

Granite State Electric Company
d/b/a National Grid

Default Service

For the Period Beginning
November 1, 2009

Testimony and Schedules
of
Margaret M. Janzen

September 14, 2009

Submitted to:
New Hampshire Public Utilities Commission
Docket No.

Submitted by:

nationalgrid

Testimony of
Margaret M. Janzen

DIRECT TESTIMONY
OF
MARGARET M. JANZEN

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1 **I. Introduction**

2 Q. Please state your name and business address.

3 A. My name is Margaret M. Janzen, and my business address is 100 East Old Country Road,
4 Hicksville, NY 11801.

5
6 Q. Please state your position.

7 A. I am the Director of Electric Supply and Distributed Generation for National Grid USA
8 Service Company, Inc. (“National Grid”). I oversee the procurement of energy, capacity
9 and ancillary services, portfolio hedging strategies and other energy supply related
10 activities, as well as the interconnections of unaffiliated generating units to the electric
11 distribution systems, for National Grid’s operating companies, including Granite State
12 Electric d/b/a/ National Grid (“Granite State” or “Company”). For Granite State, these
13 activities include the procurement of power for Default Service as well as the
14 procurement of renewable energy certificates (“RECs”).

15

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

17 A. I graduated from The Cooper Union in 1993 with a Bachelor of Engineering in Civil
18 Engineering. I received a Masters in Business Administration in Finance from Baruch
19 College in 2000.

20

21 Q. What is your professional background?

22 A. In July 1993 I joined the Brooklyn Union Gas Company as a Management Trainee and
23 Associate Engineer in the Project Engineering Department. In September 1997 I

1 accepted a position as an analyst in the Strategic Planning Department, and the name of
2 the company was changed to KeySpan Corporation. In August 1999 I became Manager
3 of the Capital Markets group in the Treasury Department and was responsible for
4 hedging of the corporate bond portfolio as well as new equity and debt issuances for
5 KeySpan. In August 2003 I moved to the Investor Relations Department, providing
6 financial and strategic information regarding the company to the investment community.
7 In March 2006 I joined the Regulatory Department and became Manager of the Gas
8 Pricing group, working on gas rate cases, regulatory mechanisms, implementation and
9 compliance. In March 2008 I accepted my current National Grid position of Director of
10 Electric Supply and Distributed Generation.

11
12 Q. Have you previously testified before the New Hampshire Public Utilities Commission
13 ("Commission")?

14 A. Yes.

15
16 Q. Have you testified before any other state regulatory agencies?

17 A. Yes. I have testified before the Rhode Island Public Utilities Commission regarding
18 electric supply procurement activities.

19
20 **II. Purpose of Testimony**

21 Q. What is the purpose of your testimony?

22 A. The purpose of my testimony is to request approval of the Default Service rates for the
23 Large and Medium Commercial and Industrial Customer Group ("Large Customer

1 Group”¹) and the Residential and Small Commercial Customer Group (“Small Customer
2 Group”²) resulting from Granite State’s recent procurement of Default Service power
3 supply. To support this request, I will describe the process used by Granite State to
4 procure Default Service for the Large Customer Group for the three-month period
5 November 1, 2009 through January 31, 2010 and for the Small Customer Group for the
6 six-month period November 1, 2009 through April 30, 2010. My testimony presents
7 Granite State’s proposed default service rates, including rate adjustments, for usage on
8 and after November 1, 2009, in accordance with the Default Service Adjustment
9 Provision and Default Service Cost Reclassification Adjustment Provision of the
10 Company’s tariff, and the Settlement Agreement in Docket No. DE 05-126, approved by
11 the Commission in Order No. 24,577 (January 13, 2006) (“Settlement Agreement”). My
12 testimony will also describe how the Company proposes to meet the Renewable Portfolio
13 Standard obligation.

14
15 **III. Bidding Process**

16 Q. Why does Granite State need to procure Default Service for both the Large Customer
17 Group and the Small Customer Group for the period beginning November 1, 2009?

18 A. Granite State’s currently effective Default Service supply contracts for both the Large
19 Customer Group and the Small Customer Group expire on October 31, 2009. Therefore,
20 to assure that Default Service will continue to be available to these customers, Granite
21 State requires a new Default Service supply arrangement beginning November 1, 2009.

¹ Customers taking service under General Long-Hour Service Rate G-2 or General Service Time-Of-Use Rate G-1 of the Company’s Retail Delivery Tariff.

² Customers taking service under Domestic Service Rate D; Domestic Service - Optional Peak Load Pricing Rate D-

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 (the "New Hampshire Act"), and the terms of the Settlement
6 Agreement approved by the Commission pursuant to Order No. 24,577 issued on January
7 13, 2006 in Docket No. DE 05-126³ (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.⁴

15

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

17 A. On August 7, 2009, National Grid issued an RFP to over twenty-five potential suppliers
18 soliciting power supplies for the period November 1, 2009 through April 30, 2010.

19 National Grid also distributed the RFP to all members of the NEPOOL Markets

10; Outdoor Lighting Service Rate M; Limited Total Electrical Living Rate T; General Service Rate G-3; or Limited Commercial Space Heating Rate V of the Company's Retail Delivery Tariff.

³ 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.

⁴ See Order No. 24,736 at 10 (March 26, 2007), Order No. 24,764 at 9 (June 22, 2007), Order No. 24,787 at 11 (September 21, 2007), Order No. 24,810 at 10-11 (December 17, 2007), Order No. 24,836 at 11-12 (March 21, 2008), Order No.

1 Committee and posted the RFP on its energy supply website. As a result, the RFP had
2 wide distribution throughout the New England energy supply marketplace. The RFP
3 requested fixed pricing for each month of service on an as-delivered energy basis. Prices
4 could vary by month and by service – that is, the prices did not have to be uniform across
5 the entire service period or between Granite State and Mass. Electric. A copy of the RFP
6 is provided as Schedule MMJ-1.
7

8 **IV. Results of Bidding**

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

10 A. Yes. Indicative proposals were received on September 2, 2009 and a confidential
11 summary of the proposals was shared with Commission staff thereafter. Final proposals
12 were received on September 9, 2009. None of the bidders made their provision of
13 Granite State's Default Service contingent upon the provision of any other service. A
14 summary of the RFP process and bid evaluation is included in Schedule MMJ-2.
15

16 Q. How do the current futures prices for electricity and natural gas compare to the futures
17 prices at the time of the February 13, 2009 and August 8, 2008 RFPs?

18 A. The futures market prices for electricity and natural gas at the time of the February 13,
19 2009 and August 8, 2008 procurements as well as current futures market prices are
20 shown in Schedule MMJ-3.
21

22 Q. Did Granite State select any of those proposals?

1 A. Yes. Granite State evaluated the bids received and selected the two suppliers that (i)
2 provided a bid that was conforming to the RFP, (ii) had the lowest price, (iii) met the
3 credit requirements described in the RFP, and (iv) passed our qualitative evaluation. On
4 September 10, 2009, Granite State entered into a wholesale Transaction Confirmation
5 with Constellation Energy Commodities Group, Inc. (“Constellation”), the winning
6 bidder for the Large Customer Group block, to provide Default Service to the Large
7 Customer Group for the three-month period November 1, 2009 through January 31, 2010,
8 and with PSEG Energy Resources and Trade LLC. (“PSEG ER&T”), the winning bidder
9 for the Small Customer Group block, to provide Default Service to the Small Customer
10 Group for the six-month period November 1, 2009 through April 30, 2010. Together, a
11 Transaction Confirmation and a Master Power Agreement provide the terms for the
12 purchase of Default Service from a supplier. A copy of the Constellation Master Power
13 Agreement was filed with the Commission on March 20, 2006 in Docket No. DE 06-115.
14 The Transaction Confirmation and Master Power Agreement Amendment between
15 Granite State and Constellation, with certain confidential sections redacted, is attached
16 hereto as Schedule MMJ-4. A copy of the PSEG ER&T Master Power Agreement was
17 filed with the Commission on September 22, 2008 in Docket No. DE 08-011. The
18 Transaction Confirmation between Granite State and PSEG ER&T, with certain
19 confidential sections redacted, is attached hereto as Schedule MMJ-5. Granite State is
20 filing the Transaction Confirmations and Master Power Agreement Amendments with the
21 Commission under separate cover, together with a Motion for Confidential Treatment.
22 Although the Transaction Confirmations have differences from the sample power supply

1 agreement in the Settlement Agreement approved by the Commission, the executed
2 documents do not shift any of the risks or obligations described in the sample power
3 supply agreement provided in the Settlement Agreement.
4

5 Q. Did Granite State make any changes to the Master Power Agreement with either
6 Constellation or PSEG ER&T?

7 A. Yes. Granite State executed an amendment to the Master Power Agreements with both
8 Constellation and PSET ERT. The purpose of the amendment was to incorporate the
9 New Hampshire Renewable Energy Portfolio Requirements and to implement a change
10 in Granite State's risk management policy. Copies of these amendments are included
11 with this filing. These changes are similar to the changes provided in the last default
12 service filing made by Granite State on June 15, 2009.
13

14 Q. What change did Granite State make to the risk management policy regarding its
15 procurement of default service supply?

16 A. In previous transactions, Granite State required suppliers, at the time the transaction was
17 entered into, to provide credit sufficient to cover the volatility of wholesale price
18 movements throughout the entire transaction. For some suppliers, this requirement
19 required them to price the cost of including this credit in the bid prices. In order to more
20 closely match industry trends and provide its customers with the lowest cost of default
21 service, National Grid will now require credit to be based on the expected volume of load
22 for the bid block and a mark-to-market margining clause. As forward market prices
23 change, the supplier will be required to post security for those incremental changes. If a

1 supplier fails to perform as required in the executed agreement, National Grid would be
2 able to utilize the posted security to purchase replacement power (FRS contract) without
3 incurring any additional costs for its customers. Such security would be provided by a
4 seller in the following forms:

- 5 • Unsecured line of credit for a rated counterparty
- 6 • Parental Guaranty
- 7 • Letter of Credit
- 8 • Cash deposit with National Grid
- 9 • Other form of security mutually agreed to by National Grid and seller

10
11 The terms of such security requirement are similar to the security requirement Granite
12 State has included in all of its commodity procurements in New Hampshire.

13
14 **V. Renewable Portfolio Standard**

15 Q. What is the Renewable Portfolio Standard (“RPS”) obligation for 2009 and 2010?

16 A. As specified in the RPS law⁵, the RPS obligation for calendar year 2009 is a minimum of
17 six percent (6%) of Granite State’s Default Service load, of which at least one-half
18 percent (0.5%) can come from Class I New Renewable Energy Resources, at least four
19 and one-half percent (4.5%) can come from Class III Existing Renewable Energy
20 Resources and at least one percent (1.0%) can come from Class IV Existing Renewable
21 Energy Resources. For 2010, the RPS obligation is a minimum of seven and fifty-four
22 one hundredths percent (7.54%) of Granite State’s Default Service load, of which at least
23 one percent (1.0%) can come from Class I New Renewable Energy Resources, at least
24 four hundredths percent (0.04%) can come from Class II Solar Energy Resources, five
25 and one-half percent (5.5%) can come from Class III Existing Renewable Energy

1 Resources and at least one percent (1.0%) can come from Class IV Existing Renewable
2 Energy Resources.

3
4 Q. How does Granite State expect to satisfy its RPS obligations consistent with the RPS
5 rules as promulgated by the Commission?

6 A. On February 18, 2009, Granite State entered into an amended settlement agreement with
7 Commission Staff and the Office of Consumer Advocate, intended to resolve all issues
8 associated with the process by which Granite State shall comply with the requirements of
9 the RPS law and PUC 2500 rules (“Amended RPS Settlement”). The Amended RPS
10 Settlement was approved by the Commission on March 23, 2009 in Order No. 24,953.
11 As specified in the Amended RPS Settlement, Granite State requested bidders to provide
12 a separate RPS compliance adder with their bids. This RPS compliance adder is the
13 incremental charge by a bidder for agreeing to take on the RPS obligation with the
14 Default Service obligation.

15
16 Q. What were the criteria Granite State used to evaluate the RPS compliance adders
17 provided by the bidders?

18 A. Granite State evaluated the RPS compliance adders by comparing them to the applicable
19 alternative compliance payment (“ACP”) and the results of Granite State’s solicitation
20 for New Hampshire RECs. The RPS compliance adder from the winning bidders for
21 both the Large Customer and Small Customer Groups were close to the ACP and above
22 Granite State’s market estimate. As a result, Granite State did not accept the winning

1 bidder's RPS compliance adder. Granite State plans to issue an RFP in the future for the
2 acquisition of RECs. If Granite State is unable to purchase sufficient RECs to meet its
3 NH RPS obligations, it will then, consistent with the RPS rules, make an ACP to the
4 Renewable Energy Fund.

5
6 Q. Is Granite State proposing any changes to the RPS compliance adder at this time?

7 A. Yes. Granite State is proposing to change the Commission approved RPS compliance
8 adder in order to reflect the increases in RPS obligations required in the RPS regulations
9 as described previously. The Company is proposing separate RPS adders for the Small
10 Customer Group and the Large Customer Group.

11
12 Q. Has Granite State been able to contract for RECs?

13 A. Yes. In January and May of this year Granite State issued RFPs to procure NH RECs to
14 approved NH renewable generators, generators in the process of applying for approval to
15 generate NH RECs, as well as other REC suppliers, for its 2008 and 2009 RPS law
16 obligations. The Company received bids for RECs and contracted for a very small
17 portion of its required Class I RECs. Granite State shared the results of its RFP with
18 Staff prior to executing a contract for the purchase of RECs. Granite State used the cost
19 of the Class I RECs recently purchased in developing its RPS compliance adders. For the
20 Class II, III and IV RPS obligations, Granite used an estimate of the ACP for each
21 obligation.

1 Q. How did Granite State calculate the RPS Adders for 2009 and 2010?

2 A. As shown in Schedule MMJ-6, Granite State calculated the wholesale RPS costs on a per
3 MWh basis. The Company then converted the wholesale RPS costs to a retail cost by
4 multiplying the calculated costs by the average Granite State loss factor and then dividing
5 by ten in order to convert from a \$ per MWh wholesale cost to a ¢ per kWh rate for retail
6 use.

7

8 Q. What costs did Granite State use to develop its RPS compliance adders?

9 A. As a proxy for actual RPS costs, the RPS compliance adders are based on the recent
10 purchases of Class I RECs and the ACP rates for the Class II, III and IV obligations.

11

12 Q. What happens if Granite State's actual RPS compliance costs are different from that used
13 in calculating the RPS compliance adders?

14 A. Granite State will reconcile its costs to comply with the RPS with the revenue received
15 from customers from the RPS compliance adders.

16

17 **VI. Default Service Commodity Costs and Retail Rates**

18 Q. Please summarize the commodity cost at the retail meter based on Granite State's
19 expected procurement cost and used to develop the proposed retail rates.

20 A.. Granite State estimates the procurement costs for Default Service at the retail customer
21 meter for each month to be as set forth in Schedule MMJ-7 and Schedule MMJ-8.

22 The simple average of the commodity costs for the Large Customer Group is 7.473¢ per
23 kWh compared to the simple average of 6.943¢ per kWh for the period August 2009

1 through October 2009. The simple average of the commodity costs for the Small
2 Customer Group is 7.405¢ per kWh compared to the simple average of 6.883¢ per kWh
3 for the period May 2009 through October 2009. The commodity costs at the retail
4 customer meter (¢ per kWh) were calculated by multiplying the commodity costs at the
5 wholesale level (\$ per MWh) by the applicable loss factor and then dividing the results
6 by ten. The applicable loss factors can be found in the RFP summary in Schedule MMJ-
7 2.

8
9 Q. What are the Default Service rates that the Company is proposing for the Large Customer
10 Group?

