AND VOLUNTARILY:

a. GUARANTOR IRREVOCABLY WAIVES TRIAL BY JURY IN ANY COURT AND IN ANY SUIT, ACTION OR PROCEEDING OR ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS GUARANTY, THE AGREEMENTS OR ANY DOCUMENTS RELATED THERETO (INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS) AND THE ENFORCEMENT OF ANY OF PARTICIPANTS' RIGHTS AND REMEDIES; AND

b. GUARANTOR EXPRESSLY ACKNOWLEDGES THAT THE OBLIGATIONS GUARANTEED HEREBY ARE PART OF A

COMMERCIAL TRANSACTION AS SUCH TERM IS USED AND DEFINED IN CHAPTER 903a OF THE CONNECTICUT GENERAL STATUTES AND VOLUNTARILY AND KNOWINGLY WAIVES ANY AND ALL RIGHTS WHICH ARE OR MAY BE CONFERRED UPON IT UNDER CHAPTER 903a OF SAID STATUTES (OR ANY OTHER STATUTE AFFECTING PREJUDGMENT REMEDIES) TO ANY NOTICE OR HEARING OR PRIOR COURT ORDER OR THE POSTING OF ANY BOND PRIOR TO ANY PREJUDGMENT REMEDY WHICH PARTICIPANTS MAY USE.

14. Any demand, notice, request, instruction or other communication to be given hereunder by any party to another party shall be in writing and delivered personally, by nationally recognized overnight courier, by certified mail, postage prepaid and return receipt requested, by telegram, or by telecopier, as follows:

If to Guarantor, at:

If to Participants, at:

Communications given by personal delivery or mail shall be effective upon actual receipt.

Communications given by telegram or telecopier shall be effective upon actual receipt during the recipient's normal business hours, or at the beginning of the next business day after receipt if not received during the recipient's normal business hours. All communications by telegram or telecopier shall be confirmed promptly in writing by certified mail or personal delivery. Any party may change any address to which communications are to be given by giving notice as provided above of such change of address.

IN WITNESS WHEREOF, the undersigned Guarantor has
executed this Guaranty as of this _____ day of
[month], 199_.

[GUARANTOR]

By: _____

Title: _____

Corporate Officer

Address: _____

Attachment M**Financial Assurance Policy for NEPOOL Non-Participant
Transmission Customers**

This Financial Assurance Policy for Transmission Customers³ that are Non-Participants ("Policy") shall become effective on January 1, 1999 (the "Policy Effective Date").

The purpose of this Policy is (i) to establish a financial assurance policy for Non-Participant Transmission Customers pursuant to Section 11 of the Restated NEPOOL Open Access Transmission Tariff (the "Tariff") that includes commercially reasonable credit

³ Capitalized terms used but not defined in this Policy are intended to have the meanings given to such terms in Section 1 of the Restated NEPOOL Open Access Transmission Tariff, as amended.

review procedures to assess the financial ability of each Non-Participant applicant for service ("Applicant") under the Tariff to pay for service transactions under the Tariff and under the ISO New England Inc. Tariff for Transmission Dispatch and Power Administration Services (the "ISO Tariff"), (ii) to set forth requirements for alternative forms of security that will be deemed acceptable to NEPOOL and consistent with commercial practices established by the Uniform Commercial Code that protects the Participants against the risk of non-payment by Non-Participant Transmission Customers, (iii) to set forth the conditions under which NEPOOL will conduct business so as to avoid the possibility of failure of payment for services rendered to Non-Participant Transmission Customers under the Tariff and the ISO Tariff, and (iv) to collect amounts past due, make up shortfalls in payments, and terminate service to defaulting Non-Participant Transmission Customers.

In accordance with Section 11 of the Tariff, NEPOOL requires the following procedures and requirements to apply to all Applicants and Non-Participant Transmission Customers. Generally, any Applicant or Non-Participant

Transmission Customer that does not have an investment grade rating by either Standard & Poor's, Moody's, Duff & Phelps, or Fitch (or in the case of Applicants and Non-Participant Transmission Customers that are not rated themselves, any Applicant or Non-Participant Transmission Customer that does not have outstanding debt with such a rating) will be required to provide financial assurances, as described in detail below.⁴

⁴ The System Operator will act as NEPOOL's agent in managing and enforcing this Policy with the exception of termination of service issues, which are specifically reserved to the NEPOOL Participants and will be addressed by the NEPOOL Executive Committee, subject to appeal to the Management Committee. Accordingly, all financial information required

pursuant to this Policy is to be provided to the System Operator, which will keep all such information confidential in accordance with the provisions of Section 2 of NEPOOL Criteria, Rules and Standards No. 45.

GENERAL REQUIREMENTS

Each Applicant or Non-Participant Transmission Customer must comply with the following general requirements.

Proof of Financial Viability

Each Applicant must with its application for service submit proof of financial viability, as described below, satisfying NEPOOL requirements to demonstrate the Applicant's ability to meet its obligations, or must provide, prior to NEPOOL's filing of a Service Agreement for the Applicant and provision of service to the Applicant under the Tariff, financial assurance in the form of a cash deposit, letter of credit or performance bond as set forth below. An Applicant that chooses to provide a cash deposit, letter of credit or performance bond will not be required to provide financial information to NEPOOL.

Generally, each Applicant must submit a current rating agency report, which report must indicate an investment grade rating by either Standard & Poor's, Moody's, Duff & Phelps, or Fitch for the Applicant or, if the Applicant

itself is not rated, for the Applicant's outstanding rated debt, in order for NEPOOL to file a Service Agreement for the Applicant and provide service to the Applicant under the Tariff without the Applicant being required to furnish additional financial assurances as described below.

Current Non-Participant Transmission Customers that have not already provided to NEPOOL financial assurances consistent with the requirements of this Policy must also provide a current rating agency report by the Policy Effective Date, as well as any of the financial statements and information set forth below if and as requested by NEPOOL within ten (10) days of such request.

Those Non-Participant Transmission Customers that do not satisfy the rating requirement as set forth above must provide instead on the Policy Effective Date one form of the financial assurances set forth below. A Non-Participant Transmission Customer's failure to meet these requirements may result in termination of service by NEPOOL in accordance with the procedure set forth for payment defaults in Section 8.4 of the Tariff.

Financial Statements

Each Applicant must submit, if and as requested by NEPOOL and within ten (10) days of such request, audited financial statements for at least the immediately preceding three years, or the period of its existence, if shorter, including, but not limited to, the following information:

Balance Sheets

Income Statements

Statements of Cash Flows

Notes to Financial Statements

Additionally, the following information for at least the immediately preceding three years, if available, must be submitted if and as requested by NEPOOL and within ten (10) days of such request:

Annual and Quarterly Reports

10-K, 10-Q and 8-K Reports

Where the above financial statements are available on the Internet, the Applicant may provide instead a letter to NEPOOL stating where such statements may be located and retrieved by NEPOOL.

Each Applicant may also be required to provide at least one bank reference and three (3) utility credit references. In those cases where an Applicant does not have three (3) utility credit references, three (3) trade payable vendor references may be substituted.

Each Applicant may also be required to include information as to any known or anticipated material lawsuits, as well as any prior bankruptcy declarations by the Applicant, or by its predecessor(s), if any.

In the case of certain Applicants, some of the above financial submittals may not be applicable, and alternate requirements may be specified by NEPOOL.

Ongoing Financial Review

Each Non-Participant Transmission Customer that has not provided a cash deposit, letter of credit, performance bond, or corporate guaranty must submit its current rating agency report promptly upon the request of NEPOOL, and 8-K Reports promptly upon their issuance.

In addition, each Non-Participant Transmission Customer that has not provided a cash deposit, letter of credit, performance bond or corporate guaranty is responsible for informing NEPOOL in writing within ten (10) business days of any material change in its financial status. A material change in financial status includes, but is not limited to, the following: a downgrade to a below investment grade rating of senior long term debt by a major rating agency, being placed on credit watch with negative implication by a major rating agency if senior long term debt does not have an investment grade rating, a bankruptcy filing, insolvency, a report of a significant quarterly loss or decline of earnings, the resignation of key officer(s), and/or the filing of a material lawsuit that could materially adversely impact current or future financial results. A Non-Participant

Transmission Customer's failure to provide this information as required may result in termination of service by NEPOOL in accordance with the procedure set forth in Section 8.4 of the Tariff.

