

Granite State Electric Company
d/b/a National Grid

Default Service

For the Period Beginning
February 1, 2007

Testimony and Schedules
of
Michael J. Hager

December 8, 2006

Submitted to:
New Hampshire Public Utilities Commission
Docket No.

Submitted by:

nationalgrid

Testimony of
Michael J. Hager

DIRECT TESTIMONY

OF

Michael J. Hager

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1 **I. Introduction**

2 Q. Please state your name and business address.

3 A. My name is Michael J. Hager, and my business address is 55 Bearfoot Road,
4 Northborough, Massachusetts 01532.

5

6 Q. Please state your position.

7 A. I am the Vice President, Energy Supply – New England for National Grid USA Service
8 Company, Inc. I am responsible for, among other things, all power procurement and
9 related activities for the New England distribution companies of National Grid including
10 Granite State Electric Company d/b/a National Grid (“Granite State” or “Company”).
11 These activities include the procurement of power for Default Service for Granite State.

12

13 Q. Will you describe your educational background and training?

14 A. In 1982, I graduated from the University of Hartford with a Bachelor of Science degree
15 in Mechanical Engineering. In 1986, I received a Master of Science degree in
16 Mechanical Engineering from Northeastern University. I am a Licensed Professional
17 Engineer in the Commonwealth of Massachusetts.

18

19 Q. What is your professional background?

20 A. From 1982 to 1992, I was employed by New England Power Service Company in various
21 engineering positions. In these positions, I provided support to New England Power
22 Company’s thermal and hydroelectric generating plants with overall responsibility for the
23 management and control of studies and projects from initiation to completion.

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II. Purpose of Testimony

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to request approval of the Default Service rates for Granite State’s Large and Medium Commercial and Industrial Customers (“Large Customer Group”¹) resulting from Granite State’s recent procurement of Default Service power supply. To support this request, I will describe the process used by Granite State to procure Default Service for the Large Customer Group for the three-month period February 1, 2007 through April 30, 2007. I will also propose Default Service rates, which also reflect the recovery of administrative costs associated with the provision of Default Service, to be charged to the Large Customer Group for the period beginning February 1, 2007.

III. Bidding Process

Q. Why does Granite State need to procure Default Service for the Large Customer Group beginning February 1, 2007?

A. Granite State’s currently effective Default Service supply contract for the Large Customer Group expires on January 31, 2007. Therefore, to assure that Default Service will continue to be available to these customers, Granite State requires a new Default Service supply arrangement beginning February 1, 2007.

¹ Customers taking service under General Long-Hour Service Rate G-2 or General Service Time-Of-Use Rate G-1 of

1 Q. Please describe the process Granite State used to procure its Default Service supply.

2 A. Granite State conducted the procurement of Default Service supply in accordance with
3 applicable New Hampshire rules and regulations including Granite State Electric
4 Company's Second Amended Restructuring Settlement Agreement ("Restructuring
5 Settlement"), RSA 374-F ("New Hampshire Act"), and the terms of the Settlement
6 Agreement approved by the Commission pursuant to Order No. 24,577² issued on
7 January 13, 2006 in Docket No. DE 05-126 (the "Order"). Granite State and its retail
8 distribution affiliates in Massachusetts, Massachusetts Electric Company and Nantucket
9 Electric Company (together "Mass. Electric") (all three companies together "National
10 Grid"), issued a joint request for proposals ("RFP") for certain power supply services
11 (including Granite State's Default Service) from suppliers. The RFP sought a supply for
12 Granite State's Default Service and a portion of Mass. Electric's Basic Service supply.
13 This is consistent with the process approved by the Commission in the Order. This
14 process is also consistent with past procurements. See Order No. 24,163, at 7 (April 25,
15 2003), Order No. 24,412 at 9 (December 22, 2004), Order No. 24,539 at 9 (October 31,
16 2005), Order No. 24,609 at 10 (March 28, 2006), and Order No. 24,637 at 10 (June 22,
17 2006), and Order No. 24,675 at 10 (September 29, 2006).

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the Company's Retail Delivery Tariff.

² The Order granted Granite State's August 1, 2005 Petition for Post-Transition Service Default Service Proposal as amended by the Post-Transition Service Default Service Proposal Settlement Agreement filed with the Commission on November 18, 2005 ("Settlement Agreement"). Granite State's original proposal filed August 1, 2005 and the subsequent Settlement Agreement will together be referred to as the "Settlement Agreement" throughout my testimony.

1 Q. Could you describe the nature of the RFP that National Grid issued?

2 A. On October 27, 2006, National Grid issued an RFP to approximately twenty-five
3 potential suppliers soliciting power supplies for the period February 1, 2007 through
4 April 30, 2007. National Grid also distributed the RFP to all members of the NEPOOL
5 Markets Committee and posted the RFP on its energy supply website. As a result, the
6 RFP had wide distribution throughout the New England energy supply marketplace. The
7 RFP requested fixed pricing for each month of service on an as-delivered energy basis.
8 Prices could vary by month and by service – that is, the prices did not have to be uniform
9 across the entire service period or between Granite State and Mass. Electric. A copy of
10 the RFP is provided as Schedule MJH-1.

11

12 **IV. Results of Bidding**

13 Q. Did Granite State receive responses to the RFP?

14 A. Yes. Indicative proposals were received on November 29, 2006 and a confidential
15 summary of the proposals was shared with Commission staff soon after. Final proposals
16 were received on December 6, 2006. None of the bidders made their provision of Granite
17 State's Default Service contingent upon the provision of any other service. A summary
18 of the RFP process and bid evaluation is included in Schedule MJH-2.

19

20 Q. How do the current futures prices for electricity and natural gas compare to the futures
21 prices at the time of the May 10, 2006 and August 14, 2006 RFPs?

1 A. The futures market prices for electricity and natural gas at the time of the May 10, 2006
2 and August 14, 2006 procurements as well as current future market prices are shown in
3 Schedule MJH-3.

4
5 Q. Did Granite State select any of those proposals?

6 A. Yes. Granite State evaluated the bids received and selected a supplier that (i) provided a
7 bid that was conforming to the RFP, (ii) had the lowest price, (iii) met the credit
8 requirements described in the RFP, and (iv) passed our qualitative evaluation. On
9 December 6, 2006, Granite State entered into a wholesale power supply contract with
10 Consolidated Edison Energy Inc. ("ConEd"), to provide Default Service to the Large
11 Customer Group for the three-month period February 1, 2007 through April 30, 2007.
12 ConEd recently executed a Master Power Agreement with Granite State. A Transaction
13 Confirmation agreement was also signed by the parties. A copy of the Master Power
14 Agreement and the Transaction Confirmation between Granite State and ConEd, with
15 certain confidential sections redacted, is attached hereto as Schedule MJH-4. Granite
16 State is filing the Master Power Agreement and Transaction Confirmation with the
17 Commission under separate cover, together with a Motion for Confidential Treatment.
18 Although the Master Power Agreement and Transaction Confirmation has differences
19 from the sample power supply agreement in the Settlement Agreement approved by the
20 Commission, the executed documents do not shift any of the risks or obligations
21 described in the sample power supply agreement provided in the Settlement Agreement.
22 A copy of the Master Power Agreement and Transaction Confirmation between Granite
23 State and ConEd, highlighted to identify changes made to the sample power supply

1 agreement, with certain confidential sections redacted, is attached hereto as Schedule
2 MJH-5.

3
4 **V. Proposed Default Service Rates**

5 Q. What is the basis for the proposed Default Service rates for the Large Customer Group
6 for the three-month period February 1, 2007 through April 30, 2007.

7 A. Granite State is proposing to charge Default Service rates to its Large Customer Group
8 that are based upon its costs to procure Default Service adjusted to reflect sales at the
9 retail meter, further adjusted by the recovery of administrative costs associated with
10 Default Service in accordance with Original Page 93 of its tariff. The Default Service
11 rates that Granite State proposes to charge customers receiving Default Service during
12 this period are presented in Schedule MJH-6. This schedule identifies that portion of the
13 Default Service rates that are attributable to the Power Supply Agreement along with that
14 portion which is attributable to the recovery of administrative costs via the Default
15 Service Cost Reclassification Adjustment Factor previously approved by the
16 Commission.

17
18 Q. Please summarize the commodity cost at the retail meter based on Granite State's
19 expected procurement cost and the proposed retail rate.

20 A.. Granite State estimates the procurement cost and retail rates for Default Service at the
21 retail customer meter for each month to be as set forth in the following table:

1

Month	Large Customer Group Commodity Costs ¢ / kWh	Large Customer Group Proposed Retail Rate ¢ / kWh
February 2007	10.965	10.983
March 2007	9.963	9.711
April 2007	9.352	9.370

2

3 The simple average of the commodity costs for the Large Customer Group is 10.003¢ per
4 kWh compared to the average Default Service costs of 9.656¢ per kWh for the period
5 November 2006 through January 2007. The proposed retail rates in the table above
6 include the Large Customer Group's Default Service Cost Reclassification Adjustment
7 Factor of 0.018¢ per kWh as found on Original Page 93 of the Tariff, but do not include
8 the proposed Default Service Adjustment Factor credit of (\$0.00033), effective January
9 1, 2007, which was filed in Docket No. DE 06-162 and is pending approval. If this credit
10 is approved by the Commission, the Company will file a revised Summary of Rates tariff
11 Page 84 with Default Service rates for February 2007 through April 2007 reflecting the
12 Default Service Adjustment Factor credit.

13

14 Q. How will Granite State reconcile any difference in costs associated with Default Service?

15 A. To the extent that the actual cost of procuring Default Service varies from the amounts
16 billed to customers for the service, Granite State will continue to reconcile the difference
17 through a reconciliation mechanism pursuant to Granite State's Default Service

1 Adjustment Provision contained in its currently effective tariff on Second Revised Page
2 87.

3
4 Q. How and when is the Company proposing that these rate changes be implemented?

5 A. Consistent with the Commission's rules on the implementation of rate changes, the
6 Company is proposing that these Default Service rates become effective for usage on and
7 after February 1, 2007.

8
9 Q. Has the Company determined the impact of these rate changes on customer bills?

10 A. Yes. The Company has provided typical bill impacts in Schedule MJH-7. For customers
11 in the Large Customer Group who are billed monthly Default Service rates, the bill
12 impacts of the January rate compared to the proposed February rate are decreases ranging
13 from 7% to 8%.

14
15 Q. When will Granite State issue the next RFP for Default Service?

16 A. The Large Customer Group rates proposed in this filing end on April 30, 2007. Per the
17 terms of the Settlement Agreement, Granite State will issue an RFP for the Large
18 Customer Group in mid-February 2007. For purposes of notice to the Commission, the
19 following table illustrates National Grid's proposed timeline for the next two RFPs:

1

RFP	February 2007 RFP	May 2007 RFP
RFP Issued	February 9, 2007	May 11, 2007
Indicative Bids Due	March 7, 2007	June 6, 2007
Final Bids Due	March 14, 2007	June 13, 2007
Contract Execution	March 15, 2007	June 14, 2007
Default Service Filing to Commission	March 19, 2007	June 18, 2007
Commission Order Needed	March 26, 2007	June 25, 2007
Service Begins	May 1, 2007	August 1, 2007

2

3 **VI. Conclusion**

4 Q. Does this conclude your testimony?

5 A. Yes. It does.

Schedules of
Michael J. Hager

Schedules
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Schedule MJH-1	Default Service RFP February 1, 2007 through April 30, 2007
Schedule MJH-2	Default Service Procurement Summary
Schedule MJH-3	Comparison of Change in Futures Prices to Change in Procurement Costs
Schedule MJH-4	Default Service Contract for the Large Customer Group February 1, 2007 through April 30, 2007
Schedule MJH-5	Default Service Contract for the Large Customer Group with Highlighted Changes February 1, 2007 through April 30, 2007
Schedule MJH-6	Proposed Default Service Rates
Schedule MJH-7	Typical Bill Impacts

SCHEDULE MJH – 1

**Default Service RFP
February 1, 2007 through April 30, 2007**

Request For Power Supply Proposals To Provide The Following Services:

Default Service in:
Massachusetts
New Hampshire

For the Period:

February 1, 2007 -
April 30, 2007

October 27, 2006

nationalgrid

REQUEST FOR POWER SUPPLY PROPOSALS

1. Overview

1.1 Background

Legislation and restructuring settlement agreements in Massachusetts¹ and New Hampshire² provide for competition in the electric utility industry by extending competition in the wholesale power supply markets to retail customers through the provision of retail access to all customers.

The Massachusetts Act provides access to the competitive retail electricity market for all retail customers of National Grid in Massachusetts (Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid) as of March 1, 1998. The Massachusetts Act requires each distribution company to provide default service (“MA Default Service”) to those customers that are not receiving generation service from a competitive supplier.

In New Hampshire, the Restructuring Settlement provides access to the competitive retail electricity market for all retail electric customers of National Grid in New Hampshire (Granite State Electric Company d/b/a National Grid) as of July 1, 1998 pursuant to the provisions of the New Hampshire Act. The Restructuring Settlement and the New Hampshire Act requires National Grid to provide default service (“NH Default Service”) to those customers that are not receiving generation service from a competitive supplier³.

MA Default Service and NH Default Service – together these will be referred to as “Default Service”.

1.2 MA Default Service

The Massachusetts Act requires MA Default Service to be competitively procured. The Massachusetts Department of Telecommunications and Energy (“MDTE”) initiated a

¹ Act Relative to Restructuring the Electric Utility Industry in the Commonwealth, Regulating the Provision of Electricity and Other Services, and Promoting Enhanced Consumer Protections Therein, Chapter 164 of The Massachusetts Acts of 1997 (“Massachusetts Act”).

² Granite State Electric Company’s Second Amended Restructuring Settlement Agreement (“Restructuring Settlement”) and RSA 374-F (“New Hampshire Act”).

³ The New Hampshire Act specifies that Transition Service ends at midnight on April 30, 2006. All Transition Service customers who did not choose a competitive supplier by April 30, 2006 began receiving NH Default Service on May 1, 2006. A settlement agreement approved by the New Hampshire Public Utilities Commission on January 13, 2006 in Order No. 24,577 provides for the procurement of NH Default Service commencing May 1, 2006 (“DS Settlement Agreement”).

generic proceeding on rules and procedures for the provision and pricing of MA Default Service⁴. The MDTE ordered all electric companies in Massachusetts to procure MA Default Service through competitive solicitations by customer group (residential, commercial and industrial) and to procure such power at fixed monthly prices⁵. The MDTE also ordered electric companies to procure power for each customer group on a zone-specific basis based on the three Standard Market Design (“SMD”) Load Zones in Massachusetts⁶. Retail pricing for MA Default Service is to be provided on a zone-specific basis for the industrial customer group while retail MA Default Service prices for the residential and commercial customer groups are to be averaged across the zones served by the utility.

The MDTE ordered electric companies to procure power for the industrial customer group (i.e., larger customers) on a quarterly basis⁷. Additional changes regarding the procurement of MA Default Service may result from the MDTE’s current investigation, D.T.E. 04-115, “The Procurement of Default Service Power Supply for Residential and Small Commercial Customers” initiated on December 6, 2004. If the MDTE issues an order prior to executing agreements with Respondents, National Grid will incorporate any required changes into the agreements.

National Grid is hereby seeking proposals from qualified power suppliers to supply firm, load-following power to meet its MA Default Service requirements for its industrial customer group.

1.3 Massachusetts Customer Groups

For the purposes of this solicitation, the Massachusetts industrial customer group is defined as:

Customer Group	Rate Class
Industrial	G-2 and G-3

1.4 NH Default Service

The DS Settlement Agreement in New Hampshire and the New Hampshire Act require National Grid to provide NH Default Service to those customers that are not receiving generation service from a competitive energy supplier, including those customers who were receiving Transition Service on April 30, 2006 and have not chosen a competitive supplier since that date. In compliance with the DS Settlement Agreement, National Grid will procure NH Default Service by customer group (small customer group and large customer group). For the small customer group, National Grid will procure 100% of their NH Default Service supply for a six-month period. For the large customer group,

⁴ Docket D.T.E. 99-60.

⁵ See Dockets D.T.E. 99-60-A and D.T.E. 99-60-B.

⁶ See Docket D.T.E. 02-40-A.

⁷ See Docket D.T.E. 02-40-C.

National Grid will procure 100% of their NH Default Service supply for a three-month period.

National Grid is hereby seeking proposals from qualified power suppliers to supply firm, load-following power to meet its NH Default Service requirements for its large customer group.

1.5 New Hampshire Customer Groups

For the purposes of this solicitation, the New Hampshire large customer group is defined as:

Customer Group	Rate Class
Large Customer Group	G-1 and G-2

2. Description of Services

2.1 Description

Appendix A contains an overview of the services covered by this Request for Proposal (“RFP”). The Appendix provides:

- A brief description of MA Default Service;
- A brief description of NH Default Service;
- The eligibility requirements for a customer to obtain or leave Default Service;

2.2 Expected Loads

National Grid is unable to predict the amount of load that will be required to meet the needs of each customer group, if any. National Grid’s customers are free to leave Default Service at any time to take service from competitive suppliers. The ability of customers to enroll or return to Default Service is described in Appendix A.

To assist Respondents in determining the potential load requirements, National Grid is able to provide the following information on its Power Procurement Web Site:

For MA Default Service:

- Aggregate historical wholesale hourly load information for MA Default Service (since March 1, 1998);
- Aggregate historical wholesale hourly loads for MA Default Service by customer group (since November 1, 2000);
- Historic hourly loads by SMD Load Zone and customer group for MA Default Service (since March 1, 2003);

- Reports showing the number of customers enrolled in various electric services and energy consumption at retail by rate class can be found at the Division of Energy Resource's ("DOER") reports page under Electric Deregulation on its website:

http://www.mass.gov/doer/pub_info/pub_info.htm#ed

For NH Default Service:

- Aggregate historical wholesale hourly load information for NH Default Service (from December 1, 2002 to April 30, 2006);
- Aggregated historical hourly load information for NH Default Service (since May 1, 2006)
- Aggregate historical wholesale hourly load information for Transition Service by the four customer groups (from July 1, 2002 to April 30, 2006). The Transition Service customer groups are defined as:

Customer Group	Rate Class
Residential	D, D-10, M & T
Small Commercial	G-3 and V
Medium Commercial	G-2
Industrial	G-1

Note: As a result of Transition Service ending on April 30, 2006, all customers not taking service from a competitive supplier were transferred to either the small customer group or the large customer group of NH Default Service on May 1, 2006. In order to estimate NH Default Service load for the large customer group, the medium commercial and industrial Transition Service and pre May 1, 2006 NH Default Service loads will need to be combined into one service.

For All Services:

- Class average load shapes at the retail meter point;
- Historical customer counts, as of the last billing day in each month, by each National Grid company, SMD Load Zone (since March 1, 2003) and rate class. These counts represent the number of active accounts in each rate class as of the last billing day in each month;
- Historical customer counts for customers taking service from a competitive supplier, as of the last billing day in each month, by rate class.

Please use the following link to access the site:

<http://www.nationalgridus.com/energysupply/>

Click on “Data” at the upper right of the screen to access Load data, Customer Count data and Class Average Load Shapes. This site is open to anyone with the above link. No user id or password is required to access the data on the site.

2.3 Load Blocks

National Grid’s total Default Service requirements covered by this RFP are broken down into the following four load blocks:

Load Block	Customer Group	SMD Load Zone	Load Share	Type of Service	Period
A	Industrial	SEMA	100%	MA Default Service	02/01/07 – 04/30/07
B	Industrial	WCMA	100%	MA Default Service	02/01/07 – 04/30/07
C	Industrial	NEMA	100%	MA Default Service	02/01/07 – 04/30/07
D	Large	NH	100%	NH Default Service	02/01/07 – 04/30/07

The load blocks in the SEMA Load Zone include National Grid’s customers on the Island of Nantucket.

A Respondent may bid on any number of load blocks that it wishes to serve. A Respondent wishing to serve the entire load for a particular customer group should submit a bid for each load block of that customer group. Respondents may not limit the amount of service that may be purchased for a given load block. Proposals that contain limits on the amount of service provided will be rejected⁸.

The amount of load for each load block to be supplied by the winning Supplier(s) will be determined in accordance with the procedure contained in Article 6 of the proposed Master Power Agreement, a copy of which is provided in Appendices B and C.

2.4 Massachusetts Retail Customer Rates

During the term of service covered by this RFP, National Grid intends, in accordance with MDTE orders, to establish retail rates for generation service for MA Default Service customers (“Basic Service Rates”) in the industrial customer group. Such Basic Service

⁸ For example, a Respondent offering to supply Block A load must agree to supply 100% of the needs of that load block during every month of the Period (for example, 100% of the total load of the Industrial customer group in the SEMA Load Zone). The Respondent may not offer to serve Block A provided that the amount of service purchased does not exceed [specified value] MW in any hour.

Rates will reflect National Grid's purchase costs for such service due to commitments made as a result of this RFP and those costs associated with arranging MA Default Service (see below).

The retail rates for the industrial customer group will vary by SMD Load Zone based on the winning bids. National Grid will file proposed Basic Service Rates with the MDTE following execution of an agreement(s) with a winning supplier(s). The Basic Service Rates charged to retail customers during the term of service covered by this RFP will be as ultimately approved by the MDTE.

In Docket D.T.E. 02-40-B, the MDTE determined that it is appropriate to include other costs an electric company incurs in providing MA Default Service in its Basic Service Rates. In Docket D.T.E. 03-88-E, the MDTE ordered National Grid to include those costs associated with arranging MA Default Service in its Basic Service Rates. National Grid implemented this change with the Default Service Cost Reclassification Adjustment Provision (MDTE No. 1084) to include such charges with the provision of MA Default Service to its customers

2.5 New Hampshire Retail Customer Rates

During the term of service covered by this RFP, National Grid intends, in accordance with the DS Settlement Agreement, to establish retail rates for generation service for NH Default Service customers ("Energy Service Rates") in the large customer group. The Energy Service Rates will reflect National Grid's purchase costs for such service due to commitments made as a result of this RFP. The DS Settlement Agreement also requires National Grid to include in its Energy Service Rates a surcharge to account for the administrative costs associated with NH Default Service. The Energy Service Rates will be as ultimately approved by the New Hampshire Public Utilities Commission ("NHPUC").

2.6 Effectiveness of Contracts

Any agreement(s) entered into for the delivery of MA Default Service pursuant to this solicitation will be subject to the MDTE's favorable review of the results of National Grid's solicitation for Default Service. Section 1 of the Massachusetts Master Power Supply Agreement Form of Confirmation addresses the possibility that the MDTE does not favorably review the results of National Grid's solicitation for Default Service.

Any agreement(s) entered into for the delivery of NH Default Service pursuant to this solicitation will be subject to the approval by the NHPUC of the retail rates prior to the agreement(s) becoming effective. Section 1 of the New Hampshire Master Power Supply Agreement Form of Confirmation addresses the possibility that the NHPUC may not approve the retail rates.

Any agreement(s) entered into for the delivery of NH Default Service pursuant to this solicitation will be subject to the approval by the NHPUC of the retail rates prior to the

agreement(s) becoming effective. Section 3.1 of the New Hampshire Power Supply Agreement addresses the possibility that the NHPUC may not approve the retail rates.

3. General Provisions

3.1 Terms and Conditions

The winning Supplier(s) will be selected to provide Default Service to the applicable customer groups/load blocks during the term covered by this RFP. Up to four (4) separate Suppliers may be selected – one for each load block. Default Service will be provided by such Supplier(s) to National Grid in accordance with the terms and conditions of the Power Supply Agreements. A copy of the proposed Master Power Supply Agreement for Massachusetts is provided in Appendix B a copy of the proposed Master Power Supply Agreement for New Hampshire is provided in Appendix C. The winning Supplier(s) will be required to execute the applicable Master Power Supply Agreement(s) and confirmations within three (3) business days of being notified that it has been selected as the winning Supplier.

Any suggested modifications to the proposed Agreement(s) are to be included with Respondent's response to this RFP.

3.2 Proposal Process and Submission Dates

The following table outlines the key dates associated with this procurement process.

Process Step	Date
Issue Request for Proposal	October 27, 2006
Submit Respondent Proposal Information and Proposed Agreement Modifications	November 10, 2006– 5pm EPT
Submit Indicative Pricing	November 29, 2006– 10am EPT
Submit Final Pricing	December 6, 2006– 10am EPT
Execute Agreements and Submit solicitation process summary, Agreements and retail rates to MDTE and NHPUC, as applicable	No later than three business days after receipt of all executed agreements.
MDTE Reviews and Approves both Agreements and Basic Service Rates	No later than five business days after filing of Basic Service Rates
NHPUC Reviews and Approves Default Service Rates	No later than five business days after filing of Default Service Rates
Service Begins	February 1, 2007

One (1) copy of a Respondent's Proposal Information and proposed agreement modifications must be received at the following address:

Mr. William S. Hass
Energy Supply – New England

National Grid
55 Bearfoot Road
Northboro, MA 01532
(508) 421-5074
(508) 421-7335 (fax)
e-mail: william.hass@us.ngrid.com

Proposal information may be submitted by facsimile or e-mail.

National Grid is conducting the procurement process in three steps. The first step is for Respondents to provide National Grid with their background information, financial information, and proposed agreement modifications by 5:00 p.m. EPT on Friday, November 10, 2006. Upon receipt, National Grid will evaluate Respondent's qualifications and proposed agreement modifications.

The second step in this process is for Respondents to provide indicative Pricing Information by 10:00 a.m. EPT on Wednesday, November 29, 2006 at the above address. National Grid will evaluate the indicative pricing and request, if required, clarifications from Respondents.

The third step is for Respondents to provide final Pricing Information by 10:00 a.m. EPT on Wednesday, December 6, 2006 at the above address. National Grid intends to evaluate the final pricing and select a Supplier(s) that day. Respondents are requested to specify the manner in which they will accept a binding acceptance of their offer by National Grid prior to receipt of an executed agreement (verbal, letter of intent, e-mail or executed agreement) or they will be deemed to be bound by National Grid's acceptance communicated in any of the preceding manners.

Within three business days of receipt of all executed agreements, National Grid will file with the MDTE and the NHPUC a confidential summary of the solicitation process, the executed agreement(s) and proposed Basic Service Rates or Energy Service Rates, respectively.

Consistent with its rules, the MDTE will have five business days to review the results of National Grid's solicitation for Default Service. If the MDTE takes no action, National Grid's proposed Default Service price will go into effect. If the Department issues an order disapproving or rejecting the results of National Grid's solicitation for Default Service, the agreement between National Grid and supplier shall become null and void.

Consistent with its rules, the NHPUC will have five business days to either approve the proposed Energy Service Rates or reject them. If the NHPUC denies National Grid's request for approval of the retail rates, the agreement(s) will be void and the parties' will have no further obligation under the agreements(s).

National Grid, at its sole discretion, reserves the right to issue additional instructions or requests for additional information, to extend the due date, to modify any provision in this RFP or any appendix thereto and to withdraw this RFP.

3.3 Contact Person/Questions

All questions regarding this Request for Proposal should be directed to William S. Hass at the address provided above.

3.4 Right to Select Supplier

National Grid shall have the exclusive right to select or reject any and/or all of the proposals submitted at any time, for any reason.

4. Service Features

4.1 Commencement Date of Supply

Service from the winning Supplier(s) to National Grid shall begin as of HE 0100 EPT on the date specified in the table found in Section 2.3 – Load Blocks.

Service from National Grid to individual customers who are taking Default Service in each customer group as of the Commencement Date, if any, will continue with the winning Supplier(s) providing such service to National Grid as of the Commencement Date.

Service from National Grid to individual customers not taking Default Service as of the Commencement Date shall begin on the customer's meter reading date following notification/determination that a customer will be commencing Default Service or such other date designated by National Grid consistent with National Grid's Tariff for Off Cycle Meter Read For Switch of Supplier Provision, M.D.T.E. No. 1053-A in Massachusetts, or the Off Cycle Meter Read for Switch of Supplier Provision, Original Page 92, of National Grid's *Tariff for Retail Delivery Service for the Period after New England Power Company Divests Substantially All of Its Non-Nuclear Generation, N.H.P.U.C. No. 17* in New Hampshire.

National Grid's procedures provide for customers to be switched from one service option to another (e.g., from Default Service to a competitive supplier, from one competitive supplier to another competitive supplier, from a competitive supplier to Default Service) on their normal cycle meter reading dates. However, there may be circumstances (e.g., default of a competitive supplier) that might require a customer to be switched to Default Service "off-cycle". In such case, the customer will be switched to Default Service on a date designated by National Grid consistent with National Grid's Off Cycle Meter Read For Switch of Supplier Provision, M.D.T.E. No. 1053-A in Massachusetts, or the Off Cycle Meter Read for Switch of Supplier Provision, Original Page 92, of National Grid's

Tariff for Retail Delivery Service for the Period after New England Power Company Divests Substantially All of Its Non-Nuclear Generation, N.H.P.U.C. No. 17 in New Hampshire.

4.2 Termination Date of Supply

Service from the winning Supplier(s) to National Grid shall terminate at HE 2400 EPT on the dates specified in the table found in Section 2.3 – Load Blocks.

Individual customers taking Default Service from National Grid may terminate the service at any time. Terminations may include, but not be limited to, (i) a customer’s taking competitive service from a competitive supplier, (ii) disconnection of service by National Grid in accordance with regulations and procedures approved by the MDTE or the NHPUC, or (iii) closing of a customer’s account. National Grid’s procedures provide for customers electing to terminate such service to be switched to their successor service on their normal cycle meter reading date following the date that National Grid receives notification of such switch. However, there may be circumstances which might require a customer to be terminated “off-cycle”. In such a case, the customer will be terminated from Default Service on a date to be determined by National Grid.

4.3 Delivery Points

The Supplier(s) of Default Service will be responsible for delivering power to the nodes/zones representing the actual locations of the Default Service loads. The Supplier(s) of each of the services will be responsible for any PTF losses allocated by the ISO related to the services. The locations of the Default Service load assets are as follows:

Company	SMD Load Zone	Load Asset	Load Asset Name	Applicable Period	Load Block
Nantucket	SEMA	10021	NANT-DEF SVC-ICG LOAD	02/01/07 – 04/30/07	A
MECo	SEMA	7605	DEF SVC-MECO-ICG LOAD_4006	02/01/07 – 04/30/07	A
MECo	WCMA	7707	DEF SVC-MECO-ICG LOAD_4007	02/01/07 – 04/30/07	B
MECo	NEMA	7807	DEF SVC-MECO-ICG LOAD_4008	02/01/07 – 04/30/07	C
GSECo	NH	11437	GRANITE LARGE CG DS SVC LOAD	02/01/07 – 04/30/07	D

4.4 Form of Service

The Supplier(s) of each Load Block shall be responsible for meeting the specified service requirements for all of National Grid’s customers in a specific Load Block. These service requirements include the generation and/or market procurement and delivery to the delivery point(s) of the portion of the electric capacity, energy and ancillary services

required to meet the needs of National Grid's ultimate customers taking such service. National Grid will implement the transfer of these responsibilities to the Supplier(s) by updating the asset registration for each of the above Load Assets. National Grid will assign to the Supplier(s) the applicable Ownership Share for each Load Asset. Once a Supplier's obligation terminates, National Grid will terminate the Supplier's Ownership Share of a Load Asset.

The Supplier(s) shall be responsible for all obligations, requirements, and costs associated with the Supplier(s) having the Load Asset Ownership Share which shall include but not be limited to the day-ahead load obligations and real-time load obligations at the nodes/zones of each Load Asset. A more complete description of a Supplier(s)'s responsibilities can be found in the proposed Master Power Supply Agreements in Appendices B and C of this RFP.

The Supplier(s) shall be responsible for all decisions and data submissions associated with any bids into the market system to manage these obligations. The Supplier(s) shall be responsible for all components of any Locational Marginal Prices the Supplier must pay in delivery of the services. These components include, but are not limited to, the day-ahead and real-time energy, marginal losses, and congestion charges. As the supplier of such services, the Supplier(s) will be responsible for all present or future requirements and associated costs to the extent such charges are not imposed on National Grid as a transmission charge by NEPOOL or the ISO, associated with the services and any other requirements, market products, expenses or charges imposed by NEPOOL or the ISO, as they may be in effect from time to time.

The Supplier(s) will also be responsible for all transmission and distribution losses associated with delivery of the electricity from the delivery point to the Default Service customer's meter. A description of the estimation process for determining supplier hourly load can be found in Appendix A of the proposed Master Power Supply Agreements, found in Appendices B and C of this RFP.

National Grid will make arrangements with the ISO for transmission service over the PTF and non-PTF, from and after the Delivery Point to the Customers' meters. National Grid will be billed by the ISO and the applicable Participating Transmission Owner(s) for these services. National Grid will pay these bills and collect the costs, along with National Grid's distribution costs, from its retail customers through its retail delivery service tariffs. Any other transmission or distribution costs will be the Supplier(s)' responsibility.

4.5 Implementation of the Massachusetts Renewable Energy Portfolio Standards ("RPS")

The Massachusetts Act requires the Massachusetts Division of Energy Resources ("DOER") to establish a renewable energy portfolio standard for all retail electricity suppliers selling electricity to end-use consumers in the Commonwealth. These requirements require National Grid to demonstrate that at least three percent (3%) of its electricity sales in 2007 are supplied from "new" renewable energy generation sources.

The DOER has issued final regulations to meet these requirements. The DOER's website (<http://www.state.ma.us/doer/rps/index.htm>) contains a section on the Renewable Energy Portfolio requirements, including the final regulations, 225 CMR 14.00.

As requested in Section 5.2 below, National Grid requests Respondents to separately bid the cost of RPS compliance equivalent to 3% of sales in 2007. National Grid will have the option to select bids that include or exclude the RPS component.

If National Grid accepts bids with the RPS component, National Grid will require the winning Supplier(s) to utilize the NEPOOL Generation Information System ("NEPOOL GIS") to provide NEPOOL GIS Certificates that comply with the requirements of the RPS regulations. Respondents may propose alternate methods for demonstrating compliance.

5. Proposal Requirements

5.1 Format of Proposal

The information required by National Grid to evaluate each proposal is identified in Appendix D. Respondents may simply complete the forms provided in Appendix D in any legible fashion and return them to William S. Hass as provided in Section 3.2. In addition, proposals should contain explanatory, descriptive and/or supporting materials as necessary.

5.2 Proposed Pricing

Respondents must specify the price at which they will provide Default Service for each load block on which they are bidding to serve. Purchases will be made on an "as-delivered" energy basis with prices stated on a fixed \$/MWh basis. Such prices may vary by SMD Zone, calendar month and by customer group, but must be uniform for the entire calendar month and cover the entire term of this Request for Proposals.

Prices which contain demand components, minimum purchase requirements or which vary by time-of-use within a calendar month will be rejected. Prices which exclude one or more market costs (e.g. Installed Capability, uplift costs, etc.) may, at National Grid's discretion, be rejected.

National Grid intends to pay a Supplier(s) based on the billing determinants as defined in the proposed Power Supply Agreement. These billing determinants are the loads as reported to the ISO, which include transmission and distribution losses, and exclude any PTF losses allocated to the Supplier by the ISO during the settlement.

National Grid is seeking the following pricing:

- **All-Inclusive Bids:** For each Load Block (A through D), a price which includes all costs, except (i) Local Second Contingency Protection Resource NCPC Charges in the SEMA zone in Load block A and (ii) RPS compliance in Load Blocks A, B and C. Should National Grid select this option, (1) Suppliers would be responsible for all costs including Local Second Contingency Protection Resource NCPC Charges in the SEMA zone which National Grid would pay on a pass through basis based on the supplier's actual Local Second Contingency Protection Resource NCPC Charges in the SEMA zone and (2) Suppliers would not be responsible for supplying the RPS component.
- **Pass-Through Bids:** For each Load Block (A through D), a price which includes all costs except (i) Local Second Contingency Protection Resource NCPC Charges in the SEMA zone in Load Block A, (ii) RPS compliance in Load Blocks A, B and C, and (iii) capacity market costs. Should National Grid select this option, (1) Suppliers would be responsible for all costs including Local Second Contingency Protection Resource NCPC Charges in the SEMA zone which National Grid would pay on a pass-through basis based on the Supplier's actual Local Second Contingency Protection Resource NCPC Charges in the SEMA zone, (2) Suppliers would not be responsible for supplying the RPS component, and (3) Suppliers would be responsible for the cost of capacity associated with the Load Blocks which National Grid would pay on a pass-through basis based on the Suppliers actual costs subject to an appropriate cap.
- **RPS Compliance:** Price, on a uniform \$ per MWh basis, for Supplier to provide the RPS component for Load Blocks A, B and C. Should National Grid select this option, the RPS Compliance bid price would be added to the All-Inclusive bid price or Pass-Through bid price, as applicable, and the Supplier would provide the applicable quantity of NEPOOL GIS Certificates (see Section 4.5).
- **SEMA NCPC:** Price, on a \$ per MWh basis⁹ for February, March and April 2007, for Supplier to bear the cost of Local Second Contingency Protection Resource NCPC Charges in the SEMA zone in Load Block A . Should National Grid select this option, the SEMA NCPC bid price would be added to the All-Inclusive bid price or Pass-Through bid price, as applicable and the Supplier would receive the fixed SEMA NCPC bid price rather than a pass through of actual costs.

5.3 Terms and Conditions

Service will be provided pursuant to the terms of the proposed Master Power Agreements provided in Appendices B and C. Should a Respondent request National Grid to consider

⁹ Pricing can either be uniform across the bid period or vary by month.

any changes to the proposed terms, such request must be presented to National Grid with its Proposal Information by November 10, 2006.

5.4 New England Market Participation

Each Respondent must indicate whether it has an executed and accepted Market Participant Service Agreement with ISO New England or if it plans to execute an agreement and, if so, at what point it is in the application process and the time frame for completing the process. Respondents must also provide evidence of agreements with a Market Participant if Respondent will have another Market Participant be responsible for its market settlement obligations.

5.5 Competitive Supplier Registration

The service provided by the Supplier(s) of Default Service to National Grid is a wholesale transaction between the Supplier(s) and National Grid; therefore, the Supplier(s) do not have to be licensed or registered suppliers with any state regulatory commission.

5.6 Regulatory Approvals

The Supplier(s) of the services covered by this Request for Proposal must obtain all necessary regulatory approvals required to enable it to provide the applicable service prior to February 1, 2007.

6. Retail Customer Relationships

6.1 Customer Billing

All customers taking Default Service covered by this RFP will be retail customers of National Grid. As the retail provider of such service, National Grid will bill customers for the Default Service provided.

6.2 Customer Bill Inserts in Massachusetts

The Supplier(s) of MA Default Service may furnish a one-page bill insert which National Grid may include in the bill that it sends to each customer taking such service in the applicable customer group and Load Zone in Massachusetts during the delivery term. Bill inserts may be included in only one monthly billing cycle during the term of service. Inserts shall be printed on 60# Mountie Matte paper, shall be three and one-quarter inches high by six and one-quarter inches wide in size and may be of any typeface *except* ITC Century and ITC Franklin Gothic.

The Supplier(s) must inform National Grid at least sixty (60) days prior to the start of the monthly billing cycle in which it seeks National Grid to include its insert in applicable

MA Default Service customer bills. National Grid will respond within seven (7) days if it can accommodate the request, provide an estimate of the cost of additional postage to be paid by the Supplier(s) in order to include the insert in the requested monthly billing cycle, or suggest an alternate monthly billing cycle. Customer bill inserts must be received by National Grid at least ten (10) days prior to the start date of its inclusion in customer bills. National Grid will be responsible for including only the number of inserts that are provided to them. National Grid will not be responsible for returning to the Supplier(s) unused inserts unless the Supplier(s) have made arrangements for its return. National Grid reserves the right to schedule bill inserts in order to minimize postage and handling costs.

6.3 Notification of Enrollments and Terminations

National Grid will provide electronic notification to the Supplier(s) of Default Service customer enrollments and terminations within a customer group. Enrollment information will include account number, rate class and commencement date of service. Termination information will include account number, rate class and termination date of service. Such notifications will only be provided once a supplier has established an account on the Advantis Value Added Network (“VAN”) and only if the Supplier pays all costs associated with the use of the VAN.

6.4 Customer Service

National Grid, as the retail provider of Default Service, will provide customer service to all customers receiving Default Service.

7. Load Response Program

National Grid fully supports load response programs and has successfully developed and implemented many programs over the years. Respondents are encouraged to include load response programs for various customer groups as part of their proposals. National Grid will work with winning Supplier(s) to implement the proposed Load Response Program during the term of service.

8. Selection Process

The principal criteria to be used in evaluating proposals will include:

- Lowest evaluated bid price by Load Block;
- Respondent’s ability to meet the credit requirements established in the proposed Power Supply Agreements provided in Appendices B and C;
- Firmness of delivery;
- The supplier’s past experience in providing similar services to National Grid;

- The supplier's past experience in providing similar services to other companies in New England;
- The supplier's past experience in providing similar services to other companies in other regions;
- The supplier's demonstrated understanding of its obligations under the proposed Power Supply Agreement; and
- Whether there have been any past or are any present events that are known that may adversely affect the supplier's ability to provide the requirements to National Grid's Default Service customers.

9. Credit Requirements

In order to protect National Grid's Default Service customers from the risk of Supplier(s) default, a winning Supplier(s) must be able to demonstrate it has the financial resources to perform during the term of the agreement. Respondents that are rated by a major credit rating agency must provide the ratings assigned by such agencies. Respondents that are not rated by a major credit rating agency must provide the following information to enable National Grid to evaluate a Respondent's financial strength:

- Respondent's organizational history
- Date of establishment
- Initial (if founded within the last ten years) and current capitalization
- Certified financial statements, including balance sheets and statements of income and cash flow with respect to the two previous fiscal years and the most recent interim period
- Forms 10-K and 10-Q, submitted to the United States Securities and Exchange Commission for the two previous fiscal years, if applicable;
- Short-term and long-term debt ratings from Moody's Investor Service or Standard & Poor's Corporation
- Corporate affiliates or joint venture partners including any details regarding financial limitations between partners or affiliates.

If a Respondent has provided this information to National Grid or an affiliate in a response to a previous RFP, then the Respondent needs only to identify the date and to whom the information was submitted and update the previously-provided information.

National Grid agrees that it will treat the information it receives from Respondents in a confidential manner and will not, except as required by law or regulatory authority, disclose such information to any third party or use such information for any purpose other than in connection with this RFP.

APPENDIX A

DESCRIPTION OF SERVICES

Massachusetts Electric Company Nantucket Electric Company MA Default (Basic) Service	
Description	Electric Service provided to retail customers who are not taking service from a competitive supplier.
Eligibility Requirements	Service to customers can be initiated by: a) A customer notifying National Grid that it wishes to terminate service from its competitive supplier and commence Default Service. b) A competitive supplier notifying National Grid that it is terminating service to a customer. c) A competitive supplier ceasing to provide service to a customer without notifying National Grid. d) A customer moves into National Grid’s service territory and does not affirmatively choose a competitive supplier.
Aggregate Number of Customers Taking Service and Historical Load Profiles	Note: Historic customer count data and historical hourly load profiles are available at National Grid’s procurement web site: http://www.nationalgridus.com/energysupply/

Granite State Electric Company NH Default (Energy) Service	
Description	Service provided to retail customers who are not taking service from a competitive energy supplier.
Eligibility Requirements	Service to customers is initiated by: a) A customer notifying National Grid that it wishes to terminate service from its competitive energy supplier and commence Default Service. b) A competitive energy supplier notifying National Grid that it is terminating service to a customer. c) A competitive energy supplier ceasing to provide service to a customer without notifying National Grid. d) A customer moves into National Grid’s service territory and does not affirmatively choose a competitive energy supplier.
Aggregate Number of Customers Taking Service and Historical Load Profiles	Note: Historic customer count data and historical hourly load profiles are available at National Grid’s procurement web site: http://www.nationalgridus.com/energysupply/

APPENDIX B

PROPOSED MASSACHUSETTS MASTER POWER SUPPLY AGREEMENT

MASTER POWER AGREEMENT

This **MASTER POWER AGREEMENT** (“Master Power Agreement”) is dated as of [date] and is by and between **MASSACHUSETTS ELECTRIC COMPANY** (“MECo”), a Massachusetts corporation, **NANTUCKET ELECTRIC COMPANY** (“Nantucket”), a Massachusetts corporation (MECo and Nantucket are referred to collectively as “Mass. Electric” or “Buyer”), and each shall be severally and not jointly liable hereunder and [Company], a [what] (“Seller”). This Master Power Agreement provides for the sale by Seller of Default Service, as defined herein, to the Buyer. MECo, Nantucket and Seller are referred to herein individually as a “Party” and collectively as the “Parties”.

ARTICLE 1. BASIC UNDERSTANDINGS

Seller and Buyer have agreed to execute this Master Power Agreement in order to establish the basic terms of Seller’s provision and sale of, and Buyer’s acceptance and purchase of, Default Service. This Master Power Agreement, together with the Appendices and written supplements (including any Confirmations) hereto, and any designated collateral, credit support or margin agreement or similar arrangement between the Parties regarding the Transactions (as defined in Article 2), shall be referred to as the “Agreement” and shall constitute the entire agreement between the Parties relating to the subject matter hereof and supersedes any other agreements, written or oral, between the Parties concerning such subject matter but specifically excluding written agreements executed by the Parties prior to the Effective Date.

ARTICLE 2. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings specified in this Article. In addition, except as otherwise expressly provided, terms with initial capitalization used in this Agreement and not defined herein shall have the meaning as defined in the NEPOOL Rules.

Affiliate means, with respect to any Party, any entity (other than a person) that, directly or indirectly, controls, or is controlled by, or is under common control with, such Party. For this purpose, “control” means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

Aggregate RPS Requirement means the total of the RPS Requirement for each calendar month during a Delivery Term in which there is an RPS Requirement in a Transaction.

Alternative Compliance Payment Rate means the value as published by the Massachusetts Division of Energy Resources in accordance with 225 CMR 14.08 (4) (a) 2.

Award Block means the numerical designation, for administrative purposes only, as may be set forth on a Confirmation to identify Customer Groups to be served from and including the Commencement Date through the Conclusion Date, in a specified Load Zone, and the associated Load Asset Number and Load Asset Name, or other information as may be associated therewith in a Confirmation.

Business Day means a 24-hour period ending at 5:00 p.m. EPT, other than Saturday, Sunday and any day which is a legal holiday or a day on which banking institutions in Boston, Massachusetts are authorized by law or other governmental action to close.

Buyer has the meaning set forth in the preamble of this Master Power Agreement, along with any successors, assigns, employees, agents and authorized representatives thereof.

Buyer's System means the electrical transmission and distribution system of the Buyer and the electrical transmission and distribution system of any Affiliate of the Buyer.

Buyer's Service Territory means the geographic area served by Massachusetts Electric Company and Nantucket Electric Company including the service territory formerly served by Eastern Edison Company which has been merged with and into Massachusetts Electric Company.

Commencement Date means the period at HE 0100 EPT on the date set forth for each Customer Group in the Confirmation for the applicable Transaction.

Commercial Customer Group means the Buyer's customers in the Rate G-1, Rate S-1, Rate S-2, Rate S-3, Rate S-5 and Rate S-20 retail rate classes (the "Commercial Rate Classes"), or such other rate classes as may be added from time to time in the SEMA Load Zone, NEMA Load Zone and WCMA Load Zone, as applicable during the Delivery Term, provided that such Commercial Rate Classes shall be comprised of customers previously in one of the Commercial Rate Classes or such customer would have qualified for one of the Commercial Rate Classes.

Commission means the Federal Energy Regulatory Commission, or its successor.

Competitive Supplier Terms means Mass. Electric's Model Terms and Conditions for Competitive Suppliers, M.D.T.E. No. 1063, as may be amended from time to time.

Conclusion Date means the period at HE 2400 EPT on the date set forth for each Customer Group in the Confirmation for the applicable Transaction.

Confirmation means a confirmation that is mutually agreed to and executed by the Parties, which may be in the form set forth in Appendix B or in a form otherwise agreed to by the Parties, such document to serve as a supplement or modification of this Master Power Agreement with respect to a specific Transaction.

Confirmation Term means, for the applicable Transaction, the period beginning as of the effective date set forth in a Confirmation and continuing through to the date both Parties have fulfilled all of their obligations with respect to such Transaction.

Contract Rate has the meaning set forth in the Confirmation for the applicable Transaction.

Credit Rating means (i) the lower of the ratings assigned to an entity's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) by S&P and Moody's, (ii) in the event the entity does not have a rating for its senior unsecured long-term debt, the lower of the rating assigned to the entity as an issuer rating by S&P and Moody's, or the rating assigned to the entity as an issuer rating by any other rating agency agreed to by both Parties in each Party's sole and exclusive judgment.

Customer Disconnection Date means the date when a Default Service Customer is disconnected from service, as determined by the Buyer in accordance with the Distribution Service Terms.

Customer Group means Buyer's customers who receive Default Service in the Commercial Customer Group, Industrial Customer Group and/or Residential Customer Group in each Load Zone corresponding to each of the foregoing customer groups as specified on the Confirmation for the applicable Transaction.

Customer Termination Date means the date when a Default Service Customer ceases to take service under the Default Service Tariff, each date as determined by the Buyer in accordance with the Distribution Service Terms.

Default Service means the provision of Requirements by Seller at the Delivery Point to the Buyer to meet all needs of Default Service Customers.

Default Service Customer(s) means, for a specific Transaction, the customers in each Customer Group set forth in the applicable Confirmation, taking service pursuant to the Default Service Tariff during the applicable Delivery Term.

Default Service Tariff means Mass. Electric's Tariff for Default Service, M.D.T.E. No. 1041, as may be amended from time to time and approved by the Department.

Delivered Energy means the quantity of energy, expressed in megawatt-hours, provided by Seller with respect to a specific Transaction. This quantity shall be the sum of the quantity of energy reported to the ISO by the Buyer for each of the Load Assets identified in a specific Transaction, with such quantity determined by the Buyer in accordance with Section 6.3 of this Master Power Agreement. Such quantity shall not include any allocation of PTF losses (which the ISO may assess to Seller in relation to such energy), but shall include transmission and distribution losses on the Buyer's System from the Delivery Point to the meters of Default Service Customers.

Delivery Point means, for each Load Asset (x) identified in or in accordance with a specific Transaction and (y) as set forth in the Confirmation related to a specific Transaction (i) the Nodes at which the Real-Time Load Obligations are established in the ISO Settlement Power System Model for the registered Load Assets representing the physical loads of Default Service Customers for the Delivery Term for such customers, identified by the Load Asset ("Loads With Nodes"), for any period and in any location in which there are Loads With Nodes and the ISO requires use of Nodes for Real-Time Load Obligations, or (ii) the Load Zones at which the Real-Time Load Obligations are established in the ISO Settlement Power System Model for the Load Assets representing the physical loads of Default Service Customers for the Delivery Term for such customers, identified by the Load Asset ("Loads with Zones") if (a) the ISO does not require use of Nodes for Real-Time Load Obligations and (b) the use of Loads with Zones in a calculation of ISO settlement charges and costs yields the same mathematical result as a calculation thereof using Loads with Nodes; or (iii) in the event of neither (i) nor (ii), Loads with Nodes and, in any location in which there are no Loads with Nodes, Loads with Zones.

Delivery Term(s) means the period(s) set forth in a the Confirmation for a Transaction for the respective Default Service designations, beginning at the top of the HE 01:00 EPT on the Commencement Date (set forth in the applicable Confirmation) and continuing through and including the end of HE 24:00 EPT on the Conclusion Date.

Department means the Massachusetts Department of Telecommunications and Energy.