11 A. As presented in Schedule MMJ-7, the Company is proposing monthly Default Service
12 rates for the Large Customer Group based on the three monthly contract prices contained
13 in the supply agreement with the winning Default Service supplier for the Large
14 Customer Group. These base rates are adjusted by the currently effective Default Service
15 Cost Reclassification Adjustment Factor to recover administrative costs associated with
16 Default Service in accordance with the Third Revised Page 93 of its tariff. On line (3)
17 these rates are further adjusted by the currently effective Default Service Adjustment
18 Factor in accordance with the Second Revised Page 87 of the Company's tariff. Finally,
19 on line (4) these rates are adjusted by the proposed RPS adder discussed above. As
20 displayed on line (9), the proposed base Default Service rates for the Large Customer
21 Group are 6.331¢ per kilowatt-hour, 7.190¢ per kilowatt-hour, and 8.260¢ per kilowatt-
22 hour for the months of November 2009 through January 2010.

1 Q. What are the Default Service rates that the Company is proposing for the Small Customer
2 Group?

3 A. National Grid is proposing a fixed six-month base Default Service rate for the Small
4 Customer Group based on the weighted average of the sum of six monthly contract prices
5 contained in the supply agreement with the winning Default Service supplier for the
6 Small Customer Group, the Default Service Cost Reclassification Adjustment Factor, the
7 Default Service Adjustment Factor and the Proposed Renewable Portfolio Standard. The
8 calculation of the six month Default Service rate for the Small Customer Group is
9 presented in Schedule MMJ-8. As displayed on line (18), the proposed base Default
10 Service rate for the Small Customer Group is 7.280¢ per kilowatt-hour.

11

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

13 A. To the extent that the actual cost of procuring Default Service varies from the amounts
14 billed to customers for the service, Granite State will continue to reconcile the difference
15 through a reconciliation mechanism pursuant to Granite State's Default Service
16 Adjustment Provision contained in its currently effective tariff on the Second Revised
17 Page 87.

18

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

20 A. Consistent with the Commission's rules on the implementation of rate changes, the
21 Company is proposing that these Default Service rates become effective for usage on and
22 after November 1, 2009.

23

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

2 A. Yes. The Company has provided typical bill impacts in Schedule MMJ-9. The effect of
3 the Company's proposal on the monthly bill of a 500 kWh residential default service
4 customer is an increase of \$1.94, or 3.0%, from \$64.01 to \$65.95. In addition, a bill
5 comparison for a Default Service residential customer with an average kilowatt-hour
6 usage of 642, which is the average monthly usage over the 12 months ending August
7 2009, has also been included. The total bill impact of the rates proposed in this filing, as
8 compared to rates in effect today, is a bill increase of \$2.50 or 3.0%, from \$82.80 to
9 \$85.30. For other customers in the Small Customer Group, increases range from 2.8% to
10 4.1% (see pages 1 to 9 of Schedule MMJ-9). For customers in the Large Customer
11 Group who are billed monthly default service rates, the bill impacts from going to the
12 October rate to the proposed November rate are decreases ranging from 4.5% to 5.5%
13 (see pages 10 to 16 of Schedule MMJ-9).

14

15 Q. Has the Company prepared a revised Summary of Rates tariff page reflecting the
16 proposed rates?

17 A. Yes. It is included as Schedule MMJ-10. The Summary of Rates reflects the proposed
18 Default Service rate changes contained in this filing. Upon receiving orders in this
19 proceeding, the Company will file a Fifty-ninth Revised Page 84, Summary of Rates,
20 reflecting the appropriate approved rates.

21

22 Q. Has the Company included the most recent quarterly report of migration information
23 based on monthly migration by customer class and load, as required by the Commission's

1 Order No. 24,715 in Docket No. DE 06-115?

2 A. The quarterly report of customer migration information for the second quarter of calendar
3 year 2009 is included as Schedule MMJ-11.

4
5 **VII. Conclusion**

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

7 A. The Large Customer Group rates proposed in this filing end on January 31, 2010. Per the
8 terms of the Settlement Agreement, Granite State will issue an RFP for the Large
9 Customer Group in late October 2009. For purposes of notice to the Commission, the
10 following table illustrates National Grid's proposed timeline for the next two RFPs:

RFP	October 2009 RFP	February 2010 RFP
RFP Issued	October 30, 2009	February 12, 2010
Indicative Bids Due	December 2, 2009	March 3, 2010
Final Bids Due	December 9, 2009	March 10, 2010
Contract Execution	December 10, 2009	March 11, 2010
Default Service Filing to Commission	December 14, 2009	March 15, 2010
Commission Order Needed	December 18, 2009	March 19, 2010
Service Begins	February 1, 2010	May 1, 2010

11

12 Q. Does this conclude your testimony?

13 A. Yes. It does.

Schedules of
Margaret M. Janzen

Schedules
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Schedule MMJ-11	Quarterly Customer Migration Report

SCHEDULE MMJ – 1

**Default Service RFP
November 1, 2009 through October 31, 2009**

Request For Power Supply Proposals To Provide The Following Services:

Default Service in:
Massachusetts
New Hampshire

For the Period:

November 1, 2009 –
October 31, 2010

August 7, 2009

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, each 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 require 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 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 their residential and commercial customer groups on a staggered basis (securing 50% of their MA Default Service supply for a twelve-month term semi-annually)⁷. The MDTE also ordered electric companies to procure power for the industrial customer group (i.e., larger customers) on a quarterly basis⁸. Additional changes regarding the procurement of MA Default Service may result from the Massachusetts Department of Public Utilities’ (“MDPU”) ⁹, 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 MDPU 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.

1.3 Massachusetts Customer Groups

For the purposes of this solicitation, the Massachusetts customer groups are defined as:

Customer Group	Rate Class
Residential	R-1, R-2, R-4 and R-E
Commercial	G-1 and street lights
Industrial	G-2 and G-3

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-B.

⁸ See Docket D.T.E. 02-40-C.

⁹ Effective April 11, 2007, the MDTE ceased to exist. Two new agencies have been established in its place: The Department of Telecommunications & Cable will handle telecommunications and cable issues and The Department of Public Utilities will handle electric, gas, siting, pipeline, water and transportation issues.



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. 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, 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.

1.5 New Hampshire Customer Groups

For the purposes of this solicitation, the New Hampshire customer groups are defined as:

Customer Group	Rate Class
Small Customer Group	D, D-10, G-3, M, T and V
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") Electric Deregulation page.

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 the small customer group, the residential and small commercial Transition 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.
- ICAP tags as of the last day of the month for each load asset.

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, Class Average Load Shapes and ICAP Tags. 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 17 load blocks:

Load Block	Customer Group	SMD Load Zone	Load Share	Type of Service	Period
A	Industrial	SEMA	100%	MA Default Service	11/01/09 – 01/31/10
B	Industrial	WCMA	100%	MA Default Service	11/01/09 – 01/31/10
C	Industrial	NEMA	100%	MA Default Service	11/01/09 – 01/31/10
D	Commercial	SEMA	50%	MA Default Service	11/01/09 – 04/30/10
E	Commercial	WCMA	50%	MA Default Service	11/01/09 – 04/30/10
F	Commercial	NEMA	50%	MA Default Service	11/01/09 – 04/30/10
G	Residential	SEMA	50%	MA Default Service	11/01/09 – 04/30/10
H	Residential	WCMA	50%	MA Default Service	11/01/09 – 04/30/10
I	Residential	NEMA	50%	MA Default Service	11/01/09 – 04/30/10
J	Commercial	SEMA	50%	MA Default Service	05/01/10 – 10/31/10
K	Commercial	WCMA	50%	MA Default Service	05/01/10 – 10/31/10
L	Commercial	NEMA	50%	MA Default Service	05/01/10 – 10/31/10
M	Residential	SEMA	50%	MA Default Service	05/01/10 – 10/31/10
N	Residential	WCMA	50%	MA Default Service	05/01/10 – 10/31/10
O	Residential	NEMA	50%	MA Default Service	05/01/10 – 10/31/10
P	Large	NH	100%	NH Default Service	11/01/09 – 01/31/10
Q	Small	NH	100%	NH Default Service	11/01/09 – 04/30/10

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 rejected¹⁰.

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 applicable 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 MDPU orders, to establish retail rates for generation service for MA Default Service customers (“Basic Service Rates”). Such Basic Service Rates will reflect National Grid’s purchase costs for such service due to commitments made as a result of this and previous RFPs 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. The retail rates for the residential and commercial customer groups will be uniform across the three SMD Load Zones and will be based on the accepted bids for each customer group in this and previous RFPs. National Grid will file proposed Basic Service Rates with the MDPU 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 MDPU.

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”). 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

¹⁰ 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.



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 (MA and NH only)

Any agreement(s) entered into for the delivery of MA Default Service pursuant to this solicitation will be subject to the MDPU’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 MDPU 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 seventeen (17) 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.

Request for Power Supply Proposals
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Process Step	Date
Issue Request for Proposal	August 7, 2009
Submit Respondent Proposal Information and Proposed Agreement Modifications	August 28, 2009– 5pm EPT
Submit Indicative Pricing	September 2, 2009– 10am EPT
Submit Final Pricing	September 9, 2009– 10am EPT
Execute Agreements and Submit solicitation process summary, Agreements and retail rates to MDPU and NHPUC, as applicable	No later than three business days after receipt of all executed agreements.
MDPU 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	November 1, 2009 or May 1, 2010

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

Mr. John D. Warshaw
Electric Supply & Distributed Generation
National Grid
25 Research Drive
Westborough, MA 01582
(508) 389-3526
(508) 389-3606 (fax)
e-mail: john.warshaw@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, August 28, 2009. Upon receipt, National Grid will evaluate each 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, September 2, 2009 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, September 9, 2009 at the above address. National Grid requests final pricing be valid until 3:00 p.m... 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 MDPU 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 MDPU will have five business days to review the results of National Grid's solicitation for Default Service. If the MDPU 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(s) 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 John D. Warshaw 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 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 MDPU 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	Load Block
Nantucket	SEMA	10466	NANT-DEF SVC-RCG LOAD	G,M
Nantucket	SEMA	10467	NANT-DEF SVC-CCG LOAD	D,J
Nantucket	SEMA	10021	NANT-DEF SVC-ICG LOAD	A
MECo	SEMA	7601	DEF SVC-MECO-RCG LOAD_4006	G, M
MECo	WCMA	7703	DEF SVC-MECO-RCG LOAD_4007	H,N
MECo	NEMA	7803	DEF SVC-MECO-RCG LOAD_4008	I,O
MECo	SEMA	7603	DEF SVC-MECO-CCG LOAD_4006	D,J
MECo	WCMA	7705	DEF SVC-MECO-CCG LOAD_4007	E,K
MECo	NEMA	7805	DEF SVC-MECO-CCG LOAD_4008	F,L
MECo	SEMA	7605	DEF SVC-MECO-ICG LOAD_4006	A
MECo	WCMA	7707	DEF SVC-MECO-ICG LOAD_4007	B
MECo	NEMA	7807	DEF SVC-MECO-ICG LOAD_4008	C
GSECo	NH	11437	GSECO-DEF SVC LARGE CG LOAD	P
GSECo	NH	11436	GSECO-DEF SVC SMALL CG LOAD	Q

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 ("MA-RPS")

The Massachusetts Act requires the Massachusetts Division of Energy Resources ("DOER") to establish renewable energy portfolio standards for all retail electricity suppliers selling electricity to end-use consumers in the Commonwealth¹¹.

The standards are:

RPS Class I consists of new renewable generators that began operation after December 31, 1997.

RPS Class II Renewable Generation consists of renewable generators that began operation on or before December 31, 1997.

RPS Class II Waste Energy Generation consists of waste to energy generators that began operation on or before December 31, 1997.

APS Alternative Energy Generation consists of qualifying alternative generation units that began operation after January 1, 2008.

¹¹ The Electric Restructuring Act of 1997 was modified by the Green Communities Act of 2008. .



The renewable requirements as a percent of sales are divided into four separate classes and summarized below:

Year	Class I	Class II Renewable	Class II Waste	APS	Total
2009	4.0	3.6	3.5	1.0	12.1
2010	5.0	3.6	3.5	1.5	13.6

National Grid requests Respondents to separately bid the cost of MA RPS compliance equivalent to 12.1% in 2009 and 13.6% in 2010. National Grid will have the option to select bids that include or exclude the MA-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. In each monthly invoice for a service that includes the RPS component, National Grid will take a credit equal to the product of the RPS obligation and the Alternative Compliance Payment. Once a Supplier delivers the required number of NEPOOL GIS Certificates, the credit will be returned to the Supplier.

4.6 Implementation of the New Hampshire Renewable Portfolio Standards (“NH-RPS”)

In 2007 the State of New Hampshire enacted an Electric Renewable Portfolio Standards law (“NH-RPS Law”) (RSA 362-F) to foster the development of renewable energy sources to meet New Hampshire’s energy needs. The NH-RPS Law requires all retail electricity suppliers to source a minimum portion of their energy needs from a portfolio of renewable energy resources. On June 2, 2008, the New NHPUC issued final rules (Chapter PUC 2500) implementing the NH-RPS Law. These rules can be found at:

<http://www.puc.state.nh.us/Regulatory/Rules/Puc2500.pdf>

These rules require National Grid to demonstrate that a portion of its electricity sales in 2009 are supplied from a mix of renewable energy generation sources. They are:

Class I consists of new renewable generators that began operation after January 1, 2006).

Class II consists of new generators utilizing solar technologies.

Class III consists of existing generators utilizing: 1) biomass technologies with a gross nameplate capacity of 25 MW or less; and 2) methane gas.

Class IV consists of existing qualifying small hydroelectric generators with a gross nameplate capacity of 5 MW or less.

The renewable requirements as a percent of sales are divided into 4 separate classes and summarized below:



Year	Class I	Class II	Class III	Class IV	Total
2009	0.5	0.0	4.5	1.0	6.0
2010	1.0	0.04	5.5	1.0	7.54

National Grid requests Respondents to separately bid the cost of NH-RPS compliance equivalent to 6.0% in 2009 and 7.54% in 2010. National Grid will have the option to select bids that include or exclude the NH-RPS component.

If National Grid accepts bids with the NH-RPS components, 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 NH-RPS rules. Respondents may propose alternate methods for demonstrating compliance. In each monthly invoice for a service that includes the NH-RPS component, National Grid will take a credit equal to the product of the NH-RPS obligation and the applicable Alternative Compliance Payment. Once a Supplier delivers the required number of NEPOOL GIS Certificates, the credit will be returned to the Supplier.

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 John D. Warshaw 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 Q), a price which includes all costs. Should National Grid select this option, (1) suppliers would be responsible for all costs including capacity market charges and (2) Suppliers would not be responsible for supplying the RPS component.
- **MA-RPS Compliance:** Price, on a separate \$ per MWh basis in 2009 and 2010, for Supplier to provide the MA-RPS component for Load Blocks A through O. Should National Grid select this option, the MA-RPS Compliance Bid price would be added to the All-Inclusive Bid price and the Supplier would provide the applicable quantity of NEPOOL GIS Certificates (see Section 4.5).
- **NH-RPS Compliance:** Price, on a separate \$ per MWh basis in 2009 and 2010, for Supplier to provide the required NH-RPS component for Load Blocks P and Q. Should National Grid select this option, the NH-RPS Compliance Bid prices would be added to either the All-Inclusive or Pass-Through Bid price and the Supplier would provide the applicable quantity of NEPOOL GIS Certificates (see Section 4.7).

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 any changes to the proposed terms, such request must be presented to National Grid with its Proposal Information by August 28, 2009.

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 and maintain all necessary regulatory approvals required to enable it to provide the applicable service; such approvals must be obtained prior to November 1, 2009 or May 1, 2010, as applicable.

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 shall only be provided when a Supplier establishes a Windows or Unix file server with capability of sending and receiving File Transfer Protocol (“FTP”), files with Pretty Good Privacy (“PGP”), Encryption/Decryption, and (ii) verifies its ability to transfer files to and receive files from National Grid at least fourteen (14) days prior to the day on which a Supplier desires to commence electronic receipt.