If there is a material adverse change in the financial condition of the Non-Participant Transmission Customer that has not provided a cash deposit, letter of credit, performance bond or corporate guaranty, NEPOOL may require such Non-Participant Transmission Customer to provide one of the forms of other financial assurances set forth below. If the Non-Participant Transmission Customer fails to do so, NEPOOL may terminate service in accordance with the procedure set forth for payment defaults in Section 8.4 of the Tariff.

OTHER FINANCIAL ASSURANCES

Applicants or Non-Participant Transmission Customers that do not satisfy the rating requirement or NEPOOL's credit review process must submit instead one of the following additional financial assurances, depending on the specific aspects of the transactions they anticipate engaging in as Non-Participant Transmission Customers.

In general, Non-Participant Transmission Customers must provide additional financial assurance in the following amounts, based on their average or expected monthly charges for service under the Tariff, including amounts owed to ISO New England Inc. under the ISO Tariff (collectively the "NEPOOL Charges"):

Monthly NEPOOL Charges Financial Assurance Requirement

\$0 - \$15,000	0 months' NEPOOL Charges
\$15,001 - \$30,000	1 month's NEPOOL Charges
\$30,001 - \$50,000	2 months' NEPOOL Charges
\$50,001 or more	3½ months' NEPOOL Charges

The three and one-half months is based on the time required for a FERC filing made by NEPOOL to suspend service to be effective.

Therefore, a Non-Participant Transmission Customer with \$32,000 in monthly NEPOOL Charges that does not satisfy the rating requirement or NEPOOL credit review process must provide additional financial assurances in the amount of \$64,000 to NEPOOL.

In the case of new Non-Participant Transmission Customers, the Financial Assurance Requirement will be based on estimated monthly NEPOOL Charges, which estimate

NEPOOL has the right to adjust in light of subsequent experience as to actual monthly NEPOOL Charges. In no event will the Financial Assurance Requirement exceed the anticipated charge for the service requested by the Non-Participant Transmission Customer.

Cash Deposit

A cash deposit for the full value of the Financial Assurance Requirement based on actual or anticipated NEPOOL Charges, as determined by NEPOOL, provides an acceptable form of financial assurance to NEPOOL. A cash deposit greater than or equal to one month's NEPOOL Charges of a Non-Participant Transmission Customer shall also serve as that Non-Participant Transmission Customer's deposit under Sections 31.3 and 41.2 of the Tariff.

If it is necessary to use all or a portion of the deposit to pay the Non-Participant Transmission Customer's obligation, the deposit must be promptly replenished to the required level; otherwise, termination of service proceedings may be initiated. In the event that actual NEPOOL Charges exceed those anticipated, the anticipated

charges will be increased accordingly and the Non-Participant Transmission Customer must augment its cash deposit to reach the required level.

The cash deposit will be invested by NEPOOL in investments as may be designated by the Non-Participant Transmission Customer in direct obligations of the United States or its agencies and interest earned will be paid to the Non-Participant Transmission Customer. NEPOOL may sell or otherwise liquidate such investments at its discretion to meet the Non-Participant Transmission Customer's obligations to NEPOOL.

The requirement to continue the deposit may be reviewed by NEPOOL after one year. Consideration will be given to replacing the cash deposit with a corporate guaranty if certain conditions are met, as discussed below in the Corporate Guaranty section.

Letter of Credit

An irrevocable standby letter of credit for the full value of the Financial Assurance Requirement based on actual or anticipated NEPOOL Charges, as determined by

NEPOOL, provides an acceptable form of financial assurance to NEPOOL. The letter of credit will renew automatically unless the issuing bank provides notice to NEPOOL at least ninety (90) days prior to the letter of credit's expiration of the bank's decision not to renew the letter of credit.

If the letter of credit amount falls below the required level because of a drawing, it must be replenished immediately; otherwise, termination of service proceedings may be initiated by NEPOOL. If actual NEPOOL Charges exceed those anticipated, the Non-Participant Transmission Customer must obtain a substitute letter of credit that equals the actual NEPOOL Charges.

The form, substance, and provider of the letter of credit must all be acceptable to NEPOOL. The letter of credit should clearly state the full names of the "Issuer," "Account Party" and "Beneficiary" (NEPOOL), the dollar amount available for drawings, and should include a statement required on the drawing certificate and other terms and conditions that should apply. It should also specify that funds will be disbursed, in accordance with

the instructions, within one (1) business day after due presentation of the drawing certificate. The bank issuing the letter of credit must have a minimum corporate debt rating of an "A-" by Standard & Poor's, or "A3" by Moody's, or "A-" by Duff & Phelps, or "A-" by Fitch, or an equivalent short term debt rating by one of these agencies.

Please refer to Attachment 1, which provides an example of a generally acceptable sample "clean" letter of credit. All costs associated with obtaining financial security and meeting the Policy provisions are the responsibility of the Applicant or Non-Participant Transmission Customer.

The requirement to continue to provide a letter of credit may be reviewed by NEPOOL after one year. Consideration will be given to replacing the letter of credit with a corporate guaranty if certain conditions are met, as discussed below in the Corporate Guaranty section.

Performance Bond

A performance bond complying with the requirements set forth herein provides an acceptable form of financial assurance to NEPOOL. The penal sum of such performance bond shall be in an amount equal to the full value of the Financial Assurance Requirement based on actual or anticipated NEPOOL Charges, as determined by NEPOOL, and shall automatically be adjusted to reflect any adjustment in such Financial Assurance Requirement. The bond shall permit suit thereunder until two years after the last date that service is provided to the Non-Participant Transmission Customer under the Tariff.

If the amount of penal sum of the performance bond available to NEPOOL falls below the required level because of a payment thereon, it must be increased to the required level immediately; otherwise, termination of service proceedings may be initiated by NEPOOL. If actual NEPOOL Charges exceed those anticipated, the Non-Participant Transmission Customer must either cause the penal sum of such performance bond to be increased accordingly or must obtain a substitute performance bond in the appropriate amount.

The form, substance and provider of the performance bond must be acceptable to NEPOOL. The performance bond should clearly state the full names of the "Principal," the "Surety" and the "Obligee" (NEPOOL) and the penal sum and should include a clear statement that the surety will promptly and faithfully perform the Non-Participant Transmission Customer's obligations to NEPOOL if the Non-Participant Transmission Customer fails to do so. The insurance company issuing the performance bond must be rated "A" or better by A.M. Best & Co.

Please refer to Attachment 2, which provides an example of a generally acceptable sample performance bond. All costs associated with obtaining financial security and meeting the Policy provisions, including without limitation the cost of the premiums for such performance bond, are the responsibility of the Applicant or Non-Participant Transmission Customer.

The requirement to continue to provide a performance bond may be reviewed by NEPOOL after one year. Consideration will given to replacing the performance bond with a

corporate guaranty if certain conditions are met, as discussed below in the Corporate Guaranty section.

Weekly Payments

A Non-Participant Transmission Customer that does not satisfy the rating requirement may request that, in lieu of providing one of the additional financial assurances set forth above, a weekly billing schedule be implemented for it. NEPOOL may, in its discretion, agree to such a request; provided, however, that any weekly billing arrangement will terminate no more than six months after the date on which such arrangement begins unless the Non-Participant Transmission Customer requests an extension of such arrangement and demonstrates to NEPOOL's satisfaction in its sole discretion that the termination of such arrangement and compliance with the other provisions of this Policy (including providing another form of financial assurance, if required) will impose a substantial hardship on the Non-Participant Transmission Customer. Such demonstration of a substantial hardship shall be made every six months after the initial demonstration, and a Non-Participant Transmission Customer's weekly billing arrangement will be terminated if it fails to demonstrate to NEPOOL's satisfaction in its sole discretion at any such six month interval that compliance with the other provisions of this Policy will impose a substantial hardship on it.

If NEPOOL agrees to implement a weekly billing schedule for a Non-Participant Transmission Customer, the Non-Participant Transmission Customer shall be billed weekly in arrears on an estimated basis for all amounts owed to NEPOOL and the System Operator for the week, with an adjustment for each month as part of the regular NEPOOL monthly billing to reflect any under or over collection for the month. The Non-Participant Transmission Customer shall be obligated to pay each such weekly bill within five business days after it is received. The Non-Participant Transmission Customer shall pay with respect to each weekly bill an administrative fee, determined by the System Operator, to reimburse the System Operator for the costs it incurs as a result of that Non-Participant Transmission Customer's weekly billing arrangement.