Distribution Service Terms means Mass. Electric's Terms and Conditions for Distribution Service, M.D.T.E. No. 997, as may be amended from time to time and approved by the Department.

Effective Date means the date that this Master Power Agreement is executed by all Parties.

EPT means Eastern Prevailing Time.

Governing Documents means, with respect to any particular entity, (a) if a corporation, the (i) articles of organization, articles of incorporation or certificate of incorporation and (ii) the bylaws; (b) if a general partnership, the partnership agreement and any statement of partnership; (c) if a limited partnership, the limited partnership agreement and the certificate of limited partnership; (d) if a limited liability company, the articles or certificate of organization or formation and operating agreement; (e) if another type of entity, any other charter or similar document adopted or filed in connection with the creation, formation or organization of such entity; (f) all equity holders' agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements or other agreements or documents relating to the organization, management or operation of any entity or relating to the rights, duties and obligations of the equity holders of any entity; and (g) any amendment or supplement to any of the foregoing.

Industrial Customer Group means the Buyer's customers in the Rate G-2 and Rate G-3 retail rate classes (the "Industrial Rate Classes"), or such other rate classes as may be added from time to time in the SEMA Load Zone, NEMA Load Zone and WCMA Load Zone, as applicable during the Delivery Term, provided that such Industrial Rate Classes shall be comprised of customers previously in one of the Industrial Rate Classes or such customer would have qualified for one of the Industrial Rate Classes.

Initiation Date means the date a retail customer of the Buyer begins taking service pursuant to the Default Service Tariff as determined by the Buyer in accordance with the Distribution Service Terms.

Interest Rate means, for any date, the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in *The Wall Street Journal* under "Money Rates" on such day (or if not published on such day, on the most recent preceding day on which published), plus two percent (2%) and (b) the maximum rate permitted by applicable law.

Investment Grade means (i) if any entity has a Credit Rating from both S&P and Moody's then, a Credit Rating from S&P equal to "BBB-" and a Credit Rating from Moody's equal to "Baa3"; or (ii) if an entity has a Credit Rating from only one of S&P and Moody's, then a Credit Rating from S&P equal to "BBB-" or a Credit Rating from Moody's equal to "Baa3 or (iii) if the Parties have mutually agreed in writing on an additional or alternative rating agency, then a credit rating

equal to that mutually agreed to by the Parties in each Party's sole and exclusive judgment.

ISO means ISO New England Inc., authorized by the Commission to exercise for New England the functions required pursuant to the Commission's Order No. 2000 (and its progeny) and the Commission's regulations, and any successor organization (including but not limited to a Regional Transmission Organization.).

ISO Tariff means the ISO New England Inc. Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3, as amended, modified, superseded and supplemented from time to time, and including the Market Rules and Procedures.

ISO New England Operating Documents means the ISO Tariff and the ISO New England Operating Procedures, as amended, modified, superseded and supplemented from time to time.

Locational Marginal Pricing means as set forth in the Market Rules and Procedures.

Market Rules and Procedures means the Market Rules, Manuals and Procedures adopted by the ISO and/or NEPOOL, as may be amended from time to time, and as administered by the ISO to govern the operation of the NEPOOL markets.

MA New Renewable Generation Certificate means certain electronic NE-GIS Certificates produced by NE-GIS that identify generation attributes of each MWh accounted for in the NE-GIS from a new renewable generation unit, that represent and comply with New Renewable Generation Attributes and conform to the Eligibility Criteria set forth in applicable Massachusetts regulations, and shall represent title to and claim over all environmental attributes associated with the specified MWh of generation from the generation unit claiming New Renewable Generation Attributes.

Material Adverse Effect means, with respect to a Party, any change in or effect on such Party after the date of this Agreement that is materially adverse to the transactions contemplated hereby, excluding any change or effect resulting from (a) changes in the international, national, regional or local wholesale or retail markets for electric power; (b) changes in the international, national, regional or local markets for any fuel; (c) changes in the North American, national, regional or local electric transmission or distribution systems; and (d) any action or inaction by a governmental authority, but in any such case not affecting the Parties or the transactions contemplated hereby in any manner or degree significantly different from others in the industry as a whole.

MECo Service Territory means the geographic area in which Massachusetts Electric Company provides service to retail customers, including the service territory formerly served by Eastern Edison Company which has been merged with and into Massachusetts Electric Company.

Moody's means Moody's Investors Service, its successors and assigns.

MWh means Megawatt-hour.

Nantucket Service Territory means the geographic area served by Nantucket Electric Company.

NE-GIS means the NEPOOL Generation Information System, which includes a generation

information database and certificate system, operated by NEPOOL, its designee or successor entity, that accounts for generation attributes of electricity consumed within New England.

NE-GIS Certificates means a document produced by the NE-GIS that identifies the relevant generation attributes of each MWh accounted for in the NE-GIS from a generation unit.

NEMA Load Zone means the Northeast Massachusetts Reliability Region as defined in the NEPOOL Rules.

NEPOOL means the New England Power Pool, or its successor.

NEPOOL Agreement means the Second Restated New England Power Pool Agreement dated as of February 1, 2005, as amended or accepted by the Commission and as may be amended, modified, superseded, supplemented and/or restated from time to time.

NEPOOL Rules means all rules adopted by NEPOOL or the ISO, as such rules may be amended, modified, supplemented or superseded and restated from time to time, including but not limited to, the NEPOOL Agreement, the ISO Tariff, the ISO New England Operating Documents, the Transmission Operating Agreement, the Participants Agreement, the NEPOOL Manuals, and the NEPOOL Operating Procedures, as amended, superseded or restated from time to time.

Net Worth means total assets, exclusive of intangible assets, less total liabilities, as reflected on the most recent balance sheet prepared by a certified public accountant as part of a certified financial statement in accordance with generally accepted accounting principles consistently applied in the business sector of the Seller.

New Renewable Generation Attributes means as defined in Section 14.02 of the Renewable Energy Portfolio Standard.

PTF means facilities categorized as Pool Transmission Facilities under the ISO Tariff.

Renewable Energy Portfolio Standard means the regulations promulgated pursuant to M.G.L. c. 25A, § 11F that require all retail electricity suppliers to end-use customers in Massachusetts to provide a minimum percentage of electricity sales to contain New Renewable Generation Attributes, which are derived from certain renewable energy generating resources beginning on January 1, 2003, as more explicitly provided for in 225 CMR 14.00.

Requirements means all electric generation and/or market purchases and delivery, to the Delivery Point, of the electric capacity, energy, ancillary services, operating reserves (including forward reserves) and all other market products required by the Buyer to provide kilowatt-hours to meet the needs of Default Service Customers to the Delivery Term.

Residential Customer Group means the Buyer's customers in the Rate R-1, Rate R-2, Rate R-4 and Rate-E retail rate classes (the "Residential Rate Classes"), or such other rate classes as may be added from time to time in the SEMA Load Zone, NEMA Load Zone and WCMA Load Zone, as applicable during the Delivery Term, provided that such Residential Rate Classes shall be comprised of customers previously in one of the Residential Rate Classes or such customer would have qualified for one of the Residential Rate Classes.

RPS Requirement means the quantity of MA New Renewable Generation Certificates to be provided by Seller as set forth in the Confirmation for a specific Transaction, if any.

SEMA Load Zone means the Southeast Massachusetts Reliability Region as defined in the NEPOOL Rules.

S&P means Standard & Poor's Rating Group, its successors and assigns.

Term means as defined in Section 3.1.

Transaction means a particular transaction agreed to by Buyer and Seller relating to the purchase and sale of Default Service pursuant to this Agreement, as evidenced by the execution of a written Confirmation by Buyer and Seller setting forth the specific terms and conditions thereof.

WCMA Load Zone means the Western Central Massachusetts Reliability Region as defined in the NEPOOL Rules.

ARTICLE 3. TERM, SERVICE PROVISIONS AND REGISTRATION REQUIREMENTS

Section 3.1 Term

The term of this Master Power Agreement (the "Term") shall commence on the Effective Date and shall continue in effect until the earlier of (i) its termination by any Party upon thirty (30) days' prior written notice and (ii) its termination in accordance with Subsection 7.2(a); provided, however, that such termination shall not affect or excuse the performance of any Party under any provision of this Master Power Agreement that by its terms or operation survives any such termination and, provided further, that this Master Power Agreement and any other documents executed and delivered hereunder shall remain in effect with respect to the Transaction(s) entered into prior to the effective date of such termination until both Parties have fulfilled all of their obligations with respect to such Transaction(s). As of the termination of this Master Power Agreement, subject to the immediately foregoing sentence, and subject to any time limits specifically set forth in this Master Power Agreement or in a Confirmation, the Parties shall no longer be bound by the terms and provisions hereof, except (a) to the extent necessary to enforce the rights and obligations of the Parties arising under this Master Power Agreement before such expiration or termination or (b) that such terms and provisions expressly or by their operation survive the termination or expiration of this Master Power Agreement.

Section 3.2 Commencement of Supply

(a) Beginning as of the Commencement Date for each specific Customer Group in a specific Transaction, Seller shall provide Requirements to the Buyer. For purposes of certainty: Seller's obligations on the Commencement Date shall be to provide Requirements for all Default Service Customers identified in the related Confirmation taking service as of and including the Commencement Date.

(b) With respect to each person or entity that becomes a Default Service Customer subsequent to the applicable Commencement Date, Seller shall provide Requirements to the

Buyer to meet the needs of the Default Service Customer(s) as of and including the Initiation Date for such customer initiating such service during the applicable Delivery Term.

(c) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Initiation Date via electronic file transfer and in a format specified by the Buyer. Each notice of Initiation Date shall include the account number, the date Seller's service to the Buyer is to begin for a Default Service Customer and the customer's rate class.

Section 3.3 Termination and Conclusion of Supply

(a) With respect to each Default Service Customer that terminates Default Service during the applicable Delivery Term, Seller shall provide Requirements to the Buyer for such customer on the Customer Termination Date but shall not provide Requirements for such customer after the Customer Termination Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Customer Termination Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Termination Date shall include the account number, the Customer Termination Date and the customer's rate class.

(c) Seller's obligation to provide Requirements with respect to each specific Customer Group in a specific Transaction shall cease at the applicable Conclusion Date.

Section 3.4 Customer Disconnection Date

(a) With respect to each Default Service Customer whose Default Service is disconnected during the applicable Delivery Term, Seller shall provide Requirements to the Buyer for such customer on the Customer Disconnection Date but shall not provide Requirements for such customer after the Customer Disconnection Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.7, The Buyer shall provide to Seller a notice of Customer Disconnection Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Disconnection Date shall include the account number, the Customer Disconnection Date and the customer's rate class.

Section 3.5 Distribution Service Interruptions

Seller acknowledges that interruptions in distribution service occur and may reduce the load served hereunder. Seller further acknowledges and agrees that the Buyer may interrupt distribution service to customers consistent with the Distribution Service Terms and the Competitive Supplier Terms. In no event shall a Party have any liability or obligation to the other Party in respect of any such interruptions in distribution service.

Section 3.6 Release of Customer Information

The Buyer will not issue any customer information to Seller unless Seller has first obtained the necessary authorization in accordance with the provisions of the Competitive Supplier Terms.

Section 3.7 Electronic Notification

At Seller's election, the Buyer shall provide notices contemplated by Sections 3.2, 3.3 and 3.4 via electronic file transfer. Such election shall only be effective when Seller (i) establishes an account on the Advantis Value Added Network ("VAN"), and (ii) verifies its ability to transfer files to and receive files from the Buyer at least fourteen (14) days prior to the day on which Seller desires to commence electronic receipt. Seller shall bear all costs to establish an account and all costs of Seller and the Buyer to use the VAN. If Seller fails to pay all VAN costs and charges when due and payable, Seller's election shall not be valid and the Buyer shall no longer be obligated to provide electronic notification.

Section 3.8 Change in Supply; No Prohibition on Programs

(a) Seller acknowledges and agrees that the number of customers and the Requirements to meet the needs of such customers will fluctuate throughout the Delivery Term and may equal zero. The Buyer shall not be liable to Seller for any losses Seller may incur, including but not limited to lost revenues, and losses that may result from any change in Requirements, number or location of customers taking service, the location of the Delivery Point(s), the composition or components of market products or Requirements, or the market for electricity, or change in the Distribution Service Terms or the Default Service Tariff. Seller further acknowledges and agrees that there is no limit on the number of Customer Initiation Dates, Customer Termination Dates and Customer Disconnection Dates.

(b) Seller acknowledges and agrees that the Buyer has the right but not the obligation to continue, initiate, support or participate in any programs, promotions, or initiatives designed to or with the effect of encouraging customers to leave Default Service for any reason ("Programs"). Nothing in this Agreement shall be construed to require notice to or approval of Seller in order for the Buyer to take any action in relation to Programs.

(c) Seller acknowledges and agrees that the Buyer and Affiliates of the Buyer will not provide Seller preferential access to or use of the Buyer's System and that Seller's sole and exclusive rights and remedies with regard to access to, use or availability of the Buyer's System, and the Buyer's or Affiliates of the Buyer's obligation to transmit electricity are those rights, remedies and obligations provided under the Distribution Service Terms or the NEPOOL Rules.

Section 3.9 Uniform Disclosure Requirements

Seller shall provide the Buyer information pertaining to power plant emissions, fuel types, labor information and any other information required by the Buyer to comply with the uniform disclosure requirements contained in 220 CMR 11.00 and any other disclosure regulations which may be imposed upon the Buyer during the term of this Agreement, as such disclosure requirements apply to Default Service provided by Seller pursuant to this Agreement.

Seller shall utilize the NE-GIS to transfer Load Obligations or NE-GIS Certificates, as applicable, to the Buyer's certificate account in the number equal to the Delivered Energy for Default Service in a month during the term of a Transaction. Such Load Obligations or NE-GIS Certificates, as applicable, shall be delivered by Seller at least five (5) Business Days prior to the close of the applicable Trading Period. The Load Obligations or NE-GIS Certificates, as applicable, shall be delivered by Seller to an account within the NE-GIS designated by the Buyer.

Section 3.10 Customer Bill Inserts

Seller may furnish the Buyer with a one page bill insert which the Buyer may include in the bill that the Buyer sends to each Default Service Customer in the Commercial Customer Group, the Industrial Customer Group or the Residential Customer Group as to which Seller is providing Requirements to the Buyer during the Delivery Term for such customer group. Bill inserts provided by Seller shall be included in only one monthly billing cycle during the Delivery Term. Such inserts shall be printed on 60# Mountie Matte paper, shall be three and one-quarter inches high by six and one-quarter inches wide in size and may be of any typeface except ITC Century and ITC Franklin Gothic.

Seller shall notify the Buyer at least sixty (60) days prior to the start of the monthly billing cycle in which Seller requests Buyer to include Seller's insert in Default Service Customer bills. A copy of the proposed bill insert is to be included with Seller's initial notification and must be reviewed by the Department before final printing. The Buyer will respond within seven (7) days if it can accommodate Seller's request. If space allows for inclusion, but additional postage is required, the Buyer will provide an estimate of the cost of additional postage to be paid by Seller in order to include the insert in the requested monthly billing cycle, or will suggest an alternate start date. Subject to the foregoing, inserts may be included in any bill sent to a Default Service Customer in the Commercial Customer Group, the Industrial Customer Group or the Residential Customer Group taking service pursuant to the Default Service Tariff during the Delivery Term and in the monthly billing cycle selected by Seller. Inserts must be received by the Buyer at least ten (10) days prior to the start date of their inclusion in customer bills.

Bill inserts shall be sent to the following address in a package clearly marked "[Name of Customer Group & Seller] Bill Inserts - Requested Commencement Date of Mailing: [DATE]:"

Pitney Bowes
Attn: Steve Roy
25 International Drive
Windsor, CT 06095

A single copy of each insert, along with the requested commencement date of mailing, shall also be sent to the following:

Mr. Michael J. Hager
Vice President, Energy Supply – New England
National Grid USA Service Company, Inc
55 Bearfoot Road
Northborough, MA 01532

Ms. Kathleen Yetman
Manager, Billing and Systems
National Grid USA Service Company, Inc
55 Bearfoot Road
Northborough, MA 01532

The Buyer shall be responsible for including no more than the quantity of inserts provided to it by Seller. The Buyer shall not be responsible for returning to Seller unused inserts unless Seller has made prior arrangements for their return.

ARTICLE 4. SALE AND PURCHASE

Section 4.1 Provision Delivery and Receipt

With respect to each Transaction, Seller shall provide and deliver to the Delivery Point and the Buyer shall receive at the Delivery Point the percent of the Requirements applicable to each Customer Group during the Delivery Term, all as set forth in the Confirmation related to such Transaction.

Section 4.2 Responsibilities

(a) The Buyer shall arrange with the ISO for transmission service over the PTF and non-PTF from and after the Delivery Point to the customers' meters. The Buyer shall be responsible for all transmission costs over the PTF and non-PTF from the Delivery Point to the meters of the Buyer's customers. Seller shall be responsible for all transmission and distribution costs associated with the delivery of Requirements to and including the Delivery Point except the transmission costs otherwise provided for in this paragraph.

(b) Seller shall be responsible for all decisions and data submissions associated with the Ownership Share of the Load Assets in ARTICLE 6, Section 6.4 including any bids into the market system to manage these obligations.

(c) Seller shall be responsible for all present and future obligations, requirements, and costs associated with the Requirements and/or Seller's provision thereof, whether system wide or locational based, including, but not limited to, the real-time load obligations, capacity obligations and/or charges (including, but not limited to, installed capacity, unforced capacity, locational installed capacity, locational unforced capacity, forward capacity market obligations, forward capacity market transition payment obligations), regulation obligations and/or charges (including any regulation opportunity costs), operating reserve obligations and/or charges (including, but not limited to, (w) any real-time reserve charges, (x) any forward reserve charges, (y) any charges associated with reserve constraint penalty factors, and (z) net commitment period compensation (NCPC) charges (other than monthly fixed-cost charges paid to resources pursuant to agreements negotiated under Market Rule 1 Appendix A, Section III.A.6 and Exhibit 2), emergency energy charges, inadvertent energy revenue charges, ISO Schedule 1 charges (other than ISO Schedule 1 charges that are both (i) associated with the Buyer's Regional Network Service and (ii) allocated on the basis of Regional Network Load), ISO Schedule 2 charges, ISO Schedule 3 charges, day-ahead energy market charges, and real-time energy market charges at the nodes, if any, and if none, the zones representing the actual locations of the meters of the Default Service Customers, and any other requirements, market products, expenses and charges imposed by NEPOOL or the ISO, as they may be in effect from time to time related to the provision and/or delivery of Requirements to and including the Delivery Point. Except as otherwise specifically excluded in this paragraph, Seller's responsibility for costs and charges shall be without regard to the manner in which they are allocated by NEPOOL or the ISO.

(d) Seller shall be responsible for all costs and components thereof of any Locational Marginal Prices to provide Default Service (during the applicable Delivery Term), including its delivery to the Delivery Point. These components include the energy component, loss component, and congestion component.

(e) Seller shall be responsible for all congestion charges for delivery to the actual meters of Default Service Customers (during the applicable Delivery Term).

(f) Seller shall utilize the NE-GIS to transfer the quantity of MA New Renewable Generation Certificates equal to the RPS Requirement to the account within the NE-GIS designated by the Buyer. Seller may satisfy the Aggregate RPS Requirement at any time during the Delivery Term for a Confirmation provided such delivery occurs at least five (5) Business Days prior to the close of the applicable Trading Period associated with the Delivery Term; provided further, however, that the total number of MA New Renewable Generation Certificates shall not exceed the Aggregate RPS Requirement for a Transaction..

(g) Seller shall notify Buyer within one Business Day of receipt of notice of termination from the ISO or event of default or similar occurrence under the Market Participant Service Agreement.

ARTICLE 5. AMOUNT, BILLING and PAYMENT

Section 5.1 Amount

The amount payable by the Buyer to Seller shall be the sum of the amounts due under all applicable Transactions.

Section 5.2 Billing and Payment

(a) On or before the tenth (10th) day of each month during the Term, Seller shall calculate the amount due and payable to Seller pursuant to Section 5.1 with respect to the preceding month (the "Calculation"). Seller shall provide the Calculation to the Buyer and such Calculation shall include sufficient detail for the Buyer to verify its formulation and computation. Calculations under this paragraph shall be subject to recalculation in accordance with Article 6 and shall be subject to adjustment (positive or negative) based upon such recalculation (a "Reconciliation Adjustment"). Seller shall promptly calculate the Reconciliation Adjustment upon receiving data described in Section 6.3 and shall include the adjustment, if any, in the next month's Invoice. A Reconciliation Adjustment based upon a change in the quantity for an earlier month shall be calculated using the applicable Contract Rate for the month in which the Delivered Energy was received.

(b) Seller shall submit to the Buyer an invoice with such Calculation as provided for in paragraph (a) of this Section (the "Invoice") and the respective amounts due under this Master Power Agreement not later than the tenth (10th) day of each month. The Buyer shall pay Seller the amount of the Invoice (including the Reconciliation Adjustment, if any, as a debit or credit) less any amounts disputed in accordance with Section 5.3, on or before the twenty-fifth (25th) day after receiving the Invoice (the "Due Date"). Except for amounts disputed in accordance with Section 5.3, if all or any part of the Invoice remains unpaid after the Due Date, interest shall accrue after but not including the Due Date and be payable to Seller on such unpaid amount at the Interest Rate in effect on the Due Date. The Due Date for a Reconciliation Adjustment shall be the Due Date of the Invoice in which it is included.

(c) Each Party shall notify the other Party upon becoming aware of an error in an Invoice, Calculation or Reconciliation Adjustment (whether the amount is paid or not) and Seller shall promptly issue a corrected Invoice. Overpayments shall be returned by the receiving Party upon request or deducted by the receiving Party from subsequent invoices, with interest accrued

at the Interest Rate from the date of the receipt of the overpayment until the date paid or deducted.

Section 5.3 Challenge to Invoices

Unless otherwise agreed: (i) either Party may challenge, in writing, the accuracy of Calculations, Invoices or Reconciliation Adjustments (or the data utilized in the forgoing) no later than twenty-four (24) months after the Due Date of the Invoice in which the disputed information is contained; (ii) if a Party does not challenge the accuracy within such twenty-four (24) month period, such Invoice shall be binding upon that Party and shall not be subject to challenge. If an Invoice is paid and thereafter the payment or the Invoice on which the payment was based is disputed, upon notice of dispute, the Party receiving payment shall hold the amount in dispute in escrow for the benefit of the prevailing Party until the resolution of such dispute. If any amount in dispute is ultimately determined (under the terms herein) to be due to the other Party, it shall be paid or returned (as the case may be) to the other Party within three (3) Business Days of such determination along with interest accrued at the Interest Rate from the (i) date due and owing in accordance with the Invoice until the date paid or (ii) if the amount was paid and is to be returned, from the date paid, until the date returned.

Section 5.4 Taxes, Fees and Levies

Seller shall be obligated to pay all present and future taxes, fees and levies (“Taxes”) which may be assessed by any entity upon the Seller's performance under this Agreement including but not limited to the purchase and sale of Requirements and MA New Renewable Generation Certificates to the Buyer, if any. Seller shall pay all Taxes with respect to the Requirements up to and at the Delivery Point, and the Buyer will pay all Taxes with respect to the Requirements after the Delivery Point. All Requirements, including electricity and other related market products delivered hereunder by Seller to the Buyer shall be sales for resale with the Buyer reselling such electricity and products.

Section 5.5 Netting and Setoff

Except for security provided pursuant to this Agreement (which shall not be considered for purposes of this Section 5.5) and unless otherwise specified in another agreement between the Parties, if the Parties are required to pay an amount on the same date each to the other under this Agreement or any other agreement between the Parties, or if any costs that are a Party’s responsibility under this Agreement are incorrectly or inappropriately charged to the Party by the ISO, such amounts shall be netted, and the Party owing the greater aggregate amount shall pay to the other Party any difference between the amounts owed. Each Party reserves all rights, setoffs, counterclaims and other remedies and defenses (to the extent not expressly herein or therein waived or denied) that such Party has or to which such Party may be entitled arising from or out of this Agreement or the other agreement. Further, if the Buyer incurs any costs or charges that are the responsibility of Seller under this Agreement, such costs or charges may, at the Buyer’s election, be netted against any amount due to Seller under this Agreement. All outstanding obligations to make payment under this Agreement or any other agreement between the Parties may be netted against each other, set off or recouped therefrom, or otherwise adjusted.

ARTICLE 6. QUALITY; LOSSES and QUANTITIES REQUIRED; DETERMINATION AND REPORTING OF HOURLY LOADS

Section 6.1 Quality

All electricity shall be delivered to the Buyer in the form of three-phase sixty-hertz alternating current at the Delivery Point.

Section 6.2 Losses

Seller shall be responsible for all transmission and distribution losses and the costs related to such losses and associated with the Requirements, namely, losses from the Delivery Point to the meters of the Default Service Customers. Seller shall provide to the Buyer at the Delivery Point quantities of electricity and ancillary services, capacity and all other market products related thereto to cover such losses from the Delivery Point to the meters of Default Service Customers. The quantities required for this purpose in each hour of a billing period shall be determined in accordance with ISO's and the Buyer's procedures for loss determination.

Section 6.3 Determination and Reporting of Hourly Loads

(a) The Buyer will estimate the Delivered Energy for Default Service provided by Seller pursuant to each Transaction based upon average load profiles developed for each of the Buyer's customer classes and the Buyer's actual total hourly load. The Buyer shall report to the ISO and Seller, the estimated Delivered Energy for each Transaction. The Buyer will normally report to the ISO and to Seller Seller's estimated Delivered Energy by 1:00 P.M. EPT of the second following Business Day. Appendix A provides a general description of the estimation process that the Buyer will initially employ (the "Estimation Process"). The Buyer shall have the right but not the obligation, in its sole and exclusive judgment, to modify the Estimation Process from time to time, provided that any such modification is designed with the objective of improving the accuracy of the Estimation Process.

Each month, the Buyer shall reconcile the Buyer's estimate of the Delivered Energy for each Transaction based upon the Buyer's meter reads (such meter reads as provided for in the Distribution Service Terms). The reconciliation, including all losses, shall be the adjusted Delivered Energy. The Buyer will normally notify the ISO of any resulting adjustment (debit or credit) to Seller's account for the Load Assets (set forth in a specific Confirmation) no later than the last day of the third month following the billing month. Appendix A provides a general description of this reconciliation process, which process may be changed by the Buyer from time to time in its sole and exclusive discretion.

Section 6.4 ISO Settlement Market System Implementation

As soon as possible after the execution of a Confirmation related to a specific Transaction and before the applicable Commencement Date, the Buyer shall assign to Seller, and Seller shall accept assignment of an Ownership Share for each Load Asset in such Confirmation. Such assignment shall be effective beginning on the applicable Commencement Date. Seller shall maintain such ownership until the Conclusion Date (or, if earlier, the termination date established in accordance with 7.2(a)). For Load Assets representing load in the Nantucket Service Territory, Seller shall also accept the transfer of Lead Load Asset Owner ("LLAO") and shall be the LLAO beginning on the applicable Commencement Date and shall remain the LLAO until the Conclusion Date (or, if earlier, the termination date established in accordance with

7.2(a)). Seller shall take any and all actions necessary to effectuate such assignment and, if applicable in accordance with the foregoing, transfer, including executing documents required by the ISO. Once Seller's provision of Default Service terminates (effective as of the minute after the Conclusion Date or, if earlier, the termination date established in accordance with 7.2(a)), the Buyer will terminate Seller's Ownership Shares and Lead Load Asset Ownership, as applicable, of the aforementioned Load Assets

The Buyer shall have the right to change the Load Asset designations from time to time, consistent with the definition and provision of Default Service. If and to the extent such designations change, the Buyer and Seller shall cooperate to timely put into effect the necessary ISO Settlement Market System contracts that may be necessary to implement the new designations and terminate the prior designations.

ARTICLE 7. DEFAULT AND TERMINATION

Section 7.1 Events of Default

(a) Any one or more of the following events shall constitute an "Event of Default" hereunder with respect to the Buyer:

(i) Failure of the Buyer

(A) in any material respect to comply with, observe or perform any covenant, warranty or obligation under this Agreement (but excluding events that are otherwise specifically covered in this Section as a separate Event of Default and except due to causes excused by Force Majeure or attributable to Seller's wrongful act or failure to act in breach of this Agreement); and

(B) After receipt of written notice from Seller such failure continues for a period of five (5) Business Days, or, if such failure cannot be reasonably cured within such five (5) Business Day period, such further period as shall reasonably be required to effect such cure (but in no event longer than thirty (30) days), provided that the Buyer (x) commences within such five (5) Business Day period to effect a cure and at all times thereafter proceeds diligently to complete the cure as quickly as possible and (y) provides to Seller written documentation of its efforts and plan to cure and estimated time for completion of the cure.

(b) Any one or more of the following events shall constitute an "Event of Default" hereunder with respect to Seller:

(i) Failure of Seller

(A) in any material respect to comply with, observe, or perform any covenant, warranty or obligation under this Agreement (but excluding events that are otherwise specifically covered in this Section as a separate Event of Default and except due to causes excused by Force Majeure or attributable to the Buyer's wrongful act or wrongful failure to act in breach of this Agreement); and

(B) after receipt of written notice from the Buyer such failure continues for a period of five (5) Business Days, or, if such failure cannot be reasonably cured within such five (5) Business Day period, such further period as shall reasonably be required to effect a cure (but in no event longer than thirty (30) days), provided that Seller (x) commences within such five (5) Business Day period to effect such cure and at all times thereafter proceeds diligently to complete the cure as quickly as possible and (y) provides to the Buyer written documentation of its efforts and plan to cure and estimated time for completion of the cure;

(ii) Failure of Seller to provide Requirements in accordance with Articles 3 and 4;

(iii) Failure of Seller to satisfy its obligation to provide security when due and in accordance with Section 7.3;

(c) Any one or more of the following events with respect to either Party shall constitute an "Event of Default" hereunder with respect to such Party:

(i) The entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of such Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or (B) a decree or order adjudging such Party as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such Party under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of such Party or of any substantial part of its property, or ordering the winding up or liquidation of its affairs;

(ii) The commencement by such Party of a voluntary case or proceeding, or any filing by a third party of an involuntary case or proceeding against a Party that is not dismissed within thirty (30) days of such third party's filing, under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of such Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of a Party or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by such Party in furtherance of any such action;

(iii) Any representation or warranty made by a Party is or becomes false or misleading in any material respect.

Section 7.2 Remedies Upon Default

The Parties shall have the following remedies available to them with respect to the occurrence of an Event of Default with respect to the other Party hereunder:

(a) Upon the occurrence of an Event of Default, the non-defaulting Party shall have the right to (i) continue performance under this Agreement and exercise such rights and remedies as it may have at law, in equity or under this Agreement and seek remedies as may be necessary or desirable to enforce performance and observation of any obligations and covenants under this Agreement, so long as such rights and remedies are not duplicative of any other rights and remedies hereof, and do not otherwise enable the non-defaulting Party to obtain performance or payments in excess of the performance and payments to which it is otherwise entitled pursuant to this Agreement, or (ii) at its option, give such defaulting Party a written notice (a “Termination Notice”) terminating this Agreement and all, but not less than all, Transactions. Upon a termination for an Event of Default under Section 7.1(a), (b) or (c)(iii), such termination shall be effective as of the date specified in the Termination Notice, which date shall be no earlier than the date such notice is effective and no later than thirty (30) days after the date of such notice is provided to the defaulting Party in accordance with Article 8. Upon a termination for a default or Event of Default under Section 7.1(c)(i) or (ii), such termination shall be effective as of the Event of Default, provided that the non-defaulting Party provides written notice to the defaulting Party in accordance with Article 8 within ten (10) Business Days of the Event of Default. If such notice is not given within (4) Business Days of the Event of Default, the non-defaulting Party shall be entitled to terminate this Agreement effective as of the date specified in the written notice termination. Any attempted cure by a defaulting Party after this Agreement has been terminated by the non-defaulting Party shall be void and of no effect. The Parties’ obligations under this Agreement, in general and under this Section 7.2 in particular, are subject to the duty to mitigate damages as provided under common law.

(b) Seller expressly agrees that at any time after the occurrence of an Event of Default by Seller, or the delivery of a Termination Notice to Seller by the Buyer, the Buyer may exercise any rights it may have pursuant to the Article 7.3 (Security).

(c) In the event of termination for an Event of Default as provided in Section 7.1, in addition to any amounts owed for performance (or failure to perform) hereunder prior to such termination, the non-defaulting Party may recover, without duplication, its direct damages resulting from such Event of Default; such damages shall include the positive (if any) present value of this Agreement to the non-defaulting Party for the portion of the Delivery Term remaining at the time of such termination, to be determined by reference to market prices, transaction costs and load reasonably projected for the remaining portion of the Delivery Term (“Termination Damages”). The Termination Damages shall include all reasonably incurred transaction costs and expenses that otherwise would not have been incurred by the non-defaulting Party. In determining its Termination Damages, the non-defaulting Party shall offset its losses and costs by any gains or savings realized by the non-defaulting Party as a result of the termination.

Payment of Termination Damages, if any, shall be made by the defaulting Party to the non-defaulting Party within five (5) days after calculation of such Termination Damages and receipt of a notice including such calculation of the amounts owed hereunder and a written statement showing in reasonable detail the calculation and a summary of the method used to

determine such amounts. Upon the reasonable request of the defaulting Party, the non-defaulting Party shall provide reasonable documentation to verify the costs underlying the Termination Damages. If the defaulting Party disputes the non-defaulting Party's calculation of the Termination Damages, in whole or in part, the defaulting Party shall, within five (5) days of receipt of the non-defaulting Party's calculation of the Termination Damages, provide to the non-defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that, the defaulting Party shall first pay the Termination Damages, if any, to the non-defaulting Party in accordance with the preceding sentence, and the non-defaulting Party shall then deposit such disputed amount into an interest bearing bankruptcy-remote escrow account for the benefit of the prevailing Party and the dispute shall be resolved in accordance with Section 15.2.

(d) Notwithstanding any other provision of this Agreement, the cure of any default or failure to comply with, observe or perform any covenant, warranty or obligation under this Agreement within the period provided therefor in this Article shall not release such defaulting Party from its obligations under Section 9.2 of this Agreement.

(e) Upon termination the Buyer shall, and upon the occurrence of an Event of Default by Seller, the Buyer shall have the right to, immediately notify the ISO that (i) the assignment from the Buyer to Seller of the Ownership Share has been terminated, (ii) the Load Asset(s) shall be removed from Seller's account and placed in the account of the Buyer and (iii) Seller consents to such action. In the event the Buyer so notifies the ISO, Seller shall immediately take any and all actions that may be required by the ISO to remove the Load Asset from Seller's account and place it in the account of the Buyer. If the Agreement and any Transactions have not been terminated, the Buyer, in its sole discretion with five (5) Business Days prior notice to Seller, may elect to assign the Ownership Share of the Load Asset(s) set forth in the associated Confirmation(s) to the account of Seller and Seller shall accept such assignment, consistent with the actions required by Section 6.4 of this Master Power Agreement.

Section 7.3 Security

The Parties will agree upon the amount of credit support applicable to each Transaction, the terms of which shall be set forth in each Confirmation and which shall be subject to this Section, provided however, the Buyer reserves the right to determine the forms of credit support and the amounts associated therewith that Seller is required to provide Buyer under this Article 7. With respect to each Transaction, within five (5) Business Days after execution of the related Confirmation, Seller shall provide such credit support in accordance with this Section 7.3 and as further described in the Confirmation.

(a) Seller, at all times during the term of a Transaction, shall either (i) maintain (A) a Credit Rating at least equal to Investment Grade and (B) a Net Worth at least equal to _____ (the "Credit Requirements") or (ii) provide security in accordance with Section 7.3(b). Prior to the Commencement Date of each Transaction and at any time during the term of any Transaction, upon the request of Buyer, Seller (or its guarantor at any time that a guaranty delivered pursuant to Paragraph (A) of Subsection (b) of this Section is in effect) shall establish that it meets the Credit Requirements by providing (x) a certificate of an authorized officer, accompanied by supporting certified financial statements and (y) documentation of all Credit Ratings. Seller shall inform the Buyer within one (1) Business Day of any failure of it or its guarantor (at any time that a guaranty delivered pursuant to Paragraph (A) of Subsection (b) of this Section is in effect, no longer meeting the Credit Requirements) to meet Credit

Requirements, or of being placed by S&P or Moody's on credit watch, under review for a downgrade or with negative implications.

(b) If, at any time during the term of a Transaction, Seller fails to meet the Credit Requirements, then Seller shall provide security in (i) an amount as specified in each Confirmation; and (ii) in one or more of the following forms of credit support within five (5) Business Days of the occurrence of such failure to meet the Credit Requirements:

- (A) A guaranty of Seller's obligations hereunder issued by an Affiliate of Seller that meets the Credit Requirements and in substantially the form set forth in Appendix C attached hereto;
- (B) An irrevocable, transferable standby letter of credit (x) issued by a U.S. commercial bank or a foreign bank with a U.S. branch with such bank having a credit rating of at least "A-" from S&P or "A3" from Moody's, (y) in a form acceptable to Buyer, including a provision permitting the Buyer upon an Event of Default as to Seller to draw down, on one or more occasions, in whole or in part, as the case may be, on the letter of credit and also permitting the Buyer to draw down an amount equal to Buyer's Termination Damages without giving effect to Section 5.5 (Netting and Setoff), and (z) that shall terminate no earlier than 120 days from the later of the termination or expiration of the Agreement. If Seller is required to provide the bank with a guarantee or any other form of financial assurance from one or more other entities to secure its letter of credit obligations, then such entities shall also guarantee all of Seller's obligations to the Buyer under this Agreement;
- (C) U.S. Dollars delivered by wire transfer of immediately available funds; or
- (D) Any alternate form of credit support proposed by Seller that the Buyer deems acceptable, in its sole discretion; provided however, the Buyer is under no obligation to accept any alternate form of credit support and may withhold consent to any such alternate form for any reason.

Section 7.4 Forward Contract.

Each Party represents and warrants to the other that it is a "forward contract merchant" within the meaning of the United States Bankruptcy Code, that this Agreement is a "forward contract" within the meaning of the United States Bankruptcy Code, and that the remedies identified in this Agreement, including but not limited to those specified in Section 7, shall be "contractual rights" as provided for in 11 U.S.C. § 556 as that provision may be amended from time to time.

ARTICLE 8. NOTICES, REPRESENTATIVES OF THE PARTIES

Section 8.1 Notices

Any notice, demand, or request required or authorized by this Agreement to be given by one Party to another Party shall be in writing. It shall either be sent by facsimile (with receipt

confirmed by telephone and electronic transmittal receipt), courier, personally delivered (including overnight delivery service) or mailed, postage prepaid, to the representative of the other Party designated in accordance with this Article. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile confirmed by telephone and electronic transmittal receipt, (ii) when actually received if delivered by courier or personal delivery (including overnight delivery service) or (iii) seven (7) days after deposit in the United States mail, if sent by first class mail return receipt requested.

Notices and other communications by Seller to the Buyer shall be addressed to:

Mr. Michael J. Hager
Vice President, Energy Supply – New England
National Grid
55 Bearfoot Road
Northborough, MA 01532
(508) 421-7350 (phone)
(508) 421-7335 (fax)

and

Notices concerning Article 7 shall also be sent to:

General Counsel
National Grid
25 Research Drive
Westborough, MA 01582
(508) 389-9000 (phone)
(508) 389-2605 (fax)

Notices and other communications by the Buyer to Seller shall be addressed to:

[Name]
[Company]
[Address]
[City, State & Zip]
[Phone]
[FAX]

Any Party may change its representative or address for notices by written notice to the other Party; however such notice shall not be effective until it is received by the other Party.

Section 8.2 Authority of Representative

The Parties' representatives shall have full authority to act for their respective Party in all matters relating to the performance of this Agreement. Notwithstanding the foregoing, a Party's representative shall not have the authority to amend, modify, or waive any provision of this Agreement unless they are duly authorized officers of their respective entities and such amendment, modification or waiver is made in accordance with Article 17.

ARTICLE 9. LIABILITY; INDEMNIFICATION; RELATIONSHIP OF PARTIES

Section 9.1 Limitation on Consequential, Incidental and Indirect Damages

EXCEPT AS EXPRESSLY PROVIDED IN SECTION 9.2, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, NEITHER THE BUYER NOR SELLER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, PARENT OR AFFILIATES, SUCCESSOR OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, SUCCESSORS, OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR ITS PARENT, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES (INCLUDING ATTORNEY'S FEES OR LITIGATION COSTS EXCEPT AS EXPRESSLY PROVIDED IN SECTION 15.2 AND IN ACCORDANCE WITH THE LIMITATION THEREUNDER) CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, OR ANY OTHER THEORY OF RECOVERY. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT.

Section 9.2 Indemnification

(a) Seller agrees to defend, indemnify and save the Buyer, its officers, directors, employees, agents, successors assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of a representation or warranty or failure to perform any covenant or agreement in this Agreement by Seller, (b) any violation of applicable law, regulation or order by Seller, (c) any act or omission by Seller with respect to this Agreement, first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, or Affiliate of the Buyer or its respective successors or assigns.

(b) The Buyer agrees to defend, indemnify and save Seller, its officers, directors, employees, agents, successor, assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of representation or warranty or failure to perform any covenant or agreement in this Agreement by said Buyer, (b) any violation of applicable law, regulation or order by Buyer, (c) any act or omission by the Buyer, with respect to this Agreement first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are

threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee or Affiliate of Seller or its respective successors or assigns.

(c) If any Party intends to seek indemnification under this Section from the other Party with respect to any action or claim, the Party seeking indemnification shall give the other Party notice of such claim or action within thirty (30) days of the later of the commencement of, or actual knowledge of, such claim or action; provided, however, that in the event such notice is delivered more than thirty (30) days after the Party seeking indemnification knows of such claim or action, the indemnifying Party shall be relieved of its indemnity hereunder only if and to the extent such indemnifying Party was actually prejudiced by such delay. The Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such claim or action. The Party seeking indemnification shall not compromise or settle any such claim or action without the prior consent of the other Party, which consent shall not be unreasonably withheld.

Section 9.3 Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between the Buyer and Seller other than that of independent contractors for the sale and delivery of Requirements for Default Service.

ARTICLE 10. ASSIGNMENT

Section 10.1 General Prohibition Against Assignments

Except as provided in Section 10.2, neither Party shall assign, pledge or otherwise transfer this Agreement or any right or obligation under this Agreement without first obtaining the other Party's written consent, which consent shall not be unreasonably withheld.

Section 10.2 Exceptions to Prohibition Against Assignments

(a) Seller may, without the Buyer's prior written consent, collaterally assign this Agreement in connection with financing arrangements provided that any such collateral assignment that provides for the Buyer to direct payments to the collateral agent (i) shall be in writing, (ii) shall not be altered or amended without prior written notice to the Buyer from both Seller and the collateral agent, and (iii) provided that any payment made by the Buyer to the collateral agent shall discharge the Buyer's obligation as fully and to the same extent as if it had been made to the Seller. Seller must provide the Buyer at least ten (10) days advance written notice of collateral assignment and provide copies of any such assignment and relevant agreements or writings.

(b) The Buyer may assign all or a portion of its rights and obligations under this Agreement to any Affiliate of the Buyer without consent of Seller. Either Party may, upon written notice, assign its rights and obligations hereunder, or transfer such rights and obligations by operation of law, to any entity with which or into which such Party shall merge or consolidate or to which such Party shall transfer all or substantially all of its assets, provided that such other entity agrees to be bound by the terms hereof and provided further, that such other entity's creditworthiness is comparable to or higher than that of such Party at the time this Agreement

was executed and such Party is not relieved of any obligation or liability hereunder as a result of such assignment

ARTICLE 11. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and shall be binding upon the Parties hereto and their respective successors and permitted assigns.

ARTICLE 12. FORCE MAJEURE

(a) Force Majeure shall include but not be limited to acts of God, earthquakes, fires, floods, storms, strikes, labor disputes, riots, insurrections, acts of war (whether declared or otherwise), terrorism, acts of terrorism, acts of governmental, regulatory or judicial bodies, but if and only to the extent that such event or circumstance (i) directly affects the availability of the transmission or distribution facilities of the New England Transmission System, the Buyer or an Affiliate of the Buyer necessary to provide service to the Buyer's customers which are taking service pursuant to the Default Service Tariff and (ii) it is not within the reasonable control of, or the result of the negligence of, the claiming Party, and which, by the exercise of due diligence, the claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (A) fluctuations in Default Service, (B) the cost to a Party to overcome or avoid, or cause to be avoided, the event or circumstance affecting such Party's performance or (C) events affecting the availability or cost of operating any generating facility.

(b) To the extent that either Party is prevented by Force Majeure from carrying out, in whole or in part, its obligations hereunder and (i) such Party gives notice and detail of the Force Majeure to the other Party as soon as practicable after the onset of the Force Majeure, including an estimate of its expected duration and the probable impact on the performance of its obligations hereunder; (ii) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure, and (iii) the Party claiming Force Majeure uses commercially reasonable efforts to remedy or remove the inability to perform caused by Force Majeure, then the affected Party shall be excused from the performance of its obligations prevented by Force Majeure. However, neither Party shall be required to pay for any obligation the performance of which is excused by Force Majeure. This paragraph shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the Party involved in the dispute.

(c) No obligations of either Party which arose before the Force Majeure occurrence causing the suspension of performance shall be excused as a result of the event of Force Majeure.

(d) Prior to the resumption of performance suspended as a result of a Force Majeure occurrence, the Party claiming the Force Majeure shall give the other Party written notice of such resumption.

ARTICLE 13. WAIVERS

No delay or omission in the exercise of any right under this Agreement shall impair any such right or shall be taken, construed or considered as a waiver or relinquishment thereof, but any such right may be exercised from time to time and as often as may be deemed expedient. The waiver of any single breach or default of any term or condition of this Agreement shall not be deemed to constitute the waiver of any other prior or subsequent breach or default of the Agreement or any other term or condition.

ARTICLE 14. LAWS AND REGULATIONS

(a) This Agreement and all rights, obligations, and performances of the Parties hereunder, are subject to all applicable federal and state laws, and to all duly promulgated orders and other duly authorized action of governmental authorities having jurisdiction hereof.

(b) The rates, terms and conditions contained in this Agreement are not subject to change under Section 205 of the Federal Power Act as that section may be amended or superseded, absent the mutual written agreement of the Parties. Each Party irrevocably waives its rights, including its rights under §§ 205-206 of the Federal Power Act, unilaterally to seek or support a change in the rate(s), charges, classifications, terms or conditions of this Agreement or any other agreements entered into in connection with this Agreement. By this provision, each Party expressly waives its right to seek or support: (i) an order from the Commission finding that the market-based rate(s), charges, classifications, terms or conditions agreed to by the Parties in the Agreement are unjust and unreasonable; or (ii) any refund with respect thereto. Each Party agrees (x) not to make or support such a filing or request, (y) that these covenants and waivers shall be binding notwithstanding any regulatory or market changes that may occur hereafter and (z) that it shall not challenge or support a challenge to the enforceability of the waiver in this Section (b).

(c) Absent the agreement of all Parties to a proposed change, the standard of review for changes to this Agreement proposed by a non-party or the Commission acting sua sponte shall be the "public interest" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the "Mobile-Sierra" doctrine).

(d) The Parties agree that, if and to the extent that the Commission adopts a final rule or order which requires that, in order to exclude application of the just and reasonable standard of review and to mandate application of the public interest standard of review under the Mobile-Sierra doctrine for a proposed change to this Agreement which is not agreed to by all Parties, the Parties must agree to language which varies from that set forth in Article 14(c) then, without further action of either Party, Article 14(c) will be deemed amended to incorporate the specific language required by such final rule or order as is necessary to have the public interest standard of review under the Mobile-Sierra doctrine apply to any proposed change to this Agreement to which all Parties do not agree.

(e) Nothing in this Article 14 is intended to modify any Party's right to enforce the terms of this Agreement as written.

ARTICLE 15. INTERPRETATION, DISPUTE RESOLUTION

Section 15.1 Governing Law

The Agreement shall be governed by and construed and performed in accordance with and the laws of the Commonwealth of Massachusetts, without giving effect to its conflict of laws principles.

Section 15.2 Dispute Resolution

All disputes between the Buyer and Seller under this Agreement shall be referred, upon notice by one Party to the other Party, to a senior manager of Seller designated by Seller, and a senior manager of the Buyer designated by the Buyer, for resolution on an informal basis as promptly as practicable. In the event the designated senior managers are unable to resolve the dispute within ten (10) days of receipt of the notice, or such other period to which the Parties may jointly agree, such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedure set forth in this Section. The arbitration shall be conducted in Boston, Massachusetts before a single neutral arbitrator mutually agreed to and appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, Seller and the Buyer shall each choose one arbitrator, who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within ten (10) days select a third arbitrator to act as chairman of the arbitration panel. In either case, the arbitrator(s) shall be knowledgeable and have at least two (2) years experience in electric utility matters, including wholesale power transactions and power market issues, and shall not have any current or past material business or financial relationships with either Party or a witness for either Party and shall not have a direct or indirect interest in any Party or the subject matter of the arbitration. If a panel of arbitrators, all of their decisions shall be by majority vote. The arbitrator(s) shall afford each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the then-current arbitration rules of the CPR Institute for Dispute Resolution (formerly known as the Center for Public Resources), unless otherwise mutually agreed by the Parties. There shall be no formal discovery conducted in connection with the arbitration unless otherwise mutually agreed by the Parties; provided, however, that the Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Any offer made and the details of any negotiations to resolve the dispute shall not be admissible in the arbitration or otherwise. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and the reasons therefore, and shall make an award apportioning the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants unless the arbitrator(s), based upon a determination of good cause, awards attorneys fees and legal and other costs to the prevailing Party. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change the Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction, subject expressly to Section 15.3. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. Nothing in this paragraph shall impair the ability of a Party to exercise any right or remedy it has under this Agreement, including those in

Article 7. To the fullest extent permitted by law, any arbitration proceeding and the arbitrator's award shall be maintained in confidence by the Parties; provided, however, that either Party, or any of its Affiliates, may provide information regarding the arbitration without limitation to any regulatory agency requesting or requiring such information or to a court in a proceeding to confirm, appeal (as such appeal is limited hereby) or enforce the award; provided, further, that any such provision of information must include a request for confidential treatment.

Section 15.3 Venue; Waiver of Jury Trial

Each Party hereto irrevocably (i) submits to the exclusive jurisdiction of the federal and state courts located in the Commonwealth of Massachusetts; (ii) waives any objection which it may have to the laying of venue of any proceedings brought in any such court; and (iii) waives any claim that such proceedings have been brought in an inconvenient forum. EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS AGREEMENT.

ARTICLE 16. SEVERABILITY

Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining provisions and lawful obligations that arise under this Agreement. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision or circumstances shall not be affected by such invalidity or unenforceability.

ARTICLE 17. MODIFICATIONS

No modification or amendment of this Agreement will be binding on any Party unless it is in writing and signed by both Parties.

ARTICLE 18. ENTIRE AGREEMENT

This Master Power Agreement, including the Appendices, any Confirmations relating to specific Transactions, the tariffs and agreements referred to herein or therein, embody the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or therein. It is expressly acknowledged and agreed that there are no restrictions, promises, representations, warranties, covenants or undertakings contained in any material provided or otherwise made available by the Seller or the Buyer to each other. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the transactions contemplated hereby and specifically excludes written agreements executed by the Parties prior to the Effective Date.

ARTICLE 19. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

ARTICLE 20. INTERPRETATION; CONSTRUCTION

The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement. For purposes of this Agreement, the term "including" shall mean "including, without limitation". The Parties acknowledge that, each Party and its counsel have reviewed and or revised this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement, and it is the result of joint discussion and negotiation.