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 Master 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. As reflected in the attached proposed Master Power Supply Agreements (Appendices B and C to this RFP), National Grid will require Supplier(s) to provide some form of security when entering into a Confirmation. The security arrangement will be based on the expected volume of load for the bid block and a mark-to-market margining clause. As forward market prices change, the Supplier(s) will be required to post security for those incremental changes. Additionally, Suppliers that are rated at or below BBB-/Baa3 will be required to post an Independent Amount equal to 10% of the notional value of each Load Block awarded. The Supplier(s) shall provide security in one of the following forms:

- Unsecured line of credit for a rated counterparty
- Parental Guaranty
- Letter of Credit
- Cash deposit with National Grid

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	<p>Service to customers is initiated by:</p> <ul style="list-style-type: none"> 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	<p>Note: Historic customer count data and historical hourly load profiles are available at National Grid’s procurement web site:</p> <p style="text-align: center;">http://www.nationalgridus.com/energysupply/</p>

APPENDIX B

PROPOSED MASSACHUSETTS MASTER POWER SUPPLY AGREEMENT

APPENDIX C

PROPOSED NEW HAMPSHIRE MASTER POWER SUPPLY AGREEMENT

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>	
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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

<p>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.</p>	
<p>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.</p>	
<p>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.</p>	

6. SCOPE OF BID AND TERMS OF SALE

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

RESPONDENT: _____

7. Proposed Pricing
(Respondent required to use bidding spreadsheet included on procurement web site)

Massachusetts Default Service

Bid Block	SMD Zone	Customer Group	Period		Monthly Pricing - \$/MWh (all inclusive - without RPS Component)					
			From	To	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10
A	SEMA	Industrial	01-Nov-09	31-Jan-10						
B	WCMA	Industrial	01-Nov-09	31-Jan-10						
C	NEMA	Industrial	01-Nov-09	31-Jan-10						
D	SEMA	Commercial	01-Nov-09	30-Apr-10						
E	WCMA	Commercial	01-Nov-09	30-Apr-10						
F	NEMA	Commercial	01-Nov-09	30-Apr-10						
G	SEMA	Residential	01-Nov-09	30-Apr-10						
H	WCMA	Residential	01-Nov-09	30-Apr-10						
I	NEMA	Residential	01-Nov-09	30-Apr-10						
					May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10
J	SEMA	Commercial	01-May-10	31-Oct-10						
K	WCMA	Commercial	01-May-10	31-Oct-10						
L	NEMA	Commercial	01-May-10	31-Oct-10						
M	SEMA	Residential	01-May-10	31-Oct-10						
M	WCMA	Residential	01-May-10	31-Oct-10						
O	NEMA	Residential	01-May-10	31-Oct-10						
MA-RPS Compliance Adder			2009		\$/MWh					
MA-RPS Compliance Adder			2010		\$/MWh					

New Hampshire Default Service

Bid Block	SMD Zone	Customer Group	Period		Monthly Pricing - \$/MWh (all inclusive - without RPS Component)					
			From	To	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10
P	NH	Large	01-Nov-09	31-Jan-10						
Q	NH	Small	01-Nov-09	30-Apr-10						
NH RPS Compliance Adder			2009		\$/MWh					
NH RPS Compliance Adder			2010		\$/MWh					

SCHEDULE MMJ – 2

Default Service Procurement Summary

**NATIONAL GRID
DEFAULT SERVICE PROCUREMENT SUMMARY
FOR THE PERIOD
NOVEMBER 2009 – OCTOBER 2010**

RFP Issued

National Grid issued its Request for Power Supply Proposals (“RFP”) on August 7, 2009 directly to over [REDACTED] suppliers for the service period November 2009 through October 2010.

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.

National Grid’s RFP requested all-inclusive pricing for all blocks:

- 100% of the New Hampshire Large Customer Group Default Service requirements for the period November 2009 through January 2010;
- 100% of the New Hampshire Small Customer Group Default Service requirements for the period November 2009 through April 2010;
- 100% of the Massachusetts Industrial Customer Group Default Service requirements for the period November 2009 through January 2010;
- 50% of the Massachusetts Residential and Commercial Customer Groups Default Service requirements for the period November 2009 through October 2010;

These requirements were divided into 17 distinct load blocks. A description of each load block is provided in Attachment 1.

**Key RFP
Dates**

The RFP was issued on August 7, 2009.

Supplier information was received on August 28, 2009.

Indicative bids were received on September 2, 2009.

Final bids were received on September 9, 2009.

Contract Submissions

Most potential bidders had previously executed Master Power Agreements with National Grid. Each winning bidder agreed to an Amendment to the Master Power Agreement, which consisted of new credit terms and renewable portfolio provisions.

National Grid was able to resolve all outstanding issues with the winning bidders prior to receipt of executed agreements. National Grid did not shift risks or obligations to its customers from those contained in its proposed agreements

Indicative Bids

Indicative bids were received on September 2, 2009 from [REDACTED] bidders.

The indicative bids were evaluated and ranked (see Attachments 2 and 3). Indicative pricing was used only to determine current market prices, to prepare an initial ranking of bids and to identify any bidding anomalies. The Massachusetts 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 August 31, 2009. For New Hampshire, 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 December 31, 2007.

The lowest indicative bids for each load block were compared to National Grid's estimate of expected indicative bids. Our methodology builds up the expected bid prices from the historical relationship of the bid price to all market components that comprise the bid price (see Attachment 4). This method utilizes a detailed on-peak & off-peak calculation and will incorporate all bid components: energy, capacity, and ancillary services (including SEMA NCPC).

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

[REDACTED]

[REDACTED]

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 Purchase Power Agreement; 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 New Hampshire indicative bids were shared with staff of the New Hampshire Public Utilities Commission ("NHPUC") on September 3, 2009. The expected indicative bids provided that day are slightly different from the prices in Attachments 2 and 3 because August 2009 load data was added to our model after the indicative bids were received.

The results of the Massachusetts final bids were shared with staff of the Massachusetts Department of Public Utilities ("MADPU") on September 10, 2009.

Final Bids

Final bids were received on September 9, 2009 from [REDACTED] bidders. The final bids were evaluated and ranked (see Attachments 5 and 6). The retail prices for Massachusetts in Attachment 6 were calculated by adjusting the wholesale prices in Attachment 5 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending August 31, 2009. For New Hampshire, the retail prices in Attachment 6 were calculated by adjusting the wholesale prices in Attachment 5 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending December 31, 2007.

A summary of the number of conforming bids per block is provided

[REDACTED] in the following table:

Block - # Bids	Block - # Bids	Block - # Bids
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Analysis and Award

The lowest final bids for each load block were compared to National Grid’s estimate of expected bids based on the methodology described above (see Indicative Bids). The calculations of these expected prices can be found in Attachment 7.



Attachment 8 provides a summary of the winning supplier for each block as well as the basis for the award. Attachment 9 provides a bidder key to help identify bidders.

Renewable Portfolio Standard

The Massachusetts load covered by this RFP is subject to the following New Renewable Portfolio Standard (“RPS”) requirement:

RPS Obligations	2009 % of Load	2010 % of Load
RPS Class I New	4.0%	5.0%
RPS Class II Existing	3.6%	3.6%
RPS Class II Waste to Energy	3.5%	3.5%
APS Resource	1.0%	1.5%
Total	12.1%	13.60%

National Grid evaluated the cost of obtaining the RPS certificates associated with the load requirements from the bidders versus the current market price for RPS certificates. The following is a summary of the market prices used by National Grid:

RPS Certificate	2009 Market Price	2010 Market Price
RPS Class I New	\$30.67	\$35.17
RPS Class II Existing	\$21.00	\$23.00

RPS Class II Waste to Energy	\$10.00	\$10.40
APS Resource	\$20.00	\$20.80

Since there were no market prices for RPS Class II Waste to Energy or APS resources, National Grid used the applicable ACP price instead. Attachment 10 provides an analysis of the proposed RPS cost adders contained in the final bids. Because the prices from the winning bidders were higher than National Grid’s estimate of the market cost for RECs, National Grid did not include the RPS adders in the final purchase prices. Consistent with its RPS Compliance Plan that was filed with the Department on November 1, 2002, National Grid will attempt to procure these requirements through separate solicitations or by payment of the ACP.

National Grid estimated the costs to comply with the RPS and APS obligations by utilizing the applicable market price or ACP obligation percentages as specified in the RPS and APS regulations. Attachment 11 provides a calculation of the cost adder to include these costs.

New Hampshire Renewable Energy Portfolio Standard

The New Hampshire load covered by this RFP is subject the following Renewable Portfolio Standard (“RPS”) requirement:

RPS Obligations	2009 % of Load	2010 % of Load
RPS Class I	0.50%	1.00%
RPS Class II	0.00%	0.04%
RPS Class III	4.50%	5.50%
RPS Class IV	1.00%	1.00%
Total	6.00%	7.54%

National Grid evaluated the cost of obtaining the NH-RPS certificates associated with the load requirements from the bidders versus making an ACP for the load. As shown in Attachment 10, the prices from the winning bidders were higher than National Grid’s estimate of the market cost for RECs. Therefore National Grid did not include the RPS adders in the final purchase prices. National Grid will instead attempt to purchase NH-RPS certificates through a separate solicitation at a later date.

Retail Rate

The expected retail rates, excluding administrative cost adders, were based on the winning wholesale. For the Massachusetts residential and commercial customers, the rates reflect a blending of two procurements. For the Massachusetts Industrial Customer Group and the New Hampshire Large Customer group, the rates reflect the costs

of the current procurement and are not blended with costs incurred in other procurements.

The Massachusetts 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 August 31, 2009. For New Hampshire, the retail prices in Attachment 6 were calculated by adjusting the wholesale prices in Attachment 5 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending December 31, 2007.

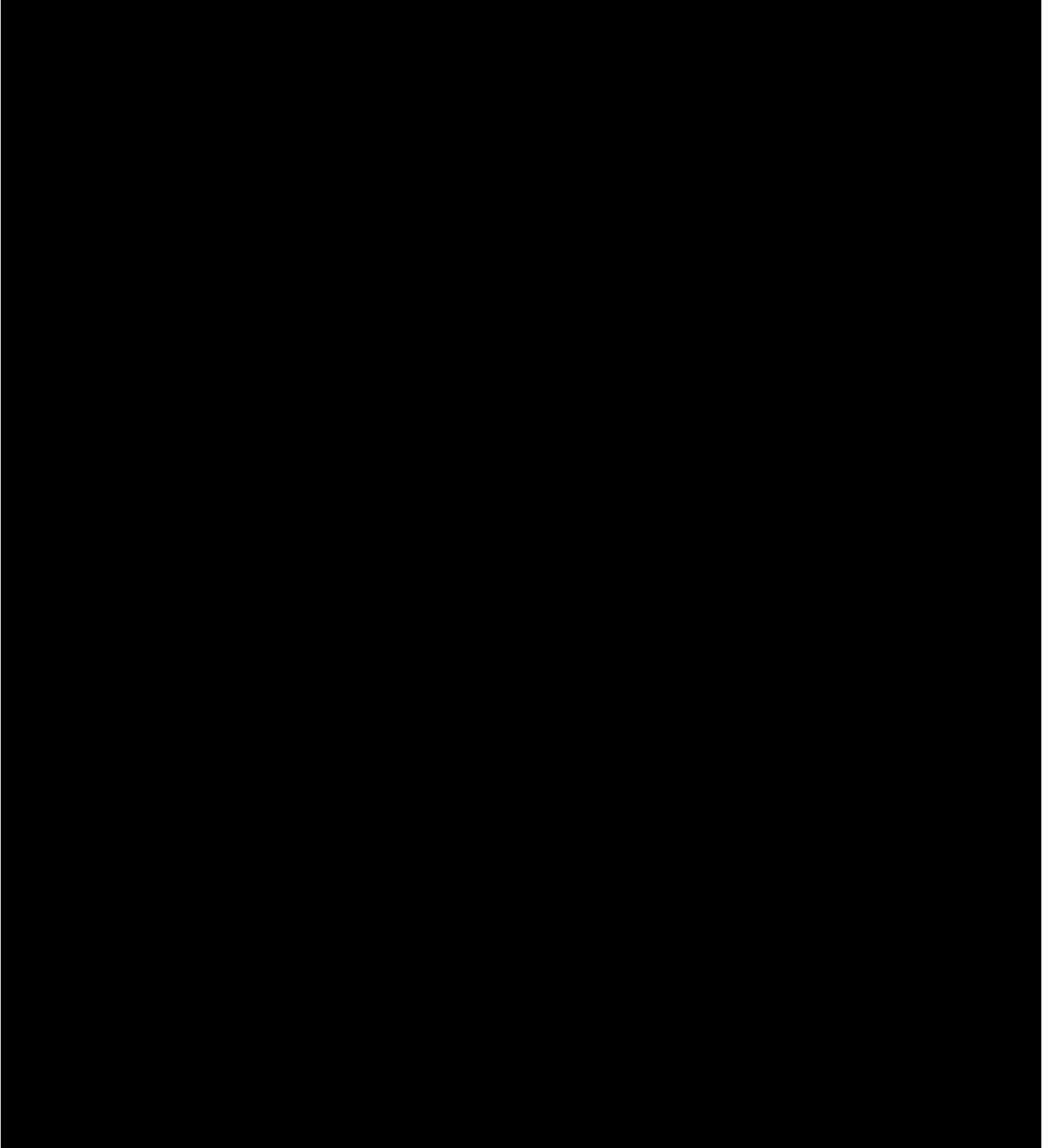
For Massachusetts Default Service retail rates, the retail rates were adjusted to include the average cost of RPS certificates that could be purchased in the open market.

A summary of the final retail rates for each block is provided in Attachment 12.