If a weekly billing schedule is implemented for a Non-Participant Transmission Customer in lieu of requiring the Non-Participant Transmission Customer to provide an additional financial assurance, the Non-Participant Transmission Customer may be required to provide an additional financial assurance at any time if the Non-

Participant Transmission Customer fails to pay when due any weekly bill or, in its sole discretion, termination of service proceedings may be initiated by NEPOOL. In addition, upon the termination of a Non-Participant Transmission Customer's weekly billing arrangement, the Non-Participant Transmission Customer shall either satisfy the rating requirement set forth herein or provide one of the other forms of financial assurance set forth herein.

Use of Transaction Setoffs

Under certain conditions, NEPOOL may be involved in other transactions with a Non-Participant Transmission Customer in which NEPOOL is the buyer. In this event, the amount of the prepayment, cash deposit, performance bond or letter of credit required hereunder may be reduced ("setoff") by an amount equal to NEPOOL's unpaid balance or expected billing under the other transaction. The terms and the amount of the setoff must be approved by the System Operator. The System Operator is responsible for monitoring the status of the setoff and ensuring that an adequate financial assurance balance is maintained at all times until the transaction is settled.

Corporate Guaranty

An irrevocable corporate guaranty obtained from a Non-Participant Transmission Customer's affiliated company ("Guarantor") for the full value of the Financial Assurance Requirement based on actual or anticipated NEPOOL Charges, as determined by NEPOOL, may provide an acceptable form of financial assurance to NEPOOL.

If actual NEPOOL Charges exceed those anticipated, the Non-Participant Transmission Customer must provide a substitute corporate guaranty that equals the actual NEPOOL Charges.

A Non-Participant Transmission Customer for which a letter of credit, performance bond or cash deposit was initially required may have the opportunity to substitute a corporate guaranty if the following conditions are met:

1. NEPOOL determines that the Non-Participant Transmission Customer has satisfactorily met its payment obligations in NEPOOL for at least one

year, which one-year period may in whole or in part pre-date the Policy Effective Date;

2. NEPOOL determines that the financial condition of the Guarantor meets the requirements of this Policy; and
3. The form and substance of the corporate guaranty are acceptable to NEPOOL.

Upon NEPOOL's written authorization, the Non-Participant Transmission Customer may substitute a corporate guaranty that is issued by the Guarantor for a cash deposit, bank letter of credit or performance bond when it has satisfied the conditions stipulated above. The corporate guaranty is considered to be a lesser form of financial assurance than a cash deposit, letter of credit or performance bond, and therefore is allowed as an acceptable form of financial assurance only to those Non-Participant Transmission Customers that have satisfied their payment obligations to NEPOOL in a timely manner for at least one year.

The corporate guaranty may only be used if the Non-Participant Transmission Customer is affiliated with a Guarantor that has greater financial assets, a strong balance sheet and income statements, and at minimum an investment grade rating by either Standard & Poor's, Moody's, Duff & Phelps, or Fitch.

The corporate guaranty should clearly state the identities of the "Guarantor," "Beneficiary" and "Obligor," and the relationship between the Guarantor and the Non-Participant Transmission Customer Obligor. The corporate guaranty must be duly authorized by the Guarantor, must be signed by an officer of the Guarantor, and must be furnished with either an opinion satisfactory to NEPOOL of the Guarantor's counsel with respect to the enforceability of the guaranty or accompanied by a certificate of corporate guarantee that includes a seal of the corporation with the signature of the corporate secretary. Additionally, adequate documentation regarding the signature authority of the person signing the corporate guaranty must be provided with the corporate guaranty.

A corporate guaranty must also obligate the Guarantor to submit a current rating agency report promptly upon the request of NEPOOL, to submit 8-K Reports promptly upon their issuance, to submit financial reports if and as requested by NEPOOL within ten (10) days of such request, and to inform NEPOOL in writing within ten (10) business days of any material change in its financial status. A material change in financial status includes, but is not limited to, the following: a downgrade to a below investment grade rating of senior long term debt by a major rating agency, being placed on credit watch with negative implication by a major rating agency if senior long term debt does not have an investment grade rating, a bankruptcy filing, insolvency, a report of a significant quarterly loss or decline of earnings, the resignation of key officer(s), and/or the filing of a material lawsuit that could materially adversely impact current or future financial results. A Guarantor's failure to provide this information may result in proceedings by NEPOOL to terminate service to the Non-Participant Transmission Customer Obligor. If there is a material adverse change in the financial condition of the Guarantor, NEPOOL may require the Non-Participant

Transmission Customer Obligor to provide another form of financial assurance, either a cash deposit or a letter of credit or a performance bond.

Non-payment of Amounts Due

If a Non-Participant Transmission Customer does not pay amounts billed when due and as a result a letter of credit or cash deposit is drawn down or a performance bond is paid on, then the Non-Participant Transmission Customer must immediately replenish the letter of credit or cash deposit to the required amount or cause the penal sum of the performance bond to be increased to equal the required amount plus all amounts paid thereunder. If a Non-Participant Transmission Customer fails to do so, NEPOOL may initiate termination of service proceedings against the Non-Participant Transmission Customer in accordance with the procedure for payment defaults set forth in Section 8.4 of the Tariff.

In order to encourage prompt payment of NEPOOL Charges by Non-Participant Transmission Customers, if a Non-Participant Transmission Customer is delinquent in paying on time its NEPOOL Charges, the Non-Participant

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Transmission Customer shall pay interest on any unpaid amount as provided in Section 8.3 of the Tariff .

ATTACHMENT 1

SAMPLE LETTER OF CREDIT

[DATE PROVIDED]

IRREVOCABLE STANDBY LETTER OF CREDIT NO.

[EXPIRATION DATE] AT OUR COUNTERS [*unless an evergreen
l/c is obtained*]

WE DO HEREBY ISSUE AN IRREVOCABLE NON-TRANSFERABLE
STANDBY LETTER OF CREDIT BY ORDER OF AND FOR THE ACCOUNT
OF ON BEHALF OF [NON-PARTICIPANT
TRANSMISSION CUSTOMER] ("ACCOUNT PARTY") IN
FAVOR OF THE PARTICIPANTS IN THE NEW ENGLAND POWER POOL
("NEPOOL") IN AN AMOUNT NOT EXCEEDING US\$ _____.00
(UNITED STATES DOLLARS _____ AND 00/100) AGAINST
PRESENTATION TO US OF A DRAWING CERTIFICATE SIGNED BY A
PURPORTED OFFICER OR AUTHORIZED AGENT OF NEPOOL AND DATED
THE DATE OF PRESENTATION CONTAINING THE FOLLOWING
STATEMENT:

"THE UNDERSIGNED HEREBY CERTIFIES TO [BANK]
("BANK"), WITH REFERENCE TO IRREVOCABLE NON-
TRANSFERABLE STANDBY LETTER OF CREDIT NO.
ISSUED BY [BANK] IN FAVOR OF THE PARTICIPANTS IN THE
NEW ENGLAND POWER POOL ("NEPOOL") THAT [NON-
PARTICIPANT TRANSMISSION CUSTOMER] HAS FAILED TO PAY
AMOUNTS DUE UNDER THE RESTATED NEPOOL OPEN ACCESS
TRANSMISSION TARIFF OR THE ISO NEW ENGLAND INC.
TARIFF FOR TRANSMISSION DISPATCH AND POWER
ADMINISTRATION SERVICES, AND THUS NEPOOL IS DRAWING
UPON THE LETTER OF CREDIT IN AN AMOUNT EQUAL TO
\$_____."