ARTICLE 21. REPRESENTATIONS; WARRANTIES AND COVENANTS

Each Party represents to the other Parties, upon execution and continuing throughout the term of this Agreement, as follows:

(a) It is duly organized in the form of business entity set forth in the first paragraph of this Agreement, validly existing and in good standing under the laws of its state of its organization and has all requisite power and authority to carry on its business as is now being conducted, including all regulatory authorizations as necessary for it to legally perform its obligations hereunder.

(b) It has full power and authority to execute and deliver this Master Power Agreement and any and all Confirmations related to Transactions and to consummate and perform the transactions contemplated hereby. This Master Power Agreement has been, and any Confirmation will be, duly and validly executed and delivered by it, and, assuming that this Master Power Agreement, together with any and all Confirmations, constitutes a valid and binding agreement of the other Parties, constitute together its valid and binding agreement, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, or the terms of any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument to which it is bound, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.

(d) No declaration, filing with, notice to, or authorization, permit, consent or approval of any governmental authority is required for the execution and delivery of this Master Power Agreement or any and all Confirmations related to a Transaction by it or the performance by it of its obligations hereunder and thereunder, other than such declarations, filings, registrations,

notices, authorizations, permits, consents or approvals which, if not obtained or made, will not, in the aggregate, have a Material Adverse Effect.

(e) Neither the execution and delivery of this Master Power Agreement or any and all Confirmations by it will nor the performance by it of its obligations under this Master Power Agreement and any and all Confirmations related to Transactions, will or does (i) conflict with or result in any breach of any provision of its Governing Documents, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which it or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which, in the aggregate, would not have a Material Adverse Effect; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to it, which violation would have a Material Adverse Effect.

(f) There are no claims, actions, proceedings or investigations pending or, to its knowledge, threatened against or relating to it before any governmental authority acting in an adjudicative capacity relating to the transactions contemplated hereby that could have a Material Adverse Effect. It is not subject to any outstanding judgment, rule, order, writ, injunction or decree of any court or governmental authority which, individually or in the aggregate, would create a Material Adverse Effect.

(g) There are no bankruptcy, insolvency, reorganization, receivership or other similar proceedings pending or being contemplated by it, or of its knowledge threatened against it.

(h) With respect to Seller, (i) it and the ISO have fully executed a Market Participant Service Agreement (“Seller’s MPSA”), and it has been approved by the Commission in accordance with Subsection 7.1 of the MPSA with the ISO and (ii) the ISO has not filed with the Commission a notice of termination of Seller’s MPSA.

(i) It is acting for its own account, has made its own independent decision to enter into this Master Power Agreement and any and all Confirmations related to a Transaction and as to whether this Master Power Agreement and such confirmation is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party hereto, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Master Power Agreement and any such Confirmation or Transaction.

ARTICLE 22. CONSENTS AND APPROVALS

The Parties shall cooperate so that each Party may take such actions as necessary and required for the other Party to effectuate and comply with this Agreement including to (i) promptly prepare and file all necessary documentation, (ii) effect all necessary applications, notices, petitions and filings and execute all agreements and documents, and (iii) use all commercially reasonable efforts to obtain all necessary consents, approvals and authorizations of all other entities, in the case of each of the foregoing clauses (i), (ii) and (iii), necessary or advisable to consummate the transactions contemplated by this Agreement. The Buyer shall have the right to review and approve in advance all characterizations of the information relating

to the transactions contemplated by this Agreement which appear in any filing, press release or public announcement made in connection with the transactions contemplated hereby.

ARTICLE 23. CONFIDENTIALITY

Neither Seller nor the Buyer shall provide copies of or disclose the contents or terms of Section 5.2(b) and 7, Appendix C [BIDDERS: Insert additional sections] of the Master Power Agreement (the “Confidential Terms”) to any third party without the prior written consent of the other Party; provided, however, that either Party may provide a copy of the Confidential Terms, in whole or in part to (1) any regulatory agency or governmental authority with jurisdictional interest requesting and/or requiring such Confidential Terms, or in order to comply with any applicable law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding, provided that in the case of a disclosure pursuant to the foregoing, such disclosure must include a request for confidential treatment of the Confidential Terms, and (2) an Affiliate if related to the Party’s performance of its obligations hereunder, provided that such Affiliate agrees to treat the Confidential Terms as confidential in accordance with this clause.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Master Power Agreement on their behalf as of the date first above written.

MASSACHUSETTS ELECTRIC COMPANY

Name (print): _____

Title: _____

NANTUCKET ELECTRIC COMPANY

Name (print): _____

Title: _____

[COMPANY]

Name (print): _____

Title: _____

APPENDIX A

ESTIMATION OF SELLER HOURLY LOADS

Overview

Generating units operated by suppliers are dispatched by the power pool to meet the region's electrical requirements reliably, and at the lowest possible cost. As a result, a supplier's electricity production may not match the demand of its customers. In each hour some suppliers with low cost production units or that contract for the output of such units are net sellers of electricity to the pool, while other suppliers are purchasing power from the pool to meet the demand of their customers. To determine the extent to which suppliers are net buyers or sellers on an hourly basis, it is necessary to estimate the hourly aggregate demand for all of the customers served by each supplier. The Buyer will estimate Seller's Default Service load obligations within the Buyer's service territory and report the hourly results to the ISO on a daily basis.

The estimation process is a cost-effective approach to producing results that are reliable, unbiased and reasonably accurate. The hourly load estimates will be based on rate class load profiles, which will be developed from statistically designed samples. Each day, the class load shapes will be scaled to the population of customers served by each supplier. In cases where telemetered data on individual customers is available, it will be used in place of the estimated shapes. On a monthly basis, the estimates will be refined by incorporating actual usage data obtained from meter readings. In both processes, the sum of all suppliers' estimated loads will match the total load delivered into the distribution system. A description of the estimation process follows.

Daily Estimation of Suppliers' Own Load

The daily process estimates the hourly load for each supplier for the previous day. The following is an outline of this process:

- Select a proxy date from the previous year with characteristics which best match the day for which the hourly demand estimates are being produced. Extract class load shapes for the selected proxy date from the load research database.
- Scale the class load shapes appropriately for each individual customer based on the usage level of the customer relative to the class average usage level.
- Calculate a factor for each customer which reflects their relative usage level and includes an adjustment for losses ("load adjustment factor"). Aggregate the load adjustment factors across the customers served by each supplier in each class.
- Produce a preliminary estimate of each supplier's hourly loads by combining the proxy day class load shapes with the supplier's total load adjustment factors. Aggregate the loads across the classes for each supplier.

- Adjust the preliminary hourly supplier estimates so that their sum is equal to the Buyer's actual hourly metered loads (as metered at the point of delivery to the distribution system) by allocating any differences to suppliers in proportion to their estimated load.
- Adjust the hourly supplier estimates to include transmission losses within the Buyer's transmission system.
- Submit the hourly loads to the ISO.

After the Buyer has submitted the supplier hourly loads, the ISO will allocate PTF losses to the supplier's account during the settlement process.

Monthly Reconciliation Process

The monthly process will improve the estimates of supplier loads by incorporating the most recent customer usage information, which will be available after the monthly meter readings are processed. The actual customer meter readings, as well as actual interval data for the largest customers, are used to re-estimate all of the days in the calendar month being reconciled. Updates to customers' account status and supplier assignments that may have been missed during the daily processing (due to timing) are included. The resulting hourly supplier load estimates for all the days in the month are reported and used by the ISO as the basis for the monthly resettlement.

APPENDIX B
MASTER POWER AGREEMENT
FORM OF CONFIRMATION

This Confirmation shall confirm the Transaction agreed to on, and effective as of the Confirmation Effective Date (as defined below) between **MASSACHUSETTS ELECTRIC COMPANY** (“MECo”), a Massachusetts corporation, **NANTUCKET ELECTRIC COMPANY** (“Nantucket”), a Massachusetts corporation (MECo and Nantucket together “Mass. Electric” or “Buyer”), and each shall be severally and not jointly liable hereunder) and **[Company], a [what]** (“Seller”) regarding the sale/purchase of Default Service specified herein under the terms and conditions under the Master Power Agreement, dated [] (the “Master Power Agreement”) between Buyer and Seller, as specified and modified herein. Terms used but not defined herein shall have the meanings ascribed to them in the Master Power Agreement.

1. Confirmation Effective Date; Condition Precedent; Filing Obligation; Term

- a) This Confirmation shall be binding on the Parties upon execution by all Parties (such date the “Confirmation Effective Date”). Promptly after execution by both Parties, Buyer shall submit this Confirmation to the Department in connection with the Department’s review of the results of Buyer’s solicitation for Default Service. The Parties performance of Sections 3.2 through 6.4 of the Master Power Agreement are subject to the occurrence, on or before the fifth Business Day after (but not including) the Buyer’s submission of the Confirmation to the Department (the “Fifth Day”), of either (a) approval by the Department of the results of Buyer’s solicitation for Default Service or (b) the Department taking no action on the Buyer’s request for approval of the results of its solicitation for Default Service. If the Department issues an order opening an investigation, disapproving or rejecting the results of Buyer’s solicitation for Default Service (including by way of an order using terms of similar effect to signify its disapproval or rejection of the Confirmation on or before the Fifth Day (a “Department Action”), then this Confirmation shall be null and void and of no further force and effect, and neither Party shall have any obligation whatsoever to the other Party, and such a voiding of the Confirmation and the Department Denial shall not be a default or constitute an Event of Default by either Party.
- b) In the event that on or before the Fifth Day the Department approves the Confirmation conditioned upon the amendment of the Confirmation or the Master Power Agreement to incorporate a new term or amend an existing term, each Party shall independently determine whether it is willing to amend the identified agreement to incorporate the Department’s condition. (The date that the Department issues such order shall be the “Order Date”). If either (a) a Party notifies the other Party(ies) (in accordance Section 8.1 of the Master Power Agreement) at any time prior to HE 1700 local prevailing time in Boston on the date that is three (3) Business Days after (but not including) the Order Date that it will not amend the Confirmation or Master Power Agreement (as applicable) to incorporate the Department’s condition or (b) the Parties have not executed such amendment on or before HE 1700 local

prevailing time in Boston on the date that is three (3) Business Days after (but not including) the Order Date, this Confirmation shall be null and void and of no further force and effect and neither Party shall have any obligation whatsoever to the other Party, and the provision of such notice shall not be a default or constitute an Event of Default.

- c) As of the expiration of this Confirmation or, if earlier, its termination, the Parties shall no longer be bound by the terms and provisions hereof, except (a) to the extent necessary to enforce the rights and obligations of the Parties arising under this Agreement before such expiration or termination and (b) the obligations of the Parties hereunder with respect to audit rights, remedies for default, damages claims, indemnification and defense of claims shall survive the termination or expiration of this Agreement to the full extent necessary for their enforcement and the protection of the Party in whose favor they run, subject to any time limits specifically set forth in this Confirmation.

2. Default Service Requirements Matrix

Award Block	Customer Group	Load Zone	Load Responsibility	Commencement Date	Conclusion Date
TBD	TBD	TBD	TBD	TBD	TBD

3. Contract Rate - \$/MWh

Award Block	Customer Group	Load Zone	Month1	Month2	Month3
TBD	TBD	TBD	TBD	TBD	TBD

4. Load Asset Designation within the ISO Settlement Market System

Award Block	Customer Group	Load Zone	Load Asset Number	Load Asset Name
TBD	TBD	TBD	TBD	TBD

5. RPS Requirement

[To be determined for each Transaction]

6. Amount Payable

The amount payable by the Buyer to Seller in a month shall be:

[To be determined for each Transaction]

7. Modifications to the Master Power Agreement

[To be determined for each Transaction]

8. Security

[To be determined for each Transaction]

9. Confidentiality

Articles 2, 3 and 4 of this Confirmation are Confidential Terms within the meaning of Article 23 of the Master Power Agreement.

10. Ratification of the Terms and Conditions of the Agreement

(a) Except as expressly amended or waived by this Confirmation, the terms, conditions, covenants, agreements, warranties and representations contained in the Master Power Agreement are in all respects ratified, confirmed and remade as of the date hereof and, except as amended or waived hereby, shall continue in full force and effect.

(b) Nothing in this Confirmation shall, or shall be construed to, alter or amend any other Confirmation.

11. Counterparts

This Confirmation may be executed in counterparts, all of which together shall constitute one and the same instrument.

This Confirmation constitutes part of and is subject to the terms and provisions of such Master Power Agreement.

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IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Confirmation on their behalf as of the date first above written

MASSACHUSETTS ELECTRIC COMPANY

Name (print): _____

Title: _____

NANTUCKET ELECTRIC COMPANY

Name (print): _____

Title: _____

[COMPANY]

Name (print): _____

Title: _____

**APPENDIX C
FORM OF GUARANTY**

Guaranty

This Guaranty (this “Guaranty”), dated effective as of [___], 2005 (the “Effective Date”), is made and entered into by [_____], a [_____] corporation (“Guarantor”).

WITNESSETH:

WHEREAS, Massachusetts Electric Company and Nantucket Electric Company (“the Buyer”) and [_____], a corporation organized under the laws of the State of [_____] (“Seller”) and a [_____] of Guarantor, have entered into that certain Confirmation, dated _____ (the “Confirmation”), under the Master Power Agreement, dated [_____], (collectively with the Confirmation, as the foregoing and the terms therein and the obligations and liabilities thereunder may from time to time and without notice to or consent of the Guarantor, and without impairing or releasing the obligations of the Guarantor, be amended, modified, revised, supplemented or waived by Buyer and Seller, the "Agreement") and

WHEREAS, Guarantor will directly or indirectly benefit from the Agreement between Seller and the Buyer;

NOW THEREFORE, in consideration of the Buyer entering into the Agreement, Guarantor hereby covenants and agrees as follows:

- 1) GUARANTY. Subject to the provisions hereof, Guarantor hereby irrevocably and unconditionally guarantees the full and faithful timely performance and payment when due of the obligations of Seller that are now due or may hereafter become due and payable to the Buyer under the Agreement (the “Obligations”). This Guaranty shall constitute a guarantee of performance and payment and not of collection. The liability of Guarantor under this Guaranty shall be specifically limited to performance and payments expressly required to be made under the Agreement (even if such payments are or are deemed to be damages) as well as costs of collection and enforcement of this Guaranty (including attorney’s fees) to the extent reasonably and actually incurred by the Buyer (all of which such costs of collection and enforcement shall be subject to the limitation set forth in Section 1(a) above) but in no event shall Guarantor be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive or tort damages, or, except to the extent specifically provided in the Agreement, any other damages.
- 2) DEMANDS AND NOTICE. Upon the occurrence and during the continuance of an Event of Default or termination, as may be defined in the Agreement, if Seller fails or refuses to perform or pay any Obligations and the Buyer elects to exercise its rights under this Guaranty, the Buyer shall make a demand upon Guarantor (hereinafter referred to as a “Demand”). A Demand shall be in writing and shall reasonably and briefly specify in what manner and what amount Seller has failed to perform or pay and an explanation of why such performance or payment is due, with a specific statement that the Buyer is calling upon Guarantor to perform and/or pay under this Guaranty. A Demand satisfying the foregoing requirements shall be required with respect to Obligations before Guarantor is required to perform or pay (free of any deductions or withholdings) such Obligations hereunder and shall be deemed

sufficient notice to Guarantor that it must perform the Obligations within two (2) Business Days, or pay the Obligations within five (5) Business Days, after its receipt of the Demand. A single written Demand shall be effective as to any specific default during the continuance of such default, until Seller or Guarantor has cured such default, and additional written demands concerning such default shall not be required until such default is cured. As used herein, the term "Business Day" shall mean a day on which commercial banks or financial institutions are open for business in the Commonwealth of Massachusetts.

3) REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants that:

(a) it is a corporation duly organized and validly existing and in good standing under the laws of the State of [] and has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Guaranty;

(b) the execution, delivery and performance of this Guaranty and each transaction contemplated by this Guaranty, do not and will not (with or without the lapse of time, the giving of notice or both, contravene, conflict with or result in a breach of or default under any provision of its constitution or any writ, order, judgment, law, rule or regulation to which it is a party or is subject or by which it is bound; and

(c) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over Guarantor is required on the part of Guarantor for the execution and delivery of this Guaranty; and

(d) this Guaranty, when executed and delivered, will constitute a valid and legally binding agreement of Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

4) SETOFFS AND COUNTERCLAIMS. Without limiting Guarantor's own defenses and rights hereunder, Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which Seller or any other affiliate of Guarantor is or may be entitled to arising from or out of the Agreement or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Seller, the lack of power or authority of Seller to enter into, amend and/or perform the Agreement, or waiver or consent with respect to any provision thereof, or a claim as to the Agreement's validity regularity or enforceability, or any similar circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor generally.

5) AMENDMENT OF GUARANTY. No term or provision of this Guaranty shall be amended, modified, altered, waived or supplemented except in a writing signed by Guarantor and the Buyer.

6) WAIVER; TERMINATION. Except as required in Section 2 above, Guarantor hereby waives (a) notice of acceptance of this Guaranty; (b) presentment, demand and notice of dishonor concerning the liabilities of Guarantor; and (c) any right to require that any action or proceeding be brought against Seller or any other person, or to require that the Buyer exhaust its remedies against Seller or seek enforcement of any performance against Seller or any other person, or against any collateral pledged by

Seller or any other person liable for payment or performance of the Obligations, prior to any action against Guarantor under the terms hereof. Buyer shall not be obligated to file any claim relating to the Obligations in the event that Seller becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Buyer to so file shall not affect the Guarantor's obligations hereunder.

Except as to applicable statutes of limitation, no delay of the Buyer in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights, a waiver of any other rights or a release of Guarantor from any obligations hereunder.

Guarantor consents to the renewal, compromise, extension, acceleration or other changes including in the time of payment of and other changes in the terms of the Obligations, or any part thereof and amendments thereto, or any changes and modifications to the terms of the Agreement or waivers there under.

Guarantor shall not be discharged or released from its obligations hereunder by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Seller or by any defense which Seller may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding. Guarantor agrees that this Guaranty shall continue to be effective or shall be reinstated, as the case may be, if all or any part of any payment made hereunder is at any time avoided or rescinded or must otherwise be restored or repaid by the Buyer as a result of the bankruptcy of Seller, or otherwise, all as though such payments had not been made.

This Guaranty and the Guarantor's obligations hereunder shall remain in effect for the term of the Agreement.

NOTICE. Any Demand, notice, request, instruction, correspondence or other document to be given hereunder by any party to another (herein collectively called "Notice") shall be in writing and delivered personally or mailed by certified mail, postage prepaid and return receipt requested, or by telegram or facsimile, as follows:

To the Buyer:

Vice President-Energy Supply New
England
National Grid.
55 Bearfoot Road
Northborough, MA 01532

Fax No.: (508) 421-7335
Phone No.: (518) 421-7350

To Guarantor:

Fax No.:
Phone No.:

Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by telegram shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. Notice given by facsimile shall be effective upon (i) actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours and (ii) confirmation of receipt by telephone. All Notices by telegram or facsimile shall be confirmed promptly after transmission in writing by certified mail or personal

delivery. Any party may change any address to which Notice is to be given to it by giving notice in accordance with the requirements of this Section.

MISCELLANEOUS. This Guaranty shall in all respects be governed by, and construed in accordance with, the law of the Commonwealth of Massachusetts, without regard to principles of conflicts of laws.

This Guaranty shall be binding upon Guarantor and its successors and permitted assigns and inure to the benefit of and be enforceable by the Buyer and its successors and permitted assigns. The Guarantor may not assign this Guaranty in part or in whole without the prior written consent of the Buyer. The Buyer may not assign its rights or benefits under this Guaranty in part or in whole except (i) with the prior written consent of the Guarantor, or (ii) pursuant to a permitted assignment of Agreement (“Assigned Agreement”), in which case the assignee will succeed to the rights of the Buyer hereunder arising after the date of such assignment. The Guarantor’s liability hereunder with respect to any and all such Assigned Agreement, together with any other liability of the Guarantor hereunder, will in all cases be subject to the Guarantor’s maximum aggregate liability set forth in Section 1(a) herein. Neither the Guarantor nor the Buyer will unreasonably withhold or delay consent to assignment.

This Guaranty embodies the entire agreement and understanding between Guarantor and the Buyer and supersedes all prior agreements and understandings relating to the subject matter hereof. The headings in this Guaranty are for purposes of reference only, and shall not affect the meaning hereof.

Time is of the essence of this Guaranty. The remedies provided to the Buyer in this Guaranty are cumulative and not exclusive of any other remedies provided by law.

Words importing the singular number hereunder shall include the plural number and vice versa and any pronouns used herein shall be deemed to cover all genders. The term "person" as used herein means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated association, or government (or any agency or political subdivision thereof).

Wherever possible, any provision in this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any one jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

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**IN WITNESS WHEREOF, the Guarantor has executed this Guaranty on _____,
2005, but it is effective as of the Effective Date.**

[GUARANTOR]

Name (print): _____
Title: _____

APPENDIX C

PROPOSED NEW HAMPSHIRE MASTER POWER SUPPLY AGREEMENT

MASTER POWER AGREEMENT

This **MASTER POWER AGREEMENT** (“Master Power Agreement”) is dated as of _____ and is by and between **GRANITE STATE ELECTRIC COMPANY** (“Granite” or “Buyer”), a New Hampshire corporation, and [**Company**], a [what] (“**Seller**”) This Master Power Agreement provides for the sale by Seller of Default Service, as defined herein, to the Buyer. Buyer and Seller are referred to herein individually as a “Party” and collectively as the “Parties”.

ARTICLE 1. BASIC UNDERSTANDINGS

Seller and Buyer have agreed to execute this Master Power Agreement in order to establish the basic terms of Seller’s provision and sale of, and Buyer’s acceptance and purchase of, Default Service. This Master Power Agreement, together with the Appendices and written supplements (including any Confirmations) hereto, and any designated collateral, credit support or margin agreement or similar arrangement between the Parties regarding the Transactions (as defined in Article 2), shall be referred to as the “Agreement” and shall constitute the entire agreement between the Parties relating to the subject matter hereof and supersedes any other agreements, written or oral, between the Parties concerning such subject matter but specifically excluding written agreements executed by the Parties prior to the Effective Date.

ARTICLE 2. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings specified in this Article. In addition, except as otherwise expressly provided, terms with initial capitalization used in this Agreement and not defined herein shall have the meaning as defined in the NEPOOL Rules.

Affiliate means, with respect to any Party, any entity (other than a person) that, directly or indirectly, controls, or is controlled by, or is under common control with, such Party. For this purpose, “control” means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

Award Block means the numerical designation, for administrative purposes only, as may be set forth on a Confirmation to identify Customer Groups to be served from and including the Commencement Date through the Conclusion Date, in a specified Load Zone, and the associated Load Asset Number and Load Asset Name, or other information as may be associated therewith in a Confirmation.

Business Day means a 24-hour period ending at 5:00 p.m. EPT, other than Saturday, Sunday and any day which is a legal holiday or a day on which banking institutions in Boston, Massachusetts are authorized by law or other governmental action to close.

Buyer has the meaning set forth in the preamble of this Master Power Agreement, along with any successors, assigns, employees, agents and authorized representatives thereof.

Buyer’s System means the electrical transmission and distribution system of the Buyer and the electrical transmission and distribution system of any Affiliate of the Buyer.

Buyer's Service Territory means the geographic area served by Granite State Electric Company.

Commencement Date means the period at HE 0100 EPT on the date set forth for each Customer Group in the Confirmation for the applicable Transaction.

Commission means the Federal Energy Regulatory Commission, or its successor.

Competitive Supplier Terms means NHPUC's PUC 2000 Competitive Electric Power Supplier Rules, as may be amended from time to time.

Conclusion Date means the period at HE 2400 EPT on the date set forth for each Customer Group in the Confirmation for the applicable Transaction.

Confirmation means a confirmation that is mutually agreed to and executed by the Parties, which may be in the form set forth in Appendix B or in a form otherwise agreed to by the Parties, such document to serve as a supplement or modification of this Master Power Agreement with respect to a specific Transaction.

Confirmation Term means, for the applicable Transaction, the period beginning as of the effective date set forth on a Confirmation and continuing through to the date both Parties have fulfilled all of their obligations with respect to such Transaction.

Contract Rate has the meaning set forth in the Confirmation for the applicable Transaction.

Credit Rating means (i) the lower of the ratings assigned to an entity's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) by S&P and Moody's, (ii) in the event the entity does not have a rating for its senior unsecured long-term debt, the lower of the rating assigned to the entity as an issuer rating by S&P and Moody's, or the rating assigned to the entity as an issuer rating by any other rating agency agreed to by both Parties in each Party's sole and exclusive judgment.

Customer Disconnection Date means the date when a Default Service Customer is disconnected from service, as determined by the Buyer in accordance with the Distribution Service Terms.

Customer Group means Buyer's customers who receive Default Service in the Large Customer Group and/or Small Customer Group as specified on the Confirmation for the applicable Transaction.

Customer Termination Date means the date when a Default Service Customer ceases to take service under the Default Service Tariff, each date as determined by the Buyer in accordance with the Distribution Service Terms.

Default Service means the provision of Requirements by Seller at the Delivery Point to the Buyer to meet all needs of Default Service Customers.

Default Service Customer(s) means, for a specific Transaction, the customers in each Customer Group set forth in the applicable Confirmation, taking service pursuant to the Default Service Tariff during the applicable Delivery Term.

Default Service Tariff means Buyer's Tariff for Retail Delivery Service for the Period after New England Power Company Divests Substantially all of its Non-nuclear Generation, N.H.P.U.C. No. 17,, as may be amended from time to time and approved by the NHPUC.

Delivered Energy means the quantity of energy, expressed in megawatt-hours, provided by Seller with respect to a specific Transaction. This quantity shall be the sum of the quantity of energy reported to the ISO by the Buyer for each of the Load Assets identified in a specific Transaction, with such quantity determined by the Buyer in accordance with Section 6.3 of this Master Power Agreement. Such quantity shall not include any allocation of PTF losses (which the ISO may assess to Seller in relation to such energy), but shall include transmission and distribution losses on the Buyer's System from the Delivery Point to the meters of Default Service Customers.

Delivery Point means, for each Load Asset (x) identified in or in accordance with a specific Transaction and (y) as set forth in the Confirmation related to a specific Transaction (i) the Nodes at which the Real-Time Load Obligations are established in the ISO Settlement Power System Model for the registered Load Assets representing the physical loads of Default Service Customers for the Delivery Term for such customers, identified by the Load Asset ("Loads With Nodes"), for any period and in any location in which there are Loads With Nodes and the ISO requires use of Nodes for Real-Time Load Obligations, or (ii) the Load Zones at which the Real-Time Load Obligations are established in the ISO Settlement Power System Model for the Load Assets representing the physical loads of Default Service Customers for the Delivery Term for such customers, identified by the Load Asset ("Loads with Zones") if (a) the ISO does not require use of Nodes for Real-Time Load Obligations and (b) the use of Loads with Zones in a calculation of ISO settlement charges and costs yields the same mathematical result as a calculation thereof using Loads with Nodes; or (iii) in the event of neither (i) nor (ii), Loads with Nodes and, in any location in which there are no Loads with Nodes, Loads with Zones.

Delivery Term(s) means the period(s) set forth in the Confirmation for a particular Transaction for the respective Default Service designations, beginning at the top of the HE 01:00 EPT on the Commencement Date (set forth in the applicable Confirmation) and continuing through and including the end of HE 24:00 EPT on the Conclusion Date).

Distribution Service Terms means Buyer's Tariff for Retail Delivery Service for the Period after New England Power Company Divests Substantially all of its Non-nuclear Generation, N.H.P.U.C. No. 17, as may be amended from time to time and approved by the NHPUC.

Effective Date means the date that this Master Power Agreement is executed by all Parties.

EPT means Eastern Prevailing Time.

Governing Documents means, with respect to any particular entity, (a) if a corporation, the (i) articles of organization, articles of incorporation or certificate of incorporation and (ii) the bylaws; (b) if a general partnership, the partnership agreement and any statement of partnership; (c) if a limited partnership, the limited partnership agreement and the certificate of limited partnership; (d) if a limited liability company, the articles or certificate of organization or

formation and operating agreement; (e) if another type of entity, any other charter or similar document adopted or filed in connection with the creation, formation or organization of such entity; (f) all equity holders' agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements or other agreements or documents relating to the organization, management or operation of any entity or relating to the rights, duties and obligations of the equity holders of any entity; and (g) any amendment or supplement to any of the foregoing.

Initiation Date means the date a retail customer of the Buyer begins taking service pursuant to the Default Service Tariff as determined by the Buyer in accordance with the Distribution Service Terms.

Interest Rate means, for any date, the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in *The Wall Street Journal* under "Money Rates" on such day (or if not published on such day, on the most recent preceding day on which published), plus two percent (2%) and (b) the maximum rate permitted by applicable law.

Investment Grade means (i) if any entity has a Credit Rating from both S&P and Moody's then, a Credit Rating from S&P equal to "BBB-" and a Credit Rating from Moody's equal to "Baa3"; or (ii) if an entity has a Credit Rating from only one of S&P and Moody's, then a Credit Rating from S&P equal to "BBB-" or a Credit Rating from Moody's equal to "Baa3 or (iii) if the Parties have mutually agreed in writing on an additional or alternative rating agency, then a credit rating equal to that mutually agreed to by the Parties in each Party's sole and exclusive judgment.

ISO means ISO New England Inc., authorized by the Commission to exercise for New England the functions required pursuant to the Commission's Order No. 2000 (and its progeny) and the Commission's regulations, and any successor organization (including but not limited to a Regional Transmission Organization).

ISO Tariff means the ISO New England Inc. Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3, as amended, modified, superseded and supplemented from time to time, and including the Market Rules and Procedures.

ISO New England Operating Documents means the ISO Tariff and the ISO New England Operating Procedures, as amended, modified, superseded and supplemented from time to time.

Large Customer Group Contract Rate means the value as set forth in the Confirmation for the applicable Transaction as applicable to a month in the Delivery Term.

Large Customer Group means the Buyer's customers in the Rate G-1 and G-2 retail rate classes (the "Large Rate Classes"), or such other rate classes as may be added from time to time during the Delivery Term, provided that such Large Rate Classes shall be comprised of customers previously in one of the Large Rate Classes or such customer would have qualified for one of the Large Rate Classes.

Locational Marginal Pricing means as set forth in the Market Rules and Procedures.

Market Rules and Procedures means the Market Rules, Manuals and Procedures adopted by the ISO and/or NEPOOL, as may be amended from time to time, and as administered by the ISO to govern the operation of the NEPOOL markets.

Material Adverse Effect means, with respect to a Party, any change in or effect on such Party after the date of this Agreement that is materially adverse to the transactions contemplated hereby, excluding any change or effect resulting from (a) changes in the international, national, regional or local wholesale or retail markets for electric power; (b) changes in the international, national, regional or local markets for any fuel; (c) changes in the North American, national, regional or local electric transmission or distribution systems; and (d) any action or inaction by a governmental authority, but in any such case not affecting the Parties or the transactions contemplated hereby in any manner or degree significantly different from others in the industry as a whole.

Moody's means Moody's Investors Service, its successors and assigns.

MWh means Megawatt-hour.

NE-GIS means the NEPOOL Generation Information System, which includes a generation information database and certificate system, operated by NEPOOL, its designee or successor entity, that accounts for generation attributes of electricity consumed within New England.

NE-GIS Certificates means a document produced by the NE-GIS that identifies the relevant generation attributes of each MWh accounted for in the NE-GIS from a generation unit.

NEPOOL means the New England Power Pool, or its successor.

NEPOOL Agreement means the Second Restated New England Power Pool Agreement dated as of February 1, 2005, as amended or accepted by the Commission and as may be amended, modified, superseded, supplemented and/or restated from time to time.

NEPOOL Rules means all rules adopted by NEPOOL or the ISO, as such rules may be amended, modified, supplemented or superseded and restated from time to time, including but not limited to, the NEPOOL Agreement, the ISO Tariff, the ISO New England Operating Documents, the Transmission Operating Agreement, the Participants Agreement, the NEPOOL Manuals, and the NEPOOL Operating Procedures, as amended, superseded or restated from time to time.

Net Worth means total assets, exclusive of intangible assets, less total liabilities, as reflected on the most recent balance sheet prepared by a certified public accountant as part of a certified financial statement in accordance with generally accepted accounting principles consistently applied in the business sector of the Seller.

NH Load Zone means the New Hampshire Reliability Region as defined in the NEPOOL Rules.

NHPUC means the New Hampshire Public Utilities Commission.

PTF means facilities categorized as Pool Transmission Facilities under the ISO Tariff.

Requirements means all electric generation and/or market purchases and delivery, to the

Delivery Point, of the electric capacity, energy, ancillary services, operating reserves (including forward reserves) and all other market products required by the Buyer to provide kilowatt-hours to meet the needs of Default Service Customers to the Delivery Term.

Small Customer Group Contract Rate means the value as set forth in the Confirmation for the applicable Transaction as applicable to a month in the Delivery Term.

Small Customer Group means the Buyer's customers in the Rate D, D-10, G-3, M, T and V retail rate classes (the "Small Rate Classes"), or such other rate classes as may be added from time to time during the Delivery Term, provided that such Small Rate Classes shall be comprised of customers previously in one of the Small Rate Classes or such customer would have qualified for one of the Small Rate Classes.

S&P means Standard & Poor's Rating Group, its successors and assigns.

Term means as defined in Section 3.1.

Transaction means a particular transaction agreed to by Buyer and Seller relating to the purchase and sale of Default Service pursuant to this Agreement, as evidenced by the execution of a written Confirmation by Buyer and Seller setting forth the specific terms and conditions thereof.

ARTICLE 3. TERM, SERVICE PROVISIONS AND REGISTRATION REQUIREMENTS

Section 3.1 Term

The term of this Master Power Agreement (the "Term") shall commence on the Effective Date and shall continue in effect until the earlier of (i) its termination by any Party upon thirty (30) days' prior written notice and (ii) its termination in accordance with Subsection 7.2(a); provided, however, that such termination shall not affect or excuse the performance of any Party under any provision of this Master Power Agreement that by its terms or operation survives any such termination and, provided further, that this Master Power Agreement and any other documents executed and delivered hereunder shall remain in effect with respect to the Transaction(s) entered into prior to the effective date of such termination until both Parties have fulfilled all of their obligations with respect to such Transaction(s). As of the termination of this Master Power Agreement, subject to the immediately foregoing sentence, and subject to any time limits specifically set forth in this Master Power Agreement or in a Confirmation, the Parties shall no longer be bound by the terms and provisions hereof, except to the extent necessary to enforce the rights and obligations of the Parties arising under this Master Power Agreement before such expiration or termination or (b) that such terms and provisions expressly or by their operation survive the termination or expiration of this Master Power Agreement.

Section 3.2 Commencement of Supply

(a) Beginning as of the Commencement Date for each specific Customer Group in a specific Transaction, Seller shall provide Requirements to the Buyer. For purposes of certainty: Seller's obligations on the Commencement Date shall be to provide Requirements for all Default

Service Customers identified in the related Confirmation taking service as of and including the Commencement Date.

(b) With respect to each person or entity that becomes a Default Service Customer subsequent to the applicable Commencement Date, Seller shall provide Requirements to the Buyer to meet the needs of the Default Service Customer(s) as of and including the Initiation Date for such customer initiating such service during the applicable Delivery Term.

(c) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Initiation Date via electronic file transfer and in a format specified by the Buyer. Each notice of Initiation Date shall include the account number, the date Seller's service to the Buyer is to begin for a Default Service Customer and the customer's rate class.

Section 3.3 Termination and Conclusion of Supply

(a) With respect to each Default Service Customer that terminates Default Service during the applicable Delivery Term, Seller shall provide Requirements to the Buyer for such customer on the Customer Termination Date but shall not provide Requirements for such customer after the Customer Termination Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Customer Termination Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Termination Date shall include the account number, the Customer Termination Date and the customer's rate class.

(c) Seller's obligation to provide Requirements with respect to each specific Customer Group in a specific Transaction shall cease at the applicable Conclusion Date.

Section 3.4 Customer Disconnection Date

(a) With respect to each Default Service Customer whose Default Service is disconnected during the applicable Delivery Term, Seller shall provide Requirements to the Buyer for such customer on the Customer Disconnection Date but shall not provide Requirements for such customer after the Customer Disconnection Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.7, The Buyer shall provide to Seller a notice of Customer Disconnection Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Disconnection Date shall include the account number, the Customer Disconnection Date and the customer's rate class.

Section 3.5 Distribution Service Interruptions

Seller acknowledges that interruptions in distribution service occur and may reduce the load served hereunder. Seller further acknowledges and agrees that the Buyer may interrupt distribution service to customers consistent with the Distribution Service Terms and the Competitive Supplier Terms. In no event shall a Party have any liability or obligation to the other Party in respect of any such interruptions in distribution service.

Section 3.6 Release of Customer Information

The Buyer will not issue any customer information to Seller unless Seller has first obtained the necessary authorization in accordance with the provisions of the Competitive Supplier Terms.

Section 3.7 Electronic Notification

At Seller's election, the Buyer shall provide notices contemplated by Sections 3.2, 3.3 and 3.4 via electronic file transfer. Such election shall only be effective when Seller (i) establishes an account on the Advantis Value Added Network ("VAN"), and (ii) verifies its ability to transfer files to and receive files from the Buyer at least fourteen (14) days prior to the day on which Seller desires to commence electronic receipt. Seller shall bear all costs to establish an account and all costs of Seller and the Buyer to use the VAN. If Seller fails to pay all VAN costs and charges when due and payable, Seller's election shall not be valid and the Buyer shall no longer be obligated to provide electronic notification.

Section 3.8 Change in Supply; No Prohibition on Programs

(a) Seller acknowledges and agrees that the number of customers and the Requirements to meet the needs of such customers will fluctuate throughout the Delivery Term and may equal zero. The Buyer shall not be liable to Seller for any losses Seller may incur, including but not limited to lost revenues, and losses that may result from any change in Requirements, number or location of customers taking service, the location of the Delivery Point(s), the composition or components of market products or Requirements, or the market for electricity, or change in the Distribution Service Terms or the Default Service Tariff. Seller further acknowledges and agrees that there is no limit on the number of Customer Initiation Dates, Customer Termination Dates and Customer Disconnection Dates.

(b) Seller acknowledges and agrees that the Buyer has the right but not the obligation to continue, initiate, support or participate in any programs, promotions, or initiatives designed to or with the effect of encouraging customers to leave Default Service for any reason ("Programs"). Nothing in this Agreement shall be construed to require notice to or approval of Seller in order for the Buyer to take any action in relation to Programs.

(c) Seller acknowledges and agrees that the Buyer and Affiliates of the Buyer will not provide Seller preferential access to or use of the Buyer's System and that Seller's sole and exclusive rights and remedies with regard to access to, use or availability of the Buyer's System, and the Buyer's or Affiliates of the Buyer's obligation to transmit electricity are those rights, remedies and obligations provided under the Distribution Service Terms or the NEPOOL Rules.

Section 3.9 Uniform Disclosure Requirements

Seller shall provide the Buyer information reasonably ascertainable by Seller pertaining to power plant emissions, fuel types, labor information and any other information required by the Buyer to comply with any disclosure regulations which may be imposed upon the Buyer during the term of this Agreement, as such disclosure requirements apply to Default Service provided by Seller pursuant to this Agreement.

Seller shall utilize the NE-GIS to transfer Load Obligations or NE-GIS Certificates, as applicable, to the Buyer's certificate account in the number equal to the Delivered Energy for

Default Service in a month during the term of a Transaction. Such Load Obligations or NE-GIS Certificates, as applicable, shall be delivered by Seller at least five (5) Business Days prior to the close of the applicable Trading Period. The Load Obligations or NE-GIS Certificates, as applicable, shall be delivered by Seller to an account within the NE-GIS designated by the Buyer.

ARTICLE 4. SALE AND PURCHASE

Section 4.1 Provision Delivery and Receipt

With respect to each Transaction, Seller shall provide and deliver to the Delivery Point and the Buyer shall receive at the Delivery Point the percent of the Requirements applicable to each Customer Group during the Delivery Term, all as set forth in the Confirmation related to such Transaction.

Section 4.2 Responsibilities

(a) The Buyer shall arrange with the ISO for transmission service over the PTF and non-PTF from and after the Delivery Point to the customers' meters. The Buyer shall be responsible for all transmission costs over the PTF and non-PTF from the Delivery Point to the meters of the Buyer's customers. Seller shall be responsible for all transmission and distribution costs associated with the delivery of Requirements to and including the Delivery Point except the transmission costs otherwise provided for in this paragraph.

(b) Seller shall be responsible for all decisions and data submissions associated with the Ownership Share of the Load Assets in ARTICLE 6, Section 6.4 including any bids into the market system to manage these obligations.

(c) Seller shall be responsible for all present and future obligations, requirements, and costs associated with the Requirements and/or Seller's provision thereof, whether system wide or locational based, including, but not limited to, the real-time load obligations, capacity obligations and/or charges (including, but not limited to, installed capacity, unforced capacity, locational installed capacity, locational unforced capacity, forward capacity market obligations, forward capacity market transition payment obligations), regulation obligations and/or charges (including any regulation opportunity costs), operating reserve obligations and/or charges (including, but not limited to, (w) any real-time reserve charges, (x) any forward reserve charges, (y) any charges associated with reserve constraint penalty factors, and (z) net commitment period compensation (NCPC) charges (other than monthly fixed-cost charges paid to resources pursuant to reliability agreements negotiated under Market Rule 1 Appendix A, Section III.A.6 and Exhibit 2), emergency energy charges, inadvertent energy revenue charges, ISO Schedule 1 charges (other than ISO Schedule 1 charges that are both (i) associated with the Buyer's Regional Network Service and (ii) allocated on the basis of Regional Network Load), ISO Schedule 2 charges, ISO Schedule 3 charges, day-ahead energy market charges, and real-time energy market charges at the nodes, if any, and if none, the zones representing the actual locations of the meters of the Default Service Customers, and any other requirements, market products, expenses and charges imposed by NEPOOL or the ISO, as they may be in effect from time to time related to the provision and/or delivery of Requirements to and including the Delivery Point. Except as otherwise specifically excluded in this paragraph, Seller's

responsibility for costs and charges shall be without regard to the manner in which they are allocated by NEPOOL or the ISO.

(d) Seller shall be responsible for all costs and components thereof of any Locational Marginal Prices to provide Default Service (during the applicable Delivery Term), including its delivery to the Delivery Point. These components include the energy component, loss component, and congestion component.

(e) Seller shall be responsible for all congestion charges for delivery to the actual meters of Default Service Customers (during the applicable Delivery Term).

(f) Seller shall notify Buyer within one Business Day of receipt of notice of termination from the ISO or event of default or similar occurrence under the Market Participant Service Agreement.

ARTICLE 5. AMOUNT, BILLING and PAYMENT

Section 5.1 Amount

The amount payable by the Buyer to Seller shall be the sum of the amounts due under all applicable Transactions.

Section 5.2 Billing and Payment

(a) On or before the tenth (10th) day of each month during the Term, Seller shall calculate the amount due and payable to Seller pursuant to Section 5.1 with respect to the preceding month (the "Calculation"). Seller shall provide the Calculation to the Buyer and such Calculation shall include sufficient detail for the Buyer to verify its formulation and computation. Calculations under this paragraph shall be subject to recalculation in accordance with Article 6 and shall be subject to adjustment (positive or negative) based upon such recalculation (a "Reconciliation Adjustment"). Seller shall promptly calculate the Reconciliation Adjustment upon receiving data described in Section 6.3 and shall include the adjustment, if any, in the next month's Invoice. A Reconciliation Adjustment based upon a change in the quantity for an earlier month shall be calculated using the applicable Contract Rate for the month in which the Delivered Energy was received.

(b) Seller shall submit to the Buyer an invoice with such Calculation as provided for in paragraph (a) of this Section (the "Invoice") and the respective amounts due under this Master Power Agreement not later than the tenth (10th) day of each month. The Buyer shall pay Seller the amount of the Invoice (including the Reconciliation Adjustment, if any, as a debit or credit) less any amounts disputed in accordance with Section 5.3, on or before the twenty-fifth day after receiving the Invoice (the "Due Date"). Except for amounts disputed in accordance with Section 5.3, if all or any part of the Invoice remains unpaid after the Due Date, interest shall accrue after but not including the Due Date and be payable to Seller on such unpaid amount at the Interest Rate in effect on the Due Date. The Due Date for a Reconciliation Adjustment shall be the Due Date of the Invoice in which it is included.

(c) Each Party shall notify the other Party upon becoming aware of an error in an Invoice, Calculation or Reconciliation Adjustment (whether the amount is paid or not) and Seller shall promptly issue a corrected Invoice. Overpayments shall be returned by the receiving Party

upon request or deducted by the receiving Party from subsequent invoices, with interest accrued at the Interest Rate from the date of the receipt of the overpayment until the date paid or deducted.

Section 5.3 Challenge to Invoices

Unless otherwise agreed: (i) either Party may challenge, in writing, the accuracy of Calculations, Invoices or Reconciliation Adjustments (or the data utilized in the forgoing) no later than twenty-four (24) months after the Due Date of the Invoice in which the disputed information is contained; (ii) if a Party does not challenge the accuracy within such twenty-four (24) month period, such Invoice shall be binding upon that Party and shall not be subject to challenge. If an Invoice is paid and thereafter the payment or the Invoice on which the payment was based is disputed, upon notice of dispute, the Party receiving payment shall hold the amount in dispute in escrow for the benefit of the prevailing Party until the resolution of such dispute. If any amount in dispute is ultimately determined (under the terms herein) to be due to the other Party, it shall be paid or returned (as the case may be) to the other Party within three (3) Business Days of such determination along with interest accrued at the Interest Rate from the (i) date due and owing in accordance with the Invoice until the date paid or (ii) if the amount was paid and is to be returned, from the date paid, until the date returned.

Section 5.4 Taxes, Fees and Levies

Seller shall be obligated to pay all present and future taxes, fees and levies (“Taxes”) which may be assessed by any entity upon the Seller's performance under this Agreement including but not limited to the purchase and sale of Requirements to the Buyer associated with the Delivery of the Requirements up to and at the Delivery Point. The Buyer will pay all Taxes with respect to the Requirements after the Delivery Point. All Requirements, including electricity and other related market products delivered hereunder by Seller to the Buyer shall be sales for resale with the Buyer reselling such electricity and products.

Section 5.5 Netting and Setoff

Except for security provided pursuant to this Agreement (which shall not be considered for purposes of this Section 5.5) and unless otherwise specified in another agreement between the Parties, if the Parties are required to pay an amount in the same month each to the other under this Agreement or any other agreement between the Parties, or if any costs that are a Party's responsibility under this Agreement are incorrectly or inappropriately charged to the Party by the ISO, such amounts shall be netted, and the Party owing the greater aggregate amount shall pay to the other Party any difference between the amounts owed. Each Party reserves all rights, setoffs, counterclaims and other remedies and defenses (to the extent not expressly herein or therein waived or denied) that such Party has or to which such Party may be entitled arising from or out of this Agreement or the other agreement. Further, if the Buyer incurs any costs or charges that are the responsibility of Seller under this Agreement, such costs or charges may, at the Buyer's election, be netted against any amount due to Seller under this Agreement. All outstanding obligations to make payment under this Agreement or any other agreement between the Parties may be netted against each other, set off or recouped therefrom, or otherwise adjusted.

ARTICLE 6. QUALITY; LOSSES and QUANTITIES REQUIRED; DETERMINATION AND REPORTING OF HOURLY LOADS

Section 6.1 Quality

All electricity shall be delivered to the Buyer in the form of three-phase sixty-hertz alternating current at the Delivery Point.

Section 6.2 Losses

Seller shall be responsible for all transmission and distribution losses and the costs related to such losses and associated with the Requirements, namely, losses from the Delivery Point to the meters of the Default Service Customers. Seller shall provide to the Buyer at the Delivery Point quantities of electricity and ancillary services, capacity and all other market products related thereto to cover such losses from the Delivery Point to the meters of Default Service Customers. The quantities required for this purpose in each hour of a billing period shall be determined in accordance with ISO's and the Buyer's procedures for loss determination.

Section 6.3 Determination and Reporting of Hourly Loads

(a) The Buyer will estimate the Delivered Energy for Default Service provided by Seller pursuant to each Transaction based upon average load profiles developed for each of the Buyer's customer classes and the Buyer's actual total hourly load. The Buyer shall report to the ISO and Seller, the estimated Delivered Energy for each Transaction. The Buyer will normally report to the ISO and to Seller Seller's estimated Delivered Energy by 1:00 P.M. EPT of the second following Business Day. Appendix A provides a general description of the estimation process that the Buyer will initially employ (the "Estimation Process"). The Buyer shall have the right but not the obligation, in its sole and exclusive judgment, to modify the Estimation Process from time to time, provided that any such modification is designed with the objective of improving the accuracy of the Estimation Process.

Each month, the Buyer shall reconcile the Buyer's estimate of the Delivered Energy for each Transaction based upon the Buyer's meter reads (such meter reads as provided for in the Distribution Service Terms). The reconciliation, including all losses, shall be the adjusted Delivered Energy. The Buyer will normally notify the ISO of any resulting adjustment (debit or credit) to Seller's account for the Load Assets (set forth in a specific Confirmation) no later than the last day of the third month following the billing month. Appendix A provides a general description of this reconciliation process, which process may be changed by the Buyer from time to time in its sole and exclusive discretion.

Section 6.4 ISO Settlement Market System Implementation

As soon as possible after the execution of a Confirmation related to a specific Transaction and before the applicable Commencement Date, the Buyer shall assign to Seller, and Seller shall accept assignment of an Ownership Share for each Load Asset in such Confirmation. Such assignment shall be effective beginning on the applicable Commencement Date. Seller shall maintain such ownership until the Conclusion Date (or, if earlier, the termination date established in accordance with 7.2(a)). Seller shall take any and all actions necessary to effectuate such assignment and, if applicable in accordance with the foregoing, transfer, including executing documents required by the ISO. Once Seller's provision of Default Service terminates (effective as of the minute after the Conclusion Date or, if earlier, the termination date

established in accordance with 7.2(a)), the Buyer will terminate Seller's Ownership Shares of the aforementioned Load Assets

The Buyer shall have the right to change the Load Asset designations from time to time, consistent with the definition and provision of Default Service. If and to the extent such designations change, the Buyer and Seller shall cooperate to timely put into effect the necessary ISO Settlement Market System contracts that may be necessary to implement the new designations and terminate the prior designations.

ARTICLE 7. DEFAULT AND TERMINATION

Section 7.1 Events of Default

(a) Any one or more of the following events shall constitute an "Event of Default" hereunder with respect to the Buyer:

(i) Failure of the Buyer

(A) in any material respect to comply with, observe or perform any covenant, warranty or obligation under this Agreement (but excluding events that are otherwise specifically covered in this Section as a separate Event of Default and except due to causes excused by Force Majeure or attributable to Seller's wrongful act or failure to act in breach of this Agreement); and

(B) After receipt of written notice from Seller such failure continues for a period of five (5) Business Days, or, if such failure cannot be reasonably cured within such five (5) Business Day period, such further period as shall reasonably be required to effect such cure (but in no event longer than thirty (30) days), provided that the Buyer (x) commences within such five (5) Business Day period to effect a cure and at all times thereafter proceeds diligently to complete the cure as quickly as possible and (y) provides to Seller written documentation of its efforts and plan to cure and estimated time for completion of the cure.