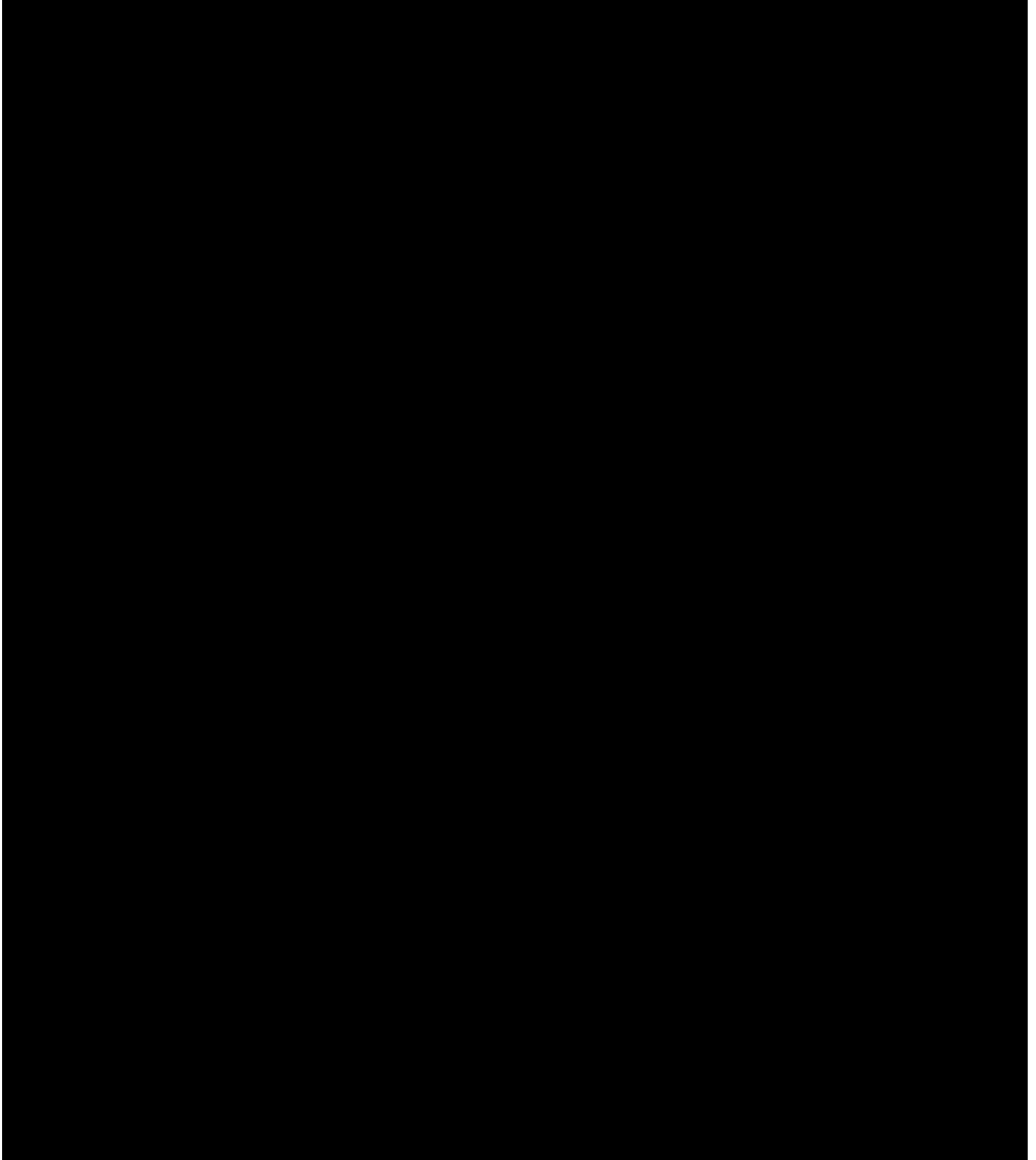
ATTACHMENT 1
LOAD BLOCK DESCRIPTIONS

Load Block	Customer Group	SMD Load Zone	Load Share	Type of Service	Period
A	Industrial	SEMA	100%	MA Default Service	11/01/09 – 01/31/10
B	Industrial	WCMA	100%	MA Default Service	11/01/09 – 01/31/10
C	Industrial	NEMA	100%	MA Default Service	11/01/09 – 01/31/10
D	Commercial	SEMA	50%	MA Default Service	11/01/09 – 04/30/10
E	Commercial	WCMA	50%	MA Default Service	11/01/09 – 04/30/10
F	Commercial	NEMA	50%	MA Default Service	11/01/09 – 04/30/10
G	Residential	SEMA	50%	MA Default Service	11/01/09 – 04/30/10
H	Residential	WCMA	50%	MA Default Service	11/01/09 – 04/30/10
I	Residential	NEMA	50%	MA Default Service	11/01/09 – 04/30/10
J	Commercial	SEMA	50%	MA Default Service	05/01/10 – 10/31/10
K	Commercial	WCMA	50%	MA Default Service	05/01/10 – 10/31/10
L	Commercial	NEMA	50%	MA Default Service	05/01/10 – 10/31/10
M	Residential	SEMA	50%	MA Default Service	05/01/10 – 10/31/10
N	Residential	WCMA	50%	MA Default Service	05/01/10 – 10/31/10
O	Residential	NEMA	50%	MA Default Service	05/01/10 – 10/31/10
P	Large	NH	100%	NH Default Service	11/01/09 – 01/31/10
Q	Small	NH	100%	NH Default Service	11/01/09 – 04/30/10

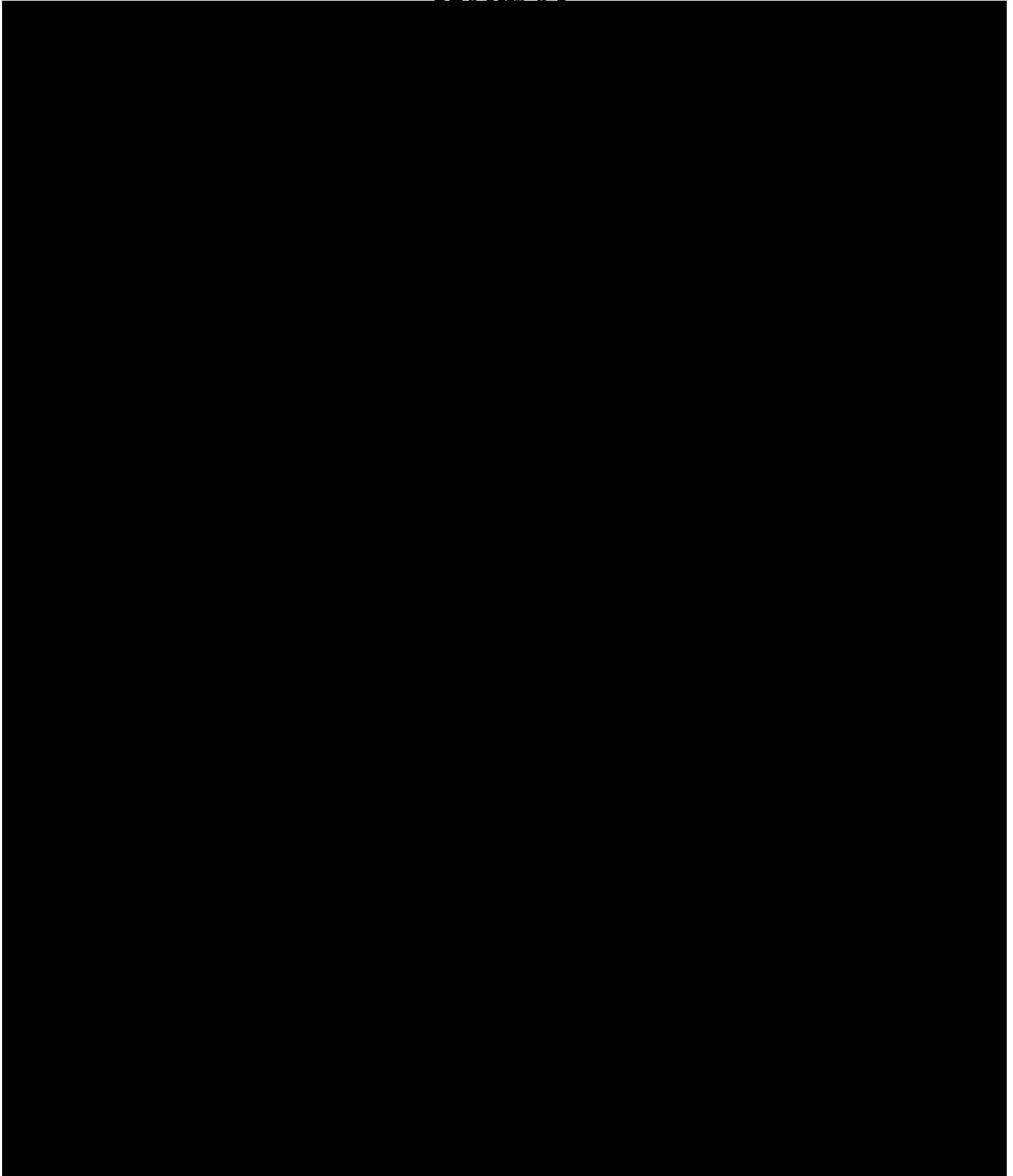
ATTACHMENT 2
INDICATIVE BID RANKING AT WHOLESALE
BLOCKS A – C



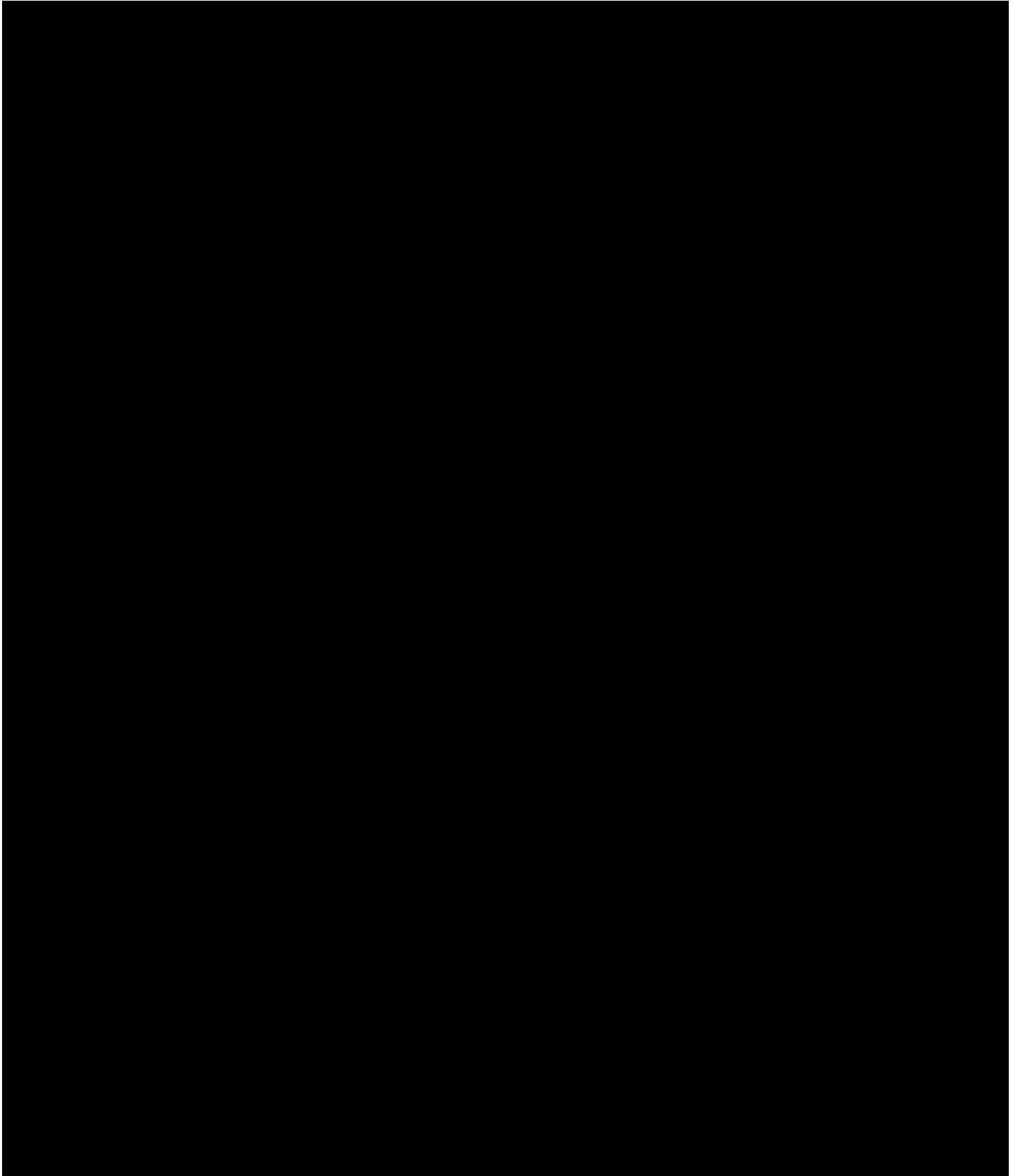
ATTACHMENT 2
INDICATIVE BID RANKING AT WHOLESALE
BLOCKS D-F



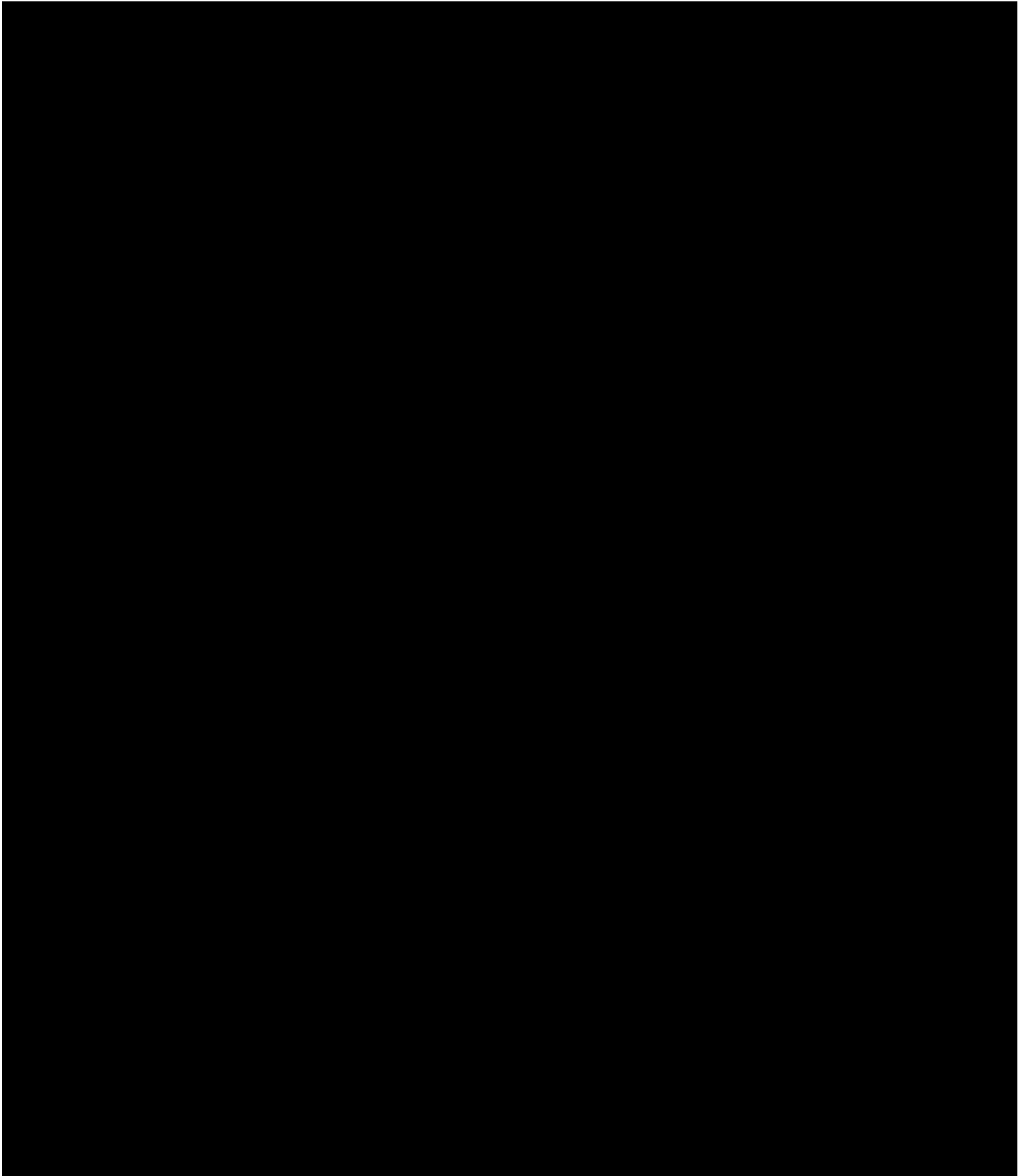
**ATTACHMENT 2
INDICATIVE BID RANKING AT WHOLESALE
BLOCKS G-I**



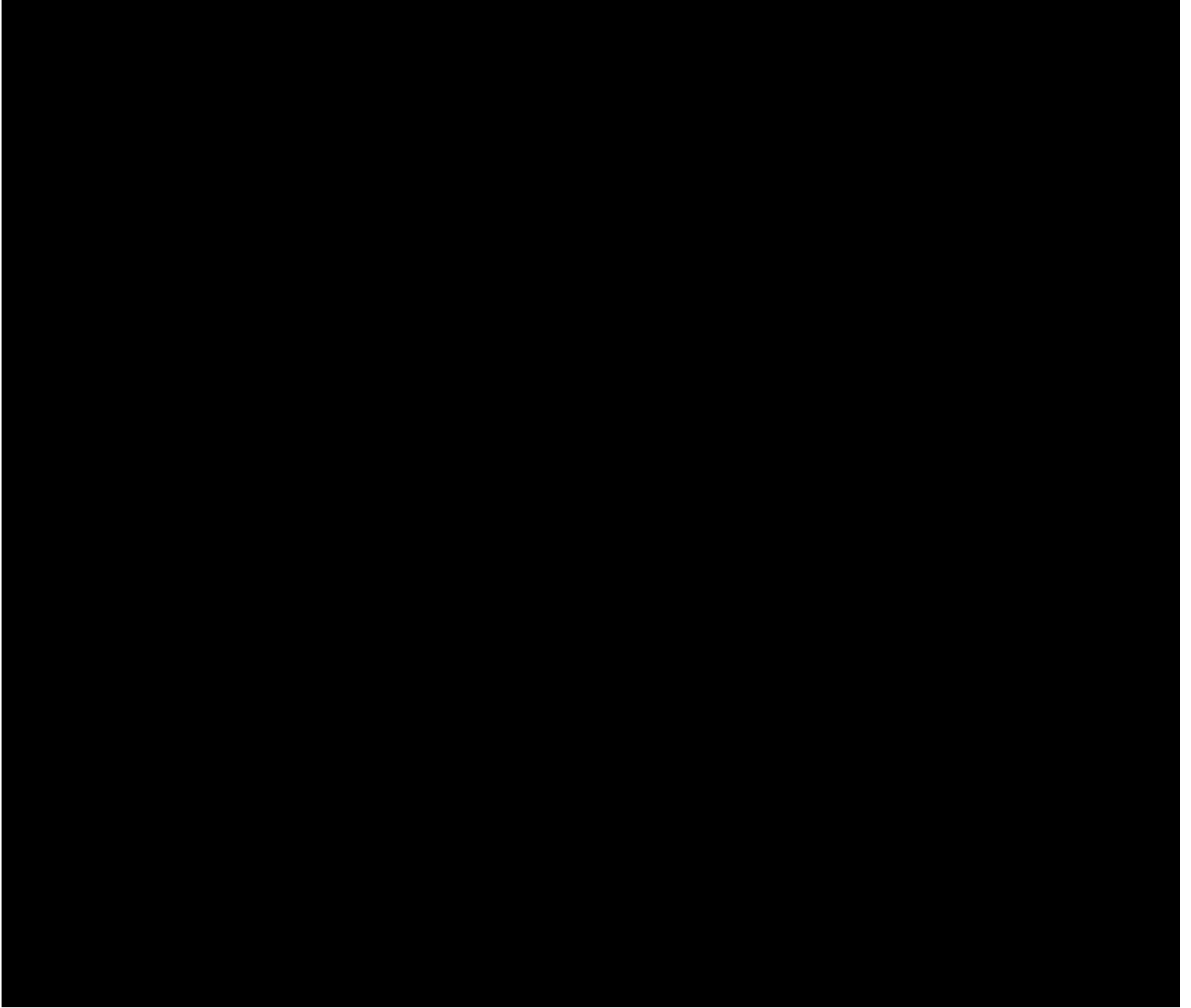
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INDICATIVE BID RANKING AT WHOLESALE**