IF PRESENTATION OF ANY DRAWING CERTIFICATE IS MADE ON A
BUSINESS DAY AND SUCH PRESENTATION IS MADE AT OUR
COUNTERS ON OR BEFORE 10:00 A.M. _____TIME, WE SHALL
SATISFY SUCH DRAWING REQUEST ON THE SAME BUSINESS DAY.
IF THE DRAWING CERTIFICATE IS RECEIVED AT OUR COUNTERS
AFTER 10:00 A.M. _____ TIME, WE WILL SATISFY SUCH
DRAWING REQUEST ON THE NEXT BUSINESS DAY, FOR THE
PURPOSES OF THIS SECTION, A BUSINESS DAY MEANS A DAY,
OTHER THAN A SATURDAY OR SUNDAY, ON WHICH COMMERCIAL

BANKS ARE NOT AUTHORIZED OR REQUIRED TO BE CLOSED IN NEW YORK, NEW YORK.

DISBURSEMENTS SHALL BE IN ACCORDANCE WITH THE INSTRUCTIONS OF NEPOOL.

THE FOLLOWING TERMS AND CONDITIONS APPLY:

THIS LETTER OF CREDIT SHALL EXPIRE AT THE CLOSE OF BUSINESS [DATE]. WE WILL PROVIDE NOTICE TO NEPOOL AT LEAST 90 DAYS PRIOR TO SUCH DATE IF THIS LETTER OF CREDIT WILL NOT BE RENEWED AS OF SUCH DATE [*or: THIS LETTER OF CREDIT SHALL EXPIRE ONLY UPON THE FOLLOWING CONDITIONS: (1) WHEN FULL PAYMENT HAS BEEN RECEIVED BY NEPOOL FROM [NON-PARTICIPANT TRANSMISSION CUSTOMER] AND (2) NEPOOL HAS PROVIDED A WRITTEN RELEASE TO THIS BANK .]*]

THE AMOUNT WHICH MAY BE DRAWN BY YOU UNDER THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY REDUCED BY THE AMOUNT OF ANY UNREIMBURSED DRAWINGS HEREUNDER AT

OUR COUNTERS. ANY NUMBER OF PARTIAL DRAWINGS ARE PERMITTED FROM TIME TO TIME HEREUNDER.

ALL COMMISSIONS AND CHARGES WILL BE BORNE BY THE ACCOUNT PARTY.

THIS LETTER OF CREDIT IS NOT TRANSFERABLE OR ASSIGNABLE.

THIS LETTER OF CREDIT DOES NOT INCORPORATE AND SHALL NOT BE DEEMED MODIFIED, AMENDED OR AMPLIFIED BY REFERENCE TO ANY DOCUMENT, INSTRUMENT OR AGREEMENT (A) THAT IS REFERRED TO HEREIN (EXCEPT FOR THE UCP, AS DEFINED BELOW) OR (B) IN WHICH THIS LETTER OF CREDIT IS REFERRED TO OR TO WHICH THIS LETTER OF CREDIT RELATES.

THIS LETTER OF CREDIT SHALL BE GOVERNED BY THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 1993 REVISION, INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500 (THE "UCP"), EXCEPT TO THE EXTENT THAT TERMS HEREOF ARE INCONSISTENT WITH THE PROVISIONS OF THE UCP, INCLUDING BUT NOT LIMITED

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TO ARTICLES 13(b) AND 17 OF THE UCP, IN WHICH CASE
THE TERMS OF THE LETTER OF CREDIT SHALL GOVERN.

THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR
MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF
NEPOOL AND US.

WE HEREBY ENGAGE WITH YOU THAT DOCUMENTS DRAWN UNDER AND
IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT
SHALL BE DULY HONORED UPON PRESENTATION AS SPECIFIED.

PRESENTATION OF ANY DRAWING CERTIFICATE UNDER THIS
STANDBY LETTER OF CREDIT MAY BE SENT TO US BY COURIER,
CERTIFIED MAIL, REGISTERED MAIL, TELEGRAM, TELEX TO THE
ADDRESS SET FORTH BELOW, OR SUCH OTHER ADDRESS AS MAY
HEREAFTER BE FURNISHED BY US. OTHER NOTICES CONCERNING
THIS STANDBY LETTER OF CREDIT MAY BE SENT BY FACSIMILE OR
SIMILAR COMMUNICATIONS FACILITY TO THE RESPECTIVE
ADDRESSES SET FORTH BELOW. ALL SUCH NOTICES AND
COMMUNICATIONS SHALL BE EFFECTIVE WHEN ACTUALLY RECEIVED
BY THE INTENDED RECIPIENT PARTY.

IF TO THE BENEFICIARY OF THIS LETTER OF CREDIT:

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IF TO THE ACCOUNT PARTY:

IF TO US:

[signature]

[signature]

ATTACHMENT 2

SAMPLE PERFORMANCE BOND

[Insurance Company]

Bond No.

KNOW ALL MEN BY THESE PRESENTS, That the undersigned
[Non-Participant Transmission Customer], of [Non-
Participant Transmission Customer's address] hereinafter
referred to as the Principal, and [insurance company], a
corporation organized and existing under the laws of the
State of [insurance company's state of incorporation], as
Surety, are held and firmly bound unto the Participants
in the New England Power Pool as obligees, hereinafter
referred to collectively as the Obligee, in the sum of
_____, lawful money of the United States of
America (which sum shall automatically be adjusted to
reflect any adjustment in the Financial Assurance
Requirement applicable to the Principal under the New

England Power Pool's Financial Assurance Policy for NEPOOL Non-Participant Transmission Customers, as in effect from time to time) for the payment of which sum, well and truly to be made, we bind ourselves, our executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has entered into agreements for the purchase and sale of electric services under the Restated NEPOOL Open Access Transmission Tariff and the ISO New England Inc. Tariff for Transmission Dispatch and Power Administration Services, each as amended from time to time (collectively referred to as the "Agreements"), and in strict accordance with their respective terms.

NOW, THEREFORE, the condition of this obligation is such, that if the Principal shall promptly and faithfully make the payments required by, and comply with terms of, the Agreements which have been or may hereafter be in force and shall save and keep harmless the Obligee from all loss or damage which it may sustain or for which it may become liable on account of the issuance of said Agreements to the Principal, then this obligation shall

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[Insurance Company]

Surety

[Seal]

BY: _____

ATTACHMENT 3**CORPORATE GUARANTY**

For and in consideration of the credit advance or sale of products on open account by the New England Power Pool Participants from time to time ("Participants") to [Non-Participant Transmission Customer] ("Company"), the undersigned guarantor, ("Guarantor"), the [subsidiary/affiliate] of Company, hereby unconditionally and irrevocably guarantees the prompt and complete payment of all amounts that Company now or hereafter owes to Participants under the Restated NEPOOL Open Access Transmission Tariff (the "Tariff") and the ISO New England Inc. Tariff for Transmission Dispatch and Power Administration Services (the "ISO Tariff"), and performance by Company of any other agreements, whether now existing or hereafter arising, between Company and Participants, as amended from time to time (collectively referred to as the "Agreements"), in strict accordance with their respective terms.

1. If Company does not perform its obligations in strict accordance with the Agreements, Guarantor shall immediately pay all amounts now or hereafter due thereunder (including, without limitation, all principal, interest, and fees) and otherwise proceed to complete the same and satisfy all of Company's obligations under the Agreements. This Guaranty may be satisfied by Guarantor paying and/or performing (as appropriate) Company's obligations or by Guarantor causing Company's obligations to be paid or performed; provided, however, that Guarantor shall at all times remain fully responsible and liable for its obligations hereunder notwithstanding any such payment or performance (or failure thereof) by any third party. Participants will undertake commercially reasonable efforts to notify Guarantor of a failure by Company to make a payment or perform its obligations under the Agreements; provided, however, that failure by Participants to so notify Guarantor shall not defeat, limit or otherwise affect the rights and obligations of Participants, Company or Guarantor. Subject to the terms and conditions set forth herein, Guarantor's obligations

hereunder shall not exceed the complete payment of all amounts that Company now or hereafter owes to Participants under the Agreements and performance by Company of the Agreements in strict accordance with their respective terms.

2. This Guaranty is an absolute, unconditional and continuing guaranty of the full and punctual payment and performance by Company of each of its obligations under the Agreements, and not of collectibility only, and is in no way conditioned upon any requirement that Participants first attempt to collect payment from Company or any other guarantor or surety or resort to any security or other means of obtaining payment of all or any part of Company's obligations or upon any other contingency. This is a continuing guaranty and shall be binding upon Guarantor until the full, final and irrevocable payment and performance of all of Company's obligations under the Agreements, regardless of (i) how long after the date hereof any part of the obligations under the Agreements is incurred by Company and (ii) the amount of the

obligations under the Agreements at any time outstanding. This Guaranty may be enforced by Participants from time to time and as often as occasion for such enforcement may arise.