(b) Any one or more of the following events shall constitute an "Event of Default" hereunder with respect to Seller:

(i) Failure of Seller

(A) in any material respect to comply with, observe, or perform any covenant, warranty or obligation under this Agreement (but excluding events that are otherwise specifically covered in this Section as a separate Event of Default and except due to causes excused by Force Majeure or attributable to the Buyer's wrongful act or wrongful failure to act in breach of this Agreement); and

(B) after receipt of written notice from the Buyer such failure continues for a period of five (5) Business Days, or, if such failure cannot be reasonably cured within such five (5) Business Day period, such further period as shall reasonably be required to effect a cure (but in no event longer than thirty (30) days), provided that Seller (x) commences within such five (5) Business Day period to effect such cure and at all times thereafter proceeds diligently to complete the cure as quickly

as possible and (y) provides to the Buyer written documentation of its efforts and plan to cure and estimated time for completion of the cure;

- (ii) Failure of Seller to provide Requirements in accordance with Articles 3 and 4;
- (iii) Failure of Seller to satisfy its obligation to provide security when due and in accordance with Section 7.3;

(c) Any one or more of the following events with respect to either Party shall constitute an "Event of Default" hereunder with respect to such Party:

- (i) The entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of such Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or (B) a decree or order adjudging such Party as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such Party under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of such Party or of any substantial part of its property, or ordering the winding up or liquidation of its affairs;
- (ii) The commencement by such Party of a voluntary case or proceeding, or any filing by a third party of an involuntary case or proceeding against a Party that is not dismissed within thirty (30) days of such third party's filing, under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of such Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of a Party or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by such Party in furtherance of any such action;
- (iii) Any representation or warranty made by a Party is or becomes false or misleading in any material respect.

Section 7.2 Remedies Upon Default

The Parties shall have the following remedies available to them with respect to the occurrence of an Event of Default with respect to the other Party hereunder:

(a) Upon the occurrence of an Event of Default, the non-defaulting Party shall have the right to (i) continue performance under this Agreement and exercise such rights and remedies as it may have at law, in equity or under this Agreement and seek remedies as may be necessary or desirable to enforce performance and observation of any obligations and covenants under this Agreement, so long as such rights and remedies are not duplicative of any other rights and remedies hereof, and do not otherwise enable the non-defaulting Party to obtain performance or payments in excess of the performance and payments to which it is otherwise entitled pursuant to this Agreement, or (ii) at its option, give such defaulting Party a written notice (a “Termination Notice”) terminating this Agreement and all, but not less than all, Transactions. Upon a termination for an Event of Default under Section 7.1(a), (b) or (c)(iii), such termination shall be effective as of the date specified in the Termination Notice, which date shall be no earlier than the date such notice is effective and no later than thirty (30) days after the date of such notice is provided to the defaulting Party in accordance with Article 8. Upon a termination for a default or Event of Default under Section 7.1(c)(i) or (ii), such termination shall be effective as of the Event of Default, provided that the non-defaulting Party provides written notice to the defaulting Party in accordance with Article 8 within ten (10) Business Days of the Event of Default. If such notice is not given within (4) Business Days of the Event of Default, the non-defaulting Party shall be entitled to terminate this Agreement effective as of the date specified in the written notice termination. Any attempted cure by a defaulting Party after this Agreement has been terminated by the non-defaulting Party shall be void and of no effect. The Parties’ obligations under this Agreement, in general and under this Section 7.2 in particular, are subject to the duty to mitigate damages as provided under common law.

(b) Seller expressly agrees that at any time after the occurrence of an Event of Default by Seller, or the delivery of a Termination Notice to Seller by the Buyer, the Buyer may exercise any rights it may have pursuant to the Article 7.3 (Security).

(c) In the event of termination for an Event of Default as provided in Section 7.1, in addition to any amounts owed for performance (or failure to perform) hereunder prior to such termination, the non-defaulting Party may recover, without duplication, its direct damages resulting from such Event of Default; such damages shall include the positive (if any) present value of this Agreement to the non-defaulting Party for the portion of the Delivery Term remaining at the time of such termination, to be determined by reference to market prices, transaction costs and load reasonably projected for the remaining portion of the Delivery Term (“Termination Damages”). The Termination Damages shall include all reasonably incurred transaction costs and expenses that otherwise would not have been incurred by the non-defaulting Party. In determining its Termination Damages, the non-defaulting Party shall offset its losses and costs by any gains or savings realized by the non-defaulting Party as a result of the termination.

Payment of Termination Damages, if any, shall be made by the defaulting Party to the non-defaulting Party within five (5) days after calculation of such Termination Damages and receipt of a notice including such calculation of the amounts owed hereunder and a written statement showing in reasonable detail the calculation and a summary of the method used to determine such amounts. Upon the reasonable request of the defaulting Party, the non-defaulting Party shall provide reasonable documentation to verify the costs underlying the Termination Damages. If the defaulting Party disputes the non-defaulting Party's calculation of the Termination Damages, in whole or in part, the defaulting Party shall, within five (5) days of receipt of the non-defaulting Party's calculation of the Termination Damages, provide to the non-defaulting Party a detailed written explanation of the basis for such dispute; provided, however,

that, the defaulting Party shall first pay the Termination Damages, if any, to the non-defaulting Party in accordance with the preceding sentence, and the non-defaulting Party shall then deposit such disputed amount into an interest bearing bankruptcy-remote escrow account for the benefit of the prevailing Party and the dispute shall be resolved in accordance with Section 15.2.

(d) Notwithstanding any other provision of this Agreement, the cure of any default or failure to comply with, observe or perform any covenant, warranty or obligation under this Agreement within the period provided therefor in this Article shall not release such defaulting Party from its obligations under Section 9.2 of this Agreement.

(e) Upon termination the Buyer shall, and upon the occurrence of an Event of Default by Seller, the Buyer shall have the right to, immediately notify the ISO that (i) the assignment from the Buyer to Seller of the Ownership Share has been terminated, (ii) the Load Asset(s) shall be removed from Seller's account and placed in the account of the Buyer and (iii) Seller consents to such action. In the event the Buyer so notifies the ISO, Seller shall immediately take any and all actions that may be required by the ISO to remove the Load Asset from Seller's account and place it in the account of the Buyer. If the Agreement and any Transactions have not been terminated, the Buyer, in its sole discretion with five (5) Business Days prior notice to Seller, may elect to assign the Ownership Share of the Load Asset(s) set forth in the associated Confirmation(s) to the account of Seller and Seller shall accept such assignment, consistent with the actions required by Section 6.4 of this Master Power Agreement.

Section 7.3 Security

The Parties will agree upon the amount of credit support applicable to each Transaction, the terms of which shall be set forth in each Confirmation and which shall be subject to this Section, provided however, the Buyer reserves the right to determine the forms of credit support and the amounts associated therewith that Seller is required to provide Buyer under this Article 7. With respect to each Transaction, within five (5) Business Days after execution of the related Confirmation, Seller shall provide such credit support in accordance with this Section 7.3 and as further described in the Confirmation.

(a) Seller, at all times during the term of a Transaction, shall either (i) maintain (A) a Credit Rating at least equal to Investment Grade and (B) a Net Worth at least equal to _____ (the "Credit Requirements") or (ii) provide security in accordance with Section 7.3(b). Prior to the Commencement Date of each Transaction and at any time during the term of any Transaction, upon the request of Buyer, Seller (or its guarantor at any time that a guaranty delivered pursuant to Paragraph (A) of Subsection (b) of this Section is in effect) shall establish that it meets the Credit Requirements by providing (x) a certificate of an authorized officer, accompanied by supporting certified financial statements and (y) documentation of all Credit Ratings. Seller shall inform the Buyer within one (1) Business Day of any failure of it or its guarantor (at any time that a guaranty delivered pursuant to Paragraph (A) of Subsection (b) of this Section is in effect, no longer meeting the Credit Requirements) to meet Credit Requirements, or of being placed by S&P or Moody's on credit watch, under review for a downgrade or with negative implications.

(b) If, at any time during the term of a Transaction, Seller fails to meet the Credit Requirements, then Seller shall provide security in (i) an amount as specified in each Confirmation; and (ii) in one or more of the following forms of credit support, within five (5) Business Days of the occurrence of such failure to meet the Credit Requirements:

- (A) A guaranty of Seller's obligations hereunder issued by an Affiliate of Seller that meets the Credit Requirements and in substantially the form set forth in Appendix C attached hereto;
- (B) An irrevocable, transferable standby letter of credit (x) issued by a U.S. commercial bank or a foreign bank with a U.S. branch with such bank having a credit rating of at least "A-" from S&P or "A3" from Moody's, (y) in a form acceptable to Buyer, including a provision permitting the Buyer upon an Event of Default as to Seller to draw down, on one or more occasions, in whole or in part, as the case may be, on the letter of credit and also permitting the Buyer to draw down an amount equal to Buyer's Termination Damages without giving effect to Section 5.5 (Netting and Setoff), and (z) that shall terminate no earlier than 120 days from the later of the termination or expiration of the Agreement. If Seller is required to provide the bank with a guarantee or any other form of financial assurance from one or more other entities to secure its letter of credit obligations, then such entities shall also guarantee all of Seller's obligations to the Buyer under this Agreement;
- (C) U.S. Dollars delivered by wire transfer of immediately available funds; or
- (D) Any alternate form of credit support proposed by Seller that the Buyer deems acceptable, in its sole discretion; provided however, the Buyer is under no obligation to accept any alternate form of credit support and may withhold consent to any such alternate form for any reason.

Section 7.4 Forward Contract.

Each Party represents and warrants to the other that it is a "forward contract merchant" within the meaning of the United States Bankruptcy Code, that this Agreement is a "forward contract" within the meaning of the United States Bankruptcy Code, and that the remedies identified in this Agreement, including but not limited to those specified in Section 7, shall be "contractual rights" as provided for in 11 U.S.C. § 556 as that provision may be amended from time to time.

ARTICLE 8. NOTICES, REPRESENTATIVES OF THE PARTIES

Section 8.1 Notices

Any notice, demand, or request required or authorized by this Agreement to be given by one Party to another Party shall be in writing. It shall either be sent by facsimile (with receipt confirmed by telephone and electronic transmittal receipt), courier, personally delivered (including overnight delivery service) or mailed, postage prepaid, to the representative of the other Party designated in accordance with this Article. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile confirmed by telephone and electronic transmittal receipt, (ii) when actually received if delivered by courier or personal delivery

(including overnight delivery service) or (iii) seven (7) days after deposit in the United States mail, if sent by first class mail return receipt requested.

Notices and other communications by Seller to the Buyer shall be addressed to:

Mr. Michael J. Hager
Vice President, Energy Supply – New England
National Grid
55 Bearfoot Road
Northborough, MA 01532
(508) 421-7350 (phone)
(508) 421-7335 (fax)

and

Notices concerning Article 7 shall also be sent to:

General Counsel
National Grid
25 Research Drive
Westborough, MA 01582
(508) 389-9000 (phone)
(508) 389-2605 (fax)

Notices and other communications by the Buyer to Seller shall be addressed to:

[Name]
[Company]
[Address]
[City, State & Zip]
[Phone]
[Fax]

Any Party may change its representative or address for notices by written notice to the other Party; however such notice shall not be effective until it is received by the other Party.

Section 8.2 Authority of Representative

The Parties' representatives shall have full authority to act for their respective Party in all matters relating to the performance of this Agreement. Notwithstanding the foregoing, a Party's representative shall not have the authority to amend, modify, or waive any provision of this Agreement unless they are duly authorized officers of their respective entities and such amendment, modification or waiver is made in accordance with Article 17.

ARTICLE 9. LIABILITY; INDEMNIFICATION; RELATIONSHIP OF PARTIES

Section 9.1 Limitation on Consequential, Incidental and Indirect Damages

EXCEPT AS EXPRESSLY PROVIDED IN SECTION 9.2, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, NEITHER THE BUYER NOR SELLER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, PARENT OR AFFILIATES, SUCCESSOR OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, SUCCESSORS, OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR ITS PARENT, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES (INCLUDING ATTORNEY'S FEES OR LITIGATION COSTS EXCEPT AS EXPRESSLY PROVIDED IN SECTION 15.2 AND IN ACCORDANCE WITH THE LIMITATION THEREUNDER) CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, OR ANY OTHER THEORY OF RECOVERY. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT.

Section 9.2 Indemnification

(a) Seller agrees to defend, indemnify and save the Buyer, its officers, directors, employees, agents, successors assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of a representation or warranty or failure to perform any covenant or agreement in this Agreement by Seller, (b) any violation of applicable law, regulation or order by Seller, (c) any act or omission by Seller with respect to this Agreement, first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, or Affiliate of the Buyer or its respective successors or assigns.

(b) The Buyer agrees to defend, indemnify and save Seller, its officers, directors, employees, agents, successor, assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of representation or warranty or failure to perform any covenant or agreement in this Agreement by said Buyer, (b) any violation of applicable law, regulation or order by Buyer, (c) any act or omission by the Buyer, with respect to this Agreement first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee or Affiliate of Seller or its respective successors or assigns.

(c) If any Party intends to seek indemnification under this Section from the other Party with respect to any action or claim, the Party seeking indemnification shall give the other Party notice of such claim or action within thirty (30) days of the later of the commencement of, or actual knowledge of, such claim or action; provided, however, that in the event such notice is delivered more than thirty (30) days after the Party seeking indemnification knows of such claim or action, the indemnifying Party shall be relieved of its indemnity hereunder only if and to the extent such indemnifying Party was actually prejudiced by such delay. The Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such claim or action. The Party seeking indemnification shall not compromise or settle any such claim or action without the prior consent of the other Party, which consent shall not be unreasonably withheld.

Section 9.3 Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between the Buyer and Seller other than that of independent contractors for the sale and delivery of Requirements for Default Service.

ARTICLE 10. ASSIGNMENT

Section 10.1 General Prohibition Against Assignments

Except as provided in Section 10.2, neither Party shall assign, pledge or otherwise transfer this Agreement or any right or obligation under this Agreement without first obtaining the other Party's written consent, which consent shall not be unreasonably withheld.

Section 10.2 Exceptions to Prohibition Against Assignments

(a) Seller may, without the Buyer's prior written consent, collaterally assign this Agreement in connection with financing arrangements provided that any such collateral assignment that provides for the Buyer to direct payments to the collateral agent (i) shall be in writing, (ii) shall not be altered or amended without prior written notice to the Buyer from both Seller and the collateral agent, and (iii) provided that any payment made by the Buyer to the collateral agent shall discharge the Buyer's obligation as fully and to the same extent as if it had been made to the Seller. Seller must provide the Buyer at least ten (10) days advance written notice of collateral assignment and provide copies of any such assignment and relevant agreements or writings.

(b) The Buyer may assign all or a portion of its rights and obligations under this Agreement to any Affiliate of the Buyer without consent of Seller. Either Party may, upon written notice, assign its rights and obligations hereunder, or transfer such rights and obligations by operation of law, to any entity with which or into which such Party shall merge or consolidate or to which such Party shall transfer all or substantially all of its assets, provided that such other entity agrees to be bound by the terms hereof and provided further, that such other entity's creditworthiness is comparable to or higher than that of such Party at the time this Agreement was executed and such Party is not relieved of any obligation or liability hereunder as a result of such assignment

ARTICLE 11. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and shall be binding upon the Parties hereto and their respective successors and permitted assigns.

ARTICLE 12. FORCE MAJEURE

(a) Force Majeure shall include but not be limited to acts of God, earthquakes, fires, floods, storms, strikes, labor disputes, riots, insurrections, acts of war (whether declared or otherwise), terrorism, acts of terrorism, acts of governmental, regulatory or judicial bodies, but if and only to the extent that such event or circumstance (i) directly affects the availability of the transmission or distribution facilities of the New England Transmission System, the Buyer or an Affiliate of the Buyer necessary to provide service to the Buyer's customers which are taking service pursuant to the Default Service Tariff and (ii) it is not within the reasonable control of, or the result of the negligence of, the claiming Party, and which, by the exercise of due diligence, the claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (A) fluctuations in Default Service, (B) the cost to a Party to overcome or avoid, or cause to be avoided, the event or circumstance affecting such Party's performance or (C) events affecting the availability or cost of operating any generating facility.

(b) To the extent that either Party is prevented by Force Majeure from carrying out, in whole or in part, its obligations hereunder and (i) such Party gives notice and detail of the Force Majeure to the other Party as soon as practicable after the onset of the Force Majeure, including an estimate of its expected duration and the probable impact on the performance of its obligations hereunder; (ii) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure, and (iii) the Party claiming Force Majeure uses commercially reasonable efforts to remedy or remove the inability to perform caused by Force Majeure, then the affected Party shall be excused from the performance of its obligations prevented by Force Majeure. However, neither Party shall be required to pay for any obligation the performance of which is excused by Force Majeure. This paragraph shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the Party involved in the dispute.

(c) No obligations of either Party which arose before the Force Majeure occurrence causing the suspension of performance shall be excused as a result of the event of Force Majeure.

(d) Prior to the resumption of performance suspended as a result of a Force Majeure occurrence, the Party claiming the Force Majeure shall give the other Party written notice of such resumption.

ARTICLE 13. WAIVERS

No delay or omission in the exercise of any right under this Agreement shall impair any such right or shall be taken, construed or considered as a waiver or relinquishment thereof, but any such right may be exercised from time to time and as often as may be deemed expedient.

The waiver of any single breach or default of any term or condition of this Agreement shall not be deemed to constitute the waiver of any other prior or subsequent breach or default of the Agreement or any other term or condition.

ARTICLE 14. LAWS AND REGULATIONS

(a) This Agreement and all rights, obligations, and performances of the Parties hereunder, are subject to all applicable federal and state laws, and to all duly promulgated orders and other duly authorized action of governmental authorities having jurisdiction hereof.

(b) The rates, terms and conditions contained in this Agreement are not subject to change under Section 205 of the Federal Power Act as that section may be amended or superseded, absent the mutual written agreement of the Parties. Each Party irrevocably waives its rights, including its rights under §§ 205-206 of the Federal Power Act, unilaterally to seek or support a change in the rate(s), charges, classifications, terms or conditions of this Agreement or any other agreements entered into in connection with this Agreement. By this provision, each Party expressly waives its right to seek or support: (i) an order from the Commission finding that the market-based rate(s), charges, classifications, terms or conditions agreed to by the Parties in the Agreement are unjust and unreasonable; or (ii) any refund with respect thereto. Each Party agrees not to make or support such a filing or request, and that these covenants and waivers shall be binding notwithstanding any regulatory or market changes that may occur hereafter and (z) that it shall not challenge or support a challenge to the enforceability of the waiver in this Section (b).

(c) Absent the agreement of all Parties to a proposed change, the standard of review for changes to this Agreement proposed by a non-party or the Commission acting sua sponte shall be the "public interest" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the "Mobile-Sierra" doctrine).

(d) The Parties agree that, if and to the extent that the Commission adopts a final rule or order which requires that, in order to exclude application of the just and reasonable standard of review and to mandate application of the public interest standard of review under the Mobile-Sierra doctrine for a proposed change to this Agreement which is not agreed to by all Parties, the Parties must agree to language which varies from that set forth in Article 14(c) then, without further action of either Party, Article 14(c) will be deemed amended to incorporate the specific language required by such final rule or order as is necessary to have the public interest standard of review under the Mobile-Sierra doctrine apply to any proposed change to this Agreement to which all Parties do not agree.

(e) Nothing in this Article 14 is intended to modify any Party's right to enforce the terms of this Agreement as written.

ARTICLE 15. INTERPRETATION, DISPUTE RESOLUTION

Section 15.1 Governing Law

The Agreement shall be governed by and construed and performed in accordance with and the laws of the State of New Hampshire, without giving effect to its conflict of laws principles.

Section 15.2 Dispute Resolution

All disputes between the Buyer and Seller under this Agreement shall be referred, upon notice by one Party to the other Party, to a senior manager of Seller designated by Seller, and a senior manager of the Buyer designated by the Buyer, for resolution on an informal basis as promptly as practicable. In the event the designated senior managers are unable to resolve the dispute within ten (10) days of receipt of the notice, or such other period to which the Parties may jointly agree, such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedure set forth in this Section. The arbitration shall be conducted in Boston, Massachusetts before a single neutral arbitrator mutually agreed to and appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, Seller and the Buyer shall each choose one arbitrator, who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within ten (10) days select a third arbitrator to act as chairman of the arbitration panel. In either case, the arbitrator(s) shall be knowledgeable and have at least two (2) years experience in electric utility matters, including wholesale power transactions and power market issues, and shall not have any current or past material business or financial relationships with either Party or a witness for either Party and shall not have a direct or indirect interest in any Party or the subject matter of the arbitration. If a panel of arbitrators, all of their decisions shall be by majority vote. The arbitrator(s) shall afford each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the then-current arbitration rules of the CPR Institute for Dispute Resolution (formerly known as the Center for Public Resources), unless otherwise mutually agreed by the Parties. There shall be no formal discovery conducted in connection with the arbitration unless otherwise mutually agreed by the Parties; provided, however, that the Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Any offer made and the details of any negotiations to resolve the dispute shall not be admissible in the arbitration or otherwise. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and the reasons therefore, and shall make an award apportioning the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants unless the arbitrator(s), based upon a determination of good cause, awards attorneys fees and legal and other costs to the prevailing Party. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change the Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction, subject expressly to Section 15.3. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. Nothing in this paragraph shall impair the ability of a Party to exercise any right or remedy it has under this Agreement, including those in Article 7. To the fullest extent permitted by law, any arbitration proceeding and the arbitrator's award shall be maintained in confidence by the Parties; provided, however, that either Party, or any of its Affiliates, may provide information regarding the arbitration without limitation to any

regulatory agency requesting or requiring such information or to a court in a proceeding to confirm, appeal (as such appeal is limited hereby) or enforce the award; provided, further, that any such provision of information must include a request for confidential treatment.

Section 15.3 Venue; Waiver of Jury Trial

Each Party hereto irrevocably (i) submits to the exclusive jurisdiction of the federal and state courts located in the State of New Hampshire; (ii) waives any objection which it may have to the laying of venue of any proceedings brought in any such court; and (iii) waives any claim that such proceedings have been brought in an inconvenient forum. EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS AGREEMENT.

ARTICLE 16. SEVERABILITY

Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining provisions and lawful obligations that arise under this Agreement. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision or circumstances shall not be affected by such invalidity or unenforceability.

ARTICLE 17. MODIFICATIONS

No modification or amendment of this Agreement will be binding on any Party unless it is in writing and signed by both Parties.

ARTICLE 18. ENTIRE AGREEMENT

This Master Power Agreement, including the Appendices, any Confirmations relating to specific Transactions, the tariffs and agreements referred to herein or therein, embody the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or therein. It is expressly acknowledged and agreed that there are no restrictions, promises, representations, warranties, covenants or undertakings contained in any material provided or otherwise made available by the Seller or the Buyer to each other. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the transactions contemplated hereby and specifically excludes written agreements executed by the Parties prior to the Effective Date.

ARTICLE 19. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

ARTICLE 20. INTERPRETATION; CONSTRUCTION

The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement. For purposes of this Agreement, the term "including" shall mean "including, without limitation". The Parties acknowledge that, each Party and its counsel have reviewed and or revised this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement, and it is the result of joint discussion and negotiation.

ARTICLE 21. REPRESENTATIONS; WARRANTIES AND COVENANTS

Each Party represents to the other Parties, upon execution and continuing throughout the term of this Agreement, as follows:

(a) It is duly organized in the form of business entity set forth in the first paragraph of this Agreement, validly existing and in good standing under the laws of its state of its organization and has all requisite power and authority to carry on its business as is now being conducted, including all regulatory authorizations as necessary for it to legally perform its obligations hereunder.

(b) It has full power and authority to execute and deliver this Master Power Agreement and any and all Confirmations related to Transactions and to consummate and perform the transactions contemplated hereby. This Master Power Agreement has been, and any Confirmation will be, duly and validly executed and delivered by it, and, assuming that this Master Power Agreement, together with any and all Confirmations, constitutes a valid and binding agreement of the other Parties, constitute together its valid and binding agreement, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, or the terms of any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument to which it is bound, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.

(d) No declaration, filing with, notice to, or authorization, permit, consent or approval of any governmental authority is required for the execution and delivery of this Master Power Agreement or any and all Confirmations related to a Transaction by it or the performance by it of its obligations hereunder and thereunder, other than such declarations, filings, registrations, notices, authorizations, permits, consents or approvals which, if not obtained or made, will not, in the aggregate, have a Material Adverse Effect.

(e) Neither the execution and delivery of this Master Power Agreement or any and all Confirmations by it, nor the performance by it of its obligations under this Master Power Agreement and any and all Confirmations related to Transactions, will or does (i) conflict with or result in any breach of any provision of its Governing Documents, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which it or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which, in the aggregate, would not have a Material Adverse Effect; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to it, which violation would have a Material Adverse Effect.

(f) There are no claims, actions, proceedings or investigations pending or, to its knowledge, threatened against or relating to it before any governmental authority acting in an adjudicative capacity relating to the transactions contemplated hereby that could have a Material Adverse Effect. It is not subject to any outstanding judgment, rule, order, writ, injunction or decree of any court or governmental authority which, individually or in the aggregate, would create a Material Adverse Effect.

(g) There are no bankruptcy, insolvency, reorganization, receivership or other similar proceedings pending or being contemplated by it, or of its knowledge threatened against it.

(h) With respect to Seller, (i) it and the ISO have fully executed a Market Participant Service Agreement (“Seller’s MPSA”), and it has been approved by the Commission in accordance with Subsection 7.1 of the MPSA with the ISO and (ii) the ISO has not filed with the Commission a notice of termination of Seller’s MPSA.

(i) It is acting for its own account, has made its own independent decision to enter into this Master Power Agreement and any and all Confirmations related to a Transaction and as to whether this Master Power Agreement and any such Confirmation is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party hereto, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Master Power Agreement and any such Confirmation or Transaction.

ARTICLE 22. CONSENTS AND APPROVALS

The Parties shall cooperate so that each Party may take such actions as necessary and required for the other Party to effectuate and comply with this Agreement including to (i) promptly prepare and file all necessary documentation, (ii) effect all necessary applications, notices, petitions and filings and execute all agreements and documents, and (iii) use all commercially reasonable efforts to obtain all necessary consents, approvals and authorizations of

all other entities, in the case of each of the foregoing clauses (i), (ii) and (iii), necessary or advisable to consummate the transactions contemplated by this Agreement. The Buyer shall have the right to review and approve in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any filing, press release or public announcement made in connection with the transactions contemplated hereby.

ARTICLE 23. CONFIDENTIALITY

Neither Seller nor the Buyer shall provide copies of or disclose the contents or terms of Section 5.2(b) and 7, Appendix C [BIDDERS: Insert additional sections] of the Master Power Agreement (the “Confidential Terms”) to any third party without the prior written consent of the other Party; provided, however, that either Party may provide a copy of the Confidential Terms, in whole or in part to (1) any regulatory agency or governmental authority with jurisdictional interest requesting and/or requiring such Confidential Terms, or in order to comply with any applicable law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding, provided that in the case of a disclosure pursuant to the foregoing, such disclosure must include a request for confidential treatment of the Confidential Terms, and (2) an Affiliate if related to the Party’s performance of its obligations hereunder, provided that such Affiliate agrees to treat the Confidential Terms as confidential in accordance with this clause.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Master Power Agreement on their behalf as of the date first above written.

GRANITE STATE ELECTRIC COMPANY

Name (print): _____
Title: _____

Name (print): _____
Title: _____

APPENDIX A

ESTIMATION OF SELLER HOURLY LOADS

Overview

Generating units operated by suppliers are dispatched by the power pool to meet the region's electrical requirements reliably, and at the lowest possible cost. As a result, a supplier's electricity production may not match the demand of its customers. In each hour some suppliers with low cost production units or that contract for the output of such units are net sellers of electricity to the pool, while other suppliers are purchasing power from the pool to meet the demand of their customers. To determine the extent to which suppliers are net buyers or sellers on an hourly basis, it is necessary to estimate the hourly aggregate demand for all of the customers served by each supplier. The Buyer will estimate Seller's Default Service load obligations within the Buyer's service territory and report the hourly results to the ISO on a daily basis.

The estimation process is a cost-effective approach to producing results that are reliable, unbiased and reasonably accurate. The hourly load estimates will be based on rate class load profiles, which will be developed from statistically designed samples. Each day, the class load shapes will be scaled to the population of customers served by each supplier. In cases where telemetered data on individual customers is available, it will be used in place of the estimated shapes. On a monthly basis, the estimates will be refined by incorporating actual usage data obtained from meter readings. In both processes, the sum of all suppliers' estimated loads will match the total load delivered into the distribution system. A description of the estimation process follows.

Daily Estimation of Suppliers' Own Load

The daily process estimates the hourly load for each supplier for the previous day. The following is an outline of this process:

- Select a proxy date from the previous year with characteristics which best match the day for which the hourly demand estimates are being produced. Extract class load shapes for the selected proxy date from the load research database.
- Scale the class load shapes appropriately for each individual customer based on the usage level of the customer relative to the class average usage level.
- Calculate a factor for each customer which reflects their relative usage level and includes an adjustment for losses ("load adjustment factor"). Aggregate the load adjustment factors across the customers served by each supplier in each class.
- Produce a preliminary estimate of each supplier's hourly loads by combining the proxy day class load shapes with the supplier's total load adjustment factors. Aggregate the loads across the classes for each supplier.

- Adjust the preliminary hourly supplier estimates so that their sum is equal to the Buyer's actual hourly metered loads (as metered at the point of delivery to the distribution system) by allocating any differences to suppliers in proportion to their estimated load.
- Adjust the hourly supplier estimates to include transmission losses within the Buyer's transmission system.
- Submit the hourly loads to the ISO.

After the Buyer has submitted the supplier hourly loads, the ISO will allocate PTF losses to the supplier's account during the settlement process.

Monthly Reconciliation Process

The monthly process will improve the estimates of supplier loads by incorporating the most recent customer usage information, which will be available after the monthly meter readings are processed. The actual customer meter readings, as well as actual interval data for the largest customers, are used to re-estimate all of the days in the calendar month being reconciled. Updates to customers' account status and supplier assignments that may have been missed during the daily processing (due to timing) are included. The resulting hourly supplier load estimates for all the days in the month are reported and used by the ISO as the basis for the monthly resettlement.

**APPENDIX B
MASTER POWER AGREEMENT
FORM OF CONFIRMATION**

This Confirmation shall confirm the Transaction agreed to on, and effective as of _____, between **GRANITE STATE ELECTRIC COMPANY** (“Granite” or “Buyer”), a New Hampshire corporation and _____ (“Seller”), a Delaware corporation, regarding the sale/purchase of Default Service specified herein under the terms and conditions under the Master Power Agreement, dated _____ (the “Master Power Agreement”) between Buyer and Seller, as specified and modified herein. Terms used but not defined herein shall have the meanings ascribed to them in the Master Power Agreement.

1. Confirmation Effective Date; Condition Precedent; Filing Obligation; Term

This Confirmation shall be binding on the Parties upon execution by both Parties (such date the “Confirmation Effective Date”). Promptly after execution by both Parties, Buyer shall submit the Default Service retail rates to the NHPUC for its approval. The Parties performance of Sections 3.2 through 6.4 of the Master Power Agreement are subject to the occurrence, on or before the fifth Business Day after (but not including) the Buyer’s submission of the Default Service retail rates to the NHPUC (the “Fifth Day”), for the approval by the NHPUC. If the NHPUC does not issue a decision approving Buyer’s request to approve the Default Service retail rates as filed on or before the Fifth Day (a “NHPUC Denial”), then this Confirmation shall be null and void and of no further force and effect, and neither Party shall have any obligation whatsoever to the other Party, and such a voiding of the Confirmation and the NHPUC Denial shall not be a default or constitute an Event of Default by either Party; provided, however, that neither Party shall undertake any action with the NHPUC or otherwise in opposition of approval by the NHPUC of the Master Power Agreement or the Confirmation as executed.

2. Default Service Requirements Matrix

Award Block	Customer Group	Load Zone	Load Responsibility	Commencement Date	Conclusion Date
TBD	TBD	NH	100%	TBD	TBD

3. Contract Rate - \$/MWh

Contract Rate	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
TBD	TBD	TBD	TBD	TBD	TBD	TBD

4. Load Asset Designation within the ISO Settlement Market System

Award Block	Customer Group	Load Zone	Load Asset Number	Load Asset Name
TBD	TBD	NH	TBD	TBD

5. Amount Payable

The amount payable by the Buyer to Seller in a month shall be:

[To be determined for each transaction]

6. Calculation; Confidentiality

6.1 Calculation

For this Transaction, the term “Calculation” as defined in Subsection 5.2(a) of the Master Power Agreement shall be amended to include the amounts as determined in accordance with Article 5 of this Confirmation.

6.2 Confidentiality

For this Transaction, Article 23 of the Master Power Agreement shall be replaced in its entirety with the following:

[To be determined for each transaction]

7. Security

[To be determined for each transaction]

8. Ratification of the Terms and Conditions of the Agreement

(a) Except as expressly amended or waived by this Confirmation, the terms, conditions, covenants, agreements, warranties and representations contained in the Master Power Agreement are in all respects ratified, confirmed and remade as of the date hereof and, except as amended or waived hereby, shall continue in full force and effect.

(b) Nothing in this Confirmation shall, or shall be construed to, alter or amend any other Confirmation.

9. Counterparts

This Confirmation may be executed in counterparts, all of which together shall constitute one and the same instrument.

This Confirmation constitutes part of and is subject to the terms and provisions of such Master Power Agreement.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Confirmation on their behalf as of the date first above written.

GRANITE STATE ELECTRIC COMPANY

Name (print): Michael J. Hager_____

Title: Authorized Signatory_____

Name (print):_____

Title: _____

**APPENDIX C
FORM OF GUARANTY**

Guaranty

This Guaranty (this “Guaranty”), dated effective as of [___], 2006 (the “Effective Date”), is made and entered into by [_____], a [_____] corporation (“Guarantor”).

WITNESSETH:

WHEREAS, Granite State Electric Company (“the Buyer”) and [_____], a corporation organized under the laws of the State of [_____] (“Seller”) and a [_____] of Guarantor, have entered into that certain Confirmation, dated _____ (the “Confirmation”), under the Master Power Agreement, dated [_____], (collectively with the Confirmation, as the foregoing and the terms therein and the obligations and liabilities thereunder may from time to time and without notice to or consent of the Guarantor, and without impairing or releasing the obligations of the Guarantor, be amended, modified, revised, supplemented or waived by Buyer and Seller, the "Agreement") and

WHEREAS, Guarantor will directly or indirectly benefit from the Agreement between Seller and the Buyer;

NOW THEREFORE, in consideration of the Buyer entering into the Agreement, Guarantor hereby covenants and agrees as follows:

- 1) GUARANTY. Subject to the provisions hereof, Guarantor hereby irrevocably and unconditionally guarantees the full and faithful timely performance and payment when due of the obligations of Seller that are now due or may hereafter become due and payable to the Buyer under the Agreement (the “Obligations”). This Guaranty shall constitute a guarantee of performance and payment and not of collection. The liability of Guarantor under this Guaranty shall be specifically limited to performance and payments expressly required to be made under the Agreement (even if such payments are or are deemed to be damages) as well as costs of collection and enforcement of this Guaranty (including attorney’s fees) to the extent reasonably and actually incurred by the Buyer (all of which such costs of collection and enforcement shall be subject to the limitation set forth in Section 1(a) above) but in no event shall Guarantor be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive or tort damages, or, except to the extent specifically provided in the Agreement, any other damages.
- 2) DEMANDS AND NOTICE. Upon the occurrence and during the continuance of an Event of Default or termination, as may be defined in the Agreement, if Seller fails or refuses to perform or pay any Obligations and the Buyer elects to exercise its rights under this Guaranty, the Buyer shall make a demand upon Guarantor (hereinafter referred to as a “Demand”). A Demand shall be in writing and shall reasonably and briefly specify in what manner and what amount Seller has failed to perform or pay and an explanation of why such performance or payment is due, with a specific statement that the Buyer is calling upon Guarantor to perform and/or pay under this Guaranty. A Demand satisfying the foregoing requirements shall be required with respect to Obligations before Guarantor is required to perform or pay (free of any deductions or withholdings) such Obligations hereunder and shall be deemed

sufficient notice to Guarantor that it must perform the Obligations within two (2) Business Days, or pay the Obligations within five (5) Business Days, after its receipt of the Demand. A single written Demand shall be effective as to any specific default during the continuance of such default, until Seller or Guarantor has cured such default, and additional written demands concerning such default shall not be required until such default is cured. As used herein, the term "Business Day" shall mean a day on which commercial banks or financial institutions are open for business in the Commonwealth of Massachusetts.

3) REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants that:

(a) it is a corporation duly organized and validly existing and in good standing under the laws of the State of [] and has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Guaranty;

(b) the execution, delivery and performance of this Guaranty and each transaction contemplated by this Guaranty, do not and will not (with or without the lapse of time, the giving of notice or both, contravene, conflict with or result in a breach of or default under any provision of its constitution or any writ, order, judgment, law, rule or regulation to which it is a party or is subject or by which it is bound; and

(c) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over Guarantor is required on the part of Guarantor for the execution and delivery of this Guaranty; and

(d) this Guaranty, when executed and delivered, will constitute a valid and legally binding agreement of Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

4) SETOFFS AND COUNTERCLAIMS. Without limiting Guarantor's own defenses and rights hereunder, Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which Seller or any other affiliate of Guarantor is or may be entitled to arising from or out of the Agreement or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Seller, the lack of power or authority of Seller to enter into, amend and/or perform the Agreement, or waiver or consent with respect to any provision thereof, or a claim as to the Agreement's validity regularity or enforceability, or any similar circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor generally.

5) AMENDMENT OF GUARANTY. No term or provision of this Guaranty shall be amended, modified, altered, waived or supplemented except in a writing signed by Guarantor and the Buyer.

6) WAIVER; TERMINATION. Except as required in Section 2 above, Guarantor hereby waives (a) notice of acceptance of this Guaranty; (b) presentment, demand and notice of dishonor concerning the liabilities of Guarantor; and (c) any right to require that any action or proceeding be brought against Seller or any other person, or to require that the Buyer exhaust its remedies against Seller or seek enforcement of any performance against Seller or any other person, or against any collateral pledged by

Seller or any other person liable for payment or performance of the Obligations, prior to any action against Guarantor under the terms hereof. Buyer shall not be obligated to file any claim relating to the Obligations in the event that Seller becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Buyer to so file shall not affect the Guarantor's obligations hereunder.

Except as to applicable statutes of limitation, no delay of the Buyer in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights, a waiver of any other rights or a release of Guarantor from any obligations hereunder.

Guarantor consents to the renewal, compromise, extension, acceleration or other changes including in the time of payment of and other changes in the terms of the Obligations, or any part thereof and amendments thereto, or any changes and modifications to the terms of the Agreement or waivers there under.

Guarantor shall not be discharged or released from its obligations hereunder by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Seller or by any defense which Seller may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding. Guarantor agrees that this Guaranty shall continue to be effective or shall be reinstated, as the case may be, if all or any part of any payment made hereunder is at any time avoided or rescinded or must otherwise be restored or repaid by the Buyer as a result of the bankruptcy of Seller, or otherwise, all as though such payments had not been made.

This Guaranty and the Guarantor's obligations hereunder shall remain in effect for the term of the Agreement.

NOTICE. Any Demand, notice, request, instruction, correspondence or other document to be given hereunder by any party to another (herein collectively called "Notice") shall be in writing and delivered personally or mailed by certified mail, postage prepaid and return receipt requested, or by telegram or facsimile, as follows:

To the Buyer:

Vice President-Energy Supply New
England
National Grid.
55 Bearfoot Road
Northborough, MA 01532

Fax No.: (508) 421-7335
Phone No.: (518) 421-7350

To Guarantor:

Fax No.:
Phone No.:

Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by telegram shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. Notice given by facsimile shall be effective upon (i) actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours and (ii) confirmation of receipt by telephone. All Notices by telegram or facsimile shall be confirmed promptly after transmission in writing by certified mail or personal

delivery. Any party may change any address to which Notice is to be given to it by giving notice in accordance with the requirements of this Section.

MISCELLANEOUS. This Guaranty shall in all respects be governed by, and construed in accordance with, the law of the Commonwealth of Massachusetts, without regard to principles of conflicts of laws.

This Guaranty shall be binding upon Guarantor and its successors and permitted assigns and inure to the benefit of and be enforceable by the Buyer and its successors and permitted assigns. The Guarantor may not assign this Guaranty in part or in whole without the prior written consent of the Buyer. The Buyer may not assign its rights or benefits under this Guaranty in part or in whole except (i) with the prior written consent of the Guarantor, or (ii) pursuant to a permitted assignment of Agreement (“Assigned Agreement”), in which case the assignee will succeed to the rights of the Buyer hereunder arising after the date of such assignment. The Guarantor’s liability hereunder with respect to any and all such Assigned Agreement, together with any other liability of the Guarantor hereunder, will in all cases be subject to the Guarantor’s maximum aggregate liability set forth in Section 1(a) herein. Neither the Guarantor nor the Buyer will unreasonably withhold or delay consent to assignment.

This Guaranty embodies the entire agreement and understanding between Guarantor and the Buyer and supersedes all prior agreements and understandings relating to the subject matter hereof. The headings in this Guaranty are for purposes of reference only, and shall not affect the meaning hereof.

Time is of the essence of this Guaranty. The remedies provided to the Buyer in this Guaranty are cumulative and not exclusive of any other remedies provided by law.

Words importing the singular number hereunder shall include the plural number and vice versa and any pronouns used herein shall be deemed to cover all genders. The term "person" as used herein means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated association, or government (or any agency or political subdivision thereof).

Wherever possible, any provision in this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any one jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Remainder of Page Intentionally Left Blank

**IN WITNESS WHEREOF, the Guarantor has executed this Guaranty on _____,
2006, but it is effective as of the Effective Date.**

[GUARANTOR]

Name (print): _____
Title: _____

APPENDIX D

REQUIRED PROPOSAL INFORMATION

RESPONDENT: _____

1. General Information

Name of Respondent	
Principal contact person < Name < Title < Company < Mailing address < Telephone number (office) < Telephone number (cell) < Fax number < E-mail address	
Secondary contact person (if any) < Name < Title < Company < Mailing address < Telephone number (office) < Telephone number (cell) < Fax number < E-mail address	
Legal form of business organization of Respondent (e.g., sole proprietorship, partnership, limited partnership, joint venture, or corporation)	
State(s) of incorporation, residency and organization Indicate whether Respondent is in good standing in all states in which Respondent is authorized to do business and, if not, which states and the reason it is not.	
If Respondent is a partnership, the names of all general and limited partners. If Respondent is a limited liability company, the names of all direct owners.	
Description of Respondent and all affiliated entities and joint ventures transacting business in the energy sector	

RESPONDENT: _____

2. Financial Information

Current debt rating for Respondent (include ratings and names of rating agencies).	
Date Respondent's last fiscal year ended.	
Total revenue for Respondent for the most recent fiscal year.	
Total net income for Respondent for the most recent fiscal year.	
Total assets for Respondent as of the close of the previous fiscal year.	
Copy of the Respondent's most recent balance sheet, income statement and cash flow statement.	
Copy of the Respondent's most recent audited balance sheet, income statement and cash flow statement.	

3. Defaults and Adverse Situations

<p>Describe, in detail, any situation in which Respondent (either individually or as part of a consortium, joint venture or other group), or an affiliate of Respondent, defaulted or was deemed to be in noncompliance of its contractual obligations to transact business in the energy sector within the past five years including, without limitation, to purchase or deliver energy, capacity or other market products at retail or wholesale, or for the purchase or sale of electricity or natural gas, and including any financing agreements or financing provisions of any agreement.</p> <p>Explain the situation, its outcome and all other relevant facts associated with the event.</p> <p>If there was litigation, provide the case caption, index number and court.</p> <p>Identify the name, title and telephone number of the principal manager of the customer/client who asserted the event of default or noncompliance.</p>	
--	--

RESPONDENT: _____

<p>Has Respondent, or any affiliate of Respondent, in the last five years, (a) consented to the appointment of, or was taken in possession by, a receiver, trustee, custodian or liquidator of a substantial part of its assets, (b) filed a bankruptcy petition in any bankruptcy court proceeding, (c) answered, consented or sought relief under any bankruptcy or similar law or failed to obtain a dismissal of an involuntary petition, (d) admitted in writing of its inability to pay its debts when due, (e) made a general assignment for the benefit of creditors, (f) was the subject of an involuntary proceeding seeking to adjudicate that Party bankrupt or insolvent, (g) sought reorganization, arrangement, adjustment, or composition of it or its debt under any law relating to bankruptcy, insolvency or reorganization or relief of debtors.</p>	
<p>Describe any facts presently known to Respondent that might adversely affect its ability to provide the service(s) bid herein as provided for in the RFP</p>	

4. NEPOOL AND POWER SUPPLY EXPERIENCE

<p>Is Respondent a member of NEPOOL?</p>	
<p>Does Respondent have an executed and accepted Market Participant Service Agreement with ISO New England?</p>	
<p>Name of Market Participant if Respondent will have another Market Participant be responsible for its market settlement obligations .</p>	
<p>Describe Respondent’s experience and record of performance in the areas of power marketing, brokering, sales, and/or contracting, for the last five years within NEPOOL and/or the New England region.</p>	
<p>Provide three references (name, title and contact information) who have contracted with the Respondent for similar load following services within the last 2 years.</p>	

RESPONDENT: _____

5. CONFLICTS OF INTEREST

Briefly describe any known conflicts of interest between bidder or an affiliate of bidder and Buyer, National Grid USA or any affiliates of the foregoing.	
Enumerate any litigation, claims or complaints asserted by bidder or an affiliate of bidder, against Buyer, National Grid or an affiliate of any of the foregoing.	
Enumerate any litigation, claims or complaints asserted against bidder or an affiliate of bidder by Buyer, National Grid or an affiliate of any of the foregoing.	

6. SCOPE OF BID AND TERMS OF SALE

Will Respondent execute a contract substantially similar to the proposed Master Power Agreements contained in Appendices B and C? Explain any proposed modifications.	
List all regulatory approvals required before service can commence.	

SCHEDULE MJH – 2

Default Service Procurement Summary

**NATIONAL GRID
DEFAULT SERVICE PROCUREMENT SUMMARY
FOR THE PERIOD
February 2007 – April 2007**

RFP Issued

National Grid issued its Request for Power Supply Proposals (“RFP”) on October 27, 2006 directly to [REDACTED] suppliers for the service period February 2007 through April 2007.

The RFP was also distributed to all members of the NEPOOL Markets Committee and posted on National Grid’s energy supply web site. As a result, the RFP had wide distribution throughout the New England energy supply marketplace.

The procurement was conducted in accordance with applicable New Hampshire rules and regulations including Granite State Electric Company’s Second Amended Restructuring Settlement Agreement (“Restructuring Settlement”), RSA 374-F (“New Hampshire Act”) and Granite State Electric Company Post-Transition Service Default Service Proposal Settlement Agreement (“New Hampshire Settlement Agreement”) approved by the New Hampshire Public Utilities Commission on January 13, 2006 in Order No. 24,577.

This procurement was also conducted in accordance with applicable Massachusetts rules and regulations including the various orders in D.T.E. Dockets 99-60A, 99-60B, 99-60C, 02-40A, 02-40B and 02-40C and was consistent with prior procurements conducted by National Grid.

The RFP sought:

- 100% of the New Hampshire Large Customer Group Default Service requirements for the period February 2007 through April 2007; and
- 100% of the Massachusetts Industrial Customer Group Default Service requirements for the period February 2007 through April 2007.

These requirements were divided into 4 distinct load blocks. A description of each load block is provided in Attachment 1.

National Grid requested both all-inclusive pricing and pricing with a pass-through for capacity costs. If the pass-through option was selected, National Grid would compensate a supplier at its actual capacity costs subject to appropriate price cap.

National Grid requested a fixed price adder for SEMA Local Second

Contingency Protection Resource NCPC charges. If selected as a pass-through, National Grid would pay a supplier its actual costs for these charges.

National Grid also requested a separate fixed price adder for obtaining certificates to comply with the requirements of the Massachusetts Renewable Portfolio Standards.

Key RFP Dates

The RFP was issued on October 27, 2006.

Supplier information and contract comments were received on November 10, 2006.

Indicative bids were received on November 29, 2006.

Final bids were received on December 7, 2006.

As required by the New Hampshire Settlement Agreement and consistent with the June 22, 2006 order, National Grid informed the NHPUC staff on October 16, 2006 that it would seek bids on both an all-inclusive basis and on a pass through basis of actual capacity costs.

Indicative Bids

Indicative bids were received on November 29, 2006 [REDACTED] bidders.

The indicative bids were evaluated and ranked (see Attachments 2 and 3). Indicative pricing was used only to determine current market price, to prepare an initial ranking of bids and to identify any bidding anomalies. The retail prices in Attachment 3 were calculated by adjusting the wholesale prices in Attachment 2 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending September 30, 2006.

The lowest indicative bids for each load block were compared to National Grid's estimate of expected indicative bids based on two methodologies.

One method estimates expected bid prices based on current electric futures market prices for the procurement period multiplied by a factor. [REDACTED]

[REDACTED] (See Attachment 4)

The second method estimates expected bid prices assuming a direct relationship between bid prices and natural gas prices. [REDACTED]

[REDACTED]

(See

Attachment 5)

In evaluating the bid prices, National Grid compared the average expected bid prices for each block from the two methods above to the average lowest indicative bid price for the block [REDACTED]

[REDACTED]

[REDACTED] Thus, National Grid considered the bids to be acceptable.

In addition to evaluating the bid price and ability to meet credit requirements, National Grid also performed a qualitative review of each bidder's ability to provide Default Service during the service period based on the following:

- The bidder's past experience in providing similar services to National Grid or its affiliates;
- The bidder's past experience in providing similar services to other companies in New England;
- The bidder's past experience in providing similar services to other companies in other regions;
- The bidder's demonstrated understanding of the market rules related to the provision of Default Service;
- The bidder's demonstrated understanding of its obligations under the proposed PPA; and
- Whether there have been any past or are any present events that are known that may adversely affect the bidder's ability to provide Default Service.

National Grid concluded that all bidders were qualified to provide Default Service and would be capable of providing any required contract security.

**Regulatory
Communication**

The results of the indicative bids were shared with staff of the New Hampshire Public Utilities Commission (“NHPUC”) on December 1, 2006.

The results of the indicative bids were shared with staff of the Massachusetts Department of Telecommunications and Energy (“Department”) on December 2, 2006.

Final Bids

Final bids were received on December 7, 2006 from ■ bidders.

The final bids were evaluated and ranked (see Attachments 11 and 12) The retail prices in Attachment 11 were calculated by adjusting the wholesale prices in Attachment 12 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending September 30.

A summary of the number of bids per block is provided in the following table:

Block - # Bids	
■	
■	
■	
■	

**Reliability
Costs in the
SEMA Load
Zone**

Since January 1, 2006, the ISO has been dispatching SEMA load zone generation resources out-of-merit to provide local second contingency protection for the bulk power system. The incremental cost of out-of-merit dispatch is being allocated to suppliers serving wholesale load in SEMA (“SEMA Local Second Contingency Protection Resource NCPC Charges”). Settlement discussions are on-going between ISO-NE and market participants regarding a resolution of this issue.

National Grid requested bidders provide a separate price adder to fix the cost of SEMA NCPC charges to customers. This independent bid allowed National Grid to evaluate bid submissions against internal estimates of this cost. ■

■ Based on the data available from ISO-NE (January 2006 through October 2006), National Grid determined these costs averaged ■ per MWh. In addition, in its November 29, 2006 filing in the pending NSTAR Basic Service rate docket, the Retail Energy Supply Association provided an estimate of the average historical cost for 2006 was ■ per MWh.