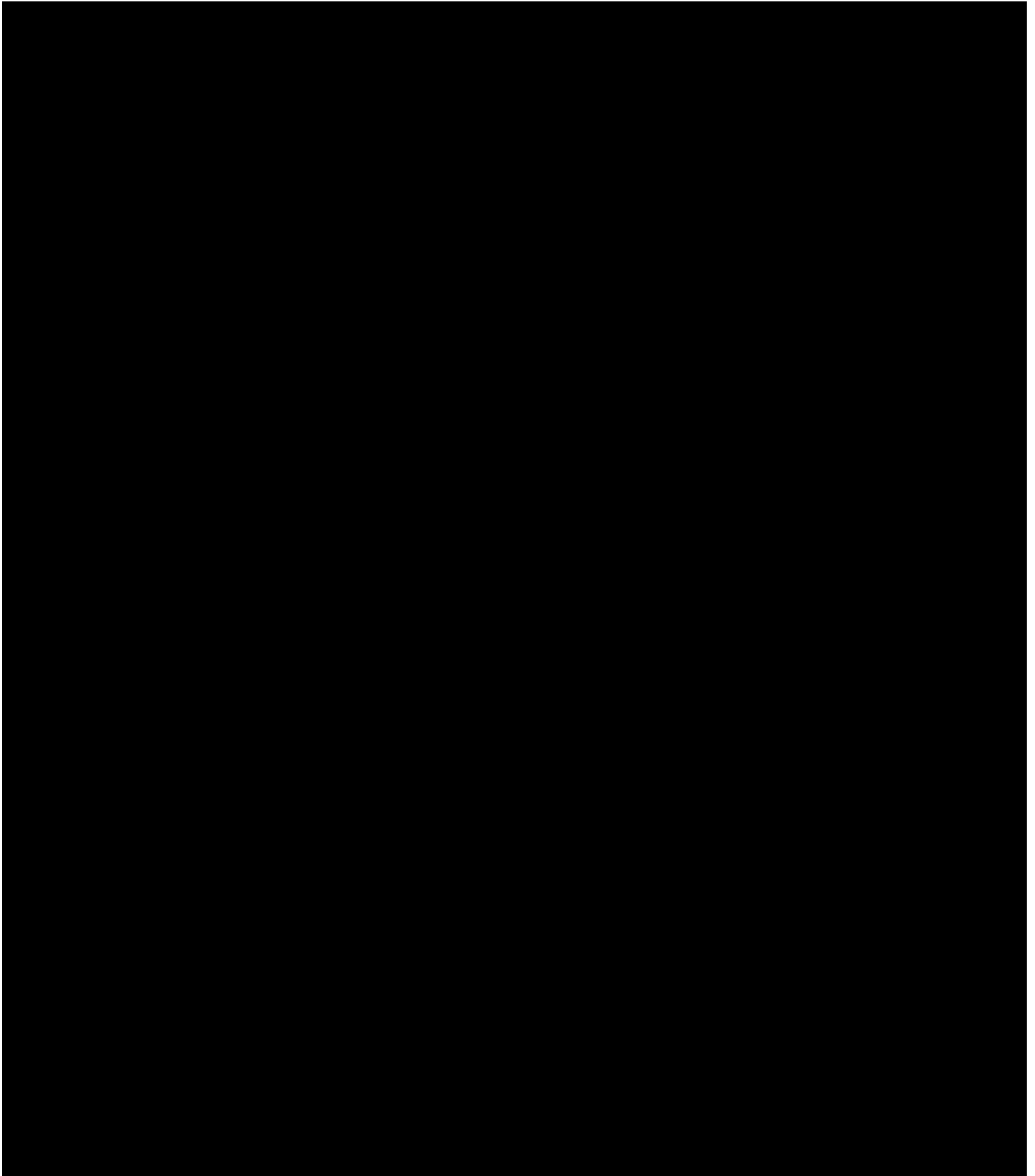
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INDICATIVE BID RANKING AT WHOLESALE**



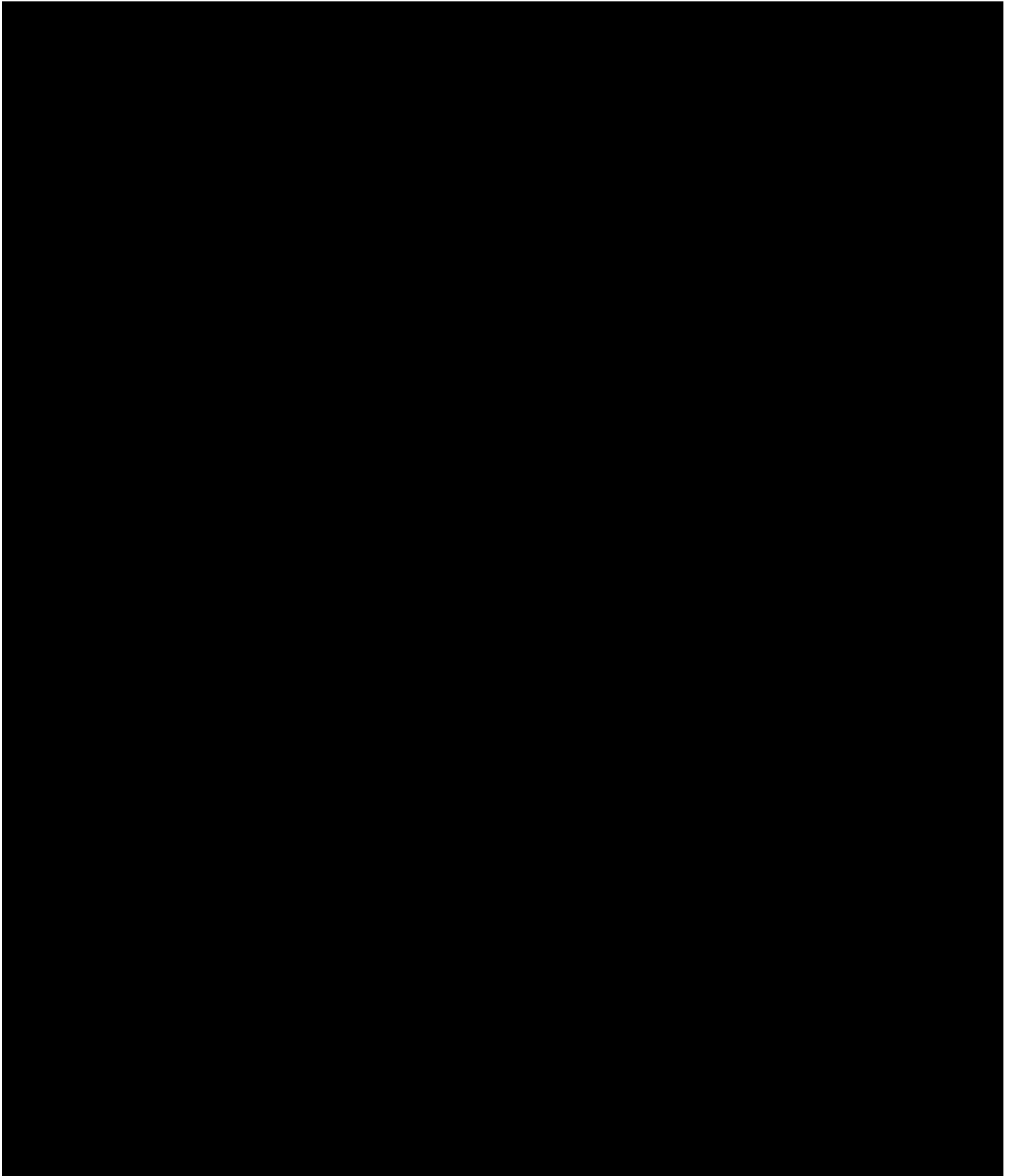
ATTACHMENT 2
INDICATIVE BID RANKING AT WHOLESALE
BLOCKS P&Q



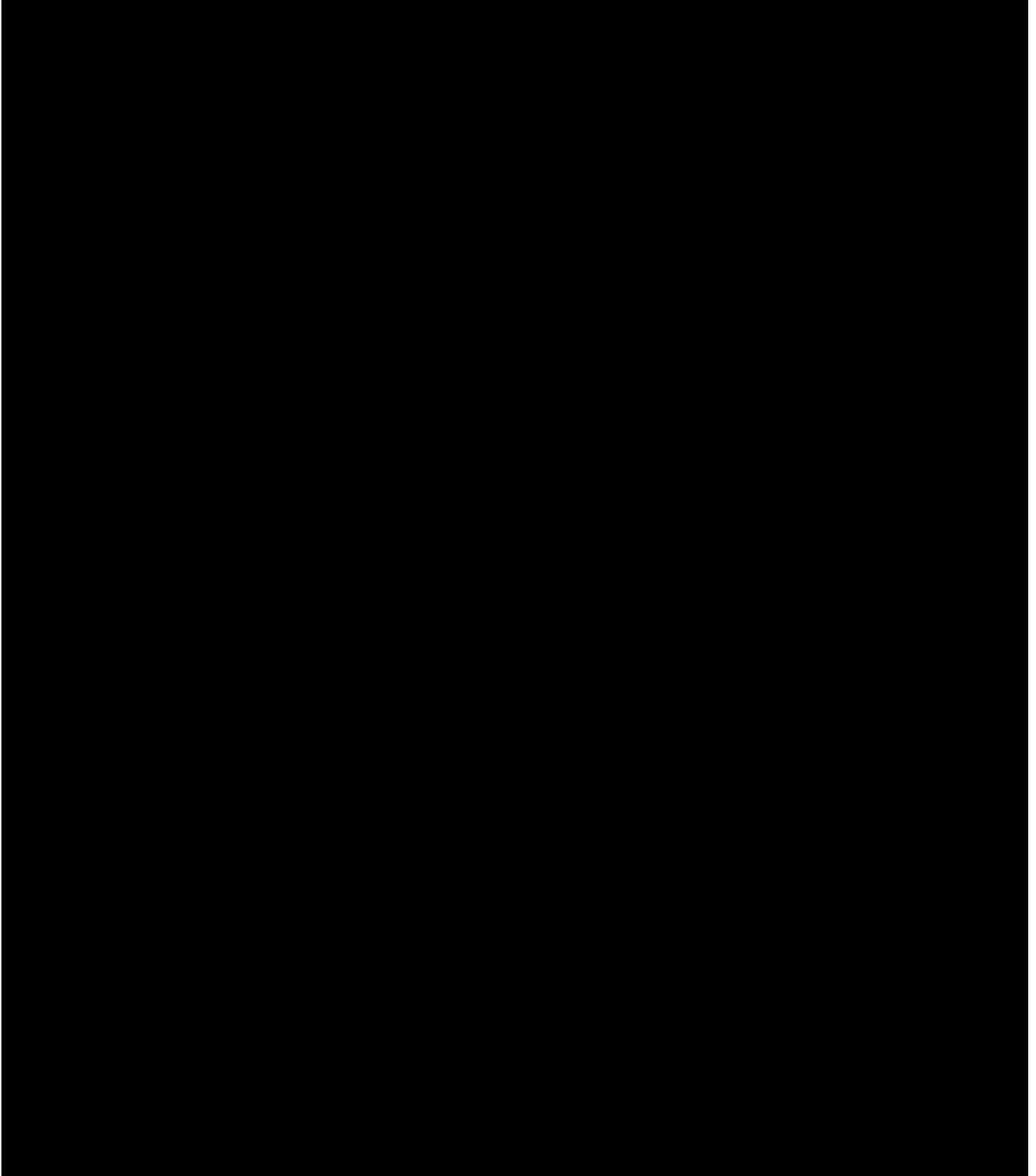
ATTACHMENT 3
INDICATIVE BID RANKING AT RETAIL
BLOCKS A -C



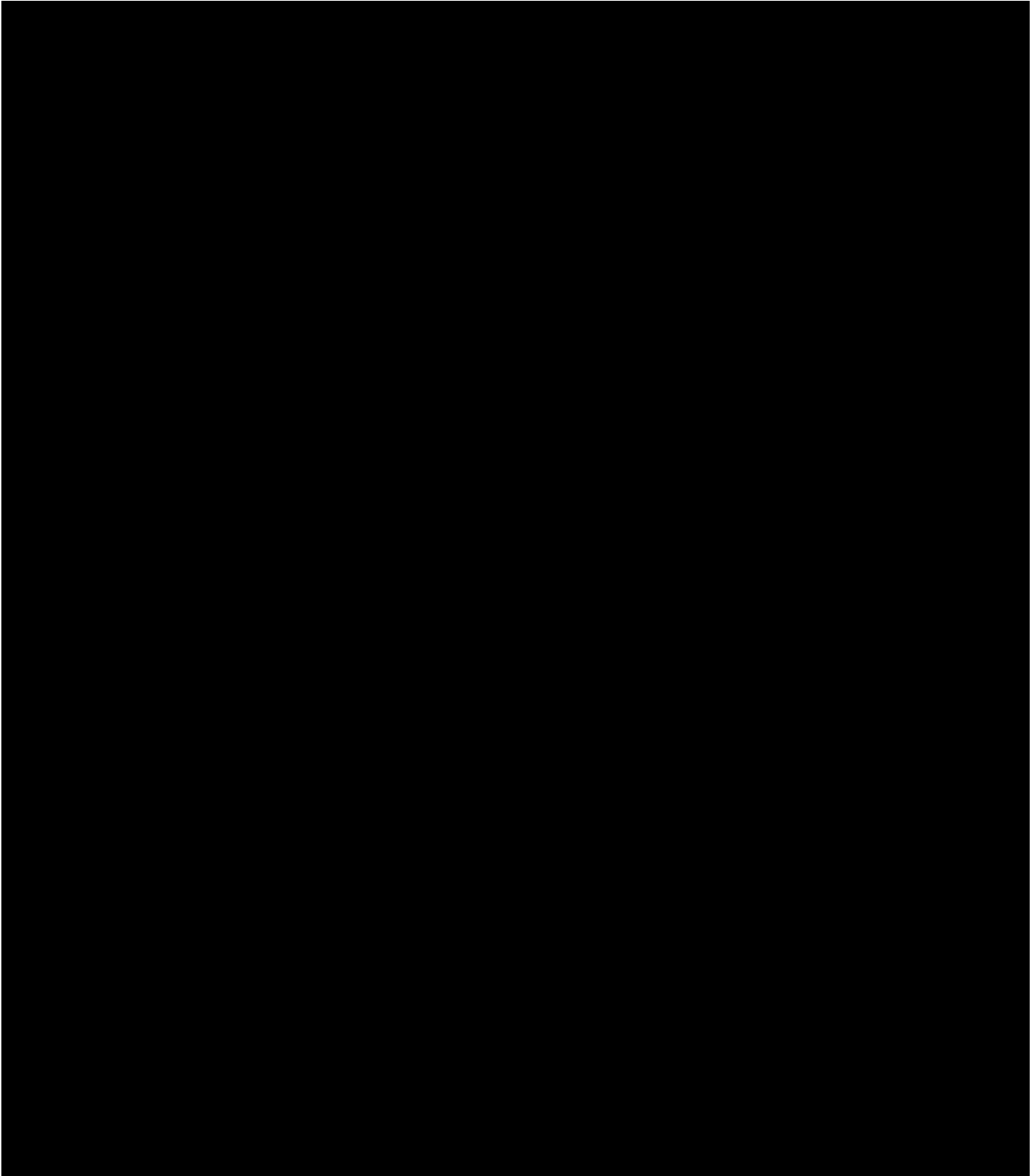
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INDICATIVE BID RANKING AT RETAIL**