3. The obligations hereunder are independent of the obligations of Company, and a separate action or actions may be brought and prosecuted against Guarantor whether action is brought against Company or whether Company be joined in any such action or actions. Guarantor's liability under this Guaranty is not conditioned or contingent upon genuineness, validity, regularity or enforceability of the Agreements.

4. Guarantor authorizes Participants, without notice or demand and without affecting its liability hereunder, from time to time to (a) renew, extend, or otherwise change the terms of the Agreements or any part thereof, (b) take and hold security for the payment of the Agreements, and exchange, enforce,

waive and release any such security; and (c) apply such security and direct the order or manner of sale thereof as Participants in their sole discretion may determine. The obligations and liabilities of Guarantor hereunder shall be absolute and unconditional, shall not be subject to any counterclaim, set-off, deduction or defense based upon any claim Guarantor may have against Company, any other guarantor, or any other person or entity, and shall remain in full force and effect until all of the obligations hereunder and under the Agreements have been fully satisfied, without regard to, or release or discharge by, any event, circumstance or condition (whether or not Guarantor shall have knowledge or notice thereof) which but for the provisions of this Section might constitute a legal or equitable defense or discharge of a guarantor or surety or which might in any way limit recourse against Guarantor, including without limitation: (a) any amendment or modification of, or supplement to, the terms of the Agreements; (b) any waiver, consent or indulgence by Participants, or any exercise or non-exercise by Participants of

any right, power or remedy, under or in respect of this Guaranty or the Agreements (whether or not Guarantor or Company has or have notice or knowledge of any such action or inaction); (c) the invalidity or unenforceability, in whole or in part, of the Agreements, or the termination (except pursuant to its terms or by written agreement between Participants and Company), cancellation or frustration of any thereof, or any limitation or cessation of Company's liability under any thereof (other than any limitation or cessation expressly provided for therein), including without limitation any invalidity, unenforceability or impaired liability resulting from Company's lack of capacity, power and/or authority to enter into the Agreements and/or to incur any or all of the obligations thereunder, or from the execution and delivery of any Agreement by any person acting for Company without or in excess of authority (except to the extent the same would limit or cease Company's liability under the Agreements); (d) any actual, purported or attempted sale, assignment or other transfer by Participants of any Agreement or of any

of its rights, interests or obligations thereunder;

(e) the taking or holding by Participants of a security interest, lien or other encumbrance in or on any property as security for any or all of the obligations of Company under the Agreements or any exchange, release, non-perfection, loss or alteration of, or any other dealing with, any such security; (f) the addition of any party as a guarantor or surety of all or any part of the obligations of Company under the Agreements; (g) any merger, amalgamation or consolidation of Company into or with any other entity, or any sale, lease, transfer or other disposition of any or all of Company's assets or any sale, transfer or other disposition of any or all of the shares of capital stock or other securities of Company to any other person or entity; (h) any change in the financial condition of Company or (as applicable) of any subsidiary, affiliate, partner or controlling shareholder thereof, or Company's entry into an assignment for the benefit of creditors, an arrangement or any other agreement or procedure for the restructuring of its liabilities, or Company's

insolvency, bankruptcy, reorganization, dissolution, liquidation or any similar action by or occurrence with respect to Company.

5. Guarantor unconditionally waives, to the fullest extent permitted by law: (a) notice of any of the matters referred to in Section 4 hereof; (b) any right to the enforcement, assertion or exercise by Participants of any of their rights, powers or remedies under, against or with respect to (i) any of the Agreements, (ii) any other guarantor or surety, or (iii) any security for all or any part of the obligations of Company under the Agreements or obligations of Guarantor hereunder; (c) any requirement of diligence and any defense based on a claim of laches; (d) all defenses which may now or hereafter exist by virtue of any statute of limitations, or of any stay, valuation, exemption, moratorium or similar law, except the sole defense of full and indefeasible payment; (e) any requirement that Guarantor be joined as a party in any action or proceeding against Company to enforce any of the provisions of the Agreements; (f) any

requirement that Participants mitigate or attempt to mitigate damages resulting from a default by Guarantor hereunder or from a default by Company under any of the Agreements; (g) acceptance of this Guaranty by Participants; and (h) all presentments, protests, notices of dishonor, demands for performance and any and all other demands upon and notices to Company, and any and all other formalities of any kind, the omission of or delay in performance of which might but for the provisions of this Section constitute legal or equitable grounds for relieving or discharging Guarantor in whole or in part from its irrevocable, absolute and continuing obligations hereunder, it being the intention of Guarantor that its obligations hereunder shall not be discharged except by payment and performance and then only to the extent thereof.

6. Guarantor waives any right to require Participants to (a) proceed against Company; (b) proceed against or exhaust any security held from Company; or (c) pursue any other remedy in Participants' power

whatsoever. So long as any obligations remain outstanding under this Guaranty or the Agreements, Guarantor shall not exercise any rights against Company arising as a result of payment by Guarantor hereunder, by way of subrogation or otherwise, and will not prove any claim in competition with Participants or their affiliates in respect of any payment under the Agreements in bankruptcy or insolvency proceedings of any nature; Guarantor will not claim any set-off or counterclaim against Company in respect of any liability of Guarantor to Company and Guarantor waives any benefit of any right to participate in any collateral which may be held by Participants or any of their affiliates. Guarantor shall have no right of subrogation or reimbursement, contribution or other rights against Company.

7. If after receipt of any payment of, or the proceeds of any collateral for, all or any part of the obligations of Company under the Agreements, Participants are compelled to surrender or voluntarily surrender such payment or proceeds to

any person because such payment or application of proceeds is or may be avoided, invalidated, recaptured, or set aside as a preference, fraudulent conveyance, impermissible setoff or for any other reason, whether or not such surrender is the result of (i) any judgment, decree or order of any court or administrative body having jurisdiction over Participants, or (ii) any settlement or compromise by Participants of any claim as to any of the foregoing with any person (including Company), then the obligations of Company under the Agreements, or part thereof affected, shall be reinstated and continue and this Guaranty shall be reinstated and continue in full force as to such obligations or part thereof as if such payment or proceeds had not been received, notwithstanding any previous cancellation of any instrument evidencing any such obligation or any previous instrument delivered to evidence the satisfaction thereof. The provisions of this Section shall survive the termination of this Guaranty and any satisfaction and discharge of Company by virtue of any payment, court order or any federal or state law until the full, final and

irrevocable satisfaction of all of Company's obligations under the Agreements.

8. Any indebtedness of Company now or hereafter held by Guarantor is hereby subordinated to any indebtedness of Company to Participants; and such indebtedness of Company to Guarantor shall be collected, enforced and received by Guarantor as trustee for Participants and be paid over to Participants on account of the indebtedness of Company due and owing at any time to Participants but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty.

9. Guarantor represents and warrants to Participants, as an inducement to Participants to make the credit advances or sales of products on open account to Company, that:

a. the execution, delivery and performance by Guarantor of this Guaranty (i) are within Guarantor's powers and have been duly authorized by all necessary action; (ii) do not contravene Guarantor's charter documents or any law or any

material contractual restrictions binding on or affecting Guarantor or by which Guarantor's property may be affected; and (iii) do not require any authorization or approval or other action by, or any notice to or filing with, any public authority or any other person except such as have been obtained or made;

b. this Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable in accordance with its terms, except as the enforceability thereof may be subject to or limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws relating to or affecting the rights of creditors generally and by general principles of equity; and

c. there is no action, suit or proceeding affecting Guarantor pending or threatened before any court, arbitrator, or public authority that may materially adversely affect Guarantor's ability to perform its obligations under this Guaranty,

except as set forth in writing to the Participants and ISO New England Inc. prior to Participants' written authorization of this Guaranty.