National Grid awarded supply on a pass-through basis for these costs. The winning bidder's cost () was significantly greater than our estimate () per MWh) and it was not in the customer's interest to pay the premium to lock in a fixed price.

Capacity Cost Treatment

On March 6, 2006 ISO-NE filed a settlement agreement with FERC in the LICAP proceeding which provides for a forward capacity market beginning in 2010. As an interim measure, ISO-NE has instituted a transitional market beginning in December 2006. On June 15, 2006 the FERC approved the filing with no changes. On November 1, 2006 the FERC issued an Order denying all requests for rehearing and upheld its original conclusions that the settlement agreement represents a just and reasonable outcome consistent with the public interest.

National Grid requested bidders to (i) submit a price that includes the cost of capacity in an as-delivered energy rate ("All Inclusive Bid Price") and (ii) submit a second price that excludes the cost of capacity which would be paid as an additional cost on a pass through basis of actual costs ("Pass Through Bid Price") for the February 2007 – April 2007 period.

National Grid calculated an estimated capacity cost of \$10.58 per MWh in Massachusetts and \$10.56 per MWh in New Hampshire. Indicative bids ranged from () per MWh to () per MWh. National Grid's calculations can be found in Attachments 7 - 10.

As required by the New Hampshire Settlement Agreement, National Grid shared the indicative bids with the staff of the New Hampshire Public Utilities Commission. National Grid indicated that it would accept final bids for the New Hampshire block because the bidders capacity adders were less than National Grid's estimate of capacity costs. The staff agreed with this recommendation.

After reviewing the final bids, the bidders New Hampshire capacity adder ranged from () per MWh to () per MWh with the low bidder offering () per MWh. Since the values were greater than the company's estimated cost of capacity on a pass-through basis, National Grid elected to obtain capacity on a pass-through basis to avoid paying a high premium for price certainty. This decision was with staff which agreed with the recommendation.

An analysis of the final bids for Massachusetts indicated that the range of the value bidders placed on capacity was between () per MWh and () per MWh, with the low bidder pricing capacity at

based on the wholesale bids that were awarded supply. The rates reflect the costs of the current procurement and are not blended with costs incurred in other procurements.

All retail rates were calculated by adjusting the wholesale prices using the ratio of wholesale kWh purchases to retail kWh deliveries over the twelve-month period ending September 30, 2006.

For Massachusetts Default Service retail rates, the following adjustments to the retail rate were required:

- All supply did not include RPS certificates. The implied cost of RPS certificates (██████████ per certificate) was used in determining retail rates in 2007. This reflects the market price for RPS certificates selected in a parallel RFP.
- Supply in the SEMA zone included Local Second Contingency Protection Resource NCPC Charges as a pass-through of actual costs incurred by the supplier. An estimate of \$6.45 per MWh was used in determining the retail rates. This estimate was based on the average value for SEMA NCPC charges for the period January 2006 through October 2006, as reported by the ISO in its settlement information and more fully explained above (see Reliability Costs in the SEMA Load Zone).

A summary of the final retail rates for each block is provided in Attachment 18.

REDACTED

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ATTACHMENT 1
LOAD BLOCK DESCRIPTIONS

Load Block	Customer Group	SMD Load Zone	Load Share	Type of Service	Period
A	Industrial	SEMA	100%	MA Default Service	02/01/07 – 04/30/07
B	Industrial	WCMA	100%	MA Default Service	02/01/07 – 04/30/07
C	Industrial	NEMA	100%	MA Default Service	02/01/07 – 04/30/07
D	Large	NH	100%	NH Default Service	02/01/07 – 04/30/07

REDACTED

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**ATTACHMENTS 2-5
REDACTED**

ATTACHMENT 7
MECO CALCULATED VALUE OF CAPACITY COSTS (1)

Calculation of estimated capacity costs for MECO

Industrial Customer Group

	1	2	3	4	5
	Total Pool	% Load	Supported	UCAP	UCAP
Year	UCAP MW	Share	UCAP MW	Rate	Cost
				\$/kW-mo	\$
Feb-07	32,728	2.2512%	736.77	3.05	2,247,149
Mar-07	33,864	2.2512%	762.35	3.05	2,325,168
Apr-07	33,864	2.2512%	762.35	3.05	2,325,168
Total					6,897,485
Estimated Load (MWh)					661,940
Capacity Adder					\$10.42

- Notes:
- (1) Total pool UCAP requirement as detailed below
 - (2) MECO % of peak load on August 2 at HE 15
 - (3) Column 1 X column 2
 - (4) FCM transition period payment
 - (5) Column 3 X column 4 X 1,000

Load Share - Peak Load (PTF) at time of System Peak (8/2/06 HE15)

Industrial at this h	645.251 mw	2.2512% of Pool peak
Pool Peak	28663 MW	

Total Pool UCAP Requirement

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
Seasonal Claimed Capability (1)	33,543	33,543	33,543	33,543	33,543	30,526
HQ ICC (5)	0	0	1,200	1,200	1,200	1,200
Demand Response (2)	580	580	580	580	580	580
Capacity imports possible from NY (3)	451	451	451	451	451	401
Total	34,574	34,574	35,774	35,774	35,774	32,707
Availability Adjustment (4)	0.9466	0.9466	0.9466	0.9466	0.9466	0.8966
UCAP	32,728	32,728	33,864	33,864	33,864	29,325

- Notes:
- (1) November 2006 SCC for winter and summer ratings
 - (2) Load response stats as of 10/31/2006 from ISO-NE Load Response Enrollments
 - (3) 2006 CELT report sections 1.1 and 1.2
 - (4) Jan - May based on UCAP adjustment reported by ISO
 - (5) ISO-NE

ATTACHMENT 8
MECO CALCULATED VALUE OF CAPACITY COSTS(2)

Calculation of estimated capacity costs for MECO

Increased capacity imports from NY

Industrial Customer Group

	1	2	3	4	5
	Total Pool UCAP MW	% Load Share	Supported UCAP MW	UCAP Rate \$/kW-mo	UCAP Cost \$
Year					
Feb-07	33,248	2.2512%	748.48	3.05	2,282,864
Mar-07	34,383	2.2512%	774.03	3.05	2,360,792
Apr-07	34,383	2.2512%	774.03	3.05	2,360,792
Total					7,004,448
Estimated Load (MWh)					661,940
Capacity Adder					\$10.58

Notes:

- (1) Total pool UCAP requirement as detailed below
- (2) MECO % of peak load on August 2 at HE 15
- (3) Column 1 X column 2
- (4) FCM transition period payment
- (5) Column 3 X column 4 X 1,000

Load Share - Peak Load (PTF) at time of System Peak (8/2/06 HE15)

Industrial at this h	645.251 mw	2.2512% of Pool peak
Pool Peak	28663 MW	

Total Pool UCAP Requirement

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
Seasonal Claimed Capability (1)	33,543	33,543	33,543	33,543	33,543	30,526
HQ ICC (5)	0	0	1,200	1,200	1,200	1,200
Demand Response (2)	580	580	580	580	580	580
Capacity imports possible from NY (3)	1,000	1,000	1,000	1,000	1,000	1,000
Total	35,123	35,123	36,323	36,323	36,323	33,306
Availability Adjustment (4)	0.9466	0.9466	0.9466	0.9466	0.9466	0.8966
UCAP	33,248	33,248	34,383	34,383	34,383	29,862

Notes:

- (1) November 2006 SCC for winter and summer ratings
- (2) Load response stats as of 10/31/2006 from ISO-NE Load Response Enrollments
- (3) 2006 CELT report sections 1.1 and 1.2
- (4) Jan - May based on UCAP adjustment reported by ISO
- (5) ISO-NE

ATTACHMENT 9
GSECO CALCULATED VALUE OF CAPACITY COSTS(1)

Calculation of estimated capacity costs for GSECo

Large Customer Group

	1	2	3	4	5
	Total Pool UCAP MW	% Load Share	Supported UCAP MW	UCAP Rate \$/kW-mo	UCAP Cost \$
Year					
Feb-07	32,728	0.2658%	86.99	3.05	265,320
Mar-07	33,864	0.2658%	90.01	3.05	274,531
Apr-07	33,864	0.2658%	90.01	3.05	274,531
Total					814,382
Estimated Loads (MWh)					78,295
Capacity Adder					\$10.40

Notes:

- (1) Total pool UCAP requirement as detailed below
- (2) GSECo % of peak load on August 2 at HE 15
- (3) Column 1 X column 2
- (4) FCM transition period payment
- (5) Column 3 X column 4 X 1,000

Load Share - Peak Load (PTF) at time of System Peak (8/2/06 HE15)

Large Customer Group	75.46 mw	0.2633% of pool peak
at this hour	mw	0.0000%
Pool Peak (8/2/06 HE15)	28663 MW	

Total Pool UCAP Requirement

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
Seasonal Claimed Capability (1)	33,543	33,543	33,543	33,543	33,543	30,526
HQ ICC (5)	0	0	1,200	1,200	1,200	1,200
Demand Response (2)	580	580	580	580	580	580
Capacity imports possible from NY(3)	451	451	451	451	451	401
Total	34,574	34,574	35,774	35,774	35,774	32,707
Availability Adjustment (4)	0.9466	0.9466	0.9466	0.9466	0.9466	0.8966
UCAP	32,728	32,728	33,864	33,864	33,864	29,325

Notes:

- (1) November 2006 SCC for winter and summer ratings
- (2) Load response stats as of 10/31/2006
- (3) 2006 CELT report sections 1.1 and 1.2
- (4) Jan - May based on UCAP adjustment reported by ISO
- (5) ISO-NE

ATTACHMENT 10
GSECO CALCULATED VALUE OF CAPACITY COSTS(2)

Calculation of estimated capacity costs for GSECO

Increased capacity imports from NY

Large Customer Group

	1	2	3	4	5
	Total Pool UCAP MW	% Load Share	Supported UCAP MW	UCAP Rate \$/kW-mo	UCAP Cost \$
Year					
Feb-07	33,248	0.2658%	88.37	3.05	269,529
Mar-07	34,383	0.2658%	91.39	3.05	278,740
Apr-07	34,383	0.2658%	91.39	3.05	278,740
Total					827,009
Estimated Loads (MWh)					78,295
Capacity Adder					\$10.56

Notes:

- (1) Total pool UCAP requirement as detailed below
- (2) GSECO % of peak load on August 2 at HE 15
- (3) Column 1 X column 2
- (4) FCM transition period payment
- (5) Column 3 X column 4 X 1,000

Load Share - Peak Load (PTF) at time of System Peak (8/2/06 HE15)

Large Customer Group	75.46 mw	0.2633% of pool peak
at this hour	mw	0.0000%
Pool Peak (8/2/06 HE15)	28663 MW	

Total Pool UCAP Requirement

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
Seasonal Claimed Capability (1)	33,543	33,543	33,543	33,543	33,543	30,526
HQ ICC (5)	0	0	1,200	1,200	1,200	1,200
Demand Response (2)	580	580	580	580	580	580
Capacity imports possible from NY(3)	1,000	1,000	1,000	1,000	1,000	1,000
Total	35,123	35,123	36,323	36,323	36,323	33,306
Availability Adjustment (4)	0.9466	0.9466	0.9466	0.9466	0.9466	0.8966
UCAP	33,248	33,248	34,383	34,383	34,383	29,862

Notes:

- (1) November 2006 SCC for winter and summer ratings
- (2) Load response stats as of 10/31/2006
- (3) 2006 CELT report sections 1.1 and 1.2
- (4) Jan - May based on UCAP adjustment reported by ISO
- (5) ISO-NE

REDACTED

National Grid
Docket D.T.E. 99-60
Docket DE 06-115
Docket No. 3605
Page 14 of 14

ATTACHMENTS 11-18
REDACTED

SCHEDULE MJH – 3

**Comparison of Change in Futures Prices to
Change in Procurement Costs**

Granite State Electric Company

Comparison of Change in Futures Prices to Change in Procurement Costs

	Period 1 (August - October 2006) (Note: 3)			Period 2 (Nov 2006 - Jan 2007) (Note 4)			Period 3 (Feb 2007 - April 2007)			Hourly Weighted Average	Percent Change (Period 2 to Period 3)	Percent Change (Period 1 to Period 3)			
	Aug	Sep	Oct	Average	Hourly Weighted Average	Nov	Dec	Jan	Average				Hourly Weighted Average	Feb	March
Electric Futures Prices															
June 13, 2006	85.59	73.59	75.75	78.31	67.60										
Off-Peak	59.75	54.38	65.38	59.84											
On-Peak															
Electric Futures Price						64.96	83.18	111.45	86.53	73.86					
September 20, 2006						54.50	54.50	85.06	64.69						
Off-Peak															
On-Peak															
Electric Futures Price											92.36	79.20	83.59	8.9%	
December 5, 2006											73.07	63.07	66.40	-0.3%	
Off-Peak															
NYMEX Natural Gas Price															
NYMEX Natural Gas Price June	6.438	6.750	7.130	6.773											
NYMEX Natural Gas Price Sept								8.443	7.510						
NYMEX Natural Gas Price															
Final Large CG Service Bid Price											7.758	7.720	7.565	7.681	2.3%
Final Large CG Service Bid Price															13.4%
Final Large CG Service Bid Price															
Final Large CG Service Bid Price															

- Notes:
- 1) Hourly weighted average = 42% On Peak + 58% Off-Peak prices
 - 2) Final Large CG commodity price at retail excludes an estimate of the value of capacity.
 - 3) Source: rfp-2006_05_12-NGRID_default.xls
 - 4) Source: rfp-2006_08_14-NGRID_DS&LRS.xls

SCHEDULE MJH – 4

**Default Service Contract For the Large Customer Group
February 1, 2007 through April 30, 2007**

Master Power Agreement Confirmation

December 6, 2006

Page 2 of 4

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

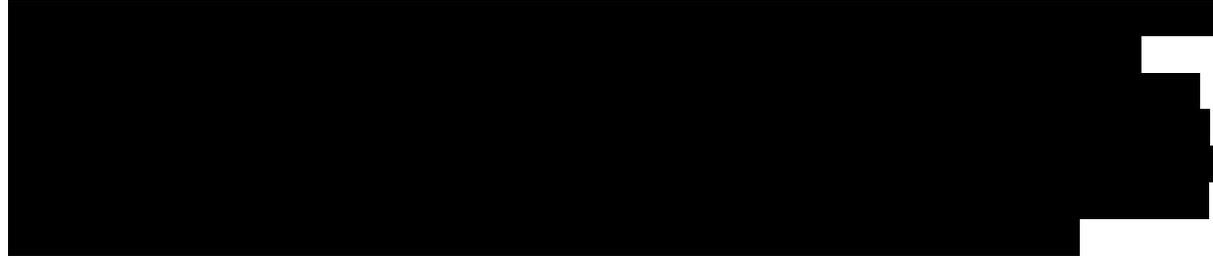
[REDACTED]

7. Modifications to the Master Power Agreement

None

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]



9. Confidentiality

Articles 2, 3, 4, 5, 6 and 8 of this Confirmation are Confidential Terms within the meaning of Article 23 of the Master Power Agreement.

10. Ratification of the Terms and Conditions of the Agreement

(a) Except as expressly amended or waived by this Confirmation, the terms, conditions, covenants, agreements, warranties and representations contained in the Master Power Agreement are in all respects ratified, confirmed and remade as of the date hereof and, except as amended or waived hereby, shall continue in full force and effect.

(b) Nothing in this Confirmation shall, or shall be construed to, alter or amend any other Confirmation.

11. Counterparts

This Confirmation may be executed in counterparts, all of which together shall constitute one and the same instrument.

This Confirmation constitutes part of and is subject to the terms and provisions of such Master Power Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Confirmation on their behalf as of the date first above written

GRANITE STATE ELECTRIC COMPANY

Name: Michael J. Hager

Title: Authorized Signatory

Name (print): _____

Title: _____

MASTER POWER AGREEMENT

This **MASTER POWER AGREEMENT** (“Master Power Agreement”) is dated as of December 05, 2006 and is by and between **GRANITE STATE ELECTRIC COMPANY**, a New Hampshire corporation (“Buyer”), and [REDACTED] (“Seller”). This Master Power Agreement provides for the sale by Seller of Default Service, as defined herein, to the Buyer. The Buyer and Seller are referred to herein individually as a “Party” and collectively as the “Parties”.

ARTICLE 1. BASIC UNDERSTANDINGS

Seller and Buyer have agreed to execute this Master Power Agreement in order to establish the basic terms of Seller’s provision and sale of, and Buyer’s acceptance and purchase of, Default Service. The Parties specifically agree that this Agreement may be used only for the procurement of Default Service. This Master Power Agreement, together with the Appendices and Confirmations regarding the Transactions (as defined in Article 2), shall be referred to as the “Agreement” and shall constitute the entire agreement between the Parties relating to the subject matter hereof and supersedes any other agreements, written or oral, between the Parties concerning such subject matter but specifically excluding written agreements executed by the Parties prior to the Effective Date.

ARTICLE 2. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings specified in this Article. In addition, except as otherwise expressly provided, terms with initial capitalization used in this Agreement and not defined herein shall have the meaning as defined in the NEPOOL Rules.

Affiliate means, with respect to any Party, any entity (other than a person) that, directly or indirectly, controls, or is controlled by, or is under common control with, such Party. For this purpose, “control” means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

Award Block means the numerical designation, for administrative purposes only, as may be set forth on a Confirmation to identify Customer Groups to be served from and including the Transaction Commencement Date through the Transaction Conclusion Date, in a specified Load Zone, and the associated Load Asset Number and Load Asset Name, or other information as may be associated therewith in a Confirmation.

Bank means a U.S. commercial bank or trust company organized under the laws of the United States or a political subdivision thereof, or the U.S. branch of a foreign bank, with such bank or trust company having (i) a credit rating assigned to such entity’s unsecured, senior long-term debt or deposit obligations (not supported by third party credit enhancement) of at least (a) "A-" by S&P or "A3" by Moody’s, if such issuer is rated by both S&P and Moody’s, (b) “A-“ by S&P, if such issuer is rated only by S&P, or (c) "A3" by Moody’s, if such issuer is rated only by Moody’s and (ii) having a capital and surplus of at least \$1,000,000,000.

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Business Day means a 24-hour period ending at 5:00 p.m. EPT, other than Saturday, Sunday and any day which is a legal holiday or a day on which banking institutions in Boston, Massachusetts are authorized by law or other governmental action to close.

Buyer has the meaning set forth in the preamble of this Master Power Agreement, along with any successors, assigns, employees, agents and authorized representatives thereof.

Buyer's System means the electrical transmission and distribution system of the Buyer and the electrical transmission and distribution system of any Affiliate of the Buyer.

Buyer's Service Territory means the geographic area served by Buyer.

Collateral Calculation Date means, (i) the Business Day that is within five (5) Business Days of the occurrence of a Downgrade Event as to one Party during the term of a Transaction, with such Business Day being the date selected by the Party that was not downgraded, and set forth in a written notice provided in accordance with Section 8.1, and (ii) the first Business Day of each calendar month (or such other date within the first five Business Days thereof) to which the Parties may mutually agree in writing) (x) during the continuance of a Downgrade Event and (y) during the term of all Transactions for which there are obligations remaining.

Collateral Value means (a) with respect to cash, the face amount thereof; and (b) with respect to Letters of Credit in accordance with Subsection 7.3(b)(B), the Valuation Percentage multiplied by the stated amount then available under the Letter of Credit that may be drawn by the beneficiary thereof pursuant to the terms thereof.

Commission means the Federal Energy Regulatory Commission, or its successor.

Competitive Supplier Terms means NHPUC's PUC 2000 Competitive Electric Power Supplier Rules, as may be amended from time to time.

Confirmation means a confirmation that is mutually agreed to and executed by the Parties, which may be in the form set forth in Appendix B or in a form otherwise agreed to by the Parties, such document to serve as a supplement or modification of this Master Power Agreement with respect to a specific Transaction.

Confirmation Term means, for the applicable Transaction, the period beginning as of the effective date set forth in a Confirmation and continuing through to the date both Parties have fulfilled all of their obligations with respect to such Transaction.

Contract Rate has the meaning set forth in the Confirmation for the applicable Transaction.

Credit Rating means (i) the lower of the ratings assigned to an entity's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) by S&P and Moody's, (ii) in the event the entity does not have a rating for its senior unsecured long-term debt, (a) the lower of the rating assigned to the entity as an issuer rating by S&P and Moody's, or (b) the rating assigned to the entity as an issuer rating by any other rating agency agreed to by both Parties in each Party's sole and exclusive judgment (an "Agreed-to Rating"). In the event of an

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inconsistency in the ratings by Moody's and S&P, a "split rating," the lower of the rating shall apply.

Credit Support means the amount and form of security provided pursuant to Sections 7.3 through 7.8 and any Confirmation.

Customer Disconnection Date means the date when a Default Service Customer is disconnected from service, as determined by the Buyer in accordance with the Distribution Service Terms.

Customer Group means Buyer's customers who receive Default Service in the Large Customer Group and/or Small Customer Group as specified on the Confirmation for the applicable Transaction.

Customer Termination Date means the date when a Default Service Customer ceases to take service under the Default Service Tariff, each date as determined by the Buyer in accordance with the Distribution Service Terms.

Default Service means the provision of Requirements by Seller at the Delivery Point to the Buyer to meet all needs of Default Service Customers for a particular Transaction.

Default Service Customer(s) means, for a specific Transaction, the customers in each Customer Group set forth in the applicable Confirmation, taking service pursuant to the Default Service Tariff during the applicable Delivery Term.

Default Service Tariff means Buyer's Tariff for Retail Delivery Service for the Period after New England Power Company Divests Substantially all of its Non-nuclear Generation, N.H.P.U.C. No. 17., as may be amended from time to time and approved by the NHPUC.

Default Termination Date The effective date of Termination established in accordance with Subsection 7.2(a) upon an Event of Default.

Delivered Energy means the quantity of energy, expressed in megawatt-hours, provided by Seller with respect to a specific Transaction. This quantity shall be the sum of the quantity of energy reported to the ISO by the Buyer for each of the Load Assets identified in a specific Transaction, with such quantity determined by the Buyer in accordance with Section 6.3 of this Master Power Agreement. Such quantity shall not include any allocation of PTF losses (which the ISO may assess to Seller in relation to such energy), but shall include transmission and distribution losses on the Buyer's System from the Delivery Point to the meters of Default Service Customers.

Delivery Point means, for each Load Asset (x) identified in or in accordance with a specific Transaction and (y) as set forth in the Confirmation related to such specific Transaction (i) the Nodes at which the Real-Time Load Obligations are established in the ISO Settlement Power System Model for the registered Load Assets representing the physical loads of Default Service Customers for the Delivery Term for such customers, identified by the Load Asset ("Loads With Nodes"), for any period and in any location in which there are Loads With Nodes and the ISO requires use of Nodes for Real-Time Load Obligations, or (ii) the Load Zones at which the Real-Time Load Obligations are established in the ISO Settlement Power System Model for the Load Assets representing the physical loads of Default Service Customers for the Delivery Term for

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such customers, identified by the Load Asset (“Loads with Zones”) if (a) the ISO does not require use of Nodes for Real-Time Load Obligations and (b) the use of Loads with Zones in a calculation of ISO settlement charges and costs yields the same mathematical result as a calculation thereof using Loads with Nodes; or (iii) in the event of neither (i) nor (ii), Loads with Nodes and, in any location in which there are no Loads with Nodes, Loads with Zones..

Delivery Term(s) means the period(s) set forth in a the Confirmation for a Transaction for the respective Default Service designations, beginning on at the top of the HE 01:00 EPT on the Transaction Commencement Date (set forth in the applicable Confirmation) and continuing through and including the end of HE 24:00 EPT on the Transaction Conclusion Date.

Distribution Service Terms means Buyer’s Tariff for Retail Delivery Service for the Period after New England Power Company Divests Substantially all of its Non-nuclear Generation, N.H.P.U.C. No. 17,, as may be amended from time to time and approved by the NHPUC.

Effective Date means the date that this Master Power Agreement is executed by all Parties.

EPT means Eastern Prevailing Time.

Governing Documents means, with respect to any particular entity, (a) if a corporation, the (i) articles of organization, articles of incorporation or certificate of incorporation and (ii) the bylaws; (b) if a general partnership, the partnership agreement and any statement of partnership; (c) if a limited partnership, the limited partnership agreement and the certificate of limited partnership; (d) if a limited liability company, the articles or certificate of organization or formation and operating agreement; (e) if another type of entity, any other charter or similar document adopted or filed in connection with the creation, formation or organization of such entity; (f) all equity holders’ agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements or other agreements or documents relating to the organization, management or operation of any entity or relating to the rights, duties and obligations of the equity holders of any entity; and (g) any amendment or supplement to any of the foregoing.

Guaranty has the meaning attributed to it in Section 7.3(b).

Initiation Date means the date a retail customer of the Buyer begins taking service pursuant to the Default Service Tariff as determined by the Buyer in accordance with the Distribution Service Terms.

Interest Rate means, for any date, the lesser of (a) the Prime interest rate set forth in the weekly statistical release designated as No. 15 (519) or any successor or publication published by the Board of Governors of the Federal Reserve System and (b) the maximum rate permitted by applicable law.

Investment Grade means (i) if any entity has a Credit Rating from both S&P and Moody’s then, a Credit Rating from S&P equal to “BBB-” and a Credit Rating from Moody's equal to “Baa3”; or (ii) if an entity has a Credit Rating from only one of S&P and Moody’s, then a Credit Rating from S&P equal to “BBB-“ or a Credit Rating from Moody’s equal to “Baa3 or (iii) if the Parties have mutually agreed in writing on an additional or alternative rating agency, then a credit rating equal to that mutually agreed to by the Parties in each Party’s sole and exclusive judgment.

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ISO means ISO New England Inc., authorized by the Commission to exercise for New England the functions required pursuant to the Commission's Order No. 2000 (and its progeny) and the Commission's regulations, and any successor organization (including but not limited to a Regional Transmission Organization.).

ISO Tariff means the ISO New England Inc. Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3, as amended, modified, superseded and supplemented from time to time, and including the Market Rules and Procedures.

ISO New England Operating Documents means the ISO Tariff and the ISO New England Operating Procedures, as amended, modified, superseded and supplemented from time to time.

Large Customer Group Contract Rate means the value as set forth in the Confirmation for the applicable Transaction as applicable to a month in the Delivery Term.

Large Customer Group means the Buyer's customers in the Rate G-1 and G-2 retail rate classes (the "Large Rate Classes"), or such other rate classes as may be added from time to time during the Delivery Term, provided that such Large Rate Classes shall be comprised of customers previously in one of the Large Rate Classes or such customer would have qualified for one of the Large Rate Classes.

Letter of Credit has the meaning attributed to it in clause (B) of Subsection 7.3(b).

Letter of Credit Default has the meaning, with respect to a Letter of Credit, the occurrence of any of the following events: (a) the issuer of such Letter of Credit shall fail or cease to satisfy the definition of Bank; (b) the Bank shall fail to comply with or perform its obligations under such Letter of Credit; (c) the Bank disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Letter of Credit; (d) such Letter of Credit shall expire or terminate, or shall fail or cease to be in full force and effect at any time during the term of the Agreement, in any such case without replacement; or (e) the Bank shall become bankrupt; provided, however, that no Letter of Credit Default shall occur or be continuing in any event with respect to a Letter of Credit after the time such Letter of Credit is required to be canceled or returned to a Party in accordance with the terms of this Agreement (including any and all Confirmations in respect of which it may have been issued).).

Locational Marginal Pricing means as set forth in the Market Rules and Procedures.

Market Rules and Procedures means the Market Rules, Manuals and Procedures adopted by the ISO and/or NEPOOL, as may be amended from time to time, and as administered by the ISO to govern the operation of the NEPOOL markets.

Material Adverse Effect means, with respect to a Party, any change in or effect on such Party after the date of this Agreement that is materially adverse to the transactions contemplated hereby, excluding any change or effect resulting from (a) changes in the international, national, regional or local wholesale or retail markets for electric power; (b) changes in the international, national, regional or local markets for any fuel; (c) changes in the North American, national, regional or local electric transmission or distribution systems; and (d) any action or inaction by a governmental authority, but in any such case not affecting the Parties or the transactions contemplated hereby in any manner or degree significantly different from others in the industry as a whole.

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Minimum Transfer Amount means, with respect to a Party, ONE US DOLLAR (\$1.00).

Moody's means Moody's Investors Service, its successors and assigns.

MWh means Megawatt-hour.

NE-GIS means the NEPOOL Generation Information System, which includes a generation information database and certificate system, operated by NEPOOL, its designee or successor entity, that accounts for generation attributes of electricity consumed within New England.

NE-GIS Certificates means a document produced by the NE-GIS that identifies the relevant generation attributes of each MWh accounted for in the NE-GIS from a generation unit.

NEPOOL means the New England Power Pool, or its successor.

NEPOOL Agreement means the Second Restated New England Power Pool Agreement dated as of February 1, 2005, as amended or accepted by the Commission and as may be amended, modified, superseded, supplemented and/or restated from time to time.

NEPOOL Rules means all rules adopted by NEPOOL or the ISO, as such rules may be amended, modified, supplemented or superseded and restated from time to time, including but not limited to, the NEPOOL Agreement, the ISO Tariff, the ISO New England Operating Documents, the Transmission Operating Agreement, the Participants Agreement, the NEPOOL Manuals, and the NEPOOL Operating Procedures, as amended, superseded or restated from time to time.

Net Worth means total assets, exclusive of intangible assets, less total liabilities, as reflected on the most recent balance sheet prepared by a certified public accountant as part of a certified financial statement in accordance with generally accepted accounting principles consistently applied in the business sector of the Seller.

NH Load Zone means the New Hampshire Reliability Region as defined in the NEPOOL Rules.

NHPUC means the New Hampshire Public Utilities Commission.

Notification Time means 11:00 a.m. New York time, on any Collateral Calculation Date.

PTF means facilities categorized as Pool Transmission Facilities under the ISO Tariff.

Requirements means all electric generation and/or market purchases and delivery, to the Delivery Point, of the electric capacity, energy, ancillary services, operating reserves (including forward reserves) and all other market products required by the Buyer to provide kilowatt-hours to meet the needs of Default Service Customers to the Delivery Term in accordance with a particular Transaction.

Rounding Amount means, with respect to a Party, ONE HUNDRED THOUSAND US DOLLARS (\$100,000.00).

S&P means Standard & Poor's Rating Group, its successors and assigns.

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Small Customer Group Contract Rate means the value as set forth in the Confirmation for the applicable Transaction as applicable to a month in the Delivery Term.

Small Customer Group means the Buyer's customers in the Rate D, D-10, G-3, M, T and V retail rate classes (the "Small Rate Classes"), or such other rate classes as may be added from time to time during the Delivery Term, provided that such Small Rate Classes shall be comprised of customers previously in one of the Small Rate Classes or such customer would have qualified for one of the Small Rate Classes.

Term means as defined in Section 3.1.

Transaction means a particular transaction agreed to by Buyer and Seller relating to the purchase and sale of Default Service pursuant to this Agreement, as evidenced by the execution of a written Confirmation by Buyer and Seller setting forth the specific terms and conditions thereof.

Transaction Commencement Date means the period at HE 0100 EPT on the date set forth for each Customer Group in the Confirmation for the applicable Transaction.

Transaction Conclusion Date means the period at HE 2400 EPT on the date set forth for each Customer Group in the Confirmation for the applicable Transaction.

Valuation Percentage means

		<u>Valuation Percentage</u>
(A)	Cash	100% of the face value thereof
(B)	Letters of Credit	100% of the amount available thereunder for drawing by the Secured Party unless a Letter of Credit Default shall have occurred with respect to such Letter of Credit, in which case the Valuation Percentage shall be zero (0)

ARTICLE 3. TERM, SERVICE PROVISIONS AND REGISTRATION REQUIREMENTS

Section 3.1 Term

The term of this Master Power Agreement (the "Term") shall commence on the Effective Date and shall continue in effect until it's the earlier of (i) its termination by any Party upon thirty (30) days' prior written notice and (ii) its termination in accordance with Subsection 7.2(a); provided, however, that such termination shall not affect or excuse the performance of any Party under any provision of this Master Power Agreement that by its terms or operation survives any such termination and, provided further, that this Master Power Agreement and any other documents executed and delivered hereunder shall remain in effect with respect to the

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Transaction(s) entered into prior to the effective date of such termination until both Parties have fulfilled all of their obligations with respect to such Transaction(s). As of the termination of this Master Power Agreement, subject to the immediately foregoing sentence, and subject to any time limits specifically set forth in this Master Power Agreement or in a Confirmation, the Parties shall no longer be bound by the terms and provisions hereof, except (a) to the extent necessary to enforce the rights and obligations of the Parties arising under this Master Power Agreement before such expiration or termination or (b) that such terms and provisions expressly or by their operation survive the termination or expiration of this Master Power Agreement.

Section 3.2 Governing Terms

Unless otherwise specifically agreed, each Transaction between the Parties shall be governed by this Master Power Agreement. This Master Power Agreement (including all exhibits, schedules and any written supplements hereto), and any designated Credit Support, collateral, and credit support or margin agreement or similar arrangement between the Parties with respect to this Master Power Agreement or a Confirmation, and all Confirmations shall form a single integrated agreement between the Parties. Any inconsistency between any terms of this Master Power Agreement and any terms of any Confirmation shall be resolved in favor of the terms of the Confirmation for that particular Transaction.

Section 3.3 Commencement of Supply

(a) Beginning as of the Transaction Commencement Date for each specific Customer Group in a specific Transaction, Seller shall provide Requirements to the Buyer. For purposes of certainty: Seller's obligations on the Transaction Commencement Date shall be to provide Requirements for all Default Service Customers identified in the related Confirmation taking service as of and including the Transaction Commencement Date.

(b) With respect to each person or entity that becomes a Default Service Customer subsequent to the applicable Transaction Commencement Date, Seller shall provide Requirements to the Buyer to meet the needs of the Default Service Customer(s) as of and including the Initiation Date for such customer initiating such service during the applicable Delivery Term.

(c) If Seller elects to receive electronic notification as provided in Section 3.8, the Buyer shall provide to Seller a notice of Initiation Date via electronic file transfer and in a format specified by the Buyer. Each notice of Initiation Date shall include the account number, the date Seller's service to the Buyer is to begin for a Default Service Customer and the customer's rate class.

Section 3.4 Termination and Conclusion of Supply

(a) With respect to each Default Service Customer that terminates Default Service during the applicable Delivery Term, Seller shall provide Requirements to the Buyer for such customer on the Customer Termination Date but shall not provide Requirements for such customer after the Customer Termination Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.8, the Buyer shall provide to Seller a notice of Customer Termination Date via electronic file transfer

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and in a format specified by the Buyer. Each notice of Customer Termination Date shall include the account number, the Customer Termination Date and the customer's rate class.

(c) Seller's obligation to provide Requirements with respect to each specific Customer Group in a specific Transaction shall cease at the applicable Transaction Conclusion Date.

Section 3.5 Customer Disconnection Date

(a) With respect to each Default Service Customer whose Default Service is disconnected during the applicable Delivery Term, Seller shall provide Requirements to the Buyer for such customer on the Customer Disconnection Date but shall not provide Requirements for such customer after the Customer Disconnection Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.8, The Buyer shall provide to Seller a notice of Customer Disconnection Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Disconnection Date shall include the account number, the Customer Disconnection Date and the customer's rate class.

Section 3.6 Distribution Service Interruptions

Seller acknowledges that interruptions in distribution service occur and may reduce the load served hereunder. Seller further acknowledges and agrees that the Buyer may interrupt distribution service to customers consistent with the Distribution Service Terms and the Competitive Supplier Terms. In no event shall a Party have any liability or obligation to the other Party in respect of any such interruptions in distribution service.

Section 3.7 Release of Customer Information

The Buyer will not issue any customer information to Seller unless Seller has first obtained the necessary authorization in accordance with the provisions of the Competitive Supplier Terms.

Section 3.8 Electronic Notification

At Seller's election, the Buyer shall provide notices contemplated by Sections 3.3, 3.4 and 3.5 via electronic file transfer. Such election shall only be effective when Seller (i) establishes an account on the Advantis Value Added Network ("VAN"), and (ii) verifies its ability to transfer files to and receive files from the Buyer at least fourteen (14) days prior to the day on which Seller desires to commence electronic receipt. Seller shall bear all costs to establish an account and all costs of Seller and the Buyer to use the VAN. If Seller fails to pay all VAN costs and charges when due and payable, Seller's election shall not be valid and the Buyer shall no longer be obligated to provide electronic notification.

Section 3.9 Change in Supply; No Prohibition on Programs

(a) Seller acknowledges and agrees that the number of customers and the Requirements to meet the needs of such customers will fluctuate throughout a Delivery Term and may equal zero. The Buyer shall not be liable to Seller for any losses Seller may incur, including but not limited to lost revenues, and losses that may result from any change in Requirements,

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number or location of customers taking service, the location of a Delivery Point(s), the composition or components of market products or Requirements, or the market for electricity, or change in the Distribution Service Terms or the Default Service Tariff. Seller further acknowledges and agrees that there is no limit on the number of Customer Initiation Dates, Customer Termination Dates and Customer Disconnection Dates.

(b) Seller acknowledges and agrees that the Buyer has the right but not the obligation to continue, initiate, support or participate in any programs, promotions, or initiatives designed to or with the effect of encouraging customers to leave Default Service for any reason (“Programs”). Nothing in this Agreement shall be construed to require notice to or approval of Seller in order for the Buyer to take any action in relation to Programs.

(c) Seller acknowledges and agrees that the Buyer and Affiliates of the Buyer will not provide Seller preferential access to or use of the Buyer’s System and that Seller's sole and exclusive rights and remedies with regard to access to, use or availability of the Buyer’s System, and the Buyer’s or Affiliates of the Buyer’s obligation to transmit electricity are those rights, remedies and obligations provided under the Distribution Service Terms or the NEPOOL Rules.

Section 3.10 Uniform Disclosure Requirements

Seller shall provide the Buyer information reasonably ascertainable by Seller pertaining to power plant emissions, fuel types, labor information and any other information required by the Buyer to comply with any disclosure regulations which may be imposed upon the Buyer during the term of this Agreement, as such disclosure requirements apply to Default Service provided by Seller pursuant to this Agreement.

Seller shall utilize the NE-GIS to transfer Load Obligations or NE-GIS Certificates, as applicable, to the Buyer’s certificate account in the number equal to the Delivered Energy for Default Service in a month during the term of a Transaction. Such Load Obligations or NE-GIS Certificates, as applicable, shall be delivered by Seller at least five (5) Business Days prior to the close of the applicable Trading Period. The Load Obligations or NE-GIS Certificates, as applicable, shall be delivered by Seller to an account within the NE-GIS designated by the Buyer.

ARTICLE 4. SALE AND PURCHASE

Section 4.1 Provision Delivery and Receipt

With respect to each Transaction, Seller shall provide and deliver to the Delivery Point and the Buyer shall receive at the Delivery Point the percent of the Requirements applicable to each Customer Group during the Delivery Term, all as set forth in the Confirmation related to such Transaction.

Section 4.2 Responsibilities

(a) With respect to each Transaction, the Buyer shall arrange with the ISO for transmission service over the PTF and non-PTF from and after the Delivery Point to the customers’ meters. The Buyer shall be responsible for all transmission costs over the PTF and non-PTF from the Delivery Point to the meters of the Buyer’s customers. Seller shall be

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responsible for all transmission and distribution costs associated with the delivery of Requirements to and including the Delivery Point except the transmission costs otherwise provided for in this paragraph.

(b) Seller shall be responsible for all decisions and data submissions associated with the Ownership Share of the Load Assets in ARTICLE 6, Section 6.4 including any bids into the market system to manage these obligations.

(c) Seller shall be responsible for all present and future obligations, requirements, and costs associated with the Requirements and/or Seller's provision thereof, whether system wide or locational based, including, but not limited to, the real-time load obligations, capacity obligations and/or charges (including, but not limited to ICAP/UCAP/Locational ICAP/locational unforced capacity obligations, forward capacity market obligations), regulation obligations and/or charges (including any regulation opportunity costs), operating reserve obligations and/or charges (including, but not limited to (w) any real-time reserve charges, (x) any forward reserve charges (y) any charges associated with Reserve Constraint Penalty Factors, and (z) net commitment period compensation charges (other than monthly fixed-cost charges paid to resources pursuant to Reliability Agreements negotiated under Market Rule 1 Appendix A, Section III.A.6 and Exhibit 2), emergency energy charges, inadvertent energy revenue charges, ISO Schedule 1 charges (other than ISO Schedule 1 charges that are both (i) associated with the Buyer's Regional Network Service and (ii) allocated on the basis of Regional Network Load), ISO Schedule 2 charges, ISO Schedule 3 charges, day-ahead energy market charges, and real-time energy market charges at the nodes, if any, and if none, the zones representing the actual locations of the meters of the Default Service Customers, and any other requirements, market products, expenses and charges imposed by NEPOOL or the ISO, as they may be in effect from time to time related to the provision and/or delivery of Requirements to and including the Delivery Point. Except as otherwise specifically excluded in this paragraph or as may be set forth in a Transaction Confirmation with respect to a particular transaction, Seller's responsibility for costs and charges shall be without regard to the manner in which they are allocated by NEPOOL or the ISO.

(d) Seller shall be responsible for all costs and components thereof of any Locational Marginal Prices to provide Default Service (during the applicable Delivery Term), including its delivery to the Delivery Point. These components include the energy component, loss component, and congestion component.

(e) Seller shall be responsible for all congestion charges for delivery to the actual meters of Default Service Customers (during the applicable Delivery Term).

(f) Seller shall notify Buyer within one Business Day of receipt of notice of termination from the ISO or event of default or similar occurrence under the Market Participant Service Agreement.

ARTICLE 5. AMOUNT, BILLING and PAYMENT

Section 5.1 Amount/Netting of Payments

The amount payable by the Buyer to Seller shall be the sum of the amounts due under all applicable Transactions.

Section 5.2 Billing and Payment

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(b) Seller shall submit to the Buyer an invoice with such Calculation as provided for in paragraph (a) of this Section (the "Invoice") and the respective amounts due under this Master Power Agreement not later than the tenth (10th) day of each month. The Buyer shall pay Seller the amount of the Invoice (including the Reconciliation Adjustment, if any, as a debit or credit) less any amounts disputed in accordance with Section 5.3, on or before the twenty-fifth (25th) day after receiving the Invoice (the "Due Date"). Except for amounts disputed in accordance with Section 5.3, if all or any part of the Invoice remains unpaid after the Due Date, interest shall accrue after but not including the Due Date and be payable to Seller on such unpaid amount at the Interest Rate in effect on the Due Date. The Due Date for a Reconciliation Adjustment shall be the Due Date of the Invoice in which it is included.

(c) Each Party shall notify the other Party upon becoming aware of an error in an Invoice, Calculation or Reconciliation Adjustment (whether the amount is paid or not) and Seller shall promptly issue a corrected Invoice. Overpayments shall be returned by the receiving Party upon request or deducted by the receiving Party from subsequent invoices, with interest accrued at the Interest Rate from the date of the receipt of the overpayment until the date paid or deducted.

Section 5.3 Challenge to Invoices

Unless otherwise agreed: (i) either Party may challenge, in writing, the accuracy of Calculations, Invoices or Reconciliation Adjustments (or the data utilized in the forgoing) no later than twenty-four (24) months after the Due Date of the Invoice in which the disputed information is contained; (ii) if a Party does not challenge the accuracy within such twenty-four (24) month period, such Invoice shall be binding upon that Party and shall not be subject to challenge. If an Invoice is paid and thereafter the payment or the Invoice on which the payment was based is disputed, upon notice of dispute, the Party receiving payment shall hold the amount in dispute in escrow for the benefit of the prevailing Party until the resolution of such dispute. If any amount in dispute is ultimately determined (under the terms herein) to be due to the other Party, it shall be paid or returned (as the case may be) to the other Party within three (3) Business Days of such determination along with interest accrued at the Interest Rate from the (i) date due and owing in accordance with the Invoice until the date paid or (ii) if the amount was paid and is to be returned, from the date paid, until the date returned.

Section 5.4 Taxes, Fees and Levies

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Seller shall be obligated to pay all present and future taxes, fees and levies (“Taxes”) which may be assessed by any entity upon the Seller's performance under this Agreement including but not limited to the purchase and sale of Requirements to the Buyer. Seller shall pay all Taxes with respect to the Requirements up to and at the Delivery Point, and the Buyer will pay all Taxes with respect to the Requirements after the Delivery Point. All Requirements, including electricity and other related market products delivered hereunder by Seller to the Buyer shall be sales for resale with the Buyer reselling such electricity and products.

Section 5.5 Netting and Setoff

Except for Credit Support provided in accordance with this Master Power Agreement (which shall not be considered for purposes of this Section 5.5) and unless otherwise specified in another agreement between the Parties, if the Parties are required to pay an amount on the same date each to the other under this Master Power Agreement, or if any costs that are a Party’s responsibility under this Master Power Agreement are incorrectly or inappropriately charged to the Party by the ISO, such amounts shall be netted, and the Party owing the greater aggregate amount shall pay to the other Party any difference between the amounts owed. Each Party reserves all rights, setoffs, counterclaims and other remedies and defenses (to the extent not expressly herein or therein waived or denied) that such Party has or to which such Party may be entitled arising from or out of this Master Power Agreement. Further, if the Buyer incurs any costs or charges that are the responsibility of Seller under this Master Power Agreement, such costs or charges may, at the Buyer’s election, be netted against any amount due to Seller under this Master Power Agreement. All outstanding obligations to make payment under this Master Power Agreement or any other agreement between the Parties may be netted against each other, set off or recouped therefrom, or otherwise adjusted.

Upon the designation of a Default Termination Date, the Non-defaulting Party may at its option and in its discretion setoff against a Settlement Amount due to the Defaulting Party, if any, any amounts owed by the Non-defaulting Party to the Defaulting Party under this Agreement or under any other agreement between the Defaulting Party and the Non-defaulting Party, provided such other agreement does not expressly prohibit or otherwise restrict netting or setoff with other agreements between the Parties.

**ARTICLE 6. QUALITY; LOSSES and QUANTITIES REQUIRED;
DETERMINATION AND REPORTING OF HOURLY LOADS**

Section 6.1 Quality

All electricity shall be delivered to the Buyer in the form of three-phase sixty-hertz alternating current at the Delivery Point.

Section 6.2 Losses

Seller shall be responsible for all transmission and distribution losses and the costs related to such losses and associated with the Requirements, namely, losses from the Delivery Point to the meters of the Default Service Customers. Seller shall provide to the Buyer at the Delivery Point quantities of electricity and ancillary services, capacity and all other market

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products related thereto to cover such losses from the Delivery Point to the meters of Default Service Customers. The quantities required for this purpose in each hour of a billing period shall be determined in accordance with ISO's and the Buyer's procedures for loss determination.

Section 6.3 Determination and Reporting of Hourly Loads

(a) The Buyer will estimate the Delivered Energy for Default Service provided by Seller pursuant to each Transaction based upon average load profiles developed for each of the Buyer's customer classes and the Buyer's actual total hourly load. The Buyer shall report to the ISO and Seller, the estimated Delivered Energy for each Transaction. The Buyer will normally report to the ISO and to Seller Seller's estimated Delivered Energy by 1:00 P.M EPT of the second following Business Day. Appendix A provides a general description of the estimation process that the Buyer will initially employ (the "Estimation Process"). The Buyer shall have the right but not the obligation, in its sole and exclusive judgment, to modify the Estimation Process from time to time, provided that any such modification is designed with the objective of improving the accuracy of the Estimation Process.

Each month, the Buyer shall reconcile the Buyer's estimate of the Delivered Energy for each Transaction based upon the Buyer's meter reads (such meter reads as provided for in the Distribution Service Terms). The reconciliation, including all losses, shall be the adjusted Delivered Energy. The Buyer will normally notify the ISO of any resulting adjustment (debit or credit) to Seller's account for the Load Assets (set forth in a specific Confirmation) no later than the last day of the third month following the billing month. Appendix A provides a general description of this reconciliation process, which process may be changed by the Buyer from time to time in its sole and exclusive discretion.

Section 6.4 ISO Settlement Market System Implementation

As soon as possible after the execution of a Confirmation related to a specific Transaction and before the applicable Transaction Commencement Date, the Buyer shall assign to Seller, and Seller shall accept assignment of an Ownership Share for each Load Asset in such Confirmation. Such assignment shall be effective beginning on the applicable Transaction Commencement Date. Seller shall maintain such ownership until the Transaction Conclusion Date (or, if earlier, the Default Termination Date). Seller shall take any and all actions necessary to effectuate such assignment and, if applicable in accordance with the foregoing, transfer, including executing documents required by the ISO. Once Seller's provision of Default Service terminates (effective as of the minute after the Transaction Conclusion Date or, if earlier, the Default Termination Date), the Buyer will terminate Seller's Ownership Shares of the aforementioned Load Assets

The Buyer shall have the right to change the Load Asset designations from time to time, consistent with the definition and provision of Default Service. If and to the extent such designations change, the Buyer and Seller shall cooperate to timely put into effect the necessary ISO Settlement Market System contracts that may be necessary to implement the new designations and terminate the prior designations.



[REDACTED]

(i) [REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

(i) [REDACTED]

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[REDACTED]

(b) [REDACTED]

(c) [REDACTED]

ARTICLE 8. NOTICES, REPRESENTATIVES OF THE PARTIES

Section 8.1 Notices

Any notice, demand, or request required or authorized by this Agreement to be given by one Party to another Party shall be in writing. It shall either be sent by facsimile (with receipt confirmed by telephone and electronic transmittal receipt), courier, personally delivered (including overnight delivery service) or mailed, postage prepaid, to the representative of the other Party designated in accordance with this Article. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile confirmed by telephone and electronic transmittal receipt, (ii) when actually received if delivered by courier or personal delivery (including overnight delivery service) or (iii) five (5) days after deposit in the United States mail, if sent by first class mail return receipt requested.

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Notices and other communications by Seller to the Buyer shall be addressed to:

Mr. Michael J. Hager
Vice President, Energy Supply – New England
National Grid
55 Bearfoot Road
Northborough, MA 01532
(508) 421-7350 (phone)
(508) 421-7335 (fax)

and

Notices concerning Article 7 shall also be sent to:

General Counsel
National Grid
25 Research Drive
Westborough, MA 01582
(508) 389-9000 (phone)
(508) 389-2605 (fax)

Notices and other communications by the Buyer to Seller shall be addressed to:

[REDACTED]

With a copy of any notices concerning Articles 5, 7, 9, 10, 14 or 15 to:

[REDACTED]

Any Party may change its representative or address for notices by written notice to the other Party; however such notice shall not be effective until it is received by the other Party.

Section 8.2 Authority of Representative

The Parties' representatives shall have full authority to act for their respective Party in all matters relating to the performance of this Agreement. Notwithstanding the foregoing, a Party's representative shall not have the authority to amend, modify, or waive any provision of this

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Agreement unless they are duly authorized officers of their respective entities and such amendment, modification or waiver is made in accordance with Article 17.