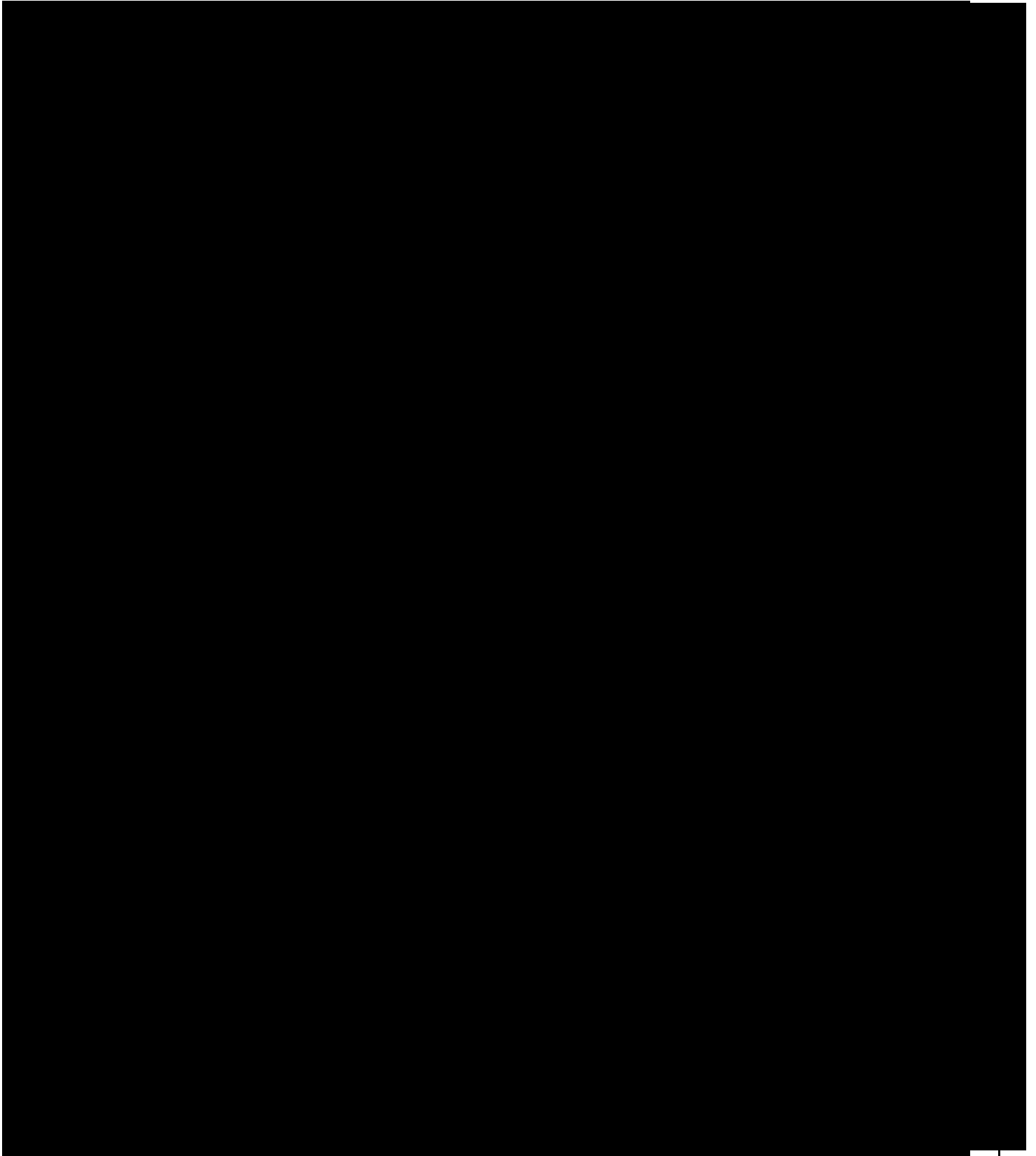
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INDICATIVE BID RANKING AT RETAIL**



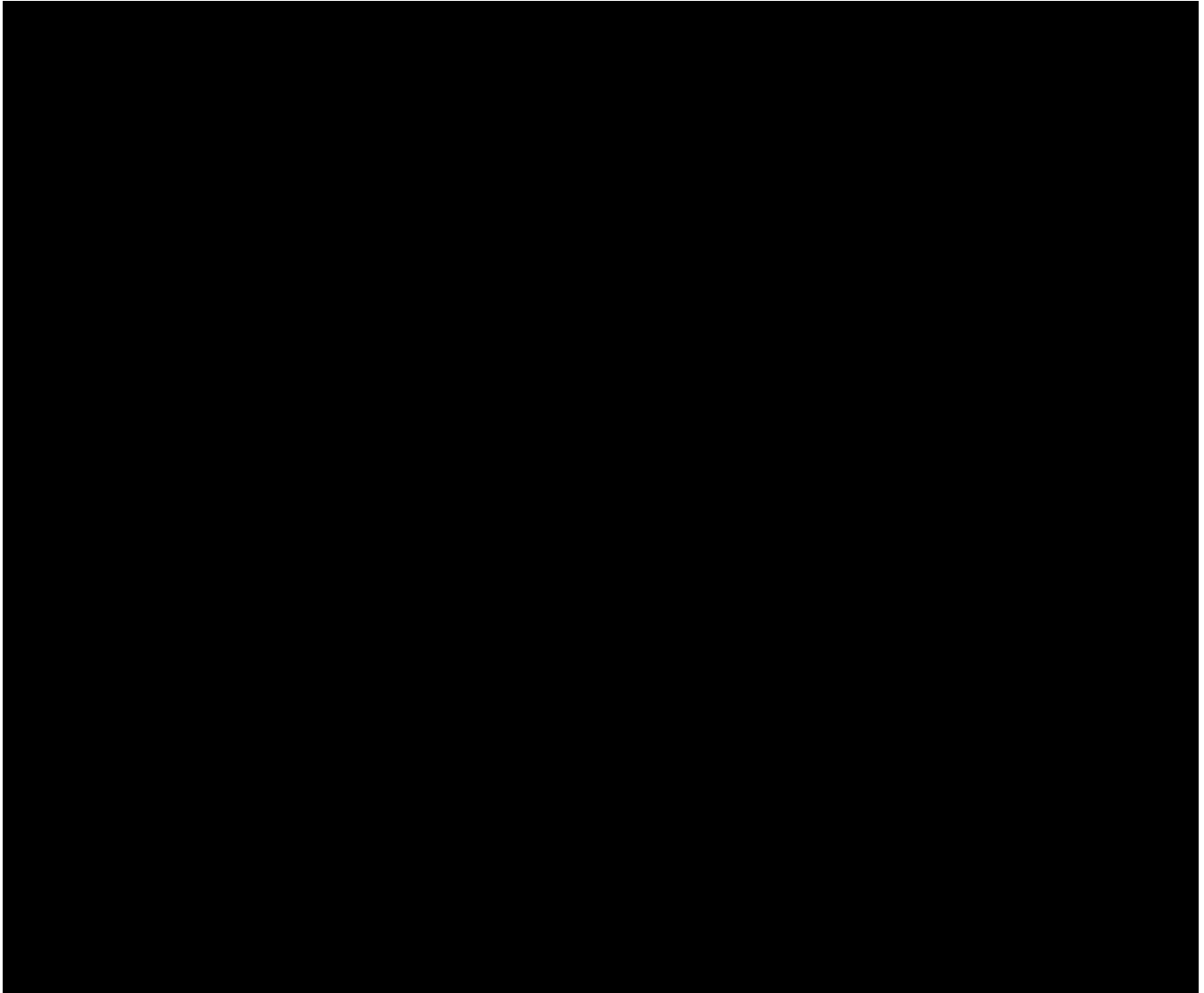
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INDICATIVE BID RANKING AT RETAIL**



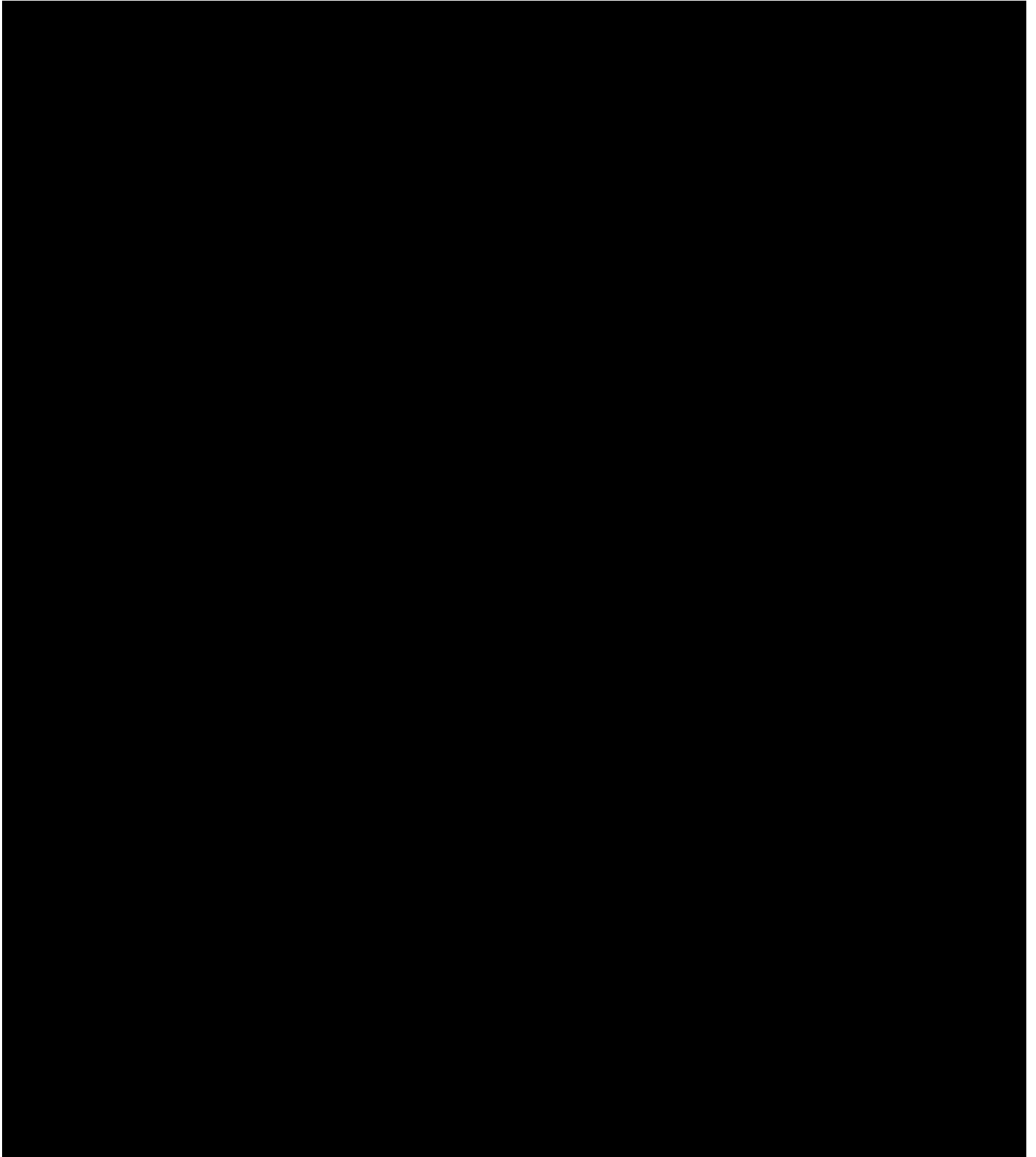
**ATTACHMENT 3
INDICATIVE BID RANKING AT RETAIL**



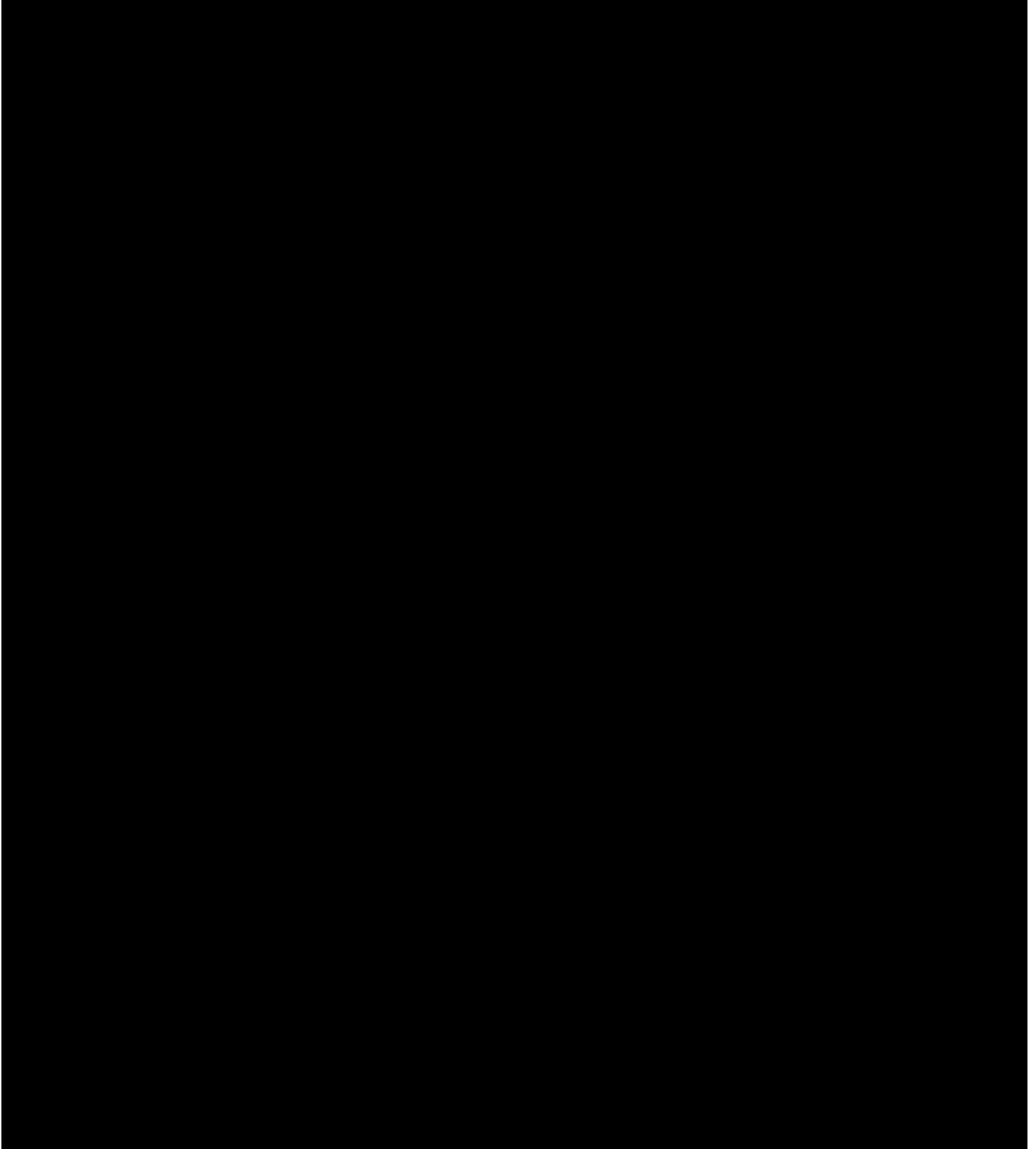
**ATTACHMENT 3
INDICATIVE BID RANKING AT RETAIL**