10. Guarantor shall submit to Participants (i) a current credit rating agency report regarding Guarantor promptly upon the request of Participants, (ii) a copy of any Report on Form 8-K promptly after the filing by Guarantor of such report with the Securities and Exchange Commission, and (iii) a balance sheet, statement of income and such other financial statements of Guarantor as Participants shall reasonably request within ten (10) days after such statements are requested by Participants. Guarantor shall notify Participants in writing within ten (10) days after a material change in the financial status of Guarantor. For purposes of this section, a material change in financial status includes, but is not limited to, the following: (a) a downgrade to a below investment grade rating in the rating of Guarantor's senior long-term debt by a major rating agency; (b) the placement of Guarantor

on credit watch with negative implication by a major credit rating agency if Guarantor's senior long-term debt does not have an investment grade rating; (c) Guarantor's bankruptcy or insolvency; (d) a report by Guarantor of a significant quarterly loss or decline in earnings; (e) the resignation of a key officer of Guarantor; and (e) the filing of a lawsuit that could materially adversely impact Guarantor's current or future financial results. Guarantor acknowledges that failure by it to provide the information required hereunder may result in Participants bringing proceedings to terminate service to Company in accordance with the procedure set forth for payment defaults in Section 8.4 of the Tariff.

11. Guarantor agrees to pay on demand all reasonable attorneys' fees and all other costs and expenses which may be incurred by Participants in the enforcement of this Guaranty. No terms or provisions of this Guaranty may be changed, waived, revoked or amended without Participants' prior written consent. Should any provision of this

Guaranty be determined by a court of competent jurisdiction to be unenforceable, all of the other provisions shall remain effective. This Guaranty embodies the entire agreement among the parties hereto with respect to the matters set forth herein, and supersedes all prior agreements among the parties with respect to the matters set forth herein. No course of prior dealing among the parties, no usage of trade, and no parol or extrinsic evidence of any nature shall be used to supplement, modify or vary any of the terms hereof.

There are no conditions to the full effectiveness of this Guaranty. Participants may assign this Guaranty without in any way affecting Guarantor's liability under it, except that Guarantor shall be provided reasonable notice of any such assignment. This Guaranty shall inure to the benefit of Participants and their successors and assigns. This Guaranty is in addition to the guaranties of any other guarantors and any and all other guaranties of Company's indebtedness or liabilities to Participants.

12. This Guaranty shall be governed by the laws of the State of Connecticut, without regard to conflicts of laws principles. Guarantor hereby irrevocably submits to the jurisdiction of any Connecticut State or United States Federal court sitting in Connecticut over any action or proceeding arising out of or relating to this Guaranty or any of the Agreements, and Guarantor hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Connecticut State or Federal court. Guarantor irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to Guarantor at its address set forth below its signature. Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Guarantor further waives any objection to venue in such State and any objection to an action or proceeding in such State on the basis of forum non

conveniencs. Guarantor further agrees that any action or proceeding brought against Participants shall be brought only in Connecticut State or United States Federal courts sitting in Connecticut. Nothing herein shall affect the right of Participants to bring any action or proceeding against the Guarantor or its property in the courts of any other jurisdictions.

13. GUARANTOR ACKNOWLEDGES THAT IT HAS BEEN ADVISED BY COUNSEL OF ITS CHOICE WITH RESPECT TO THIS GUARANTY AND THAT IT MAKES THE FOLLOWING WAIVERS KNOWINGLY AND VOLUNTARILY:

a. GUARANTOR IRREVOCABLY WAIVES TRIAL BY JURY IN ANY COURT AND IN ANY SUIT, ACTION OR PROCEEDING OR ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS GUARANTY, THE AGREEMENTS OR ANY DOCUMENTS RELATED THERETO (INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS) AND

THE ENFORCEMENT OF ANY OF PARTICIPANTS' RIGHTS
AND REMEDIES; AND

b. GUARANTOR EXPRESSLY ACKNOWLEDGES THAT THE
OBLIGATIONS GUARANTEED HEREBY ARE PART OF A
COMMERCIAL TRANSACTION AS SUCH TERM IS USED AND
DEFINED IN CHAPTER 903a OF THE CONNECTICUT
GENERAL STATUTES AND VOLUNTARILY AND KNOWINGLY
WAIVES ANY AND ALL RIGHTS WHICH ARE OR MAY BE
CONFERRED UPON IT UNDER CHAPTER 903a OF SAID
STATUTES (OR ANY OTHER STATUTE AFFECTING
PREJUDGMENT REMEDIES) TO ANY NOTICE OR HEARING
OR PRIOR COURT ORDER OR THE POSTING OF ANY BOND
PRIOR TO ANY PREJUDGMENT REMEDY WHICH
PARTICIPANTS MAY USE.

14. Any demand, notice, request, instruction or other
communication to be given hereunder by any party to
another party shall be in writing and delivered
personally, by nationally recognized overnight
courier, by certified mail, postage prepaid and
return receipt requested, by telegram, or by
telecopier, as follows:

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If to Guarantor, at:

If to Participants, at:

Communications given by personal delivery or mail shall be effective upon actual receipt.

Communications given by telegram or telecopier shall be effective upon actual receipt during the recipient's normal business hours, or at the beginning of the next business day after receipt if not received during the recipient's normal business hours. All communications by telegram or telecopier shall be confirmed promptly in writing by certified mail or personal delivery. Any party may change any address to which communications are to be given by

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giving notice as provided above of such change of
address.

IN WITNESS WHEREOF, the undersigned Guarantor has
executed this Guaranty as of this _____ day of
[month], 199_.

[GUARANTOR]

By: _____

Title: _____

Corporate Officer

Address: _____

Attachment N**NEW ENGLAND POWER POOL BILLING POLICY**

This New England Power Pool ("NEPOOL") Billing Policy (the "Policy") shall become effective on the later of (i) the Second Effective Date or (ii) the date that is sixty (60) days after the filing of this Policy with the Federal Energy Regulatory Commission.⁵

SECTION 1 - OVERVIEW

⁵ Capitalized terms used but not defined in this Policy are intended to have the meanings given to such terms in Section 1 of the Restated NEPOOL Agreement (the "NEPOOL Agreement") or Section 1 of the Restated NEPOOL Open Access Transmission Tariff (the "NEPOOL Tariff"), in each case as amended from time to time.

Section 1.1 - Scope. The objective of this Policy is to define the billing and payment procedures to be utilized in administering charges and payments due under the NEPOOL Agreement, the NEPOOL Tariff, the Interim Independent System Operator Agreement (the "Interim ISO Agreement") between NEPOOL and ISO New England Inc. (the "ISO"), the Amended and Restated Independent System Operator Agreement between NEPOOL and the ISO, when such agreement becomes effective (the "Amended ISO Agreement" and together with the Interim ISO Agreement, the "ISO Agreement"), and the ISO's Tariff for Transmission Dispatch and Power Administration Services (the "ISO Tariff"), in each case as amended, modified, supplemented and restated from time to time (collectively, the "Documents").⁶ This Policy applies to the ISO, the NEPOOL Participants and Non-Participant Transmission Customers for billing and payments procedures for amounts due under the Documents, including without limitation

⁶ Unless otherwise stated herein, the ISO will act as NEPOOL's agent in administering, managing and enforcing this Policy.

those procedures related to the seven markets administered by the ISO.

Section 1.2 - Financial Transaction Conventions. The following conventions have been adopted in defining sums of money to be paid or received under this Policy:

- a) The term "Charge" refers to a sum of money due from a Participant or a Non-Participant Transmission Customer to the ISO, either in its individual capacity or as billing agent for the Participants.
- b) The term "Payment" refers to a sum of money due to a Participant or Non-Participant Transmission Customer from the ISO, as remitting agent for the Participants. Amounts due to and from the ISO include amounts collected and paid by the ISO as billing agent for the Participants.
- c) Where a Participant's or a Non-Participant Transmission Customer's total Charges exceed

its total Payments in a month, the ISO shall issue an "Invoice" for the net Charge owed by such Participant or Non-Participant Transmission Customer.

- d) Where a Participant's or a Non-Participant Transmission Customer's total Payments exceed its total Charges in a month, the ISO shall issue a "Remittance Advice" for the net Payment owed to the Participant or Non-Participant Transmission Customer. Invoices and Remittance Advices are collectively referred to herein as "Statements."