ARTICLE 9. LIABILITY; INDEMNIFICATION; RELATIONSHIP OF PARTIES

Section 9.1 Limitation on Consequential, Incidental and Indirect Damages

EXCEPT AS SET FORTH HEREIN, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN. IF NO EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED FOR IN THIS AGREEMENT, THE PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. EXCEPT AS EXPRESSLY PROVIDED IN SECTION 9.2, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, NEITHER THE BUYER NOR SELLER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, PARENT OR AFFILIATES, SUCCESSOR OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, SUCCESSORS, OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR ITS PARENT, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES (INCLUDING ATTORNEY'S FEES OR LITIGATION COSTS EXCEPT AS EXPRESSLY PROVIDED IN SECTION 15.2 AND IN ACCORDANCE WITH THE LIMITATION THEREUNDER) CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, OR ANY OTHER THEORY OF RECOVERY. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT. EXCEPT AS SET FORTH IN THE AGREEMENT, IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO

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DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

Section 9.2 Indemnification

(a) Seller agrees to defend, indemnify and save the Buyer, its officers, directors, employees, agents, successors assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of a representation or warranty or failure to perform any covenant or agreement in this Agreement by Seller, (b) any violation of applicable law, regulation or order by Seller, (c) any act or omission by Seller with respect to this Agreement, first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, or Affiliate of the Buyer or its respective successors or assigns.

(b) The Buyer agrees to defend, indemnify and save Seller, its officers, directors, employees, agents, successor, assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of representation or warranty or failure to perform any covenant or agreement in this Agreement by said Buyer, (b) any violation of applicable law, regulation or order by Buyer, (c) any act or omission by the Buyer, with respect to this Agreement first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee or Affiliate of Seller or its respective successors or assigns.

(c) If any Party intends to seek indemnification under this Section from the other Party with respect to any action or claim, the Party seeking indemnification shall give the other Party notice of such claim or action within thirty (30) days of the later of the commencement of, or actual knowledge of, such claim or action; provided, however, that in the event such notice is delivered more than thirty (30) days after the Party seeking indemnification knows of such claim or action, the indemnifying Party shall be relieved of its indemnity hereunder only if and to the extent such indemnifying Party was actually prejudiced by such delay. The Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such claim or action. The Party seeking indemnification shall not compromise or settle any such claim or action without the prior consent of the other Party, which consent shall not be unreasonably withheld.

Section 9.3 Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between the Buyer and Seller other than that of independent contractors for the sale and delivery of Requirements for Default Service.

ARTICLE 10. ASSIGNMENT

Section 10.1 General Prohibition Against Assignments

Except as provided in Section 10.2, neither Party shall assign, pledge or otherwise transfer this Agreement or any right or obligation under this Agreement without first obtaining the other Party's written consent, which consent shall not be unreasonably withheld.

Section 10.2 Exceptions to Prohibition Against Assignments

(a) Seller may, without the Buyer's prior written consent, collaterally assign this Agreement in connection with financing arrangements provided that any such collateral assignment that provides for the Buyer to direct payments to the collateral agent (i) shall be in writing, (ii) shall not be altered or amended without prior written notice to the Buyer from both Seller and the collateral agent, and (iii) provided that any payment made by the Buyer to the collateral agent shall discharge the Buyer's obligation as fully and to the same extent as if it had been made to the Seller. Seller must provide the Buyer at least ten (10) days advance written notice of collateral assignment and provide copies of any such assignment and relevant agreements or writings.

(b) The Buyer may upon prior written notice to Seller assign all or a portion of its rights and obligations under this Agreement to any Affiliate of the Buyer without consent of Seller. Either Party may, upon written notice, assign its rights and obligations hereunder, or transfer such rights and obligations by operation of law, to any entity with which or into which such Party shall merge or consolidate or to which such Party shall transfer all or substantially all of its assets, provided that such other entity agrees to be bound by the terms hereof and provided further, that such other entity's creditworthiness is comparable to or higher than that of such Party at the time this Agreement was executed and such Party is not relieved of any obligation or liability hereunder as a result of such assignment

ARTICLE 11. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and shall be binding upon the Parties hereto and their respective successors and permitted assigns.

ARTICLE 12. FORCE MAJEURE

(a) Force Majeure shall include but not be limited to acts of God, earthquakes, fires, floods, storms, strikes, labor disputes, riots, insurrections, acts of war (whether declared or otherwise), terrorism, acts of terrorism, acts of governmental, regulatory or judicial bodies, but if and only to the extent that such event or circumstance (i) directly affects the availability of the transmission or distribution facilities of the New England Transmission System, the Buyer or an Affiliate of the Buyer necessary to provide service to the Buyer's customers which are taking service pursuant to the Default Service Tariff and (ii) it is not within the reasonable control of, or the result of the negligence of, the claiming Party, and which, by the exercise of due diligence, the claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (A) fluctuations in Default Service, (B) the cost to a Party to overcome or avoid,

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or cause to be avoided, the event or circumstance affecting such Party's performance or (C) events affecting the availability or cost of operating any generating facility.

(b) To the extent that either Party is prevented by Force Majeure from carrying out, in whole or in part, its obligations hereunder and (i) such Party gives notice and detail of the Force Majeure to the other Party as soon as practicable after the onset of the Force Majeure, including an estimate of its expected duration and the probable impact on the performance of its obligations hereunder; (ii) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure, and (iii) the Party claiming Force Majeure uses commercially reasonable efforts to remedy or remove the inability to perform caused by Force Majeure, then the affected Party shall be excused from the performance of its obligations prevented by Force Majeure. However, neither Party shall be required to pay for any obligation the performance of which is excused by Force Majeure. This paragraph shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the Party involved in the dispute.

(c) No obligations of either Party which arose before the Force Majeure occurrence causing the suspension of performance shall be excused as a result of the event of Force Majeure.

(d) Prior to the resumption of performance suspended as a result of a Force Majeure occurrence, the Party claiming the Force Majeure shall give the other Party written notice of such resumption.

ARTICLE 13. WAIVERS

No delay or omission in the exercise of any right under this Agreement shall impair any such right or shall be taken, construed or considered as a waiver or relinquishment thereof, but any such right may be exercised from time to time and as often as may be deemed expedient. The waiver of any single breach or default of any term or condition of this Agreement shall not be deemed to constitute the waiver of any other prior or subsequent breach or default of the Agreement or any other term or condition.

ARTICLE 14. LAWS AND REGULATIONS

(a) This Agreement and all rights, obligations, and performances of the Parties hereunder, are subject to all applicable federal and state laws, and to all duly promulgated orders and other duly authorized action of governmental authorities having jurisdiction hereof.

(b) The rates, terms and conditions contained in this Agreement are not subject to change under Section 205 of the Federal Power Act as that section may be amended or superseded, absent the mutual written agreement of the Parties. Each Party irrevocably waives its rights, including its rights under §§ 205-206 of the Federal Power Act, unilaterally to seek or support a change in the rate(s), charges, classifications, terms or conditions of this Agreement or any other agreements entered into in connection with this Agreement. By this provision, each Party expressly waives its right to seek or support: (i) an order from the Commission finding

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that the market-based rate(s), charges, classifications, terms or conditions agreed to by the Parties in the Agreement are unjust and unreasonable; or (ii) any refund with respect thereto. Each Party agrees (x) not to make or support such a filing or request, (y) that these covenants and waivers shall be binding notwithstanding any regulatory or market changes that may occur hereafter and (z) that it shall not challenge or support a challenge to the enforceability of the waiver in this Section (b).

(c) Absent the agreement of all Parties to a proposed change, the standard of review for changes to this Agreement proposed by a non-party or the Commission acting sua sponte shall be the "public interest" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the "Mobile-Sierra" doctrine).

(d) The Parties agree that, if and to the extent that the Commission adopts a final rule or order which requires that, in order to exclude application of the just and reasonable standard of review and to mandate application of the public interest standard of review under the Mobile-Sierra doctrine for a proposed change to this Agreement which is not agreed to by all Parties, the Parties must agree to language which varies from that set forth in Article 14(c) then, without further action of either Party, Article 14(c) will be deemed amended to incorporate the specific language required by such final rule or order as is necessary to have the public interest standard of review under the Mobile-Sierra doctrine apply to any proposed change to this Agreement to which all Parties do not agree.

(e) Nothing in this Article 14 is intended to modify any Party's right to enforce the terms of this Agreement as written.

ARTICLE 15. INTERPRETATION, DISPUTE RESOLUTION

Section 15.1 Governing Law

The Agreement shall be governed by and construed and performed in accordance with and the laws of the State of New Hampshire, without giving effect to its conflict of laws principles.

Section 15.2 Dispute Resolution

All disputes between the Buyer and Seller under this Agreement shall be referred, upon notice by one Party to the other Party, to a senior manager of Seller designated by Seller, and a senior manager of the Buyer designated by the Buyer, for resolution on an informal basis as promptly as practicable. In the event the designated senior managers are unable to resolve the dispute within ten (10) days of receipt of the notice, or such other period to which the Parties may jointly agree, such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedure set forth in this Section. The arbitration shall be conducted in Boston, Massachusetts before a single neutral arbitrator mutually agreed to and appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, Seller and the Buyer shall each choose one arbitrator, who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within ten (10) days select a third arbitrator to act as chairman of the arbitration panel. In either case, the arbitrator(s) shall be knowledgeable and have at least two (2) years experience in electric utility matters, including

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wholesale power transactions and power market issues, and shall not have any current or past business or financial relationships with either Party or a witness for either Party and shall not have a direct or indirect interest in any Party or the subject matter of the arbitration. Each arbitrator shall take an oath of neutrality and it shall be grounds for removal of any arbitrator or for vacating the arbitrators' award if any of such arbitrator violates such oath of neutrality. The arbitrators shall make all of their decisions by majority vote. The arbitrators' ultimate decision after final hearing shall be in writing. If a panel of arbitrators, all of their decisions shall be by majority vote. The arbitrator(s) shall afford each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association unless otherwise mutually agreed by the Parties. There shall be no formal discovery conducted in connection with the arbitration unless otherwise mutually agreed by the Parties; provided, however, that the Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. The arbitrator(s) are not empowered to award any damages in excess of compensatory damages and each Party hereby irrevocably waives any right to recover damages in excess of compensatory damages with respect to any dispute resolved by arbitration. The arbitrators shall have no authority to award treble, exemplary or punitive damages of any type under any circumstances whether or not such damages may be available under state or federal law, or otherwise. In deciding the substance of the Parties' dispute, the arbitrators shall resolve the dispute in a manner consistent with the intent of the Parties as reflected in the terms of this Agreement. To the fullest extent permitted by law, any arbitration proceeding and the arbitrator's award shall be maintained in confidence by the Parties; provided, however, that either Party, or any of its Affiliates, may provide information regarding the arbitration without limitation to any regulatory agency requesting or requiring such information; provided, further, that any such provision of information must include a request for confidential treatment. Any offer made and the details of any negotiations to resolve the dispute shall not be admissible in the arbitration or otherwise. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and the reasons therefore, and shall make an award apportioning equally the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change the Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction, subject expressly to Section 15.3. Notwithstanding the foregoing, upon the application by any Party to a court for an order confirming, modifying or vacating the award, the court shall have the power to review whether, as a matter of law based on the findings of fact determined by the arbitrator, the award should be confirmed, modified, or vacated in order to correct any errors of law made by the arbitrators. In order to effectuate such judicial review limited to issues of law, the Parties agree (and shall so stipulate to the court) that the findings of fact made by the arbitrator shall be final and binding on the Parties and shall serve as the facts to be submitted to and relied on by the court in determining the extent to which the award should be confirmed, modified, or vacated. Nothing in this paragraph shall impair the ability of a Party to exercise any right or remedy it has under this Agreement, including those in Article 7. To the fullest extent permitted by law, any arbitration proceeding and the arbitrator's award shall be maintained in confidence by the Parties; provided, however, that either Party, or any of its Affiliates, may provide information regarding the arbitration without limitation to any regulatory agency requesting or requiring such

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information or to a court in a proceeding to confirm, appeal (as such appeal is limited hereby) or enforce the award; provided, further, that any such provision of information must include a request for confidential treatment.

Section 15.3 Venue; Waiver of Jury Trial

Each Party hereto irrevocably (i) submits to the exclusive jurisdiction of the federal and state courts located in the State of New Hampshire; (ii) waives any objection which it may have to the laying of venue of any proceedings brought in any such court; and (iii) waives any claim that such proceedings have been brought in an inconvenient forum. EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS AGREEMENT.

ARTICLE 16. SEVERABILITY

Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining provisions and lawful obligations that arise under this Agreement. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision or circumstances shall not be affected by such invalidity or unenforceability.

ARTICLE 17. MODIFICATIONS

No modification or amendment of this Agreement will be binding on any Party unless it is in writing and signed by both Parties.

ARTICLE 18. ENTIRE AGREEMENT

This Master Power Agreement, including the Appendices, any Confirmations relating to specific Transactions, the tariffs and agreements referred to herein or therein, embody the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or therein. It is expressly acknowledged and agreed that there are no restrictions, promises, representations, warranties, covenants or undertakings contained in any material provided or otherwise made available by the Seller or the Buyer to each other. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the transactions contemplated hereby and specifically excludes written agreements executed by the Parties prior to the Effective Date.

ARTICLE 19. COUNTERPARTS

REDACTED

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

ARTICLE 20. INTERPRETATION; CONSTRUCTION

The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement. For purposes of this Agreement, the term "including" shall mean "including, without limitation". The Parties acknowledge that, each Party and its counsel have reviewed and or revised this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement, and it is the result of joint discussion and negotiation.

ARTICLE 21. REPRESENTATIONS; WARRANTIES AND COVENANTS

Each Party represents to the other Parties, upon execution and continuing throughout the term of this Agreement, as follows:

(a) It is duly organized in the form of business entity set forth in the first paragraph of this Agreement, validly existing and in good standing under the laws of its state of its organization and has all requisite power and authority to carry on its business as is now being conducted, including all regulatory authorizations as necessary for it to legally perform its obligations hereunder.

(b) It has full power and authority to execute and deliver this Master Power Agreement and any and all Confirmations related to Transactions and to consummate and perform the transactions contemplated hereby. This Master Power Agreement has been, and any Confirmation will be, duly and validly executed and delivered by it, and, assuming that this Master Power Agreement, together with any and all Confirmations, constitutes a valid and binding agreement of the other Parties, constitute together its valid and binding agreement, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, or the terms of any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument to which it is bound, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.

(d) No declaration, filing with, notice to, or authorization, permit, consent or approval of any governmental authority is required for the execution and delivery of this Master Power Agreement or any and all Confirmations related to a Transaction by it or the performance by it of its obligations hereunder and thereunder, other than such declarations, filings, registrations, notices, authorizations, permits, consents or approvals which, if not obtained or made, will not, in the aggregate, have a Material Adverse Effect.

(e) Neither the execution and delivery of this Master Power Agreement or any and all

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Confirmations by it will nor the performance by it of its obligations under this Master Power Agreement and any and all Confirmations related to Transactions, will or does (i) conflict with or result in any breach of any provision of its Governing Documents, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which it or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which, in the aggregate, would not have a Material Adverse Effect; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to it, which violation would have a Material Adverse Effect.

(f) There are no claims, actions, proceedings or investigations pending or, to its knowledge, threatened against or relating to it before any governmental authority acting in an adjudicative capacity relating to the transactions contemplated hereby that could have a Material Adverse Effect. It is not subject to any outstanding judgment, rule, order, writ, injunction or decree of any court or governmental authority which, individually or in the aggregate, would create a Material Adverse Effect.

(g) There are no bankruptcy, insolvency, reorganization, receivership or other similar proceedings pending or being contemplated by it, or of its knowledge threatened against it.

(h) With respect to Seller, (i) it and the ISO have fully executed a Market Participant Service Agreement ("Seller's MPSA"), and it has been approved by the Commission in accordance with Subsection 7.1 of the MPSA with the ISO and (ii) the ISO has not filed with the Commission a notice of termination of Seller's MPSA.

(i) It is acting for its own account, has made its own independent decision to enter into this Master Power Agreement and any and all Confirmations related to a Transaction and as to whether this Master Power Agreement and such confirmation is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party hereto, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Master Power Agreement and any such Confirmation or Transaction.

(j) It is a "forward contract merchant" within the meaning of the United States Bankruptcy Code, that this Agreement is a "forward contract" within the meaning of the United States Bankruptcy Code, and that the remedies identified in this Agreement, including but not limited to those specified in Section 7, shall be "contractual rights" as provided for in 11 U.S.C. § 556 as that provision may be amended from time to time.

ARTICLE 22.

CONSENTS AND APPROVALS

The Parties shall cooperate so that each Party may take such actions as necessary and required for the other Party to effectuate and comply with this Agreement including to (i) promptly prepare and file all necessary documentation, (ii) effect all necessary applications, notices, petitions and filings and execute all agreements and documents, and (iii) use all commercially reasonable efforts to obtain all necessary consents, approvals and authorizations of all other entities, in the case of each of the foregoing clauses (i), (ii) and (iii), necessary or advisable to consummate the transactions contemplated by this Agreement. The Buyer shall

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have the right to review and approve in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any filing, press release or public announcement made in connection with the transactions contemplated hereby.

ARTICLE 23. CONFIDENTIALITY

Neither Seller nor the Buyer shall provide copies of or disclose Section 5.2(a), Article 7, or disclose the contents, including, but not limited to any Confirmations, (the “Confidential Terms”) to any third party without the prior written consent of the other Party; provided, however, that either Party may provide a copy of the Confidential Terms, in whole or in part to (1) any regulatory agency or governmental authority with jurisdictional interest requesting and/or requiring such Confidential Terms, or in order to comply with any applicable law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding, provided that in the case of a disclosure pursuant to the foregoing, such disclosure must include a request for confidential treatment of the Confidential Terms, and (2) an Affiliate if related to the Party’s performance of its obligations hereunder, provided that such Affiliate agrees to treat the Confidential Terms as confidential in accordance with this clause.

[Remainder of Page Intentionally Left Blank]

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IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Master Power Agreement on their behalf as of the date first above written.

GRANITE STATE ELECTRIC COMPANY

Name: Michael J. Hager

Title: Authorized Signatory



Name (print): _____

Title: _____

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APPENDIX A
ESTIMATION OF SELLER HOURLY LOADS

Overview

Generating units operated by suppliers are dispatched by the power pool to meet the region's electrical requirements reliably, and at the lowest possible cost. As a result, a supplier's electricity production may not match the demand of its customers. In each hour some suppliers with low cost production units or that contract for the output of such units are net sellers of electricity to the pool, while other suppliers are purchasing power from the pool to meet the demand of their customers. To determine the extent to which suppliers are net buyers or sellers on an hourly basis, it is necessary to estimate the hourly aggregate demand for all of the customers served by each supplier. The Buyer will estimate Seller's Default Service load obligations within the Buyer's service territory and report the hourly results to the ISO on a daily basis.

The estimation process is a cost-effective approach to producing results that are reliable, unbiased and reasonably accurate. The hourly load estimates will be based on rate class load profiles, which will be developed from statistically designed samples. Each day, the class load shapes will be scaled to the population of customers served by each supplier. In cases where telemetered data on individual customers is available, it will be used in place of the estimated shapes. On a monthly basis, the estimates will be refined by incorporating actual usage data obtained from meter readings. In both processes, the sum of all suppliers' estimated loads will match the total load delivered into the distribution system. A description of the estimation process follows.

Daily Estimation of Suppliers' Own Load

The daily process estimates the hourly load for each supplier for the previous day. The following is an outline of this process:

- Select a proxy date from the previous year with characteristics which best match the day for which the hourly demand estimates are being produced. Extract class load shapes for the selected proxy date from the load research database.
- Scale the class load shapes appropriately for each individual customer based on the usage level of the customer relative to the class average usage level.
- Calculate a factor for each customer which reflects their relative usage level and includes an adjustment for losses ("load adjustment factor"). Aggregate the load adjustment factors across the customers served by each supplier in each class.
- Produce a preliminary estimate of each supplier's hourly loads by combining the proxy day class load shapes with the supplier's total load adjustment factors. Aggregate the loads across the classes for each supplier.

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- Adjust the preliminary hourly supplier estimates so that their sum is equal to the Buyer's actual hourly metered loads (as metered at the point of delivery to the distribution system) by allocating any differences to suppliers in proportion to their estimated load.
- Adjust the hourly supplier estimates to include transmission losses within the Buyer's transmission system.
- Submit the hourly loads to the ISO.

After the Buyer has submitted the supplier hourly loads, the ISO will allocate PTF losses to the supplier's account during the settlement process.

Monthly Reconciliation Process

The monthly process will improve the estimates of supplier loads by incorporating the most recent customer usage information, which will be available after the monthly meter readings are processed. The actual customer meter readings, as well as actual interval data for the largest customers, are used to re-estimate all of the days in the calendar month being reconciled. Updates to customers' account status and supplier assignments that may have been missed during the daily processing (due to timing) are included. The resulting hourly supplier load estimates for all the days in the month are reported and used by the ISO as the basis for the monthly resettlement.

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APPENDIX B
MASTER POWER AGREEMENT
FORM OF CONFIRMATION

This Confirmation shall confirm the Transaction agreed to on, and effective as of the Confirmation Effective Date (as defined below) between **GRANITE STATE ELECTRIC COMPANY** (“Granite” or “Buyer”), a New Hampshire corporation, and [REDACTED] (“Seller”) regarding the sale/purchase of Default Service specified herein under the terms and conditions under the Master Power Agreement, dated [] (the “Master Power Agreement”) between Buyer and Seller, as specified and modified herein. Terms used but not defined herein shall have the meanings ascribed to them in the Master Power Agreement.

1. Confirmation Effective Date; Condition Precedent; Filing Obligation; Term

- a) This Confirmation shall be binding on the Parties upon execution by both Parties (such date the “Confirmation Effective Date”). Promptly after execution by both Parties, Buyer shall submit the Default Service retail rates to the NHPUC for its approval. The Parties performance of Sections 3.2 through 6.4 of the Master Power Agreement are subject to the occurrence, on or before the fifth Business Day after (but not including) the Buyer’s submission of the Default Service retail rates to the NHPUC (the “Fifth Day”), for the approval by the NHPUC. If the NHPUC does not issue a decision approving Buyer’s request to approve the Default Service retail rates as filed on or before the Fifth Day (a “NHPUC Denial”), then this Confirmation shall be null and void and of no further force and effect, and neither Party shall have any obligation whatsoever to the other Party, and such a voiding of the Confirmation and the NHPUC Denial shall not be a default or constitute an Event of Default by either Party; provided, however, that neither Party shall undertake any action with the NHPUC or otherwise in opposition of approval by the NHPUC of the Master Power Agreement or the Confirmation as executed

2. Default Service Requirements Matrix

Award Block	Customer Group	Load Zone	Load Responsibility	Transaction Commencement Date	Transaction Conclusion Date
TBD	TBD	NH	100%	TBD	TBD

3. Contract Rate - \$/MWh

Award Block	Customer Group	Load Zone	Month1	Month2	Month3	Month4	Month5	Month6
TBD	TBD	NH	TBD	TBD	TBD	TBD	TBD	TBD

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4. Load Asset Designation within the ISO Settlement Market System

Award Block	Customer Group	Load Zone	Load Asset Number	Load Asset Name
TBD	TBD	NH	TBD	TBD

5. RPS Requirement

[To be determined for each Transaction]

6. Amount Payable

[To be determined for each Transaction]

7. Modifications to the Master Power Agreement

[To be determined for each Transaction]

8. Security

NYMEX ISO New England Internal Hub Price	Month1	Month2	Month3	Month4	Month5	Month6
Off-Peak LMP Swap Price	TBD	TBD	TBD	TBD	TBD	TBD
Peak LMP Swap Price	TBD	TBD	TBD	TBD	TBD	TBD

[To be determined for each Transaction]

9. Confidentiality

Articles 2, 3, 4, 5, 6 and 8 [additional articles to be determined for each Transaction] of this Confirmation are Confidential Terms within the meaning of Article 23 of the Master Power Agreement.

10. Ratification of the Terms and Conditions of the Agreement

(a) Except as expressly amended or waived by this Confirmation, the terms, conditions, covenants, agreements, warranties and representations contained in the Master Power Agreement are in all respects ratified, confirmed and remade as of the date hereof and, except as amended or waived hereby, shall continue in full force and effect.

(b) Nothing in this Confirmation shall, or shall be construed to, alter or amend any other Confirmation.

11. Counterparts

This Confirmation may be executed in counterparts, all of which together shall constitute one and the same instrument.

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This Confirmation constitutes part of and is subject to the terms and provisions of such Master Power Agreement.

[Remainder of Page Intentionally Left Blank]

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IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Confirmation on their behalf as of the date first above written

GRANITE STATE ELECTRIC COMPANY

Name (print): _____

Title: _____



Name (print): _____

Title: _____

REDACTED
APPENDIX C
FORM OF GUARANTY

Guaranty

This Guaranty (this "Guaranty"), dated effective as of [], 2006 (the "Effective Date"), is made and entered into by [] ("Guarantor").

WITNESSETH:

WHEREAS, Granite State Electric Company ("the Buyer") and [] ("Seller") and a [] of Guarantor, have entered into that certain Confirmation, dated _____ (the "Confirmation") for the Delivery Term of [],, under the Master Power Agreement, dated [], (collectively with the Confirmation, the "Agreement") and

WHEREAS, Guarantor will directly or indirectly benefit from the Agreement between Seller and the Buyer;

NOW THEREFORE, in consideration of the Buyer entering into the Agreement, Guarantor hereby covenants and agrees as follows:

- 1) GUARANTY. Subject to the provisions hereof, Guarantor hereby irrevocably and unconditionally guarantees the full and faithful timely performance and payment when due of the obligations of Seller that are now due or may hereafter become due and payable to the Buyer under the Agreement (the "Obligations"). This Guaranty shall constitute a guarantee of performance and payment and not of collection. The liability of Guarantor under this Guaranty shall be specifically limited to performance and payments expressly required to be made under the Agreement (even if such payments are or are deemed to be damages) to the extent of [] Dollars (\$) (the "Guaranty Limit") but in no event shall Guarantor be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive or tort damages, or, except to the extent specifically provided in the Agreement, any other damages.
- 2) DEMANDS AND NOTICE. Upon the occurrence and during the continuance of an Event of Default or termination, as may be defined in the Agreement, if Seller fails or refuses to pay any Obligations and the Buyer elects to exercise its rights under this Guaranty, the Buyer shall make a demand upon Guarantor (hereinafter referred to as a "Demand"). A Demand shall be in writing and shall reasonably and briefly specify in what manner and what amount Seller has failed to perform or pay and an explanation of why such performance or payment is due, with a specific statement that the Buyer is calling upon Guarantor to perform and/or pay under this Guaranty. A Demand satisfying the foregoing requirements shall be required with respect to Obligations before Guarantor is required to pay (free of any deductions or withholdings) such Obligations hereunder and shall be deemed sufficient notice to Guarantor that it must pay the Obligations within ten (10) Business Days, after its receipt of the Demand. A single written Demand shall be effective as to any specific default during the continuance of such default, until Seller or Guarantor has cured such default, and additional written demands concerning such default shall not be required until such

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default is cured. As used herein, the term “Business Day” shall mean a day on which commercial banks or financial institutions are open for business in the Commonwealth of Massachusetts.

3) REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants that:

(a) it is a corporation duly organized and validly existing and in good standing under the laws of the State of New York and has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Guaranty;

(b) the execution, delivery and performance of this Guaranty and each transaction contemplated by this Guaranty, do not and will not (with or without the lapse of time, the giving of notice or both, contravene, conflict with or result in a breach of or default under any provision of its constitution or any writ, order, judgment, law, rule or regulation to which it is a party or is subject or by which it is bound; and

(c) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over Guarantor is required on the part of Guarantor for the execution and delivery of this Guaranty; and

(d) this Guaranty, when executed and delivered, will constitute a valid and legally binding agreement of Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

4) SETOFFS AND COUNTERCLAIMS. Without limiting Guarantor’s own defenses and rights hereunder, Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which Seller or any other affiliate of Guarantor is or may be entitled to arising from or out of the Agreement or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Seller, the lack of power or authority of Seller to enter into, amend and/or perform the Agreement, or the lack of authority of Seller to waive or consent to any provision of the Agreement or a claim as to the Agreement’s validity regularity or enforceability.

5) AMENDMENT OF GUARANTY. No term or provision of this Guaranty shall be amended, modified, altered, waived or supplemented except in a writing signed by Guarantor and the Buyer.

6) WAIVER; TERMINATION. Except as required in Section 2 above, Guarantor hereby waives (a) notice of acceptance of this Guaranty; (b) presentment, demand and notice of dishonor concerning the liabilities of Guarantor; and (c) any right to require that any action or proceeding be brought against Seller or any other person, or to require that the Buyer exhaust its remedies against Seller or seek enforcement of any performance against Seller or any other person, or against any collateral pledged by Seller or any other person liable for payment or performance of the Obligations, prior to any action against Guarantor under the terms hereof. Buyer shall not be obligated to file any claim relating to the Obligations in the event that Seller becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Buyer to so file shall not affect the Guarantor’s obligations hereunder.

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Except as to applicable statutes of limitation, no delay of the Buyer in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights, a waiver of any other rights or a release of Guarantor from any obligations hereunder.

Guarantor consents to the renewal, compromise, extension, acceleration or other changes including in the time of payment of and other changes in the terms of the Obligations, or any part thereof and amendments thereto, or any changes and modifications to the terms of the Agreement or waivers there under.

Guarantor shall not be discharged or released from its obligations hereunder by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Seller or by any defense which Seller may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding. Guarantor agrees that this Guaranty shall continue to be effective or shall be reinstated, as the case may be, if all or any part of any payment made hereunder is at any time avoided or rescinded or must otherwise be restored or repaid by the Buyer as a result of the bankruptcy of Seller, or otherwise, all as though such payments had not been made.

This Guaranty and the Guarantor’s obligations hereunder shall remain in effect for the term of the Agreement.

NOTICE. Any Demand, notice, request, instruction, correspondence or other document to be given hereunder by any party to another (herein collectively called “Notice”) shall be in writing and delivered personally or mailed by certified mail, postage prepaid and return receipt requested, or by telegram or facsimile, as follows:

To the Buyer:

Vice President-Energy Supply New
England
National Grid.
55 Bearfoot Road
Northborough, MA 01532

Fax No.: (508) 421-7335
Phone No.: (518) 421-7350

To Guarantor:

[REDACTED]

Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by telegram shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. Notice given by facsimile shall be effective upon (i) actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours and (ii) confirmation of receipt by telephone. All Notices by telegram or facsimile shall be confirmed promptly after transmission in writing by certified mail or personal delivery. Any party may change any address to which Notice is to be given to it by giving notice in accordance with the requirements of this Section.

MISCELLANEOUS. This Guaranty shall in all respects be governed by, and construed in accordance with, the law of the State of New York, without regard to principles of conflicts of laws.

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APPENDIX D
COLLATERAL REQUIREMENT CALCULATION

(a) If Seller is the Downgraded Party (as specified in Section 7.3(c)), then the Collateral Requirement shall be the amount, if positive, calculated according to the following formula for all Transactions:

$$\sum_N [(MPC_{M,T}-1)*CR_{M,T,AB}*VOL_{M,T,AB}]$$

where:

“ \sum_N ” is the summation over the entire number of Transactions.

“ $MPC_{M,T}$ ” is the ratio of the applicable monthly NYMEX HUB Price at the time of the Collateral Calculation divided by the applicable monthly NYMEX HUB Price as specified in the Confirmation for the applicable Transaction. The NYMEX HUB Price shall be the sum of (i) 0.55 times the NYMEX ISO New England Internal HUB Peak LMP Swap price plus (ii) 0.45 times the NYMEX ISO New England Internal Off-Peak LMP Swap price. If NYMEX HUB prices are unavailable, then the Parties shall agree to a substitute market price.

“ $CR_{M,T,AB}$ ” is the Contract Rate in a month for the applicable Award Block as specified in a Confirmation for a specific Transaction for the remainder of the Delivery Term(s).

“ $VOL_{M,T,AB}$ ” is the product of (i) the initial hourly Real Time Load reported to the ISO for a month in the prior year for the applicable Award Block adjusted for known customer migration to or from competitive suppliers, and (ii) Load Responsibility for the applicable Award Block for a specific Transaction for the remainder of the Delivery Term(s) as specified in the Confirmation for the applicable Transaction.

All such amounts shall be determined by Buyer in good faith and in a commercially reasonable manner.

(b) If Buyer is the Downgraded Party (as specified in Section 7.3(c)), then the Collateral Requirement shall be the amount, if positive, calculated according to the following formula for all Transactions:

$$\sum_N [(1-MPC_{M,T})*CR_{M,T,AB}*VOL_{M,T,AB}]$$

where:

“ \sum_N ” is the summation over the entire number of Transactions.

“ $MPC_{M,T}$ ” is the ratio of the applicable monthly NYMEX HUB Price at the time of the Collateral Calculation divided by the applicable monthly NYMEX HUB Price as specified in the Confirmation for the applicable Transaction. The NYMEX HUB Price shall be the sum of (i) 0.55 times the NYMEX ISO New England Internal HUB Peak LMP Swap price plus (ii) 0.45 times the NYMEX ISO New England Internal Off-Peak LMP Swap price. If NYMEX HUB

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prices are unavailable, then the Parties shall agree to a substitute market price.

“ $CR_{M,T,AB}$ ” is the Contract Rate in a month for the applicable Award Block as specified in a Confirmation for a specific Transaction for the remainder of the Delivery Term(s).

“ $VOL_{M,T,AB}$ ” is the product of (i) the initial hourly Real Time Load reported to the ISO for a month in the prior year for the applicable Award Block adjusted for known customer migration to or from competitive suppliers, and (ii) Load Responsibility for the applicable Award Block for a specific Transaction, for the remainder of the Delivery Term(s) as specified in the Confirmation for the applicable Transaction.

All such amounts shall be determined by Seller in good faith and in a commercially reasonable manner.

SCHEDULE MJH – 5

**Default Service Contract For the Large Customer Group
With Changes Highlighted
February 1, 2007 through April 30, 2007**

MASTER POWER SUPPLY AGREEMENT

This MASTER POWER SUPPLY AGREEMENT (“Master Power Agreement”) is dated as of ~~{date}~~ December 05, 2006 and is by and between ~~MASSACHUSETTS ELECTRIC COMPANY (“MECo”), a Massachusetts corporation, NANTUCKET ELECTRIC COMPANY (“Nantucket”), a Massachusetts corporation (MECo and Nantucket together “Mass. Electric”)~~ GRANITE STATE ELECTRIC COMPANY (“Granite”), a New Hampshire corporation, (Mass. Electric, Nantucket and Granite are referred to collectively herein as (“Buyer”, and each shall be severally and not jointly liable hereunder) and [Company], a [what].), and [redacted] (“Seller”).

This Master Power Agreement provides for the sale by Seller of ~~the Services~~ Default Service, as defined herein, to the Buyer. The Buyer and Seller are referred to herein individually as a “Party” and collectively as the “Parties”.

ARTICLE 1. BASIC UNDERSTANDINGS

~~Seller, in response to a Request for Proposal dated August 16, 2004 issued by the Buyer, has been selected to be the supplier of firm, load following power to meet the Buyer’s Service Requirements as defined in the Service Requirements Matrix found in Appendices C-1, C-2 and C-3. This Agreement sets forth the terms under which Seller will supply Default Service to the Buyer for the period beginning on at the top of the HE 0100 EPT on Schedule 1 of Appendix C-1 and continuing through and including the end of the HE 2400 EPT on Schedule 2 of Appendix C-1, Standard Service to the Companies for the period beginning at the top of the HE 0100 EPT on Schedule 1 of Appendix C-2 and continuing through and including the end of the HE 2400 EPT Schedule 2 of Appendix C-2 and New Hampshire Default Service to the Companies for the period beginning at the top of the HE 0100 EPT on Schedule 1 of Appendix C-3 and continuing through and including the end of the HE 2400 EPT Schedule 2 of Appendix C-3 (the “Delivery Term(s)”).~~

~~Seller and Buyer have agreed to execute this Master Power Agreement in order to establish the basic terms of Seller’s provision and sale of, and Buyer’s acceptance and purchase of, Default Service. The Parties specifically agree that this Agreement may be used only for the procurement of Default Service. This Master Power Agreement, together with the Appendices and Confirmations regarding the Transactions (as defined in Article 2), shall be referred to as the “Agreement” and shall constitute the entire agreement between the Parties relating to the subject matter hereof and supersedes any other agreements, written or oral, between the Parties concerning such subject matter but specifically excluding written agreements executed by the Parties prior to the Effective Date.~~

ARTICLE 2. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings specified in this Article. In addition, except as otherwise expressly provided, terms with initial capitalization used in this Agreement and not defined herein shall have the meaning as defined in the NEPOOL ~~Agreement or by the ISORules.~~

REDACTED

Affiliate means, with respect to any Party, any ~~personentity~~ (other than ~~an individuala person~~) that, directly or indirectly, controls, or is controlled by, ~~or is under common control with,~~ such Party. For this purpose, “control” means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

~~**Alternative Compliance Payment RateAward Block** means the ~~value~~numerical designation, for administrative purposes only, as ~~published by~~may be set forth on a Confirmation to identify Customer Groups to be served from and including the Transaction Commencement Date through the ~~Massachusetts Division of Energy Resourees~~Transaction Conclusion Date, in accordance with 225 CMR 14.08 (4)(a) 2a specified Load Zone, and the associated Load Asset Number and Load Asset Name, or other information as may be associated therewith in a Confirmation.~~

Bank means a U.S. commercial bank or trust company organized under the laws of the United States or a political subdivision thereof, or the U.S. branch of a foreign bank, with such bank or trust company having (i) a credit rating assigned to such entity’s unsecured, senior long-term debt or deposit obligations (not supported by third party credit enhancement) of at least (a) "A-" by S&P or "A3" by Moody’s, if such issuer is rated by both S&P and Moody’s, (b) “A-“ by S&P, if such issuer is rated only by S&P, or (c) "A3" by Moody’s, if such issuer is rated only by Moody’s and (ii) having a capital and surplus of at least \$1,000,000,000.

Business Day means a 24-hour period ending at 5:00 p.m. EPT, other than Saturday, Sunday and any day which is a legal holiday or a day on which banking institutions in Boston, Massachusetts are authorized by law or other governmental action to close.

~~**Commencement Date** means, with respect to a customer group-Buyer has the meaning set forth in the NEMA Load Zone, the SEMA Load Zone, the WCMA Load Zone or the NH Load Zone, the period at HE 0100 EPT on the date set forth for the customer group on Schedule 1preamble of Appendices C-1, C-2 and C-3.~~

~~**Commercial Contract Rate** means the value as set forth in Appendix D for the SEMA Load Zone, NEMA Load Zone and WCMA Load Zone, as applicable to a month in the Delivery Term.~~

~~**Commercial Customer Group** means the Buyer’s customers in the Rate G-1, Rate S-1, Rate S-2, Rate S-3, Rate S-5 and Rate S-20 retail rate classes (the “Commercial Rate Classes”), or such other rate classes as may be added from time to time in the SEMA Load Zone, NEMA Load Zone and WCMA Load Zone, as applicable during the Delivery Term, provided that such Commercial Rate Classes shall be comprised of customers previously in one of the Commercial Rate Classes or such customer would have qualified for one of the Commercial Rate Classes.~~

~~**Commission** means the Federal Energy Regulatory Commission.~~

~~**Buyer** means the Massachusetts Electric Company, Nantucket Electric Company and the Granite State Electric Company theirthis Master Power Agreement, along with any successors, assigns, employees, agents and authorized representatives thereof.~~

Buyer’s System means the electrical transmission and distribution system of the Buyer and the electrical transmission and distribution system of any Affiliate of the Buyer.

REDACTED

Buyer's Service Territory means the geographic area served by ~~Massachusetts Electric Company, Nantucket Electric Company~~ Buyer.

Collateral Calculation Date means, (i) the Business Day that is within five (5) Business Days of the occurrence of a Downgrade Event as to one Party during the term of a Transaction, with such Business Day being the date selected by the Party that was not downgraded, and ~~the Granite State Electric Company including the service territory formerly served by Eastern Edison Company which has been merged with set forth in a written notice provided in accordance with Section 8.1, and into Massachusetts Electric Company.~~

Competitive Supplier Terms means ~~Mass. Electric's Model Terms~~ (ii) the first Business Day of each calendar month (or such other date within the first five Business Days thereof) to which the Parties may mutually agree in writing) (x) during the continuance of a Downgrade Event and Conditions (y) during the term of all Transactions for Competitive Suppliers, M.D.T.E. No. 1063, as may be amended from time to time, which there are obligations remaining.

Conclusion Date means,

Collateral Value means (a) with respect to a customer group in the NEMA Load Zone, the SEMA Load Zone, the WCMA Load Zone or the NH Load Zone, the end of the HE 2400 EPT on the date set forth for the customer group on Schedule 2 of Appendices C-1, C-2 and C-cash, the face amount thereof; and (b) with respect to Letters of Credit in accordance with Subsection 7.3(b)(B), the Valuation Percentage multiplied by the stated amount then available under the Letter of Credit that may be drawn by the beneficiary thereof pursuant to the terms thereof.

Commission means the Federal Energy Regulatory Commission, or its successor.

Competitive Supplier Terms means NHPUC's PUC 2000 Competitive Electric Power Supplier Rules, as may be amended from time to time.

Confirmation means a confirmation that is mutually agreed to and executed by the Parties, which may be in the form set forth in Appendix B or in a form otherwise agreed to by the Parties, such document to serve as a supplement or modification of this Master Power Agreement with respect to a specific Transaction.

Confirmation Term means, for the applicable Transaction, the period beginning as of the effective date set forth in a Confirmation and continuing through to the date both Parties have fulfilled all of their obligations with respect to such Transaction.

Contract Rate has the meaning set forth in the Confirmation for the applicable Transaction.

Credit Rating means (i) the lower of the ratings assigned to an entity's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) by S&P and Moody's, (ii) in the event the entity does not have a rating for its senior unsecured long-term debt, (a) the lower of the rating assigned to the entity as an issuer rating by S&P and Moody's, or (b) the rating assigned to the entity as an issuer rating by any other rating agency agreed to by both Parties in each Party's sole and exclusive judgment (an "Agreed-to Rating"). In the event of an inconsistency in the ratings by Moody's and S&P, a "split rating," the lower of the rating shall apply.

REDACTED

Credit Support means the amount and form of security provided pursuant to Sections 7.3 through 7.8 and any Confirmation.

Customer Disconnection Date means the date when a Default Service Customer ~~or a Standard Service Customer~~ is disconnected from service, as determined by the Buyer in accordance with the Distribution Service Terms.

Customer Group means Buyer's customers who receive Default Service in the Large Customer Group and/or Small Customer Group as specified on the Confirmation for the applicable Transaction.

Customer Termination Date means the date when a Default Service Customer ceases to take service under the Default Service Tariff, ~~or the date when a Standard Service Customer ceases to take service under the Standard Service Tariff~~, each date as determined by the Buyer in accordance with the Distribution Service Terms.

Default Service means the provision of Requirements by Seller at the Delivery Point to the Buyer to meet all needs of Default Service Customers for a particular Transaction.

Default Service Customer(s) means ~~the retail customer(s) in the Commercial Customer Group, the Industrial Customer Group and the Residential Customer Group of the Buyer, for a specific Transaction, the customers in each Customer Group set forth in the applicable Confirmation,~~ taking service pursuant to the Default Service Tariff during the applicable Delivery Term.

Default Service Tariff means ~~the Massachusetts Electric Company's Tariff for Default Service, M.D.T.E. No. 1041~~ Buyer's Tariff for Retail Delivery Service for the Period after New England Power Company Divests Substantially all of its Non-nuclear Generation, N.H.P.U.C. No. 17., as may be amended from time to time and approved by the ~~Department~~NHPUC.

Default Termination Date The effective date of Termination established in accordance with Subsection 7.2(a) upon an Event of Default.

Delivered Energy means the quantity of energy, expressed in megawatt-hours, provided by Seller ~~under the terms of this Agreement with respect to a specific Transaction~~. This quantity shall be the sum of the quantity of energy reported to the ISO by the Buyer for each of the Load Assets identified in ~~Section 6.4a~~ specific Transaction, with such quantity determined by the Buyer in accordance with Section 6.3 of this Master Power Agreement. Such quantity shall not include any allocation of PTF losses (which the ISO may assess to Seller in relation to such energy), but shall include transmission and distribution losses on the Buyer's System from the Delivery Point to the meters of Default Service Customers ~~and Standard Service Customers~~.

Delivery Point means, for each Load Asset (x) identified in or in accordance with ~~Section 6.4a~~ specific Transaction and (y) as set forth in the Confirmation related to such specific Transaction (i) the Nodes at which the Real-Time Load Obligations are established in the ISO Settlement Power System Model for the registered Load Assets representing the physical loads of Default Service Customers ~~or Standard Service Customers, as applicable to for~~ the Delivery Term for such customers, identified by the Load Asset ("Loads With Nodes"), for any period and in any location in which there are Loads With Nodes and the ISO requires use of Nodes for Real-Time Load Obligations, or (ii) the Load Zones at which the Real-Time Load Obligations are established in the ISO Settlement Power System Model for the Load Assets representing the

REDACTED

physical loads of Default Service Customers ~~or Standard Service Customers, as applicable to for~~ the Delivery Term for such customers, identified by the Load Asset (“Loads with Zones”) if (a) the ISO does not require use of Nodes for Real-Time Load Obligations and (b) the use of Loads with Zones in a calculation of ISO settlement charges and costs yields the same mathematical result as a calculation thereof using Loads with Nodes; or (iii) in the event of neither (i) nor (ii), Loads with Nodes and, in any location in which there are no Loads with Nodes, Loads with Zones.

Delivery Term(s) ~~means the period(s) means the definition set forth in Article 1.~~

Department ~~means the Massachusetts Department of Telecommunications and Energy set forth in a the Confirmation for a Transaction for the respective Default Service designations, beginning on at the top of the HE 01:00 EPT on the Transaction Commencement Date (set forth in the applicable Confirmation) and continuing through and including the end of HE 24:00 EPT on the Transaction Conclusion Date.~~

Distribution Service Terms means ~~the Massachusetts Electric Company’s Terms and Conditions for Distribution Service, M.D.T.E. No. 997~~Buyer’s Tariff for Retail Delivery Service for the Period after New England Power Company Divests Substantially all of its Non-nuclear Generation, N.H.P.U.C. No. 17., as may be amended from time to time and approved by the ~~Department~~NHPUC.

Eastern Massachusetts Zone ~~The geographic area served by the former Eastern Edison Company prior to its merger with and into Massachusetts Electric Company~~

Effective Date ~~means the date that this Master Power Agreement is executed by all Parties.~~

EPT means Eastern Prevailing Time.

Governing Documents means, with respect to any particular entity, (a) if a corporation, the (i) articles of organization, articles of incorporation or certificate of incorporation and (ii) the bylaws; (b) if a general partnership, the partnership agreement and any statement of partnership; (c) if a limited partnership, the limited partnership agreement and the certificate of limited partnership; (d) if a limited liability company, the articles or certificate of organization or formation and operating agreement; (e) if another type of entity, any other charter or similar document adopted or filed in connection with the creation, formation or organization of such entity; (f) all equity holders’ agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements or other agreements or documents relating to the organization, management or operation of any entity or relating to the rights, duties and obligations of the equity holders of any entity; and (g) any amendment or supplement to any of the foregoing.

Industrial Contract Rate ~~means the value as set forth in Appendix D for the SEMA Load Zone, NEMA Load Zone and WCMA Load Zone, as applicable to a month in the Delivery Term.~~

Industrial Customer Group ~~means the Buyer’s customers in the Rate G-2 and Rate G-3 retail rate classes (the “Industrial Rate Classes”), or such other rate classes as may be added from time to time in the SEMA Load Zone, NEMA Load Zone and WCMA Load Zone, as applicable during the Delivery Term, provided that such Industrial Rate Classes shall be comprised of customers previously in one of the Industrial Rate Classes or such customer would have qualified for one of the Industrial Rate Classes.~~

REDACTED

Initiation Date means the date a retail customer of the Buyer begins taking service pursuant to the Default Service Tariff or Standard Service Tariff as determined by the Buyer in accordance with the Distribution Service Terms.

Interest Rate means, for any date, the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in *The Wall Street Journal* under “Money Rates” on such day (or if not published on such day, on the most recent preceding day on which published), plus two percent (2%) and (b) the maximum rate permitted by applicable law.

Investment Grade means (i) if any entity has a Credit Rating from both S&P and Moody’s then, a Credit Rating from S&P equal to or better than “BBB” and a Credit Rating from Moody’s equal to or better than “Baa3”; or (ii) if an entity has a Credit Rating from only one of the S&P and Moody’s, then a Credit Rating from S&P equal to or better than “BBB” or a Credit Rating from Moody’s equal to or better than “Baa3” or (iii) if the Parties have mutually agreed in writing on an additional or alternative rating agency, then a Credit Rating from S&P (if applicable) equal to or better than “BBB” and/or a Credit Rating from Moody’s (if applicable) equal to or better than “Baa3”, and with respect to the additional or alternative rating agency, a credit rating equal to or better than that mutually agreed to by the Parties in each Party’s sole and exclusive judgment.

ISO means the Independent System Operator established in accordance with the NEPOOL Agreement, and any successor organization (including but not limited to a regional transmission organization).

kWh means Kilowatt-hour.

Locational Marginal Pricing means as set forth in the NEPOOL Agreement.

Market Rules and Procedures means the Market Rules, Manuals and Procedures adopted by the ISO and/or NEPOOL, as may be amended from time to time, and as administered by the ISO to govern the operation of the NEPOOL markets.

MA New Renewable Generation Certificate means certain electronic NE-GIS Certificates produced by NE-GIS that identify generation attributes of each MWh accounted for in the NE-GIS from a new renewable generation unit, that represent and comply with New Renewable Generation Attributes and conform to the Eligibility Criteria set forth in applicable Massachusetts regulations, and shall represent title to and claim over all environmental attributes associated with the specified MWh of generation from the generation unit claiming New Renewable Generation Attributes.

Mass. Electric Zone—The geographic area served by Massachusetts Electric Company and Nantucket Electric Company prior to Eastern Edison Company’s merger with and into Massachusetts Electric Company.

Guaranty has the meaning attributed to it in Section 7.3(b).

Initiation Date means the date a retail customer of the Buyer begins taking service pursuant to the Default Service Tariff as determined by the Buyer in accordance with the Distribution Service Terms.

REDACTED

Interest Rate means, for any date, the lesser of (a) the Prime interest rate set forth in the weekly statistical release designated as No. 15 (519) or any successor or publication published by the Board of Governors of the Federal Reserve System and (b) the maximum rate permitted by applicable law.

Investment Grade means (i) if any entity has a Credit Rating from both S&P and Moody's then, a Credit Rating from S&P equal to "BBB-" and a Credit Rating from Moody's equal to "Baa3"; or (ii) if an entity has a Credit Rating from only one of S&P and Moody's, then a Credit Rating from S&P equal to "BBB-" or a Credit Rating from Moody's equal to "Baa3 or (iii) if the Parties have mutually agreed in writing on an additional or alternative rating agency, then a credit rating equal to that mutually agreed to by the Parties in each Party's sole and exclusive judgment.

ISO means ISO New England Inc., authorized by the Commission to exercise for New England the functions required pursuant to the Commission's Order No. 2000 (and its progeny) and the Commission's regulations, and any successor organization (including but not limited to a Regional Transmission Organization.).

ISO Tariff means the ISO New England Inc. Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3, as amended, modified, superseded and supplemented from time to time, and including the Market Rules and Procedures.

ISO New England Operating Documents means the ISO Tariff and the ISO New England Operating Procedures, as amended, modified, superseded and supplemented from time to time.

Large Customer Group Contract Rate means the value as set forth in the Confirmation for the applicable Transaction as applicable to a month in the Delivery Term.