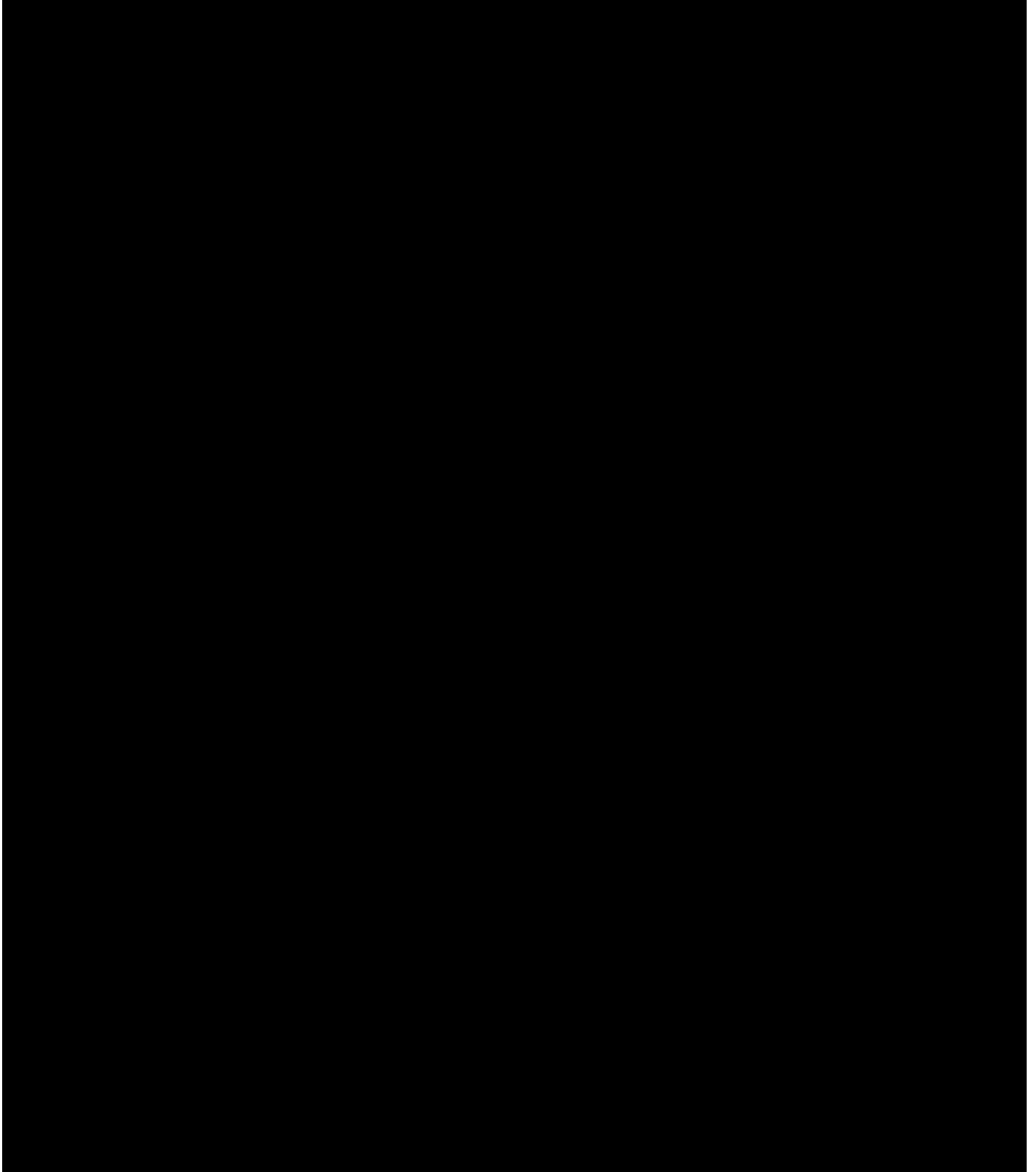
**ATTACHMENT 4
ESTIMATED INDICATIVE PRICES
FORECAST BASED ON NYMEX ELECTRICITY FUTURES**