Section 1.3 - General Process. The billing process is performed monthly, except in the case of (i) Participants and Non-Participant Transmission Customers who have requested and received a weekly billing schedule in accordance with the Financial Assurance Policy for NEPOOL Members or the Financial Assurance Policy for NEPOOL Non-Participant Transmission Customers (collectively, the "Financial Assurance Policies") and (ii) special

billings, as described below. There are two major steps in the billing process:

- a) *Statement Issuance.* The ISO will issue an Invoice or Remittance Advice showing the net amounts due from or owed to a Participant or a Non-Participant Transmission Customer for the preceding calendar month. This Statement is determined from the preliminary statements of the seven markets, applicable Charges due under the Documents (including amounts due under the Financial Assurance Policies), as well as any monthly adjustments. This Statement is normally issued not earlier than the fifth (5th) Business Day nor later than the fifteenth (15th) day after the end of the calendar month to which such Statement relates.

- b) *Electronic Funds Transfer ("EFT").* EFTs related to Invoices and Remittance Advices are performed in a two-step process, as described below, in which all Invoices are paid first and

all Remittance Advices are paid within two
Business Days later.

Section 1.4 - Special Billings. In addition to the regular monthly billing, the ISO will issue special, extraordinary Statements as and when required under the Documents or in order to adjust for special circumstances. Such Statements shall be payable in accordance with the instructions set forth therein.

Section 1.5 - Conflicts with Documents. To the extent any provision hereof conflicts with any provision of any Document, the provision in the Document shall govern.

SECTION 2 - TIMING AND CONTENT OF STATEMENTS.

Section 2.1 - Normal Billing Cycle. The ISO shall provide to each Participant and Non-Participant Transmission Customer on a monthly basis one Statement for the previous calendar month or the portion thereof capable of being settled. The ISO shall issue the Statement typically not earlier than the fifth (5th) Business Day nor later than the fifteenth (15th) day following the end of the calendar month to which such Statement relates (although nothing set forth herein shall prohibit the ISO from issuing Statements between the first and fifth Business Days of a month). If the Statement is not issued by the 15th day of a month, the ISO shall delay the relevant funds transfer dates as described below.

Section 2.2 - Provisions for Weekly Billing. The ISO shall implement any weekly billing arrangements effected under the Financial Assurance Policies in accordance therewith and with the procedures set forth below.

Section 2.3 - Contents of Statements. Each Statement will include all of the following line items that are

applicable to the Participant or Non-Participant Transmission Customer receiving such Statement for the month to which such Statement relates:

- a) *Invoice or Remittance Advice Amount.* The net amount of all Charges and Payments owed by or due to a Participant or a Non-Participant Transmission Customer for the relevant Statement. The ISO shall issue an Invoice where the Participant or Non-Participant Transmission Customer owes monies. The ISO shall issue a Remittance Advice where the Participant or Non-Participant Transmission Customer is owed monies.
- b) *NEPOOL Tariff Charges and Payments.* The Charges owed by and the Payments owed to the Participant or Non-Participant Transmission Customer under the NEPOOL Tariff.
- c) *ISO Tariff Charges.* The Charges owed by the Participant or Non-Participant Transmission Customer under the ISO Tariff, categorized by

the section or schedule under which such Charges arise.

- d) *Markets Charges and Payments.* The Charges owed by and the Payments owed to the Participant as a result of transactions in each of the seven markets administered by the ISO.
- e) *NEPOOL Expenses.* The Participant's pro-rata share of Pool fees and expenses as set forth in Section 19 of the NEPOOL Agreement.
- f) *Sanctions Charges.* Any Charges assessed on the Participant pursuant to Market Rule 13, the so-called Sanctions Rule.
- g) *Other Amounts due under the NEPOOL Agreement and the ISO Agreement.* The Charges owed by or the Payments owed to the Participant under the NEPOOL Agreement and the ISO Agreement to the extent that those amounts are not included in items (b) - (f) above.

- h) *Other Charges, Payments or Adjustments.* Any other Charges, Payments, or adjustments owed by or to the Participant or Non-Participant Transmission Customer that are not included in items (b) - (g) above. These items may be due to retroactive billing adjustments, late payment fees, penalties or other items collectible under the Documents.
- i) *Billing Periods.* The billing period (from and to dates) covered for each line item on the Statement. The billing periods for the various line items are not necessarily the same because of differences in timing of settlements (e.g. the ICAP market may be two months in arrears while hourly markets may be one month in arrears) and because of retroactive adjustments.
- j) *Payment Due Date and Time.* If the Statement is an Invoice, the date and time on which the net amount due is to be received by the ISO.

k) *Wire Transfer Instructions.* Details including the account number, bank name, routing number and electronic transfer instructions which, in the case of an Invoice, will be for the ISO account to which Charges owed by the Participant or Non-Participant Transmission Customer are to be paid or, in the case of a Remittance Advice, will be for the Participant's or Non-Participant Transmission Customer's account to which the ISO shall remit Payments owed to that Participant or Non-Participant Transmission Customer (as previously provided to the ISO by such Participant or Non-Participant Transmission Customer).

A sample Invoice is attached hereto as Attachment 1. A sample Remittance Advice is attached hereto as Attachment 2.

SECTION 3 - PAYMENT PROCEDURES.

All Payments made by the ISO will in all instances be made by EFT or in immediately available funds payable to the account designated to the ISO by the Participant or Non-Participant Transmission Customer to which such Payment is due. Payments made by Participants or Non-Participant Transmission Customers shall be made by EFT to the account designated by the ISO.

Section 3.1 - Invoice Payments.

- a) *Payment Date.* Except in the case of weekly billings and special billings, all Charges due shall be paid to and received by the ISO not later than the first (1st) Business Day after the nineteenth (19th) day of the calendar month in which the subject invoice was issued; provided, however, that if the Invoice is issued on or after the sixteenth (16th) day of the calendar month, the payment on that Invoice shall be due on the fourth (4th) Business Day after the Invoice is issued; and provided further that a Non-Participant Transmission Customer will in no event be required to make a payment on an Invoice any sooner than provided in Section 8.2 of the NEPOOL Tariff.
- b) *Right to Alter Payment Date.* The ISO may alter the dates on which payments are due in the case of special billings and Participants and Non-Participant Transmission Customers that are on weekly billing schedules in accordance with the

Financial Assurance Policies; provided,
however, that (i) payment on any Invoice shall
not be due prior to the fourth (4th) Business
Day after the Invoice is issued, and (ii) a
Non-Participant Transmission Customer shall not
be required to make a payment on an Invoice any
sooner than provided in Section 8.2 of the
NEPOOL Tariff.

- c) *Payments Received by ISO.* Each Participant or
Non-Participant Transmission Customer owing
monies shall remit the amount shown on its
Invoice no later than the date such payment is
due. Disputed amounts shall be paid in
accordance with clause (d) below.
- d) *Payments Pending Resolution of a Dispute.* Any
Participant or Non-Participant Transmission
Customer that disputes the amount due on any
Invoice shall pay to the ISO all amounts not in
dispute and shall pay the amount in dispute
into an independent escrow account designated

by the ISO, which account shall be established at a banking institution acceptable to the ISO and the Participant or Non-Participant Transmission Customer challenging the amount due and shall accrue interest at a prevailing market rate. Such amount in dispute shall be held in escrow pending the resolution of such dispute in accordance with the applicable Document(s). To the extent that the amount in dispute would be payable to one or more identifiable Participants (but not to the ISO), then the amount due to each such Participant in the billing period to which such dispute relates shall be reduced by the portion of the total amount in dispute that would be payable to such Participant, subject to payment with interest accrued thereon if and when the dispute is resolved in favor of such Participant(s). To the extent that the amount in dispute would be payable to the ISO, or the specific Participant(s) to which such amount would be payable cannot be identified, then the shortfall of funds available to pay Remittance

Advices resulting from the amount in dispute being held in an escrow account shall be allocated among the Participants according to the two-step allocation process described in Section 3.3(e) below, subject to payment to all such Participants being allocated a portion of the shortfall, with applicable interest (if any), once the dispute is resolved with the funds in such escrow account or with other amounts provided by the Participant or Non-Participant Transmission Customer losing such dispute.

Section 3.2 - ISO Payment of Remittance Advice Amounts.

The Payment Date for Remittance Advices shall be the second (2nd) Business Day after the date on which Invoices are due in such month.