Large Customer Group means the Buyer's customers in the Rate G-1 and G-2 retail rate classes (the "Large Rate Classes"), or such other rate classes as may be added from time to time during the Delivery Term, provided that such Large Rate Classes shall be comprised of customers previously in one of the Large Rate Classes or such customer would have qualified for one of the Large Rate Classes.

Letter of Credit has the meaning attributed to it in clause (B) of Subsection 7.3(b).

Letter of Credit Default has the meaning, with respect to a Letter of Credit, the occurrence of any of the following events: (a) the issuer of such Letter of Credit shall fail or cease to satisfy the definition of Bank; (b) the Bank shall fail to comply with or perform its obligations under such Letter of Credit; (c) the Bank disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Letter of Credit; (d) such Letter of Credit shall expire or terminate, or shall fail or cease to be in full force and effect at any time during the term of the Agreement, in any such case without replacement; or (e) the Bank shall become bankrupt; provided, however, that no Letter of Credit Default shall occur or be continuing in any event with respect to a Letter of Credit after the time such Letter of Credit is required to be canceled or returned to a Party in accordance with the terms of this Agreement (including any and all Confirmations in respect of which it may have been issued).).

Locational Marginal Pricing means as set forth in the Market Rules and Procedures.

REDACTED

Market Rules and Procedures means the Market Rules, Manuals and Procedures adopted by the ISO and/or NEPOOL, as may be amended from time to time, and as administered by the ISO to govern the operation of the NEPOOL markets.

Material Adverse Effect means, with respect to a Party, any change in or effect on such Party after the date of this Agreement that is materially adverse to the transactions contemplated hereby, excluding any change or effect resulting from (a) changes in the international, national, regional or local wholesale or retail markets for electric power; (b) changes in the international, national, regional or local markets for any fuel; (c) changes in the North American, national, regional or local electric transmission or distribution systems; and (d) any action or inaction by a governmental authority, but in any such case not affecting the Parties or the transactions contemplated hereby in any manner or degree significantly different from others in the industry as a whole.

MDTE means the Department.

~~**MECo Service Territory** means the geographic area in which Massachusetts Electric Company provides service to retail customers, including the service territory formerly served by Eastern Edison Company which has been merged with and into Massachusetts Electric Company~~

Minimum Transfer Amount means, with respect to a Party, ONE US DOLLAR (\$1.00).

Moody's means Moody's Investors Service, its successors and assigns.

MWh means Megawatt-hour.

~~**Nantucket Service Territory** means the geographic area served by Nantucket Electric Company.~~

NE-GIS means the NEPOOL Generation Information System, which includes a generation information database and certificate system, operated by NEPOOL, its designee or successor entity, that accounts for generation attributes of electricity consumed within New England.

NE-GIS Certificates means a document produced by the NE-GIS that identifies the relevant generation attributes of each MWh accounted for in the NE-GIS from a generation unit.

~~**NEMA Load Zone** means the Northeast Massachusetts Reliability Region as defined in the NEPOOL FERC Electric Rate Schedule No. 7, Market Rule 1, as may be amended, modified or superseded from time to time.~~

NEPOOL means the New England Power Pool, or its successor.

NEPOOL Agreement means the Second Restated New England Power Pool Agreement dated as of ~~December~~February 1, ~~1996~~2005, as amended or accepted by the Commission and as may be amended, modified, superseded, supplemented and/or restated from time to time ~~and the tariffs, agreements, rules and procedures, including the NEPOOL Rules, adopted by NEPOOL or the ISO as the case may be, and accepted by the Commission as may be amended, modified or supplemented from time to time.~~

NEPOOL Rules means all rules adopted by NEPOOL or the ISO, as such rules may be amended, ~~added, superseded~~modified, supplemented or superseded and restated from time to

REDACTED

time, including but not limited to, the ~~Market Rules and Procedures, the NEPOOL Operating Procedures, the NEPOOL Agreement and the Interim Independent System Operator Agreement between NEPOOL and the ISO Tariff, the ISO New England Operating Documents, the Transmission Operating Agreement, the Participants Agreement, the NEPOOL Manuals, and the NEPOOL Operating Procedures,~~ as amended, ~~supereededsuperseded~~ or restated from time to time.

Net Worth means total assets, exclusive of intangible assets, less total liabilities, as reflected on the most recent balance sheet prepared by a certified public accountant as part of a certified financial statement in accordance with generally accepted accounting principles consistently applied in the business sector of the Seller.

~~**New Hampshire Default Service** means the provision of Requirements by Seller at the Delivery Point to Granite to meet all electric energy needs of New Hampshire Default Service Customers.~~

~~**New Hampshire Default Service Contract Rate** means the applicable rates set forth on Appendix D.~~

~~**New Hampshire Default Service Customers** means the retail customers of Granite taking service pursuant to the Default Service provisions in the New Hampshire Retail Delivery Tariff.~~

~~**New Hampshire Retail Delivery Tariff** means Granite's Tariff for Retail Delivery Service for the Period after New England Power Company Divests Substantially all of its Non-nuclear Generation, N.H.P.U.C. No. 17, as may be amended from time to time and approved by the NHPUC.~~

~~**NH Load Zone** means the New Hampshire Reliability Region as defined in the NEPOOL Rules.~~

NHPUC means the New Hampshire Public Utilities Commission.

~~**NH Load Zone Notification Time** means the 11:00 a.m. New Hampshire Reliability Region as defined in the NEPOOL FERC Electric Rate Schedule No. 7, Market Rule 1, as may be amended, modified or superseded from York time to time.~~

~~**New Renewable Generation Attributes** means as defined in Section 14.02 of the Renewable Energy Portfolio Standard, on any Collateral Calculation Date.~~

PTF means facilities categorized as Pool Transmission Facilities under the ~~NEPOOL Agreement.~~

~~**Renewable Energy Portfolio Standards** means the regulations promulgated pursuant to M.G.L. c. 25A, § 11F that require all retail electricity suppliers to end use customers in Massachusetts to provide a minimum percentage of electricity sales to contain New Renewable Generation Attributes, which are derived from certain renewable energy generating resources beginning on January 1, 2003, as more explicitly provided for in 225 CMR 14.00 ISO Tariff.~~

Requirements means all electric generation and/or market purchases and delivery, to the Delivery Point, of the electric capacity, energy, ancillary services, operating reserves (including forward reserves) and all other market products required by the Buyer to provide kilowatt-hours to meet the needs of Default Service Customers, ~~New Hampshire Default Service Customers and Standard Service Customers, as applicable~~ to the Delivery Term.

REDACTED

~~**Residential Customer Rate** means the value as set forth in Appendix D for in the SEMA Load Zone, NEMA Load Zone and WCMA Load Zone, as applicable to in accordance with a month in the Delivery Term:
particular Transaction.~~

~~**Residential Customer Group** means the Buyer's customers in the Rate R-1, Rate R-2, Rate R-4 and Rate-E retail rate classes, or such other rate classes as may be added from time to time in the SEMA Load Zone, NEMA Load Zone and WCMA Load Zone, as applicable during the Delivery Term, provided that such Residential Rate Classes shall be comprised of customers previously in one of the Residential Rate Classes or such customer would have qualified for one of the Residential Rate Classes.~~

~~**RPS Requirement** means the sum of (~~

~~**Rounding Amount** means, with respect to a) the product of (i) Delivered Energy for Mass. Electric Default Service in calendar year 2004 and (ii) 0.015, rounded up to the whole MWh and (b) the product of (x) Delivered Energy for Mass. Electric Default Service and, if any, Standard Service, in calendar year 2005 and (xx) 0.02, rounded up to the whole MWh. Party, ONE HUNDRED THOUSAND US DOLLARS (\$100,000.00).~~

~~**SEMA Load Zone** means the Southeast Massachusetts Reliability Region as defined in the NEPOOL FERC Electric Rate Schedule No. 7, Market Rule 1, as may be amended, modified or superseded from time to time.~~

~~**S&P** means Standard & Poor's Rating Group, its successors and assigns.~~

~~**Standard Service** means the provision of Requirements by Seller at the Delivery Point to the Buyer to meet all the needs of the retail customers of the Buyer taking service pursuant to the Standard Service Tariff and who are located in the Mass. Electric Zone or the Eastern Massachusetts Zone.~~

~~**Standard Service 11&13** means the provision of Requirements by Seller at the Delivery Point to the Buyer to meet all the needs of the retail customers of the Buyer taking service pursuant to the Standard Service Tariff and who are located in the Eastern Massachusetts Zone.~~

~~**Standard Service Customer(s)** means the retail customer(s) in the Industrial Customer Group, Commercial Customer Group, the Residential Customer Group of the Buyer in the Mass. Electric Zone and the Standard Service 11&13 customers in the Eastern Massachusetts Zone taking service pursuant to the Standard Service Tariff during the period of January 1, 2005 through February 28, 2005.~~

~~**Standard Service Tariff** – Mass. Electric's Tariff for Standard Service, M.D.T.E. No. 984-B, as may be amended from time to time and approved by the Department.~~

~~**WCMA Load Zone** means the Western Central Massachusetts Reliability Region as defined in the NEPOOL FERC Electric Rate Schedule No. 7, Market Rule 1, as may be amended, modified or superseded from time to time.~~

~~ARTICLE 3. TERM, SERVICE PROVISIONS AND REGISTRATION REQUIREMENTS~~

~~Section 3.1 Term~~

~~This Agreement shall be effective immediately upon execution by the Parties and shall continue in effect until final payment is made hereunder. As of the expiration of this Agreement or, if earlier, its termination, the Parties shall no longer be bound by the terms and provisions hereof, except (a) to the extent necessary to enforce the rights and obligations of the Parties arising under this Agreement before such expiration or termination and (b) the obligations of the Parties hereunder with respect to audit rights, remedies for default, damages claims, indemnification and defense of claims shall survive the termination or expiration of this Agreement to the full extent necessary for their enforcement and the protection of the Party in whose favor they run, subject to any time limits specifically set forth in this Agreement.~~

~~Section 3.2 Commencement of Supply~~

~~(a) Beginning as of the Commencement Date applicable to the customer group set forth on Appendix C, Seller shall provide Requirements to the Buyer. For purposes of certainty: Seller's obligations on the Commencement Date shall be to provide Requirements for all Default Service Customers taking service as of and including the Commencement Date and for all Standard Service Customers taking service pursuant to the Standard Service Tariff as of and including the Commencement Date.~~

~~(b) With respect to each person or entity that becomes a Default Service Customer or Standard Service Customer subsequent to the Commencement Date, Seller shall provide Requirements to the Buyer to meet the needs of the Default Service Customer(s) and Standard Service Customer(s) as of and including the Initiation Date for such customer initiating such service during the Delivery Term.~~

~~(c) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Initiation Date via electronic file transfer and in a format specified by the Buyer. Each notice of Initiation Date shall include the account number, the date Seller's service to the Buyer is to begin for a Default Service Customer or Standard Service Customer and the customer's rate class.~~

~~Section 3.3 Termination and Conclusion of Supply~~

~~(a) With respect to each Default Service Customer that terminates Default Service, and each Standard Service Customer that terminates Standard Service, during the Delivery Term, Seller shall provide Requirements to the Buyer for such customer on the Customer Termination Date but shall not provide Requirements for such customer after the Customer Termination Date.~~

~~(b) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Customer Termination Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Termination Date shall include the account number, the Customer Termination Date and the customer's rate class.~~

~~(c) Seller's obligation to provide Requirements shall cease at the Conclusion Date.~~

REDACTED

Section 3.4—Customer Disconnection Date

~~(a) With respect to each Default Service Customer whose Default Service, or each Standard Service Customer whose Standard Service, is disconnected during the Delivery Term, Seller shall provide Requirements to the Buyer for such customer on the Customer Disconnection Date but shall not provide Requirements for such customer after the Customer Disconnection Date.~~

~~(b) If Seller elects to receive electronic notification as provided in Section 3.7, The Buyer shall provide to Seller a notice of Customer Disconnection Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Disconnection Date shall include the account number, the Customer Disconnection Date and the customer's rate class.~~

Section 3.5—Distribution Service Interruptions

Small Customer Group Contract Rate means the value as set forth in the Confirmation for the applicable Transaction as applicable to a month in the Delivery Term.

Small Customer Group means the Buyer’s customers in the Rate D, D-10, G-3, M, T and V retail rate classes (the “Small Rate Classes”), or such other rate classes as may be added from time to time during the Delivery Term, provided that such Small Rate Classes shall be comprised of customers previously in one of the Small Rate Classes or such customer would have qualified for one of the Small Rate Classes.

Term means as defined in Section 3.1.

Transaction means a particular transaction agreed to by Buyer and Seller relating to the purchase and sale of Default Service pursuant to this Agreement, as evidenced by the execution of a written Confirmation by Buyer and Seller setting forth the specific terms and conditions thereof.

Transaction Commencement Date means the period at HE 0100 EPT on the date set forth for each Customer Group in the Confirmation for the applicable Transaction.

Transaction Conclusion Date means the period at HE 2400 EPT on the date set forth for each Customer Group in the Confirmation for the applicable Transaction.

Valuation Percentage means

		<u>Valuation Percentage</u>
(A)	<u>Cash</u>	<u>100% of the face value thereof</u>
(B)	<u>Letters of Credit</u>	<u>100% of the amount available thereunder for drawing by the Secured Party unless a Letter of Credit Default shall have occurred with respect to such Letter of Credit, in which case the Valuation Percentage shall be zero (0)</u>

ARTICLE 3. TERM, SERVICE PROVISIONS AND REGISTRATION REQUIREMENTS

Section 3.1 Term

The term of this Master Power Agreement (the “Term”) shall commence on the Effective Date and shall continue in effect until it’s the earlier of (i) its termination by any Party upon thirty (30) days’ prior written notice and (ii) its termination in accordance with Subsection 7.2(a); provided, however, that such termination shall not affect or excuse the performance of any Party under any provision of this Master Power Agreement that by its terms or operation survives any such termination and, provided further, that this Master Power Agreement and any other documents executed and delivered hereunder shall remain in effect with respect to the Transaction(s) entered into prior to the effective date of such termination until both Parties have fulfilled all of their obligations with respect to such Transaction(s). As of the termination of this Master Power Agreement, subject to the immediately foregoing sentence, and subject to any time limits specifically set forth in this Master Power Agreement or in a Confirmation, the Parties shall no longer be bound by the terms and provisions hereof, except (a) to the extent necessary to enforce the rights and obligations of the Parties arising under this Master Power Agreement before such expiration or termination or (b) that such terms and provisions expressly or by their operation survive the termination or expiration of this Master Power Agreement.

Section 3.2 Governing Terms

Unless otherwise specifically agreed, each Transaction between the Parties shall be governed by this Master Power Agreement. This Master Power Agreement (including all exhibits, schedules and any written supplements hereto), and any designated Credit Support, collateral, and credit support or margin agreement or similar arrangement between the Parties with respect to this Master Power Agreement or a Confirmation, and all Confirmations shall form a single integrated agreement between the Parties. Any inconsistency between any terms of this Master Power Agreement and any terms of any Confirmation shall be resolved in favor of the terms of the Confirmation for that particular Transaction.

Section 3.3 Commencement of Supply

(a) Beginning as of the Transaction Commencement Date for each specific Customer Group in a specific Transaction, Seller shall provide Requirements to the Buyer. For purposes of certainty: Seller's obligations on the Transaction Commencement Date shall be to provide Requirements for all Default Service Customers identified in the related Confirmation taking service as of and including the Transaction Commencement Date.

(b) With respect to each person or entity that becomes a Default Service Customer subsequent to the applicable Transaction Commencement Date, Seller shall provide Requirements to the Buyer to meet the needs of the Default Service Customer(s) as of and including the Initiation Date for such customer initiating such service during the applicable Delivery Term.

(c) If Seller elects to receive electronic notification as provided in Section 3.8, the Buyer shall provide to Seller a notice of Initiation Date via electronic file transfer and in a format specified by the Buyer. Each notice of Initiation Date shall include the account number, the date

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Seller's service to the Buyer is to begin for a Default Service Customer and the customer's rate class.

Section 3.4 Termination and Conclusion of Supply

(a) With respect to each Default Service Customer that terminates Default Service during the applicable Delivery Term, Seller shall provide Requirements to the Buyer for such customer on the Customer Termination Date but shall not provide Requirements for such customer after the Customer Termination Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.8, the Buyer shall provide to Seller a notice of Customer Termination Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Termination Date shall include the account number, the Customer Termination Date and the customer's rate class.

(c) Seller's obligation to provide Requirements with respect to each specific Customer Group in a specific Transaction shall cease at the applicable Transaction Conclusion Date.

Section 3.5 Customer Disconnection Date

(a) With respect to each Default Service Customer whose Default Service is disconnected during the applicable Delivery Term, Seller shall provide Requirements to the Buyer for such customer on the Customer Disconnection Date but shall not provide Requirements for such customer after the Customer Disconnection Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.8, The Buyer shall provide to Seller a notice of Customer Disconnection Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Disconnection Date shall include the account number, the Customer Disconnection Date and the customer's rate class.

Section 3.6 Distribution Service Interruptions

Seller acknowledges that interruptions in distribution service occur and may reduce the load served hereunder. Seller further acknowledges and agrees that the Buyer may interrupt distribution service to customers consistent with the Distribution Service Terms and the Competitive Supplier Terms. In no event shall a Party have any liability or obligation to the other Party in respect of any such interruptions in distribution service.

Section 3.67 Release of Customer Information

The Buyer will not issue any customer information to Seller unless Seller has first obtained the necessary authorization in accordance with the provisions of the Competitive Supplier Terms.

Section 3.7—8 Electronic Notification

At Seller's election, the Buyer shall provide notices contemplated by Sections 3.2, 3.3, 3.4 and 3.4-5 via electronic file transfer. Such election shall only be effective when Seller (i) establishes an account on the Advantis Value Added Network ("VAN"), and (ii) verifies its

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ability to transfer files to and receive files from the Buyer at least fourteen (14) days prior to the day on which Seller desires to commence electronic receipt. Seller shall bear all costs to establish an account and all costs of Seller and the Buyer to use the VAN. If Seller fails to pay all VAN costs and charges when due and payable, Seller's election shall not be valid and the Buyer shall no longer be obligated to provide electronic notification.

Section 3.8—9 Change in Supply; No Prohibition on Programs

(a) Seller acknowledges and agrees that the number of customers and the Requirements to meet the needs of such customers will fluctuate throughout ~~the a~~ Delivery Term and may equal zero. The Buyer shall not be liable to Seller for any losses Seller may incur, including but not limited to lost revenues, and losses that may result from any change in Requirements, number or location of customers taking service, the location of ~~the a~~ Delivery Point(s), the composition or components of market products or Requirements, or the market for electricity, or change in the Distribution Service Terms or the Default Service Tariff ~~or Standard Service Tariff~~. Seller further acknowledges and agrees that there is no limit on the number of Customer Initiation Dates, Customer Termination Dates and Customer Disconnection Dates.

(b) Seller acknowledges and agrees that the Buyer ~~have~~ has the right but not the obligation to continue, initiate, support or participate in any programs, promotions, or initiatives designed to or with the effect of encouraging customers to leave Default Service ~~and Standard Service~~ for any reason (“Programs”). Nothing in this Agreement shall be construed to require notice to or approval of Seller in order for the Buyer to take any action in relation to Programs.

(c) Seller acknowledges and agrees that the Buyer and Affiliates of the Buyer will not provide Seller preferential access to or use of the Buyer’s System and that Seller's sole and exclusive rights and remedies with regard to access to, use or availability of the Buyer’s System, and the Buyer’s or Affiliates of the Buyer’s obligation to transmit electricity are those rights, remedies and obligations provided under the Distribution Service Terms, ~~or~~ the NEPOOL Agreement and the ISORules.

Section 3.9—10 Uniform Disclosure Requirements

Seller shall provide the Buyer information reasonably ascertainable by Seller pertaining to power plant emissions, fuel types, labor information and any other information required by the Buyer to comply with ~~the uniform disclosure requirements contained in 220-CMR-11.00 and any other~~ disclosure regulations which may be imposed upon the Buyer during the term of this Agreement, as such disclosure requirements apply to Default Service ~~and Standard Service~~ provided by Seller pursuant to this Agreement.

Seller shall utilize the NE-GIS to transfer Load Obligations or NE-GIS Certificates, as applicable, to the Buyer’s certificate account in the number equal to the Delivered Energy for Default Service ~~and Standard Service, if any,~~ in a month during the term of a Transaction. Such Load Obligations or NE-GIS Certificates, as applicable, shall be delivered by Seller at least five (5) Business Days prior to the close of the applicable Trading Period. The Load Obligations or NE-GIS Certificates, as applicable, shall be delivered by Seller to an account within the NE-GIS designated by the Buyer.

Section 3.10—Customer Bill Inserts

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~~_____ Seller may furnish the Buyer with a one page bill insert which the Buyer may include in the bill that the Buyer sends to each Default Service Customer in the Commercial Customer Group, the Industrial Customer Group or the Residential Customer Group as to which Seller is providing Requirements to the Company during the Delivery Term for such customer group. Bill inserts provided by Seller shall be included in only one monthly billing cycle during the Delivery Term. Such inserts shall be printed on 60# Mountie Matte paper, shall be three and one quarter inches high by six and one quarter inches wide in size and may be of any typeface except ITC Century and ITC Franklin Gothic.~~

~~_____ Seller shall notify the Buyer at least sixty (60) days prior to the start of the monthly billing cycle in which Seller requests that the Buyer to include Seller's insert in Default Service Customer bills. A copy of the proposed bill insert is to be included with Seller's initial notification and must be reviewed by the Department before final printing. The Buyer will respond within seven (7) days if it can accommodate Seller's request. If space allows for inclusion, but additional postage is required, the Buyer will provide an estimate of the cost of additional postage to be paid by Seller in order to include the insert in the requested monthly billing cycle, or will suggest an alternate start date. Subject to the foregoing, inserts may be included in any bill sent to a Default Service Customer in the Commercial Customer Group, the Industrial Customer Group or the Residential Customer Group taking service pursuant to the Default Service Tariff during the Delivery Term and in the monthly billing cycle selected by Seller. Inserts must be received by the Buyer at least ten (10) days prior to the start date of their inclusion in customer bills.~~

~~_____ Bill inserts shall be sent to the following address in a package clearly marked "[Name of Customer Group & Seller] Bill Inserts - Requested Commencement Date of Mailing: [DATE]:"~~

~~_____ Pitney Bowes
_____ Attn: Steve Roy
_____ 25 International Drive
_____ Windsor, CT 06095~~

~~_____ A single copy of each insert, along with the requested commencement date of mailing, shall also be sent to the following:~~

~~Mr. Michael J. Hager _____ Mr. Joseph G. McLaughlin
Vice President, Energy Supply - New England _____ Manager, Billing and Systems
National Grid USA Service Company, Inc _____ National Grid USA Service Company, Inc
55 Bearfoot Road _____ 55 Bearfoot Road
Northborough, MA 01532 _____ Northborough, MA 01532~~

~~_____ The Buyer shall be responsible for including no more than the quantity of inserts provided to it by Seller. The Buyer shall not be responsible for returning to Seller unused inserts unless Seller has made prior arrangements for their return.~~

ARTICLE 4. SALE AND PURCHASE

Section 4.1 Provision Delivery and Receipt

With respect to each Transaction, Seller shall provide and deliver to the Delivery Point and the

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Buyer shall receive at the Delivery Point the percent of the Requirements applicable to each ~~customer group as set forth on Appendix C~~ Customer Group during the Delivery Term, all as set forth in the Confirmation related to such Transaction.

Section 4.2 Responsibilities

(a) ~~The~~ With respect to each Transaction, the Buyer shall arrange with the ISO for ~~NEPOOL Regional Network Service (for transmission service over the PTF) (“RNS”) and Local Network Service from any applicable local transmission provider(s) (for transmission over non-PTF from and after the Delivery Point to the customers’ meters) (“LNS”).~~ The Buyer shall be responsible for ~~RNS all transmission costs over the PTF and LNS costs non-PTF~~ from the Delivery Point to the meters of the Buyer’s customers. Seller shall be responsible for all transmission and distribution costs associated with the delivery of Requirements to and including the Delivery Point except the ~~RNS and LNS transmission~~ costs otherwise provided for in this paragraph.

(b) Seller shall be responsible for all decisions and data submissions associated with the Ownership Share of the Load Assets in ARTICLE 6, Section 6.4 including any bids into the market system to manage these obligations.

(c) Seller shall be responsible for all present and future obligations, requirements, and costs associated with the Requirements and/or Seller’s provision thereof, whether system wide or locational based, including, but not limited to, the real-time load obligations, ICAP/UCAP/LICAP capacity obligations and/or charges, regulation obligations, operating reserve charges (including, but not limited to, ~~(x) any forward reserve charges~~ ICAP/UCAP/Locational ICAP/locational unforced capacity obligations, forward capacity market obligations), regulation obligations and/or charges (including any regulation opportunity costs), operating reserve obligations and/or charges (including, but not limited to (w) any real-time reserve charges, (x) any forward reserve charges (y) RMR operating reserve charges any charges associated with Reserve Constraint Penalty Factors, and (z) net commitment period compensation charges (other than ~~RMR operating reserve charges that are~~ monthly fixed-cost charges paid to resources pursuant to agreements Reliability Agreements negotiated under Market Rule 1 Appendix A, Section III.A.6 and Exhibit 2), emergency energy charges, inadvertent energy revenue charges, ISO Schedule 1 charges (other than ~~those~~ ISO Schedule 1 charges that are both (i) associated with the Buyer’s RNS-Regional Network Service and (ii) allocated on the basis of Regional Network Load), ISO Schedule 2 charges, ISO Schedule 3 charges, day-ahead energy market charges, and real-time energy market charges at the nodes, if any, and if none, the zones representing the actual locations of the meters of the Default Service Customers ~~and Standard Service Customers~~, and any other requirements, market products, expenses and charges imposed by NEPOOL or the ISO, as they may be in effect from time to time related to the provision and/or delivery of Requirements to and including the Delivery Point. Except as otherwise specifically excluded in this paragraph or as may be set forth in a Transaction Confirmation with respect to a particular transaction, Seller’s responsibility for costs and charges shall be without regard to the manner in which they are allocated by NEPOOL or the ISO.

(d) Seller shall be responsible for all costs and components thereof of any Locational Marginal Prices to provide Default Service ~~and Standard Service~~ (during the applicable Delivery Term), including its delivery to the Delivery Point. These components include the energy component, loss component, and congestion component.

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(e) Seller shall be responsible for all congestion charges for delivery to the actual meters of Default Service Customers ~~and Standard Service Customers~~ (during the applicable Delivery Term).

(f) Seller shall ~~utilize~~ notify Buyer within one Business Day of receipt of notice of termination from the NE-GIS to transfer MA New Renewable Generation Certificates to ISO or event of default or similar occurrence under the Buyer's certificate account in the number equal the RPS Requirement in a month. ~~MA New Renewable Generation Certificates shall be delivered by Seller to an account within the NE-GIS designated by the Buyer at least five (5) Business Days prior to the close of the applicable Trading Period~~ Market Participant Service Agreement.

ARTICLE 5. AMOUNT, BILLING and PAYMENT

Section 5.1 Amount/Netting of Payments

_____ The amount payable by the Buyer to Seller ~~for Delivered Energy in a month~~ shall be:

~~The product of (a) the sum of the Delivered Energy for Default Service to the Residential Customer Group in the NEMA Load Zone plus the Delivered Energy for Standard Service amounts due under all applicable Transactions.~~

Section 5.2 Billing and Payment

~~(i) _____~~
~~(ii) _____~~
~~(iii) _____~~
~~(iv) _____~~
~~(v) _____~~
~~(vi) _____~~
~~(vii) _____~~

(viii) [REDACTED]

(ix) [REDACTED]

(x) [REDACTED]

(xi) [REDACTED]

(xii) [REDACTED]

(xiii) [REDACTED]

[REDACTED]

[REDACTED]

(b) Seller shall submit to the Buyer an invoice with such Calculation as provided for in paragraph (a) of this Section (the "Invoice") and the respective amounts due under this Master Power Agreement not later than the tenth (10th) day of each month. The Buyer shall pay Seller the amount of the Invoice (including the Reconciliation Adjustment, if any, as a debit or credit) less any amounts disputed in accordance with Section 5.3, on or before the twenty-fifth (25th) day after receiving the Invoice (the "Due Date"). Except for amounts disputed in accordance with Section 5.3, if all or any part of the Invoice remains unpaid after the Due Date, interest shall accrue after but not including the Due Date and be payable to Seller on such unpaid amount at the Interest Rate in effect on the Due Date. The Due Date for a Reconciliation Adjustment shall be the Due Date of the Invoice in which it is included.

(c) -Each Party shall notify the other Party upon becoming aware of an error in an Invoice, Calculation or Reconciliation Adjustment (whether the amount is paid or not) and Seller shall promptly issue a corrected Invoice. Overpayments shall be returned by the receiving Party upon request or deducted by the receiving Party from subsequent invoices, with interest accrued at the Interest Rate from the date of the receipt of the overpayment until the date paid or deducted.

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Section 5.3 Challenge to Invoices

Unless otherwise agreed: (i) either Party may challenge, in writing, the accuracy of Calculations, Invoices, ~~or Reconciliation Adjustments~~ ~~and (or the data utilized in the forgoing)~~ no later than twenty-four (24) months after the Due Date of the Invoice in which the disputed information is contained; (ii) if a Party does not challenge the accuracy within such twenty-four (24) month period, such Invoice shall be binding upon that Party and shall not be subject to challenge. ~~With respect to amounts If an Invoice is paid that are later and thereafter the payment or the Invoice on which the payment was based is~~ disputed, upon notice of dispute, the Party receiving payment shall hold the amount in dispute in escrow for the benefit of the prevailing Party until the resolution of such dispute. If any amount in dispute is ultimately determined (under the terms herein) to be due to the other Party, it shall be paid or returned (as the case may be) to the other Party within three (3) Business Days of such determination along with interest accrued at the Interest Rate from the (i) date due and owing in accordance with the Invoice until the date paid or (ii) if the amount was paid and is to be returned, from the date paid, until the date returned.

Section 5.4 Taxes, Fees and Levies

Seller shall be obligated to pay all present and future taxes, fees and levies (“Taxes”) which may be assessed by any entity upon the Seller's performance under this Agreement including but not limited to the purchase and sale of Requirements ~~and MA New Renewable Generation Certificates~~ to the Buyer. Seller shall pay all Taxes with respect to the Requirements up to and at the Delivery Point, and the Buyer will pay all Taxes with respect to the Requirements after the Delivery Point. All Requirements, including electricity and other related market products delivered hereunder by Seller to the Buyer shall be sales for resale with the Buyer reselling such electricity and products.

Section 5.5 Netting and Setoff

Except for ~~security~~Credit Support provided ~~pursuant to Section 7.3 in accordance with this Master Power Agreement~~ (which shall not be considered for purposes of this Section 5.5) and unless otherwise specified in another agreement between the Parties, if the Parties are required to pay an amount ~~in on~~ the same ~~month~~date each to the other under this Master Power Agreement ~~or any other agreement between the Parties~~, or if any costs that are a Party's responsibility under this Master Power Agreement are incorrectly or inappropriately charged to the Party by the ISO, such amounts shall be netted, and the Party owing the greater aggregate amount shall pay to the other Party any difference between the amounts owed. Each Party reserves all rights, setoffs, counterclaims and other remedies and defenses (to the extent not expressly herein or therein waived or denied) that such Party has or to which such Party may be entitled arising from or out of this Master Power Agreement ~~or the other agreement~~. Further, if the Buyer ~~incurs~~incurs any costs or charges that are the responsibility of Seller under this Master Power Agreement, such costs or charges may, at the ~~Buyer~~Buyer's election, be netted against any amount due to Seller under this Master Power Agreement. All outstanding obligations to make payment under this Master Power Agreement or any other agreement between the Parties may be netted against each other, set off or recouped therefrom, or otherwise adjusted.

Upon the designation of a Default Termination Date, the Non-defaulting Party may at its option and in its discretion setoff against a Settlement Amount due to the Defaulting Party, if

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any, any amounts owed by the Non-defaulting Party to the Defaulting Party under this Agreement or under any other agreement between the Defaulting Party and the Non-defaulting Party, provided such other agreement does not expressly prohibit or otherwise restrict netting or setoff with other agreements between the Parties.

**ARTICLE 6. QUALITY; LOSSES and QUANTITIES REQUIRED;
DETERMINATION AND REPORTING OF HOURLY LOADS**

Section 6.1 Quality

All electricity shall be delivered to the Buyer in the form of three-phase sixty-hertz alternating current at the Delivery Point.

Section 6.2 Losses

Seller shall be responsible for all transmission and distribution losses and the costs related to such losses and associated with the Requirements, namely, losses from the Delivery Point to the meters of the Default Service Customers ~~and Standard Service Customers~~. Seller shall provide to the Buyer at the Delivery Point quantities of electricity and ancillary services, capacity and all other market products related thereto to cover such losses from the Delivery Point to the meters of Default Service Customers ~~and Standard Service Customers~~. The quantities required for this purpose in each hour of a billing period shall be determined in accordance with NEPOOL's ISO's and the Buyer's procedures for loss determination.

Section 6.3 Determination and Reporting of Hourly Loads

(a) The Buyer will estimate the Delivered Energy for Default Service ~~and Standard Service~~ provided by Seller pursuant to this Agreement each Transaction based upon average load profiles developed for each of the Buyer's customer classes and the Buyer's actual total hourly load. The Buyer shall report to the ISO and Seller, the estimated Delivered Energy for each Transaction. The Buyer will normally report to the ISO and to Seller Seller's estimated Delivered Energy by 1:00 P.M. EPT of the second following Business Day. Appendix A provides a general description of the estimation process that the Buyer will initially employ (the "Estimation Process"). ~~The Buyer shall have the right but not the obligation, in their~~its sole and exclusive judgment, to modify the Estimation Process from time to time, provided that any such modification is designed with the objective of improving the accuracy of the Estimation Process.

Each month, the Buyer shall reconcile the Buyer's estimate of the Delivered Energy for each Transaction based upon the Buyer's meter reads (such meter reads as provided for in the ~~Delivery Distribution Service Tariff Terms~~). The reconciliation, including all losses, shall be the adjusted Delivered Energy. The Buyer will normally notify the ISO of any resulting adjustment (debit or credit) to Seller's account for the Load Assets (set forth in ~~Section 6.4a specific Confirmation~~) no later than the last day of the third month following the billing month. Appendix A provides a general description of this reconciliation process, which process may be changed by the Buyer from time to time in ~~their~~its sole and exclusive discretion.

Section 6.4 NEPOOL ISO Settlement Market System Implementation

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~~The Default Service and Standard Service provided by Seller pursuant to this Agreement will be initially represented within the NEPOOL Market System as:~~

Company	SMD Load Zone	Load Asset	Load Asset Name	Applicable Period
Nantucket	SEMA	10022	NANT-DEF-SVC-RCG-LOAD	Nov 1, 2004—Oct 30, 2005
Nantucket	SEMA	10021	NANT-DEF-SVC-ICG-LOAD	Nov 1, 2004—Jan 31, 2005
Nantucket	SEMA	10020	NANT-DEF-SVC-CCG-LOAD	Nov 1, 2004—Oct 30, 2005
MECo	SEMA	7601	DEF-SVC-MECO-RCG-LOAD_4006	Nov 1, 2004—Oct 30, 2005
MECo	WCMA	7703	DEF-SVC-MECO-RCG-LOAD_4007	Nov 1, 2004—Oct 30, 2005
MECo	NEMA	7803	DEF-SVC-MECO-RCG-LOAD_4008	Nov 1, 2004—Oct 30, 2005
MECo	SEMA	7603	DEF-SVC-MECO-CCG-LOAD_4006	Nov 1, 2004—Oct 30, 2005
MECo	WCMA	7705	DEF-SVC-MECO-CCG-LOAD_4007	Nov 1, 2004—Oct 30, 2005
MECo	NEMA	7805	DEF-SVC-MECO-CCG-LOAD_4008	Nov 1, 2004—Oct 30, 2005
MECo	SEMA	7605	DEF-SVC-MECO-ICG-LOAD_4006	Nov 1, 2004—Jan 31, 2005
MECo	WCMA	7707	DEF-SVC-MECO-ICG-LOAD_4007	Nov 1, 2004—Jan 31, 2005
MECo	NEMA	7807	DEF-SVC-MECO-ICG-LOAD_4008	Nov 1, 2004—Jan 31, 2005
MECo	SEMA	1252	EUA-MA-STANDARD-OFFER-LOAD	Jan 1, 2005—Feb 28, 2005
GSECo	NH	730	GRANITE-DEFAULT-SVC-LOAD	Jan 1, 2005—Oct 31, 2005
Nantucket	SEMA	TBD	NANT-SS-SVC-RCG-LOAD	Jan 1, 2005—Feb 28, 2005
Nantucket	SEMA	TBD	NANT-SS-SVC-ICG-LOAD	Jan 1, 2005—Jan 31, 2005
Nantucket	SEMA	TBD	NANT-SS-SVC-CCG-LOAD	Jan 1, 2005—Feb 28, 2005
MECo	SEMA	TBD	SS-SVC-MECO-RCG-LOAD_4006	Jan 1, 2005—Feb 28, 2005
MECo	WCMA	TBD	SS-SVC-MECO-RCG-LOAD_4007	Jan 1, 2005—Feb 28, 2005
MECo	NEMA	TBD	SS-SVC-MECO-RCG-LOAD_4008	Jan 1, 2005—Feb 28, 2005
MECo	SEMA	TBD	SS-SVC-MECO-CCG-LOAD_4006	Jan 1, 2005—Feb 28, 2005
MECo	WCMA	TBD	SS-SVC-MECO-CCG-LOAD_4007	Jan 1, 2005—Feb 28, 2005
MECo	NEMA	TBD	SS-SVC-MECO-CCG-LOAD_4008	Jan 1, 2005—Feb 28, 2005
MECo	SEMA	TBD	SS-SVC-MECO-ICG-LOAD_4006	Jan 1, 2005—Jan 31, 2005
MECo	WCMA	TBD	SS-SVC-MECO-ICG-LOAD_4007	Jan 1, 2005—Jan 31, 2005
MECo	NEMA	TBD	SS-SVC-MECO-ICG-LOAD_4008	Jan 1, 2005—Jan 31, 2005

~~As soon as possible after the execution of this Agreement a specific Transaction and before the applicable Transaction Commencement Date, the Buyer shall assign to Seller, and Seller shall accept assignment of an Ownership Share for each Load Asset identified above in such Confirmation. Such assignment shall be effective beginning on the applicable Transaction Commencement Date. Seller shall maintain such ownership until the Transaction Conclusion Date (or, if earlier, the Default Termination Date). Seller shall take any and all actions necessary to effectuate such assignment and, if applicable in accordance with the foregoing, transfer, including executing documents required by the ISO. Once Seller's provision of Default Service or Standard Service terminates (at the end of a Delivery Term effective as of the minute after the Transaction Conclusion Date or otherwise, if earlier, the Default Termination Date), the Buyer will terminate Seller's Ownership Shares of the aforementioned Load Assets.~~

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The Buyer shall have the right to change the Load Asset designations (~~identified above~~) from time to time, consistent with the definition and provision of Default Service ~~or Standard Service~~. If and to the extent such designations change, the Buyer and Seller shall cooperate to timely put into effect the necessary NEPOOL ISO Settlement Market System contracts that may be necessary to implement the new designations and terminate the prior designations.

[REDACTED]

REDACTED

[REDACTED]

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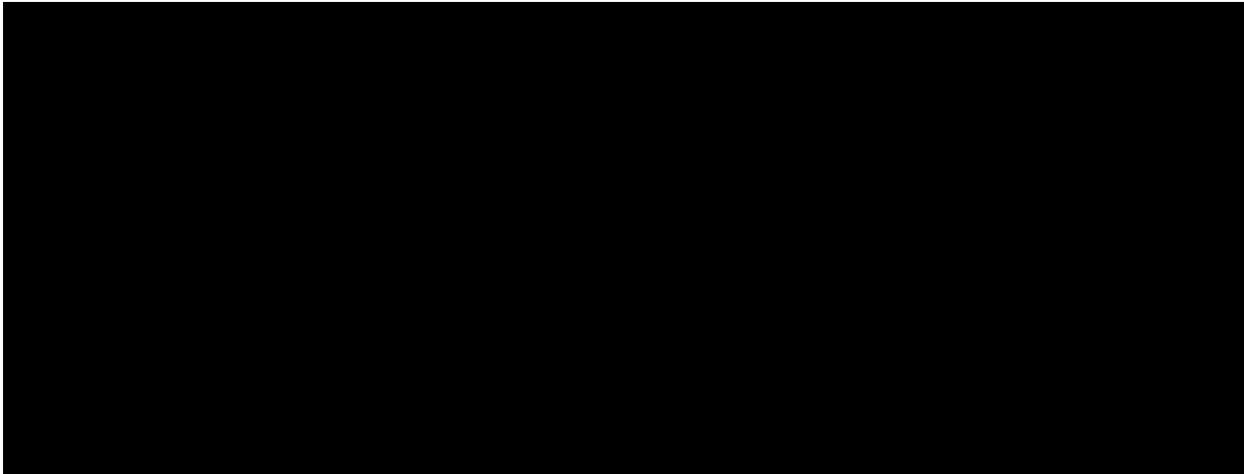
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[REDACTED]

REDACTED

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ARTICLE 8. NOTICES, REPRESENTATIVES OF THE PARTIES

Section 8.1 Notices

Any notice, demand, or request required or authorized by this Agreement to be given by one Party to another Party shall be in writing. It shall either be sent by facsimile (with receipt confirmed by telephone and electronic transmittal receipt), courier, personally delivered (including overnight delivery service) or mailed, postage prepaid, to the representative of the other Party designated in accordance with this Article. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile confirmed by telephone and electronic transmittal receipt, (ii) when actually received if delivered by courier or personal delivery (including overnight delivery service) or (iii) ~~seven~~ (5) days after deposit in the United States mail, if sent by first class mail return receipt requested.

Notices and other communications by Seller to the Buyer shall be addressed to:

Mr. Michael J. Hager
Vice President, Energy Supply – New England
National Grid ~~USA Service Company, Inc.~~
55 Bearfoot Road
Northborough, MA 01532
(508) 421-7350 (phone)
(508) 421-7335 (fax)

and

Notices concerning Article 7 shall also be sent to:

General Counsel
National Grid ~~USA Service Company, Inc.~~
25 Research Drive
Westborough, MA 01582
(508) 389-9000 (phone)
(508) 389-2605 (fax)

Notices and other communications by the Buyer to Seller shall be addressed to:

~~[Name]~~

[Redacted]

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With a copy of any notices concerning Articles 5, 7, 9, 10, 14 or 15 to:



Any Party may change its representative or address for notices by written notice to the other Party(ies); however such notice shall not be effective until it is received by the other Party(ies).

Section 8.2 Authority of Representative

The Parties' representatives shall have full authority to act for their respective Party in all matters relating to the performance of this Agreement. Notwithstanding the foregoing, a Party's representative shall not have the authority to amend, modify, or waive any provision of this Agreement unless they are duly authorized officers of their respective entities and such amendment, modification or waiver is made in accordance ~~to~~with Article 17.

ARTICLE 9. LIABILITY; INDEMNIFICATION; RELATIONSHIP OF PARTIES

Section 9.1 Limitation on Consequential, Incidental and Indirect Damages

EXCEPT AS SET FORTH HEREIN, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN. IF NO EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED FOR IN THIS AGREEMENT, THE PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. EXCEPT AS EXPRESSLY PROVIDED IN SECTION 9.2, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, NEITHER THE BUYER NOR SELLER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, PARENT OR AFFILIATES, SUCCESSOR OR ASSIGNS, OR THEIR RESPECTIVE

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OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, SUCCESSORS, OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR ITS PARENT, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES (INCLUDING ATTORNEY'S FEES OR LITIGATION COSTS EXCEPT AS EXPRESSLY PROVIDED IN SECTION 15.2 AND IN ACCORDANCE WITH THE LIMITATION THEREUNDER) CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, OR ANY OTHER THEORY OF RECOVERY. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT. EXCEPT AS SET FORTH IN THE AGREEMENT, IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

Section 9.2 Indemnification

(a) Seller agrees to defend, indemnify and save the Buyer, ~~their~~its officers, directors, employees, agents, successors assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of -a representation or warranty or failure to perform any covenant or agreement in this Agreement by Seller, (b) any violation of applicable law, regulation or order by Seller, (c) any act or omission by Seller with respect to this Agreement, first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, or Affiliate of the Buyer or ~~their~~its respective successors or assigns.

(b) The Buyer ~~agree~~agrees to defend, indemnify and save Seller, its officers, directors, employees, agents, successor, assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of

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representation or warranty or failure to perform any covenant or agreement in this Agreement by said Buyer, (b) any violation of applicable law, regulation or order by ~~said~~ Buyer, (c) any act or omission by the Buyer, with respect to this Agreement first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee or Affiliate of Seller or its respective successors or assigns.

(c) If any Party intends to seek indemnification under this Section from the other Party with respect to any action or claim, the Party seeking indemnification shall give the other Party notice of such claim or action within thirty (30) days of the later of the commencement of, or actual knowledge of, such claim or action; provided, however, that in the event such notice is delivered more than thirty (30) days after the Party seeking indemnification knows of such claim or action, the indemnifying Party shall be relieved of its indemnity hereunder only if and to the extent such indemnifying Party was actually prejudiced by ~~the-such~~ delay. The Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such claim or action. The Party seeking indemnification shall not compromise or settle any such claim or action without the prior consent of the other Party, which consent shall not be unreasonably withheld.

Section 9.3 Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between the Buyer and Seller other than that of independent contractors for the sale and delivery of Requirements for Default Service ~~and Standard Service~~.

ARTICLE 10. **ASSIGNMENT**

Section 10.1 General Prohibition Against Assignments

Except as provided in Section 10.2, neither Party shall assign, pledge or otherwise transfer this Agreement or any right or obligation under this Agreement without first obtaining the other Party's written consent, which consent shall not be unreasonably withheld.

Section 10.2 Exceptions to Prohibition Against Assignments

(a) Seller may, without the Buyer's prior written consent, collaterally assign this Agreement in connection with financing arrangements provided that any such collateral assignment that provides for the Buyer to direct payments to the collateral agent (i) shall be in writing, (ii) shall not be altered or amended without prior written notice to the Buyer from both Seller and the collateral agent, and (iii) provided that any payment made by the Buyer to the collateral agent shall discharge the Buyer's obligation as fully and to the same extent as if it had been made to the Seller. Seller must provide the Buyer at least ten (10) days advance written notice of collateral assignment and provide copies of any such assignment and relevant agreements or writings.

(b) The Buyer may upon prior written notice to Seller assign all or a portion of its rights and obligations under this Agreement to any Affiliate of the Buyer without consent of Seller. Either Party may, upon written notice, assign its rights and obligations hereunder, or

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transfer such rights and obligations by operation of law, to any entity with which or into which such Party shall merge or consolidate or to which such Party shall transfer all or substantially all of its assets, provided that such other entity agrees to be bound by the terms hereof and provided further, that such other entity's creditworthiness is comparable to or higher than that of such Party at the time this Agreement was executed and such Party is not relieved of any obligation or liability hereunder as a result of such assignment

ARTICLE 11. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and shall be binding upon the Parties hereto and their respective successors and permitted assigns.

ARTICLE 12. FORCE MAJEURE

(a) Force Majeure shall include but not be limited to acts of God, earthquakes, fires, floods, storms, strikes, labor disputes, riots, insurrections, acts of war (whether declared or otherwise), terrorism, acts of terrorism, acts of governmental, regulatory or judicial bodies, but if and only to the extent that such event or circumstance (i) directly affects the availability of the transmission or distribution facilities of ~~NEPOOL~~the New England Transmission System, the Buyer or an Affiliate of the Buyer necessary to provide service to the Buyer's customers which are taking service pursuant to the Default Service Tariff ~~or the Standard Service Tariff~~ and (ii) it is not within the reasonable control of, or the result of the negligence of, the claiming Party, and which, by the exercise of due diligence, the claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (A) fluctuations in Default Service ~~or Standard Service~~, (B) the cost to a Party to overcome or avoid, or cause to be avoided, the event or circumstance affecting such Party's performance or (C) events affecting the availability or cost of operating any generating facility.

(b) To the extent that either Party is prevented by Force Majeure from carrying out, in whole or in part, its obligations hereunder and (i) such Party gives notice and detail of the Force Majeure to the other Party as soon as practicable after the onset of the Force Majeure, including an estimate of its expected duration and the probable impact on the performance of its obligations hereunder; (ii) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure, and (iii) the Party claiming Force Majeure uses commercially reasonable efforts to remedy or remove the inability to perform caused by Force Majeure, then the affected Party shall be excused from the performance of its obligations prevented by Force Majeure. However, neither Party shall be required to pay for any obligation the performance of which is excused by Force Majeure. This paragraph shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the Party involved in the dispute.

(c)- No obligations of either Party which arose before the Force Majeure occurrence causing the suspension of performance shall be excused as a result of the event of Force Majeure.

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(d)- Prior to the resumption of performance suspended as a result of a Force Majeure occurrence, the Party claiming the Force Majeure shall give the other Party written notice of such resumption.

ARTICLE 13. WAIVERS

No delay or omission in the exercise of any right under this Agreement shall impair any such right or shall be taken, construed or considered as a waiver or relinquishment thereof, but any such right may be exercised from time to time and as often as may be deemed expedient. The waiver of any single breach or default of any term or condition of this Agreement shall not be deemed to constitute the waiver of any other prior or subsequent breach or default of the Agreement or any other term or condition.

ARTICLE 14. LAWS AND REGULATIONS

(a) This Agreement and all rights, obligations, and performances of the Parties hereunder, are subject to all applicable federal and state laws, and to all duly promulgated orders and other duly authorized action of governmental authorities having jurisdiction hereof.

(b) The rates, terms and conditions contained in this Agreement are not subject to change under Section 205 of the Federal Power Act as that section may be amended or ~~supereeded~~superseded, absent the mutual written agreement of the Parties. Each Party irrevocably waives its rights, including its rights under §§ 205-206 of the Federal Power Act, unilaterally to seek or support a change in the rate(s), charges, classifications, terms or conditions of this Agreement or any other agreements entered into in connection with this Agreement. By this provision, each Party expressly waives its right to seek or support: (i) an order from ~~FERC~~the Commission finding that the market-based rate(s), charges, classifications, terms or conditions agreed to by the Parties in the Agreement are unjust and unreasonable; or (ii) any refund with respect thereto. Each Party agrees (x) not to make or support such a filing or request, ~~and~~(y) that these covenants and waivers shall be binding notwithstanding any regulatory or market changes that may occur hereafter and (z) that it shall not challenge or support a challenge to the enforceability of the waiver in this Section (b).

(c) Absent the agreement of all Parties to a proposed change, the standard of review for changes to this Agreement proposed by a non-party or the Commission acting sua sponte shall be the "public interest" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the "Mobile-Sierra" doctrine).

(d) The Parties agree that, if and to the extent that the Commission adopts a final rule or order which requires that, in order to exclude application of the just and reasonable standard of review and to mandate application of the public interest standard of review under the Mobile-Sierra doctrine for a proposed change to this Agreement which is not agreed to by all Parties, the Parties must agree to language which varies from that set forth in Article 14(c) then, without further action of either Party, Article 14(c) will be deemed amended to incorporate the specific language required by such final rule or order as is necessary to have the public interest standard of review under the Mobile-Sierra doctrine apply to any proposed change to this Agreement to which all Parties do not agree.

(e) Nothing in this Article 14 is intended to modify any Party's right to enforce the terms of this Agreement as written.

ARTICLE 15. INTERPRETATION, DISPUTE RESOLUTION

Section 15.1 Governing Law

The Agreement shall be governed by and construed and performed in accordance with and the laws of the ~~Commonwealth~~State of ~~Massachusetts~~New Hampshire, without giving effect to its conflict of laws principles.

Section 15.2 Dispute Resolution

All disputes between the Buyer and Seller under this Agreement shall be referred, upon notice by one Party to the other Party, to a senior manager of Seller designated by Seller, and a senior manager of the Buyer designated by the Buyer, for resolution on an informal basis as promptly as practicable. In the event the designated senior managers are unable to resolve the dispute within ten (10) days of receipt of the notice, or such other period to which the Parties may jointly agree, such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedure set forth in this Section. The arbitration shall be conducted in Boston, Massachusetts before a single neutral arbitrator mutually agreed to and appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, Seller and the Buyer shall each choose one arbitrator, who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within ten (10) days select a third arbitrator to act as chairman of the arbitration panel. In either case, the arbitrator(s) shall be knowledgeable and have at least two (2) years experience in electric utility matters, including wholesale power transactions and power market issues, and shall not have any current or past ~~material~~ business or financial relationships with either Party or a witness for either Party and shall not have a direct or indirect interest in any Party or the subject matter of the arbitration. ~~The~~Each arbitrator(s) shall afford each take an oath of the Parties an opportunity to be heard neutrality and, except as otherwise provided herein, it shall generally conduct the arbitration in accordance with the then-current arbitration rules of the CPR Institute be grounds for Dispute Resolution (formerly known as the Center removal of any arbitrator or for Public Resources), vacating the arbitrators' award if any of such arbitrator violates such oath of neutrality. The arbitrators shall make all of their decisions by majority vote. The arbitrators' ultimate decision after final hearing shall be in writing. If a panel of arbitrators, all of their decisions shall be by majority vote. The arbitrator(s) shall afford each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association unless otherwise mutually agreed by the Parties. There shall be no formal discovery conducted in connection with the arbitration unless otherwise mutually agreed by the Parties; provided, however, that the Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. ~~Any offer made and the details of any negotiations to resolve the dispute shall not be admissible in the arbitration or otherwise. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and~~

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~~the reasons therefore, and shall make an award apportioning the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants unless the arbitrator(s), based upon a determination of good cause, awards attorneys fees and legal and other costs. The arbitrator(s) are not empowered to award any damages in excess of compensatory damages and each Party hereby irrevocably waives any right to the prevailing recover damages in excess of compensatory damages with respect to any dispute resolved by arbitration. The arbitrators shall have no authority to award treble, exemplary or punitive damages of any type under any circumstances whether or not such damages may be available under state or federal law, or otherwise. In deciding the substance of the Parties' dispute, the arbitrators shall resolve the dispute in a manner consistent with the intent of the Parties as reflected in the terms of this Agreement. To the fullest extent permitted by law, any arbitration proceeding and the arbitrator's award shall be maintained in confidence by the Parties; provided, however, that either Party. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change the Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction, subject expressly to Section 15.3. The decision of the arbitrator(s), or any of its Affiliates, may be appealed solely on the grounds provide information regarding the arbitration without limitation to any regulatory agency requesting or requiring such information; provided, further, that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. Nothing in this paragraph shall impair the ability of a Party to exercise any right or remedy it has under this Agreement, including those in Article 7.~~

~~Section 15.3—Venue; Waiver of Jury Trial~~

~~Each Party hereto irrevocably (i) submits to the exclusive jurisdiction of the federal and state courts located in the Commonwealth any such provision of Massachusetts information must include a request for confidential treatment. Any offer made and the details of any negotiations to resolve the dispute shall not be admissible in the arbitration or otherwise. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and the reasons therefore, and shall make an award apportioning equally the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change the Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction, subject expressly to Section 15.3. Notwithstanding the foregoing, upon the application by any Party to a court for an order confirming, modifying or vacating the award, the court shall have the power to review whether, as a matter of law based on the findings of fact determined by the arbitrator, the award should be confirmed, modified, or vacated in order to correct any errors of law made by the arbitrators. In order to effectuate such judicial review limited to issues of law, the Parties agree (and shall so stipulate to the court) that the findings of fact made by the arbitrator shall be final and binding on the Parties and shall serve as the facts to be submitted to and relied on by the court in determining the extent to which the award should be confirmed, modified, or vacated. Nothing in this paragraph shall impair the ability of a Party to exercise any right or remedy it has under this Agreement, including those in Article 7. To the fullest extent permitted by law, any arbitration proceeding and the arbitrator's award shall be maintained in confidence by the Parties; provided, however, that either Party, or any of its Affiliates, may provide information~~

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regarding the arbitration without limitation to any regulatory agency requesting or requiring such information or to a court in a proceeding to confirm, appeal (as such appeal is limited hereby) or enforce the award; provided, further, that any such provision of information must include a request for confidential treatment.

Section 15.3 Venue; Waiver of Jury Trial

Each Party hereto irrevocably (i) submits to the exclusive jurisdiction of the federal and state courts located in the State of New Hampshire; (ii) waives any objection which it may have to the laying of venue of any proceedings brought in any such court; and (iii) waives any claim that such proceedings have been brought in an inconvenient forum. EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS AGREEMENT.

ARTICLE 16. SEVERABILITY

Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining provisions and lawful obligations that arise under this Agreement. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision or circumstances shall not be affected by such invalidity or unenforceability.

ARTICLE 17. MODIFICATIONS

No modification or amendment of this Agreement will be binding on any Party unless it is in writing and signed by both Parties.

ARTICLE 18. ENTIRE AGREEMENT

This Master Power Agreement, including the Appendices, any Confirmations relating to specific Transactions, the tariffs and agreements referred to herein or therein, embody the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or therein. It is expressly acknowledged and agreed that there are no restrictions, promises, representations, warranties, covenants or undertakings contained in any material provided or otherwise made available by the Seller or the Buyer to each other. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the transactions contemplated hereby; and specifically excludes written agreements executed by the Parties prior to the Effective Date.

ARTICLE 19. COUNTERPARTS

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This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

ARTICLE 20. INTERPRETATION; CONSTRUCTION

The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement. For purposes of this Agreement, the term "including" shall mean "including, without limitation". The Parties acknowledge that, each Party and its counsel have reviewed and or revised this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement, and it is the result of joint discussion and negotiation.

ARTICLE 21. REPRESENTATIONS; WARRANTIES AND COVENANTS

Each Party represents to the other PartyParties, upon execution and continuing throughout the term of this Agreement, as follows:

-(a) It is duly organized in the form of business entity set forth in the first paragraph of this Agreement, validly existing and in good standing under the laws of its state of its organization and has all requisite power and authority to carry on its business as is now being conducted, including all regulatory authorizations as necessary for it to legally perform its obligations hereunder.

ARTICLE I(B) IT HAS FULL POWER AND AUTHORITY TO EXECUTE AND DELIVER THIS MASTER POWER AGREEMENT AND ANY AND ALL CONFIRMATIONS RELATED TO TRANSACTIONS AND TO CONSUMMATE AND PERFORM THE TRANSACTIONS CONTEMPLATED HEREBY. THIS MASTER POWER AGREEMENT HAS BEEN, AND ANY CONFIRMATION WILL BE, DULY AND VALIDLY EXECUTED AND DELIVERED BY IT, AND, ASSUMING THAT THIS MASTER POWER AGREEMENT, TOGETHER WITH ANY AND ALL CONFIRMATIONS, CONSTITUTES A VALID AND BINDING AGREEMENT OF THE OTHER PARTY, CONSTITUTESPARTIES, CONSTITUTE TOGETHER ITS VALID AND BINDING AGREEMENT, ENFORCEABLE AGAINST IT IN ACCORDANCE WITH ITS TERMS, SUBJECT TO BANKRUPTCY, INSOLVENCY, FRAUDULENT TRANSFER, REORGANIZATION, MORATORIUM AND SIMILAR LAWS OF GENERAL APPLICABILITY RELATING TO OR AFFECTING CREDITORS' RIGHTS AND TO GENERAL EQUITY PRINCIPLES.

ARTICLE II(C) SUCH EXECUTION, DELIVERY AND PERFORMANCE DO NOT VIOLATE OR CONFLICT WITH ANY LAW APPLICABLE TO IT, ANY PROVISION OF ITS CONSTITUTIONAL DOCUMENTS, OR THE TERMS OF ANY NOTE, BOND, MORTGAGE, INDENTURE, DEED OF TRUST, LICENSE, FRANCHISE, PERMIT, CONCESSION, CONTRACT, LEASE OR OTHER INSTRUMENT TO WHICH IT IS BOUND, ANY ORDER OR JUDGMENT OF ANY COURT OR OTHER AGENCY OF GOVERNMENT APPLICABLE TO IT OR ANY OF ITS ASSETS OR ANY CONTRACTUAL RESTRICTION BINDING ON OR AFFECTING IT OR ANY OF ITS ASSETS.

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ARTICLE III(D) NO DECLARATION, FILING WITH, NOTICE TO, OR AUTHORIZATION, PERMIT, CONSENT OR APPROVAL OF ANY ~~GOVERNMENTAL AUTHORITY~~ ~~GOVERNMENTAL AUTHORITY~~ IS REQUIRED FOR THE EXECUTION AND DELIVERY OF THIS MASTER POWER AGREEMENT OR ANY AND ALL CONFIRMATIONS RELATED TO A TRANSACTION BY IT OR THE PERFORMANCE BY IT OF ITS OBLIGATIONS HEREUNDER AND THEREUNDER, OTHER THAN SUCH DECLARATIONS, FILINGS, REGISTRATIONS, NOTICES, AUTHORIZATIONS, PERMITS, CONSENTS OR APPROVALS WHICH, IF NOT OBTAINED OR MADE, WILL NOT, IN THE AGGREGATE, HAVE A MATERIAL ADVERSE EFFECT.

ARTICLE IV(E) NEITHER THE EXECUTION AND DELIVERY OF THIS MASTER POWER AGREEMENT OR ANY AND ALL CONFIRMATIONS BY IT WILL NOR THE PERFORMANCE BY IT OF ITS OBLIGATIONS UNDER THIS MASTER POWER AGREEMENT AND ANY AND ALL CONFIRMATIONS RELATED TO TRANSACTIONS, WILL OR DOES (I) CONFLICT WITH OR RESULT IN ANY BREACH OF ANY PROVISION OF ITS GOVERNING DOCUMENTS, (II) RESULT IN A DEFAULT (OR GIVE RISE TO ANY RIGHT OF TERMINATION, CANCELLATION OR ACCELERATION) UNDER ANY OF THE TERMS, CONDITIONS OR PROVISIONS OF ANY NOTE, BOND, MORTGAGE, INDENTURE, LICENSE, AGREEMENT OR OTHER INSTRUMENT OR OBLIGATION TO WHICH IT OR ANY OF ITS SUBSIDIARIES IS A PARTY OR BY WHICH IT OR ANY OF ITS SUBSIDIARIES IS BOUND, EXCEPT FOR SUCH DEFAULTS (OR RIGHTS OF TERMINATION, CANCELLATION OR ACCELERATION) AS TO WHICH REQUISITE WAIVERS OR CONSENTS HAVE BEEN OBTAINED OR WHICH, IN THE AGGREGATE, WOULD NOT HAVE A MATERIAL ADVERSE EFFECT; OR (III) VIOLATE ANY ORDER, WRIT, INJUNCTION, DECREE, STATUTE, RULE OR REGULATION APPLICABLE TO IT, WHICH VIOLATION WOULD HAVE A MATERIAL ADVERSE EFFECT.

ARTICLE V-(F) THERE ARE NO CLAIMS, ACTIONS, PROCEEDINGS OR INVESTIGATIONS PENDING OR, TO ITS KNOWLEDGE, THREATENED AGAINST OR RELATING TO IT BEFORE ANY GOVERNMENTAL AUTHORITY ACTING IN AN ADJUDICATIVE CAPACITY RELATING TO THE TRANSACTIONS CONTEMPLATED HEREBY THAT COULD HAVE A MATERIAL ADVERSE EFFECT. IT IS NOT SUBJECT TO ANY OUTSTANDING JUDGMENT, RULE, ORDER, WRIT, INJUNCTION OR DECREE OF ANY COURT OR GOVERNMENTAL AUTHORITY WHICH, INDIVIDUALLY OR IN THE AGGREGATE, WOULD CREATE A MATERIAL ADVERSE EFFECT.

(g) There are no bankruptcy, insolvency, reorganization, receivership or other similar proceedings pending or being contemplated by it, or of its knowledge threatened against it.

(h) With respect to Seller, ~~(i) it is a member of NEPOOL; and its membership is not suspended.~~

~~(i) It is acting for its own account, has made its own independent decision to enter into this the ISO have fully executed a Market Participant Service Agreement ("Seller's MPSA"), and as it has been approved by the Commission in accordance with Subsection 7.1 of the MPSA with the ISO and (ii) the ISO has not filed with the Commission a notice of~~

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termination of Seller's MPSA.

(i) It is acting for its own account, has made its own independent decision to whether enter into this Master Power Agreement and any and all Confirmations related to a Transaction and as to whether this Master Power Agreement and such confirmation is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party hereto, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Master Power Agreement and any such Confirmation or Transaction.

(j) It is a "forward contract merchant" within the meaning of the United States Bankruptcy Code, that this Agreement is a "forward contract" within the meaning of the United States Bankruptcy Code, and that the remedies identified in this Agreement, including but not limited to those specified in Section 7, shall be "contractual rights" as provided for in 11 U.S.C. § 556 as that provision may be amended from time to time.

ARTICLE 22.

CONSENTS AND APPROVALS

The Parties shall cooperate so that each Party may take such actions as necessary and required for the other Party to effectuate and comply with this Agreement including to (i) promptly prepare and file all necessary documentation, (ii) effect all necessary applications, notices, petitions and filings and execute all agreements and documents, and (iii) use all commercially reasonable efforts to obtain all necessary consents, approvals and authorizations of all other entities, in the case of each of the foregoing clauses (i), (ii) and (iii), necessary or advisable to consummate the transactions contemplated by this Agreement. The Buyer shall have the right to review and approve in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any filing, press release or public announcement made in connection with the transactions contemplated hereby.

ARTICLE 23.

CONFIDENTIALITY

Neither Seller nor the Buyer shall provide copies of ~~[BIDDERS: Insert sections]~~ or disclose Section 5.2(a), Article 7, or disclose the contents thereof, including, but not limited to any Confirmations, (the "Confidential Terms") to any third party without the prior written consent of the other Party; provided, however, that either Party may provide a copy of the Confidential Terms, in whole or in part to (1) any regulatory agency or governmental authority with jurisdictional interest requesting and/or requiring such Confidential Terms, or in order to comply with any applicable law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding, provided that ~~any~~ in the case of a disclosure pursuant to the foregoing, such disclosure must include a request for confidential treatment of the Confidential Terms, and (2) an Affiliate if related to the Party's performance of its obligations hereunder, provided that such Affiliate agrees to treat the Confidential Terms as confidential in accordance with this clause.

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IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Master Power Agreement on their behalf as of the date first above written.

ELECTRIC COMPANY

~~MASSACHUSETTS~~ GRANITE STATE

~~BY:~~

~~Its~~

~~NANTUCKET ELECTRIC COMPANY~~

~~BY:~~

~~Its~~

~~GRANITE STATE ELECTRIC COMPANY~~

~~BY:~~

~~Its~~

~~{COMPANY}~~

~~BY:~~

~~Its _____~~

Name: Michael J. Hager

Title: Authorized Signatory

REDACTED



Name (print): _____

Title: _____

REDACTED
APPENDIX A
ESTIMATION OF SELLER HOURLY LOADS

Overview

Generating units operated by suppliers are dispatched by the power pool to meet the region's electrical requirements reliably, and at the lowest possible cost. As a result, a supplier's electricity production may not match the demand of its customers. In each hour some suppliers with low cost production units or that contract for the output of such units are net sellers of electricity to the pool, while other suppliers are purchasing power from the pool to meet the demand of their customers. To determine the extent to which suppliers are net buyers or sellers on an hourly basis, it is necessary to estimate the hourly aggregate demand for all of the customers served by each supplier. The Buyer will estimate Seller's Default Service ~~and Standard Service~~ load obligations within the Buyer's service territory and report the hourly results to the ISO on a daily basis.

The estimation process is a cost-effective approach to producing results that are reliable, unbiased and reasonably accurate. The hourly load estimates will be based on rate class load profiles, which will be developed from statistically designed samples. Each day, the class load shapes will be scaled to the population of customers served by each supplier. In cases where telemetered data on individual customers is available, it will be used in place of the estimated shapes. On a monthly basis, the estimates will be refined by incorporating actual usage data obtained from meter readings. In both processes, the sum of all suppliers' estimated loads will match the total load delivered into the distribution system. A description of the estimation process follows.

Daily Estimation of Suppliers' Own Load

The daily process estimates the hourly load for each supplier for the previous day. The following is an outline of this process:

- Select a proxy date from the previous year with characteristics which best match the day for which the hourly demand estimates are being produced. Extract class load shapes for the selected proxy date from the load research database.
- Scale the class load shapes appropriately for each individual customer based on the usage level of the customer relative to the class average usage level.
- Calculate a factor for each customer which reflects their relative usage level and includes an adjustment for losses ("load adjustment factor"). Aggregate the load adjustment factors across the customers served by each supplier in each class.
- Produce a preliminary estimate of each supplier's hourly loads by combining the proxy day class load shapes with the supplier's total load adjustment factors. Aggregate the loads across the classes for each supplier.

REDACTED

- Adjust the preliminary hourly supplier estimates so that their sum is equal to the Buyer's actual hourly metered loads (as metered at the point of delivery to the distribution system) by allocating any differences to suppliers in proportion to their estimated load.
- Adjust the hourly supplier estimates to include transmission losses within the Buyer's transmission system.
- Submit the hourly loads to the ISO.

After the Buyer has submitted the supplier hourly loads, the ISO will allocate PTF losses to the supplier's account during the settlement process.

Monthly Reconciliation Process

The monthly process will improve the estimates of supplier loads by incorporating the most recent customer usage information, which will be available after the monthly meter readings are processed. The actual customer meter readings, as well as actual interval data for the largest customers, are used to re-estimate all of the days in the calendar month being reconciled. Updates to customers' account status and supplier assignments that may have been missed during the daily processing (due to timing) are included. The resulting hourly supplier load estimates for all the days in the month are reported and used by the ISO as the basis for the monthly resettlement.

REDACTED
APPENDIX B
MASTER POWER AGREEMENT
FORM OF CONFIRMATION

This Confirmation shall confirm the Transaction agreed to on, and effective as of the Confirmation Effective Date (as defined below) between GRANITE STATE ELECTRIC COMPANY (“Granite” or “Buyer”), a New Hampshire corporation, and [REDACTED] (“Seller”) regarding the sale/purchase of Default Service specified herein under the terms and conditions under the Master Power Agreement, dated [] (the “Master Power Agreement”) between Buyer and Seller, as specified and modified herein. Terms used but not defined herein shall have the meanings ascribed to them in the Master Power Agreement.

1. Confirmation Effective Date; Condition Precedent; Filing Obligation; Term

- a) This Confirmation shall be binding on the Parties upon execution by both Parties (such date the “Confirmation Effective Date”). Promptly after execution by both Parties, Buyer shall submit the Default Service retail rates to the NHPUC for its approval. The Parties performance of Sections 3.2 through 6.4 of the Master Power Agreement are subject to the occurrence, on or before the fifth Business Day after (but not including) the Buyer’s submission of the Default Service retail rates to the NHPUC (the “Fifth Day”), for the approval by the NHPUC. If the NHPUC does not issue a decision approving Buyer’s request to approve the Default Service retail rates as filed on or before the Fifth Day (a “NHPUC Denial”), then this Confirmation shall be null and void and of no further force and effect, and neither Party shall have any obligation whatsoever to the other Party, and such a voiding of the Confirmation and the NHPUC Denial shall not be a default or constitute an Event of Default by either Party; provided, however, that neither Party shall undertake any action with the NHPUC or otherwise in opposition of approval by the NHPUC of the Master Power Agreement or the Confirmation as executed

2. Default Service Requirements Matrix

<u>Award Block</u>	<u>Customer Group</u>	<u>Load Zone</u>	<u>Load Responsibility</u>	<u>Transaction Commencement Date</u>	<u>Transaction Conclusion Date</u>
<u>TBD</u>	<u>TBD</u>	<u>NH</u>	<u>100%</u>	<u>TBD</u>	<u>TBD</u>

3. Contract Rate - \$/MWh

<u>Award Block</u>	<u>Customer Group</u>	<u>Load Zone</u>	<u>Month1</u>	<u>Month2</u>	<u>Month3</u>	<u>Month4</u>	<u>Month5</u>	<u>Month6</u>
<u>TBD</u>	<u>TBD</u>	<u>NH</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>

REDACTED

4. Load Asset Designation within the ISO Settlement Market System

<u>Award Block</u>	<u>Customer Group</u>	<u>Load Zone</u>	<u>Load Asset Number</u>	<u>Load Asset Name</u>
<u>TBD</u>	<u>TBD</u>	<u>NH</u>	<u>TBD</u>	<u>TBD</u>

5. RPS Requirement

[To be determined for each Transaction]

6. Amount Payable

[To be determined for each Transaction]

7. Modifications to the Master Power Agreement

[To be determined for each Transaction]

8. Security

<u>NYMEX ISO New England Internal Hub Price</u>	<u>Month1</u>	<u>Month2</u>	<u>Month3</u>	<u>Month4</u>	<u>Month5</u>	<u>Month6</u>
<u>Off-Peak LMP Swap Price</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>
<u>Peak LMP Swap Price</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>

[To be determined for each Transaction]

9. Confidentiality

Articles 2, 3, 4, 5, 6 and 8 [additional articles to be determined for each Transaction] of this Confirmation are Confidential Terms within the meaning of Article 23 of the Master Power Agreement.

10. Ratification of the Terms and Conditions of the Agreement

(a) Except as expressly amended or waived by this Confirmation, the terms, conditions, covenants, agreements, warranties and representations contained in the Master Power Agreement are in all respects ratified, confirmed and remade as of the date hereof and, except as amended or waived hereby, shall continue in full force and effect.

(b) Nothing in this Confirmation shall, or shall be construed to, alter or amend any other Confirmation.

11. Counterparts

This Confirmation may be executed in counterparts, all of which together shall constitute one and the same instrument.

REDACTED

This Confirmation constitutes part of and is subject to the terms and provisions of such Master Power Agreement.

[Remainder of Page Intentionally Left Blank]

REDACTED

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Confirmation on their behalf as of the date first above written

GRANITE STATE ELECTRIC COMPANY

Name (print): _____

Title: _____

Name (print): _____

Title: _____

REDACTED
APPENDIX C
FORM OF GUARANTY

Guaranty

This Guaranty (this "Guaranty"), dated effective as of [REDACTED], ~~2004~~ [REDACTED], 2006 (the "Effective Date"), is made and entered into by [REDACTED]; [REDACTED] ("Guarantor").

W I T N E S S E T H:

WHEREAS, ~~Massachusetts Electric Company, Nantucket Electric Company and~~ Granite State Electric Company ("the Buyer") and [REDACTED]; [REDACTED]

("Seller") and a [REDACTED] of Guarantor, have entered into that certain Confirmation, dated [REDACTED] (the "Confirmation") for the Delivery Term of [REDACTED], under the Master Power Supply Agreement for Default Service and Standard Service dated as of [REDACTED], 2004 for the Delivery Term of [REDACTED] (the "Agreement"), (collectively with the Confirmation, the "Agreement"); and

WHEREAS, Guarantor will directly or indirectly benefit from the Agreement between Seller and the Buyer;

NOW THEREFORE, in consideration of the Buyer entering into the Agreement, Guarantor hereby covenants and agrees as follows:

~~(f)1~~ (g)1 GUARANTY. Subject to the provisions hereof, Guarantor hereby irrevocably and unconditionally guarantees the full and faithful timely performance and payment when due of the obligations of Seller that are now due or may hereafter become due and payable to the Buyer under the Agreement (the "Obligations"). This Guaranty shall constitute a guarantee of performance and payment and not of collection. The liability of Guarantor under this Guaranty shall be specifically limited to performance and payments expressly required to be made under the Agreement (even if such payments are or are deemed to be ~~damages~~) as well as costs to the extent of collection and enforcement of this [REDACTED] Dollars (\$ [REDACTED]) (the "Guaranty (including attorney's fees) to the extent reasonably and actually incurred by the Buyer (all of which such costs of collection and enforcement shall be subject to the limitation set forth in Section 1(a) above Limit") but in no event shall Guarantor be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive or tort damages, or, except to the extent specifically provided in the Agreement, any other damages.

~~(g)2~~ (g)2 DEMANDS AND NOTICE. Upon the occurrence and during the continuance of an Event of Default or termination, as may be defined in the Agreement, if Seller fails or refuses to ~~perform or~~ pay any Obligations and the Buyer ~~elects~~ to exercise its rights under this Guaranty, the Buyer shall make a demand upon Guarantor (hereinafter referred to as a "Demand"). A Demand shall be in writing and shall reasonably and briefly specify in what manner and what amount Seller has failed to perform or pay and an explanation of why such performance or payment is due, with a specific statement that the Buyer is calling upon Guarantor to perform

REDACTED

and/or pay under this Guaranty. A Demand satisfying the foregoing requirements shall be required with respect to Obligations before Guarantor is required to ~~perform or pay~~ (free of any deductions or withholdings) such Obligations hereunder and shall be deemed sufficient notice to Guarantor that it must ~~perform the Obligations within two (2) Business Days, or~~ pay the Obligations within ~~five (5) ten (10)~~ Business Days, after its receipt of the Demand. A single written Demand shall be effective as to any specific default during the continuance of such default, until Seller or Guarantor has cured such default, and additional written demands concerning such default shall not be required until such default is cured. As used herein, the term "Business Day" shall mean a day on which commercial banks or financial institutions are open for business in the Commonwealth of Massachusetts.

(h)3) REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants that:

- (a) it is a corporation duly organized and validly existing and in good standing under the laws of the State of ~~[~~ New York ~~]~~ and has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Guaranty;
- (b) the execution, delivery and performance of this Guaranty and each transaction contemplated by this Guaranty, do not and will not (with or without the lapse of time, the giving of notice or both, contravene, conflict with or result in a breach of or default under any provision of its constitution or any writ, order, judgment, law, rule or regulation to which it is a party or is subject or by which it is bound; and
- (c) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over Guarantor is required on the part of Guarantor for the execution and delivery of this Guaranty; and
- (d) this Guaranty, when executed and delivered, will constitute a valid and legally binding agreement of Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

(h)4) SETOFFS AND COUNTERCLAIMS. Without limiting Guarantor's own defenses and rights hereunder, Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which Seller or any other affiliate of Guarantor is or may be entitled to arising from or out of the Agreement or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Seller, ~~the lack of power or authority of Seller to enter into, amend and/or perform the Agreement, or~~ waiver the lack of authority of Seller to waive or consent ~~with respect~~ to any provision ~~thereof, of the Agreement~~ or a claim as to the Agreement's validity regularity or enforceability, ~~or any similar circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor generally.~~

(h)5) AMENDMENT OF GUARANTY. No term or provision of this Guaranty shall be amended, modified, altered, waived or supplemented except in a writing signed by Guarantor and the Buyer.

REDACTED

~~(c)~~ 6) WAIVER; TERMINATION. Except as required in Section 2 above, Guarantor hereby waives (a) notice of acceptance of this Guaranty; (b) presentment, demand and notice of dishonor concerning the liabilities of Guarantor; and (c) any right to require that any action or proceeding be brought against Seller or any other person, or to require that the Buyer exhaust its remedies against Seller or seek enforcement of any performance against Seller or any other person, or against any collateral pledged by Seller or any other person liable for payment or performance of the Obligations, prior to any action against Guarantor under the terms hereof. Buyer shall not be obligated to file any claim relating to the Obligations in the event that Seller becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Buyer to so file shall not affect the Guarantor's obligations hereunder.

Except as to applicable statutes of limitation, no delay of the Buyer in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights, a waiver of any other rights or a release of Guarantor from any obligations hereunder.

Guarantor consents to the renewal, compromise, extension, acceleration or other changes including in the time of payment of and other changes in the terms of the Obligations, or any part thereof and amendments thereto, or any changes and modifications to the terms of the Agreement or waivers there under.

Guarantor shall not be discharged or released from its obligations hereunder by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Seller or by any defense which Seller may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding. Guarantor agrees that this Guaranty shall continue to be effective or shall be reinstated, as the case may be, if all or any part of any payment made hereunder is at any time avoided or rescinded or must otherwise be restored or repaid by the Buyer as a result of the bankruptcy of Seller, or otherwise, all as though such payments had not been made.

This Guaranty and the Guarantor's obligations hereunder shall remain in effect for the term of the Agreement.

NOTICE. Any Demand, notice, request, instruction, correspondence or other document to be given hereunder by any party to another (herein collectively called "Notice") shall be in writing and delivered personally or mailed by certified mail, postage prepaid and return receipt requested, or by telegram or ~~teletype~~ facsimile, as follows:

To the Buyer:

Vice President-Energy Supply New
England
National Grid ~~USA Service Co., Inc.~~
55 Bearfoot Road
Northborough, MA 01532
Fax No.: (508) 421-7335
Phone No.: (518) 421-7350

To Guarantor:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by telegram shall be effective upon actual receipt if received during the recipient's normal

REDACTED

business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. Notice given by ~~telecopier~~facsimile shall be effective upon (i) actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours and (ii) confirmation of receipt by telephone. All Notices by telegram or ~~telecopier~~facsimile shall be confirmed promptly after transmission in writing by certified mail or personal delivery. Any party may change any address to which Notice is to be given to it by giving notice in accordance with the requirements of this Section.

MISCELLANEOUS. This Guaranty shall in all respects be governed by, and construed in accordance with, the law of the ~~Commonwealth~~State of ~~Massachusetts~~New York, without regard to principles of conflicts of laws.

This Guaranty shall be binding upon Guarantor and its successors and permitted assigns and inure to the benefit of and be enforceable by the Buyer and its successors and permitted assigns. The Guarantor may not assign this Guaranty in part or in whole without the prior written consent of the Buyer. The Buyer may not assign its rights or benefits under this Guaranty in part or in whole except (i) with the prior written consent of the Guarantor, or (ii) pursuant to a permitted assignment of Agreement ("Assigned Agreement"), in which case the assignee will succeed to the rights of the Buyer hereunder arising after the date of such assignment. The Guarantor's liability hereunder with respect to any and all such Assigned Agreement, together with any other liability of the Guarantor hereunder, will in all cases be subject to the ~~Guarantor's maximum aggregate liability set forth in Section 1(a) herein~~Guaranty Limit. Neither the Guarantor nor the Buyer will unreasonably withhold or delay consent to assignment.

This Guaranty embodies the entire agreement and understanding between Guarantor and the Buyer and supersedes all prior agreements and understandings relating to the subject matter hereof. The headings in this Guaranty are for purposes of reference only, and shall not affect the meaning hereof.

Time is of the essence of this Guaranty. The remedies provided to the Buyer in this Guaranty are cumulative and not exclusive of any other remedies provided by law.

Words importing the singular number hereunder shall include the plural number and vice versa and any pronouns used herein shall be deemed to cover all genders. The term "person" as used herein means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated association, or government (or any agency or political subdivision thereof).

Wherever possible, any provision in this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any one jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty on _____, ~~2004~~2006, but it is effective as of the Effective Date.

~~{~~GUARANTOR~~}~~

REDACTED

BY:

NAME:

TITLE:

REDACTED

APPENDIX C-1

**Massachusetts Default Service Requirements Matrix
By Customer Group, Load Responsibility, SMD Load Zone and Applicable Period**

Customer Group	SMD Load Zone	Load Responsibility	Schedule 1	Schedule 2
Industrial	SEMA	100%	November 1, 2004	January 31, 2005
Industrial	WCMA	100%	November 1, 2004	January 31, 2005
Industrial	NEMA	100%	November 1, 2004	January 31, 2005
Commercial	SEMA	50%	November 1, 2004	April 30, 2005
Commercial	WCMA	50%	November 1, 2004	April 30, 2005
Commercial	NEMA	50%	November 1, 2004	April 30, 2005
Residential	SEMA	50%	November 1, 2004	April 30, 2005
Residential	WCMA	50%	November 1, 2004	April 30, 2005
Residential	NEMA	50%	November 1, 2004	April 30, 2005
Commercial	SEMA	50%	May 1, 2005	October 31, 2005
Commercial	WCMA	50%	May 1, 2005	October 31, 2005
Commercial	NEMA	50%	May 1, 2005	October 31, 2005
Residential	SEMA	50%	May 1, 2005	October 31, 2005
Residential	WCMA	50%	May 1, 2005	October 31, 2005
Residential	NEMA	50%	May 1, 2005	October 31, 2005

REDACTED

APPENDIX C-2

**Massachusetts Standard Service Requirements Matrix
By Customer Group, Load Responsibility, SMD Load Zone and Applicable Period**

Customer Group	SMD Load Zone	Load Responsibility	Schedule 1	Schedule 2
Industrial	SEMA	100%	January 1, 2005	January 31, 2005
Industrial	WCMA	100%	January 1, 2005	January 31, 2005
Industrial	NEMA	100%	January 1, 2005	January 31, 2005
Commercial	SEMA	50%	January 1, 2005	February 28, 2005
Commercial	WCMA	50%	January 1, 2005	February 28, 2005
Commercial	NEMA	50%	January 1, 2005	February 28, 2005
Residential	SEMA	50%	January 1, 2005	February 28, 2005
Residential	WCMA	50%	January 1, 2005	February 28, 2005
Residential	NEMA	50%	January 1, 2005	February 28, 2005
Standard Service 11&13 All Customer Groups	SEMA	14.445%	January 1, 2005	February 28, 2005

REDACTED

APPENDIX C-3

**New Hampshire Default Service Requirements Matrix
By Customer Group, Load Responsibility, SMD Load Zone and Applicable Period**

Customer Group	SMD Load Zone	Load Responsibility	Schedule 1	Schedule 2
All DS Customers	New Hampshire	100%	January 1, 2005	April 30, 2005
All DS Customers	New Hampshire	100%	May 1, 2005	October 31, 2005

[REDACTED]

Name (print): [REDACTED]
Title: [REDACTED]

REDACTED
APPENDIX D

Contract Rate

By Customer Group, Load Zone and Month of Service, \$/MWh

Customer Group	November 2004	December 2004	January 2005	February 2005	March 2005	April 2005
Industrial Customer Group SEMA Load Zone						
Industrial Customer Group WCMA Load Zone						
Industrial Customer Group NEMA Load Zone						
Commercial Customer Group SEMA Load Zone						
Commercial Customer Group WCMA Load Zone						
Commercial Customer Group NEMA Load Zone						
Residential Customer Group SEMA Load Zone						
Residential Customer Group WCMA Load Zone						
Residential Customer Group NEMA Load Zone						
Granite State NH Default Service						
Mass. Electric Standard Service 11&13						

Customer Group	May 2005	June 2005	July 2005	August 2005	September 2005	October 2005
Commercial Customer Group SEMA Load Zone						
Commercial Customer Group WCMA Load Zone						
Commercial Customer Group NEMA Load Zone						
Residential Customer Group SEMA Load Zone						
Residential Customer Group WCMA Load Zone						
Residential Customer Group NEMA Load Zone						
Granite State NH Default Service						

COLLATERAL REQUIREMENT CALCULATION

REDACTED

(a) If Seller is the Downgraded Party (as specified in Section 7.3(c)), then the Collateral Requirement shall be the amount, if positive, calculated according to the following formula for all Transactions:

$$\frac{\sum[(MPC_{M,T}-1)*CR_{M,T,AB}*VOL_{M,T,AB}]}{N}$$

where:

“ \sum ” is the summation over the entire number of Transactions.
N

“ $MPC_{M,T}$ ” is the ratio of the applicable monthly NYMEX HUB Price at the time of the Collateral Calculation divided by the applicable monthly NYMEX HUB Price as specified in the Confirmation for the applicable Transaction. The NYMEX HUB Price shall be the sum of (i) 0.55 times the NYMEX ISO New England Internal HUB Peak LMP Swap price plus (ii) 0.45 times the NYMEX ISO New England Internal Off-Peak LMP Swap price. If NYMEX HUB prices are unavailable, then the Parties shall agree to a substitute market price.

“ $CR_{M,T,AB}$ ” is the Contract Rate in a month for the applicable Award Block as specified in a Confirmation for a specific Transaction for the remainder of the Delivery Term(s).

“ $VOL_{M,T,AB}$ ” is the product of (i) the initial hourly Real Time Load reported to the ISO for a month in the prior year for the applicable Award Block adjusted for known customer migration to or from competitive suppliers, and (ii) Load Responsibility for the applicable Award Block for a specific Transaction for the remainder of the Delivery Term(s) as specified in the Confirmation for the applicable Transaction.

All such amounts shall be determined by Buyer in good faith and in a commercially reasonable manner.

(b) If Buyer is the Downgraded Party (as specified in Section 7.3(c)), then the Collateral Requirement shall be the amount, if positive, calculated according to the following formula for all Transactions:

$$\frac{\sum[(1-MPC_{M,T})*CR_{M,T,AB}*VOL_{M,T,AB}]}{N}$$

where:

“ \sum ” is the summation over the entire number of Transactions.
N

“ $MPC_{M,T}$ ” is the ratio of the applicable monthly NYMEX HUB Price at the time of the Collateral Calculation divided by the applicable monthly NYMEX HUB Price as specified in the Confirmation for the applicable Transaction. The NYMEX HUB Price shall be the sum of (i) 0.55 times the NYMEX ISO New England Internal HUB Peak LMP Swap price plus (ii) 0.45 times the NYMEX ISO New England Internal Off-Peak LMP Swap price. If NYMEX HUB prices are unavailable, then the Parties shall agree to a substitute market price.

“ $CR_{M,T,AB}$ ” is the Contract Rate in a month for the applicable Award Block as specified in a Confirmation for a specific Transaction for the remainder of the Delivery Term(s).

REDACTED

“VOL_{M,T,AB}” is the product of (i) the initial hourly Real Time Load reported to the ISO for a month in the prior year for the applicable Award Block adjusted for known customer migration to or from competitive suppliers, and (ii) Load Responsibility for the applicable Award Block for a specific Transaction, for the remainder of the Delivery Term(s) as specified in the Confirmation for the applicable Transaction.

All such amounts shall be determined by Seller in good faith and in a commercially reasonable manner.

SCHEDULE MJH – 6

Proposed Default Service Rates

Granite State Electric Company
Summary of Proposed Default Service Rates

		Medium and Large C&I		
		<u>February</u>	<u>March</u>	<u>April</u>
(1)	Commodity Portion of Retail Rate	\$0.10965	\$0.09693	\$0.09352
(2)	Recovery of Estimated Administrative Costs	<u>\$0.00018</u>	<u>\$0.00018</u>	<u>\$0.00018</u>
(3)	Total Retail Rate	\$0.10983	\$0.09711	\$0.09370

- (1) Per contract with winning bidder
- (2) Per Default Service Cost Reclassification Adjustment Provision
- (3) Line (1) + Line (2)

SCHEDULE MJH – 7

Typical Bill Impacts

Granite State Electric Company
 Proposed February 1, 2007 Default Service Rates
 Calculation of Monthly Typical Bill
 Impact on Rate G-1 Default Service Customers

Hours Use	kWh Split				(1)		(2)		(1) vs (2)		
	250 On-Peak	60.00%	Off-Peak	40.00%							
kW	Monthly kWh	On-Peak kWh	Off-Peak kWh	Total	Present Rates Default Service	Retail Delivery	Total	Proposed Rates Default Service	Retail Delivery	Overall Increase (Decrease) Amount	%
200	50,000	30,000	20,000	\$7,785.64	\$6,111.50	\$1,674.14	\$7,165.64	\$5,491.50	\$1,674.14	(\$620.00)	-8.0%
300	75,000	45,000	30,000	\$11,628.29	\$9,167.25	\$2,461.04	\$10,698.29	\$8,237.25	\$2,461.04	(\$930.00)	-8.0%
400	100,000	60,000	40,000	\$15,470.94	\$12,223.00	\$3,247.94	\$14,230.94	\$10,983.00	\$3,247.94	(\$1,240.00)	-8.0%
500	125,000	75,000	50,000	\$19,313.59	\$15,278.75	\$4,034.84	\$17,763.59	\$13,728.75	\$4,034.84	(\$1,550.00)	-8.0%
1,000	250,000	150,000	100,000	\$38,526.84	\$30,557.50	\$7,969.34	\$35,426.84	\$27,457.50	\$7,969.34	(\$3,100.00)	-8.0%

	<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge	\$100.34	\$100.34
Distribution Charge		
On Peak kWh	kWh x \$0.00203	\$0.00203
Off Peak kWh	kWh x \$0.00057	\$0.00057
Distribution Demand Charge	kW x \$4.39	\$4.39
Def. Serv. Adj. Fctr	kWh x (\$0.00014)	(\$0.00014)
Transmission Charge	kWh x \$0.00746	\$0.00746
Stranded Cost Charge	kWh x \$0.00160	\$0.00160
System Benefits Charge	kWh x \$0.00300	\$0.00300
Electricity Consumption Tax	kWh x \$0.00055	\$0.00055
 <u>Supplier Services</u>		
Default Service	kWh x \$0.12223	\$0.10983

Granite State Electric Company
 Proposed February 1, 2007 Default Service Rates
 Calculation of Monthly Typical Bill
 Impact on Rate G-1 Default Service Customers

Hours Use	kWh Split				(1)		(2)		(1) vs (2)		
	350 On-Peak	50.00%	Off-Peak	50.00%							
kW	Monthly kWh	On-Peak kWh	Off-Peak kWh	Total	Present Rates Default Service	Retail Delivery	Total	Proposed Rates Default Service	Retail Delivery	Overall Increase (Decrease) Amount	%
200	70,000	35,000	35,000	\$10,498.34	\$8,556.10	\$1,942.24	\$9,630.34	\$7,688.10	\$1,942.24	(\$868.00)	-8.3%
300	105,000	52,500	52,500	\$15,697.35	\$12,834.15	\$2,863.20	\$14,395.35	\$11,532.15	\$2,863.20	(\$1,302.00)	-8.3%
400	140,000	70,000	70,000	\$20,896.34	\$17,112.20	\$3,784.14	\$19,160.34	\$15,376.20	\$3,784.14	(\$1,736.00)	-8.3%
500	175,000	87,500	87,500	\$26,095.35	\$21,390.25	\$4,705.10	\$23,925.35	\$19,220.25	\$4,705.10	(\$2,170.00)	-8.3%
1,000	350,000	175,000	175,000	\$52,090.34	\$42,780.50	\$9,309.84	\$47,750.34	\$38,440.50	\$9,309.84	(\$4,340.00)	-8.3%

	<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge	\$100.34	\$100.34
Distribution Charge		
On Peak kWh	kWh x \$0.00203	\$0.00203
Off Peak kWh	kWh x \$0.00057	\$0.00057
Distribution Demand Charge	kW x \$4.39	\$4.39
Def. Serv. Adj. Fctr	kWh x (\$0.00014)	(\$0.00014)
Transmission Charge	kWh x \$0.00746	\$0.00746
Stranded Cost Charge	kWh x \$0.00160	\$0.00160
System Benefits Charge	kWh x \$0.00300	\$0.00300
Electricity Consumption Tax	kWh x \$0.00055	\$0.00055
 <u>Supplier Services</u>		
Default Service	kWh x \$0.12223	\$0.10983

Granite State Electric Company
 Proposed February 1, 2007 Default Service Rates
 Calculation of Monthly Typical Bill
 Impact on Rate G-1 Default Service Customers

Hours Use	kWh Split				(1)		(2)		(1) vs (2)		
	450 On-Peak	55.00%	Off-Peak	45.00%							
kW	Monthly kWh	On-Peak kWh	Off-Peak kWh	Total	Present Rates Default Service	Retail Delivery	Total	Proposed Rates Default Service	Retail Delivery	Overall Increase (Decrease) Amount	%
200	90,000	40,500	49,500	\$13,211.78	\$11,000.70	\$2,211.08	\$12,095.78	\$9,884.70	\$2,211.08	(\$1,116.00)	-8.4%
300	135,000	60,750	74,250	\$19,767.48	\$16,501.05	\$3,266.43	\$18,093.48	\$14,827.05	\$3,266.43	(\$1,674.00)	-8.5%
400	180,000	81,000	99,000	\$26,323.20	\$22,001.40	\$4,321.80	\$24,091.20	\$19,769.40	\$4,321.80	(\$2,232.00)	-8.5%
500	225,000	101,250	123,750	\$32,878.92	\$27,501.75	\$5,377.17	\$30,088.92	\$24,711.75	\$5,377.17	(\$2,790.00)	-8.5%
1,000	450,000	202,500	247,500	\$65,657.50	\$55,003.50	\$10,654.00	\$60,077.50	\$49,423.50	\$10,654.00	(\$5,580.00)	-8.5%

	<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge	\$100.34	\$100.34
Distribution Charge		
On Peak kWh	kWh x \$0.00203	\$0.00203
Off Peak kWh	kWh x \$0.00057	\$0.00057
Distribution Demand Charge	kW x \$4.39	\$4.39
Def. Serv. Adj. Fctr	kWh x (\$0.00014)	(\$0.00014)
Transmission Charge	kWh x \$0.00746	\$0.00746
Stranded Cost Charge	kWh x \$0.00160	\$0.00160
System Benefits Charge	kWh x \$0.00300	\$0.00300
Electricity Consumption Tax	kWh x \$0.00055	\$0.00055
 <u>Supplier Services</u>		
Default Service	kWh x \$0.12223	\$0.10983

Granite State Electric Company
 Proposed February 1, 2007 Default Service Rates
 Calculation of Monthly Typical Bill
 Impact on Rate G-1 Default Service Customers

Hours Use	kWh Split				(1)		(2)		(1) vs (2)	
	450 On-Peak	Off-Peak	40.00%	60.00%						
kW	Monthly kWh	On-Peak kWh	Off-Peak kWh	Total	Present Rates Default Service	Retail Delivery	Total	Proposed Rates Default Service	Retail Delivery	Overall Increase (Decrease) Amount %
200	90,000	36,000	54,000	\$13,205.20	\$11,000.70	\$2,204.50	\$12,089.20	\$9,884.70	\$2,204.50	(\$1,116.00) -8.5%
300	135,000	54,000	81,000	\$19,757.63	\$16,501.05	\$3,256.58	\$18,083.63	\$14,827.05	\$3,256.58	(\$1,674.00) -8.5%
400	180,000	72,000	108,000	\$26,310.06	\$22,001.40	\$4,308.66	\$24,078.06	\$19,769.40	\$4,308.66	(\$2,232.00) -8.5%
500	225,000	90,000	135,000	\$32,862.49	\$27,501.75	\$5,360.74	\$30,072.49	\$24,711.75	\$5,360.74	(\$2,790.00) -8.5%
1,000	450,000	180,000	270,000	\$65,624.64	\$55,003.50	\$10,621.14	\$60,044.64	\$49,423.50	\$10,621.14	(\$5,580.00) -8.5%

	<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge	\$100.34	\$100.34
Distribution Charge		
On Peak kWh	kWh x \$0.00203	\$0.00203
Off Peak kWh	kWh x \$0.00057	\$0.00057
Distribution Demand Charge	kW x \$4.39	\$4.39
Def. Serv. Adj. Fctr	kWh x (\$0.00014)	(\$0.00014)
Transmission Charge	kWh x \$0.00746	\$0.00746
Stranded Cost Charge	kWh x \$0.00160	\$0.00160
System Benefits Charge	kWh x \$0.00300	\$0.00300
Electricity Consumption Tax	kWh x \$0.00055	\$0.00055
<u>Supplier Services</u>		
Default Service	kWh x \$0.12223	\$0.10983

Granite State Electric Company
 Proposed February 1, 2007 Default Service Rates
 Calculation of Monthly Typical Bill
 Impact on Rate G-2 Default Service Customers

Hours Use 250

		(1)			(2)			(1) vs (2)	
kW	Monthly kWh	Present Rates			Proposed Rates			Overall Increase (Decrease)	
		Total	Default Service	Retail Delivery	Total	Default Service	Retail Delivery	Amount	%
20	5,000	\$808.12	\$611.15	\$196.97	\$746.12	\$549.15	\$196.97	(\$62.00)	-7.7%
50	12,500	\$1,980.01	\$1,527.88	\$452.13	\$1,825.01	\$1,372.88	\$452.13	(\$155.00)	-7.8%
75	18,750	\$2,956.55	\$2,291.81	\$664.74	\$2,724.05	\$2,059.31	\$664.74	(\$232.50)	-7.9%
100	25,000	\$3,933.12	\$3,055.75	\$877.37	\$3,623.12	\$2,745.75	\$877.37	(\$310.00)	-7.9%
150	37,500	\$5,886.26	\$4,583.63	\$1,302.63	\$5,421.26	\$4,118.63	\$1,302.63	(\$465.00)	-7.9%

	<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge	\$26.87	\$26.87
Distribution Charge kWh x	\$0.00092	\$0.00092
Distribution Demand Charge kW x	\$4.86	\$4.86
Def. Serv. Adj. Fctr kWh x	(\$0.00014)	(\$0.00014)
Transmission Charge kWh x	\$0.00865	\$0.00865
Stranded Cost Charge kWh x	\$0.00160	\$0.00160
System Benefits Charge kWh x	\$0.00300	\$0.00300
Electricity Consumption Tax kWh x	\$0.00055	\$0.00055

Supplier Services

Default Service	kWh x	\$0.12223	\$0.10983
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Granite State Electric Company
 Proposed February 1, 2007 Default Service Rates
 Calculation of Monthly Typical Bill
 Impact on Rate G-2 Default Service Customers

Hours Use 300

		(1)			(2)			(1) vs (2)	
kW	Monthly kWh	Present Rates			Proposed Rates			Overall Increase (Decrease)	
		Total	Default Service	Retail Delivery	Total	Default Service	Retail Delivery	Amount	%
20	6,000	\$944.93	\$733.38	\$211.55	\$870.53	\$658.98	\$211.55	(\$74.40)	-7.9%
50	15,000	\$2,322.02	\$1,833.45	\$488.57	\$2,136.02	\$1,647.45	\$488.57	(\$186.00)	-8.0%
75	22,500	\$3,469.61	\$2,750.18	\$719.43	\$3,190.61	\$2,471.18	\$719.43	(\$279.00)	-8.0%
100	30,000	\$4,617.17	\$3,666.90	\$950.27	\$4,245.17	\$3,294.90	\$950.27	(\$372.00)	-8.1%
150	45,000	\$6,912.32	\$5,500.35	\$1,411.97	\$6,354.32	\$4,942.35	\$1,411.97	(\$558.00)	-8.1%

	<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge	\$26.87	\$26.87
Distribution Charge kWh x	\$0.00092	\$0.00092
Distribution Demand Charge kW x	\$4.86	\$4.86
Def. Serv. Adj. Fctr kWh x	(\$0.00014)	(\$0.00014)
Transmission Charge kWh x	\$0.00865	\$0.00865
Stranded Cost Charge kWh x	\$0.00160	\$0.00160
System Benefits Charge kWh x	\$0.00300	\$0.00300
Electricity Consumption Tax kWh x	\$0.00055	\$0.00055

Supplier Services

Default Service	kWh x	\$0.12223	\$0.10983
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