Section 3.3 - Payment Default. If the ISO, in its reasonable opinion, believes that all or any part of any amount due to be paid by any Participant or Non-Participant Transmission Customer will not or has not been paid when due (other than in the case of a payment

dispute) (the "Default Amount"), then the following procedures shall apply:

- a) *ISO Charges Paid First.* The ISO shall use monies received by it from Participants and Non-Participant Transmission Customers to pay all amounts due to the ISO under the ISO Tariff and ISO Agreement before making any payments to any Participants or Non-Participant Transmission Customers.

- b) *Use of Set-Offs.* The ISO shall use any and all rights of set-off it has under the Documents and this Policy against a defaulting Participant or a Non-Participant Transmission Customer to the extent necessary to pay the Default Amount, together with any interest accrued thereon and any late charges assessed under the Documents and the Financial Assurance Policies, due from such Participant or Non-Participant Transmission Customer.

c) *Enforcing the Security of a Defaulting Party.*

If and to the extent that the procedure described in clause (b) above is insufficient to effect payment of the Default Amount and all interest accrued thereon and late charges assessed under the Documents and the Financial Assurance Policies, the ISO shall use the financial assurance(s) provided by the Participant or Non-Participant Transmission Customer under the Financial Assurance Policies to the extent necessary to pay the Default Amount and such interest and late charges. Any use of financial assurance(s) shall be undertaken in compliance with the Financial Assurance Policies.

d) *Action Against a Defaulting Party.* If and to the extent that the procedures described in clauses (b) and (c) above are insufficient to effect payment of the Default Amount and all interest accrued thereon and late charges assessed under the Documents and the Financial Assurance Policies, the ISO shall take

appropriate actions to recover the Default Amount and such accrued interest and late charges, which actions may include, without limitation, initiating proceedings in accordance with the appropriate dispute resolution mechanisms or actions with NEPOOL or before the Federal Energy Regulatory Commission or a court of competent jurisdiction against the defaulting Participant or Non-Participant Transmission Customer. Prior to the commencement of any such action or proceeding with respect to amounts due to Participants, the ISO shall obtain the approval of the NEPOOL Executive Committee or its designee and shall offer to the NEPOOL Executive Committee or its designee an opportunity to be involved in such action or proceeding. Any amounts incurred by the ISO or any Participant in connection with any such action or proceeding shall be paid by the defaulting Participant or Non-Participant Transmission Customer.

e) *Reduction of Payments and Increases in Charges.*

(i) If and to the extent that the procedures described in clauses (b), (c) and (d) above do not yield sufficient funds to pay all Remittance Advice amounts in full (after payment of amounts due to the ISO in accordance with clause (a) above) on the date such Payments are due, the ISO shall reduce Payments to those Participants owed monies for that billing period (the "Default Period"), pro rata based on the amounts owed to such Participants, to the extent necessary to clear its accounts by the close of banking business on the date such Payments are due. As funds attributable to a Default Amount are received by the ISO (including amounts received through financial assurances provided under the Financial Assurance Policies or through actions or proceedings commenced against the defaulting Participant or Non-Participant Transmission Customer) prior to the next billing period's Statements being distributed, such funds, together with any interest and late charges

collected on the applicable Default Amount, shall be distributed pro rata to the Participants that did not receive the full amount of their Payments as a result of such Default Amount not being paid.

(ii) To the extent that any amount remains unpaid to Participants on the date that Statements are distributed to Participants in the billing period immediately following the Default Period, the Default Amount remaining unpaid shall be reallocated among all of the Participants receiving Statements for the Default Period (other than the Participant or Non-Participant Transmission Customer defaulting on its payment obligations), pro rata based, for each Participant being allocated a share of the Default Amount remaining unpaid, on the sum of (i) all Charges due from such Participant that are reflected on its Statement for the Default Period and (ii) all Payments due to such Participant that are reflected on its Statement for the Default

Period, without giving any effect to the process of netting Charges against Payments on each Statement that is the result of the ISO's single billing system. Thus, by way of example, a Participant with \$2,000 of Charges and no Payments on its Statement for the Default Period and a Participant with \$1,000 of Charges and \$1,000 of Payments on its Statement for the Default Period would be allocated an equal share of the unpaid Default Amount under this clause (e)(ii). Each Participant that received a Statement for the Default Period shall have the amount of its Invoice or Remittance Advice in the billing period immediately following the Default Period adjusted as necessary to reflect its obligation for the Default Amount remaining unpaid under this clause (e)(ii). As funds attributable to a Default Amount are received by the ISO (including amounts received through financial assurances provided under the Financial Assurance Policies or through actions or proceedings commenced against the defaulting

Participant or Non-Participant Transmission Customer) after such adjusted Statements are distributed, such funds, together with any interest and late charges collected on the applicable Default Amount, shall be distributed to the Participants pro rata based on their allocation of the Default Amount under this clause (e)(ii).

f) *Other Rights Against Defaulting Parties.*

Nothing set forth in this Policy shall nullify, restrict or otherwise limit the rights and remedies of the ISO and the Participants against a defaulting Participant or Non-Participant Transmission Customer that are set forth in the Documents, the Financial Assurance Policies or otherwise, including without limitation any late payment charges or rights to terminate or limit trading rights of the defaulting Participant, to the extent such rights and remedies otherwise exist.

- g) *Set-Off.* The ISO shall apply any amount to which any defaulting Participant or Non-Participant Transmission Customer is or will be entitled toward the satisfaction of any of that defaulting Participant's or Non-Participant Transmission Customer's debts to the ISO or the Participants which are incurred under the Documents or the Financial Assurance Policies.
- h) *Order of Settlement.* As amounts on Default Amounts are received by the ISO, the oldest outstanding amount will be settled first in the order of the creation of such debts.
- i) *Notice to Executive Committee.* Promptly upon a payment default by a Participant or Non-Participant Transmission Customer, the ISO shall provide notice thereof to the NEPOOL Executive Committee or its designee together with a statement of the actions that the ISO plans to take in response to such payment default.

Section 3.4 - Bankruptcy Filings. In the event any Participant or Non-Participant Transmission Customer files a voluntary or involuntary petition in bankruptcy or commences a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against such Participant or Non-Participant Transmission Customer as debtor (the "Bankruptcy Event") and the ISO is required to return any payments made by such Participant or Non-Participant Transmission Customer to the bankruptcy court having jurisdiction over such Bankruptcy Event, the ISO may avail itself of any emergency funding provisions in the ISO Agreement to collect the amounts returned by the ISO.

SECTION 4 - WEEKLY BILLING PRINCIPLES.

The ISO shall administer weekly billing arrangements according to the following principles:

Section 4.1 - Weekly Invoices. The ISO shall issue an Invoice each Friday to each Participant and Non-Participant Transmission Customer for which a weekly billing arrangement has been established to the extent such Participant's or Non-Participant Transmission Customer's Charges exceed the Payments due to it for the current calendar week. Remittance Advices for such Participants will still be issued monthly, in accordance with the procedures set forth above.

Section 4.2 - Basis for Billing. The amounts for each market (except the Installed Capability market), and all other amounts due from such Participant or Non-Participant Transmission Customer shall be based on estimates derived by pro-rating the most recent final monthly Statements issued for such Participant or Non-Participant Transmission Customer. For the Installed Capability market, the weekly amount billed for Capability Responsibility shall be based on estimates derived by pro-rating the most recent preliminary report of the Participant's position in the Installed Capability market.

Section 4.3 - Payment Date and Time. Each Participant or Non-Participant Transmission Customer receiving such a weekly Invoice shall remit the amount shown on its Invoice no later than five (5) Business Days after the date the Invoice is issued.

Section 4.4 - Monthly Reconciliation. In connection with each monthly billing cycle, the ISO shall reconcile the sum of the weekly Invoices issued with the normal monthly billing quantities calculated for the Participant or Non-Participant Transmission Customer. The ISO shall perform

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a true-up of any amounts owed or due on the following
weekly Statements.

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Attachment 1

SAMPLE INVOICE

See attached pages

NEPOOL

Composite Restated **Open Access Transmission Tariff**
Original Sheet No. 468

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[Form of Sample Invoice]

NEPOOL

Composite Restated **Open Access Transmission Tariff**
Original Sheet No. 469

469

Attachment 2

SAMPLE REMITTANCE ADVICE

See attached pages

NEPOOL

Composite Restated **Open Access Transmission Tariff**
Original Sheet No. 470

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[Form of Sample Remittance Advice]