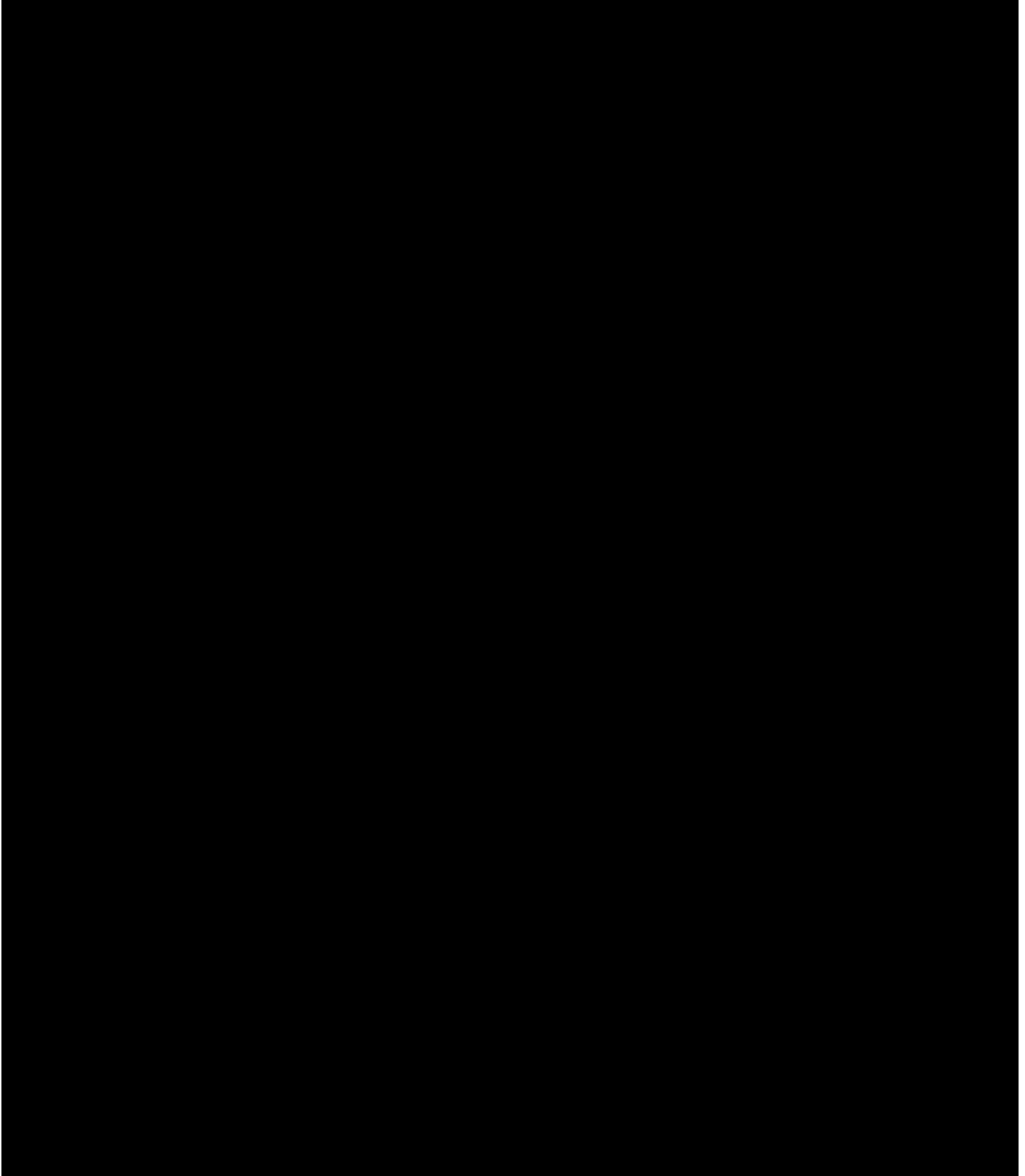
ATTACHMENT 5
FINAL BID RANKING AT WHOLESALE
WITHOUT RPS (\$/MWh)
BLOCKS A – C



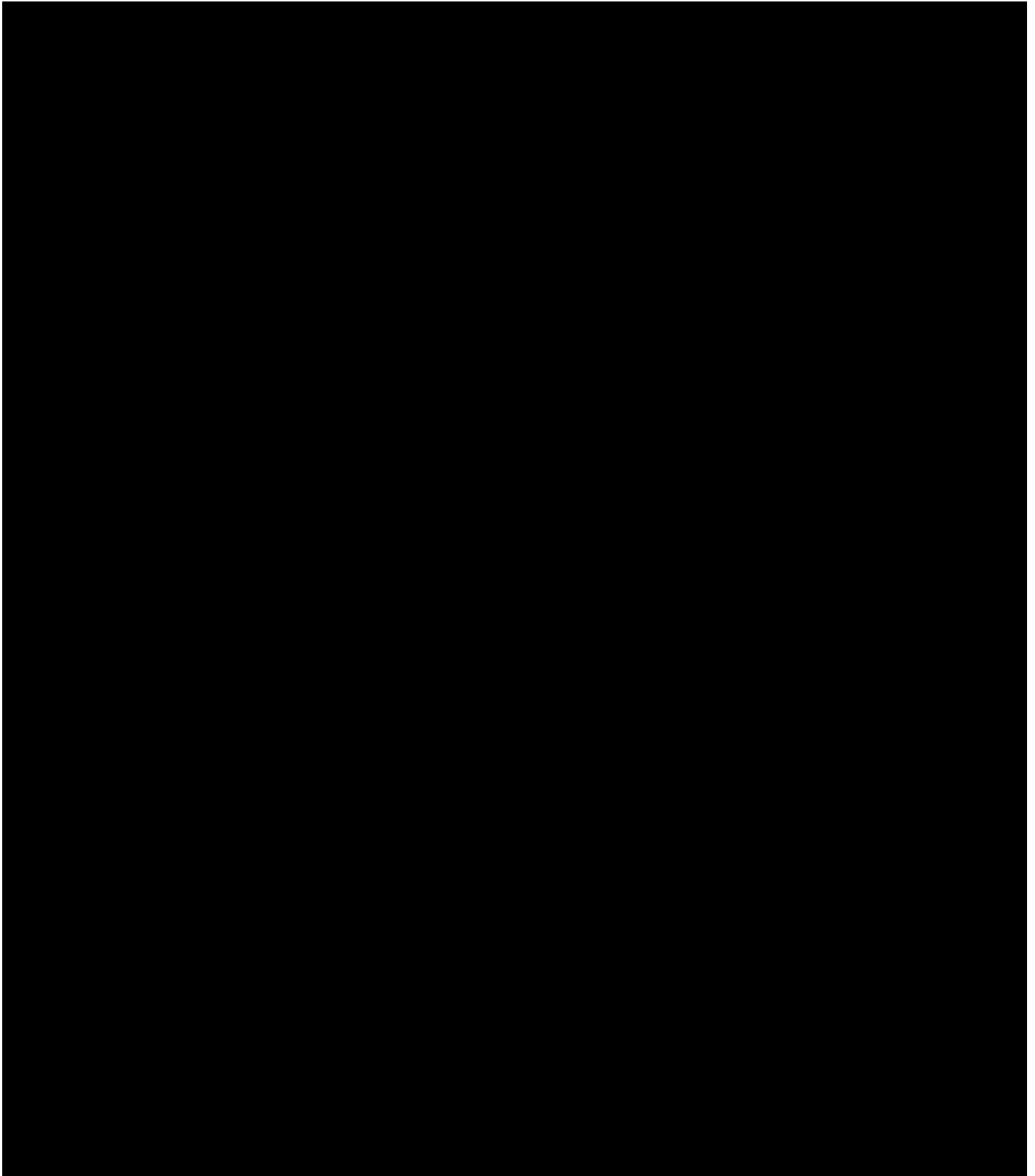
ATTACHMENT 5
FINAL BID RANKING AT WHOLESALE
WITHOUT RPS (\$/MWh)
BLOCKS D – F



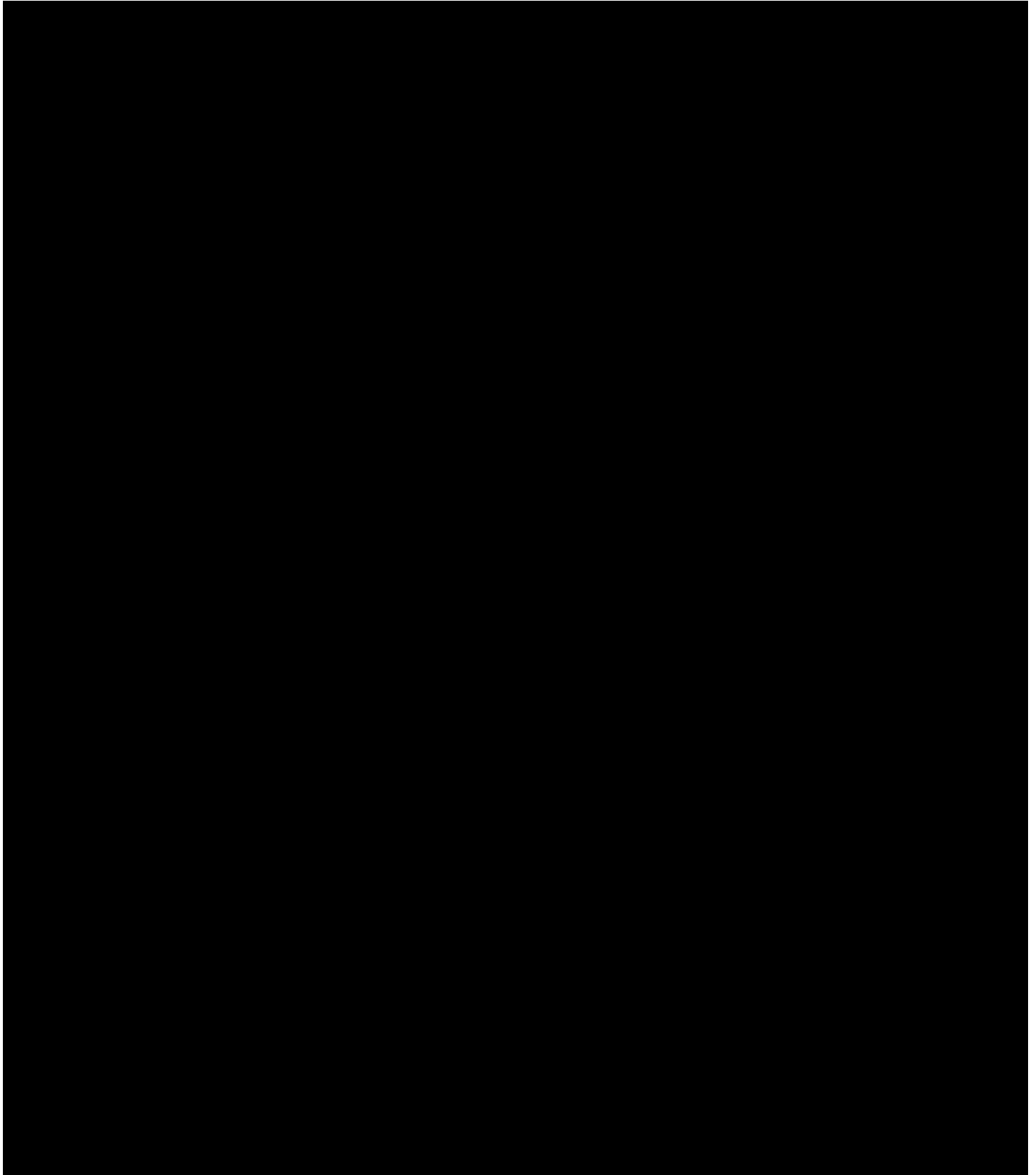
ATTACHMENT 5
FINAL BID RANKING AT WHOLESALE
WITHOUT RPS (\$/MWh)
BLOCKS G - I



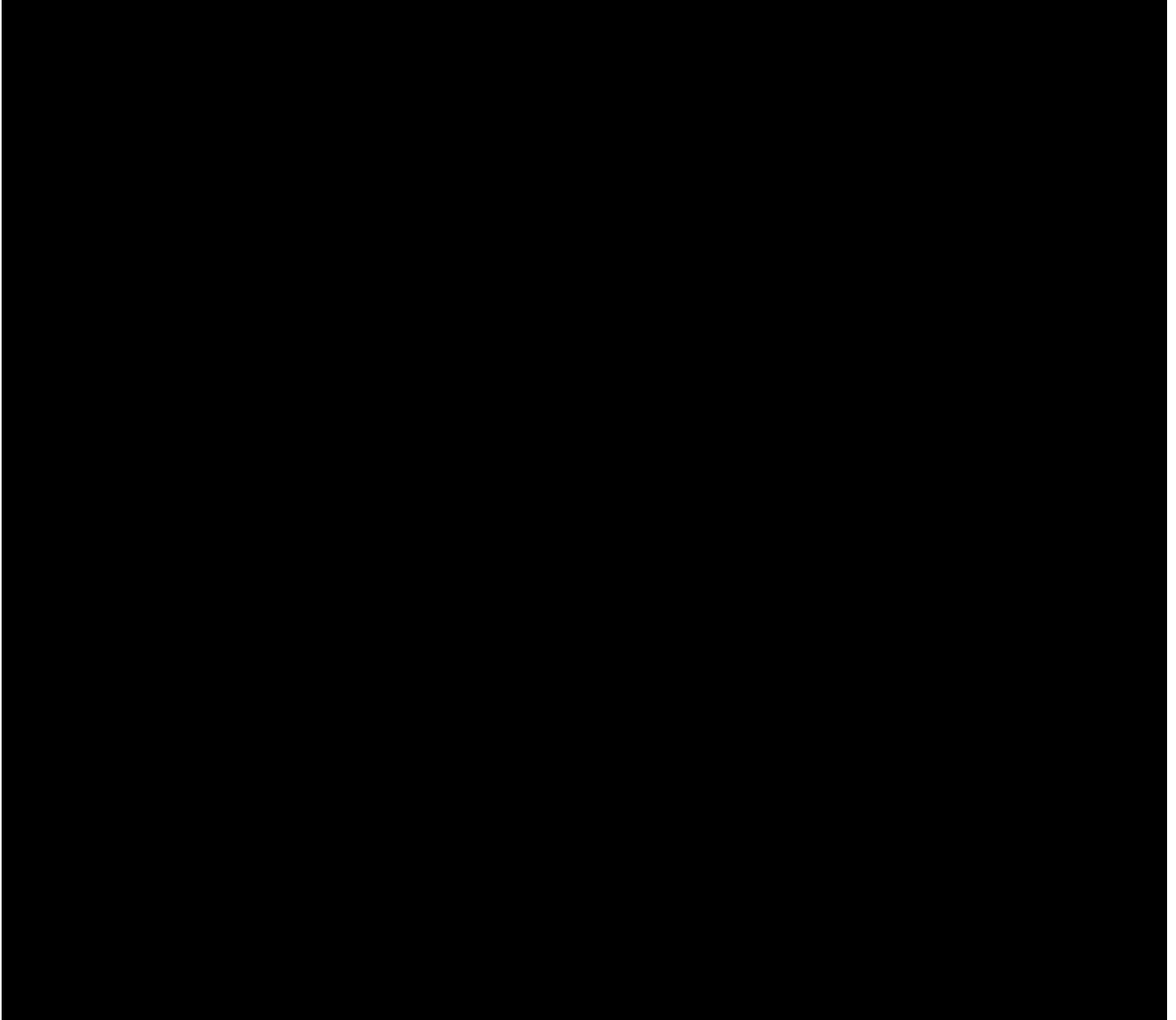
ATTACHMENT 5
FINAL BID RANKING AT WHOLESALE
WITHOUT RPS (\$/MWh)
BLOCKS J - L



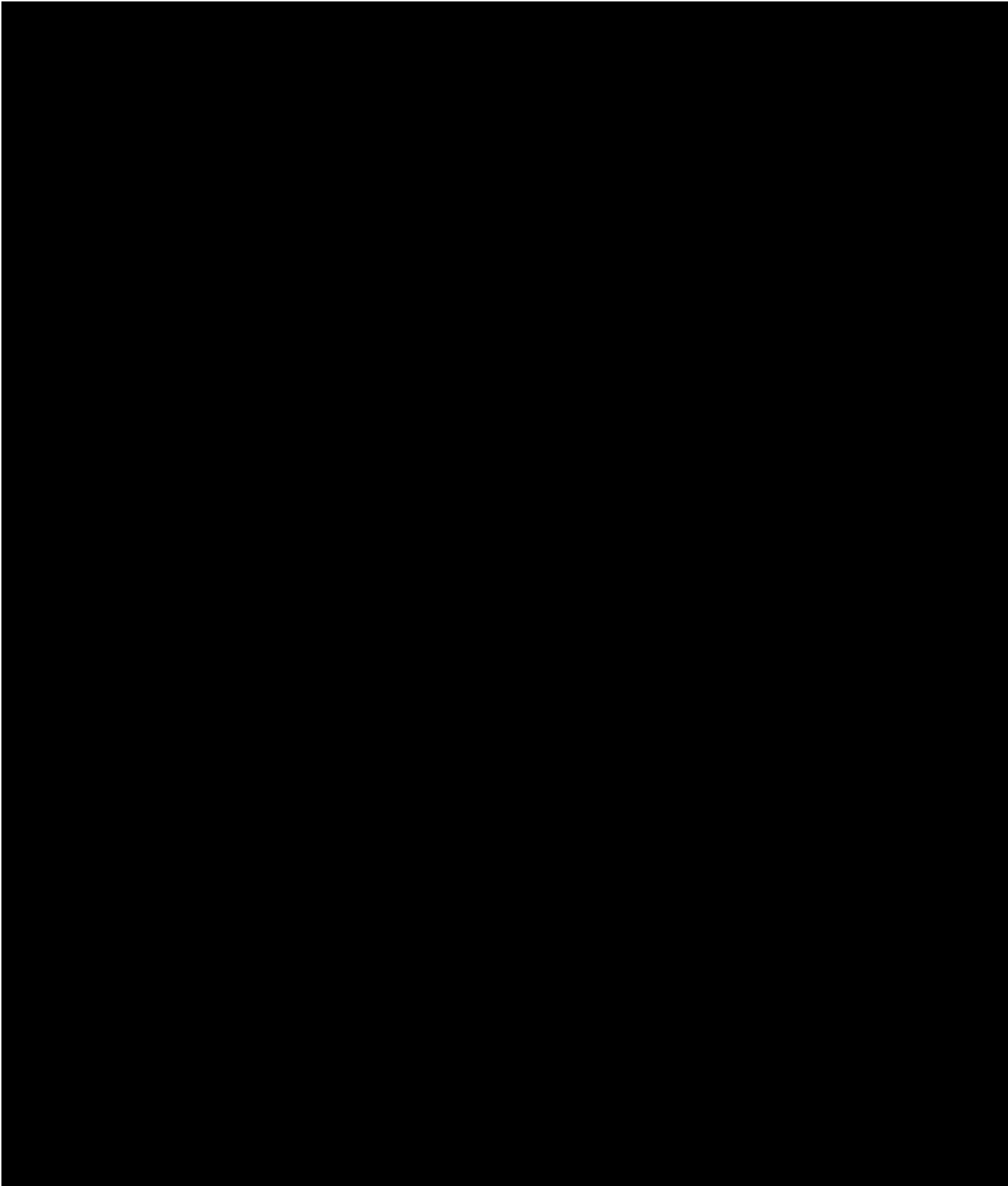
ATTACHMENT 5
FINAL BID RANKING AT WHOLESALE
WITHOUT RPS (\$/MWh)
BLOCKS M - O



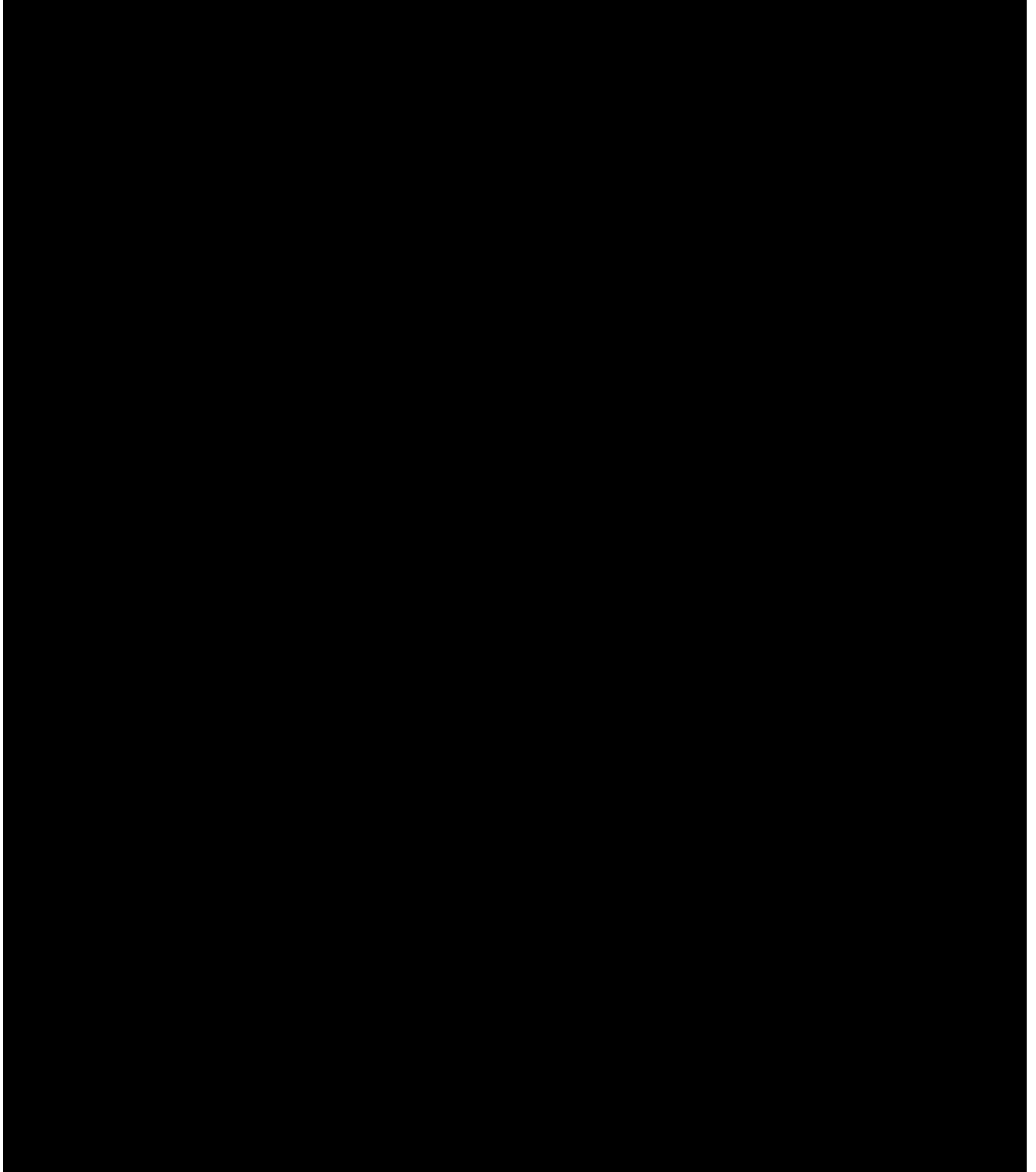
ATTACHMENT 5
FINAL BID RANKING AT WHOLESALE
WITHOUT RPS (\$/MWh)
BLOCKS P & Q



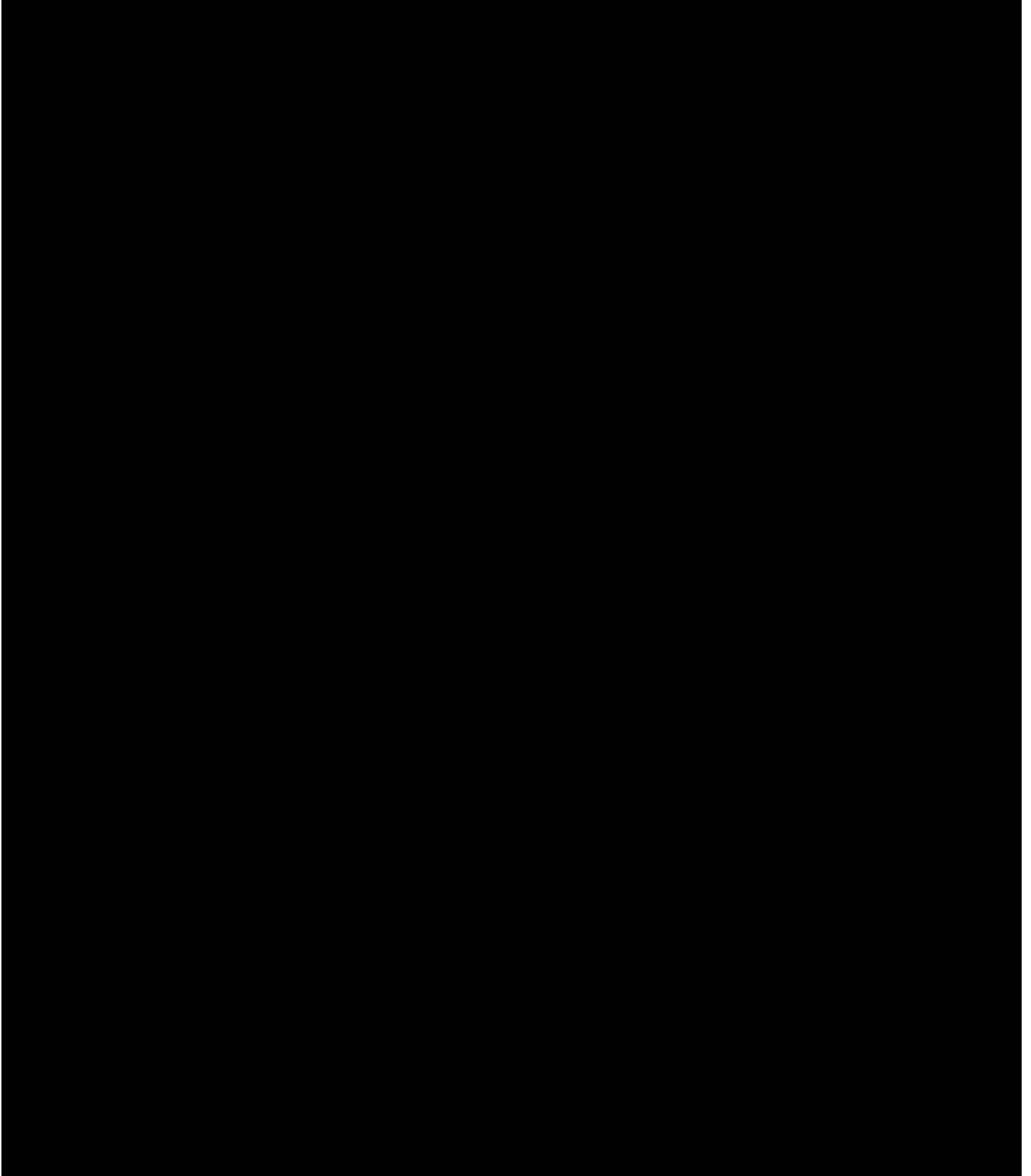
ATTACHMENT 6
FINAL BID RANKING AT RETAIL
WITHOUT RPS (¢/kWh)
BLOCKS A – C



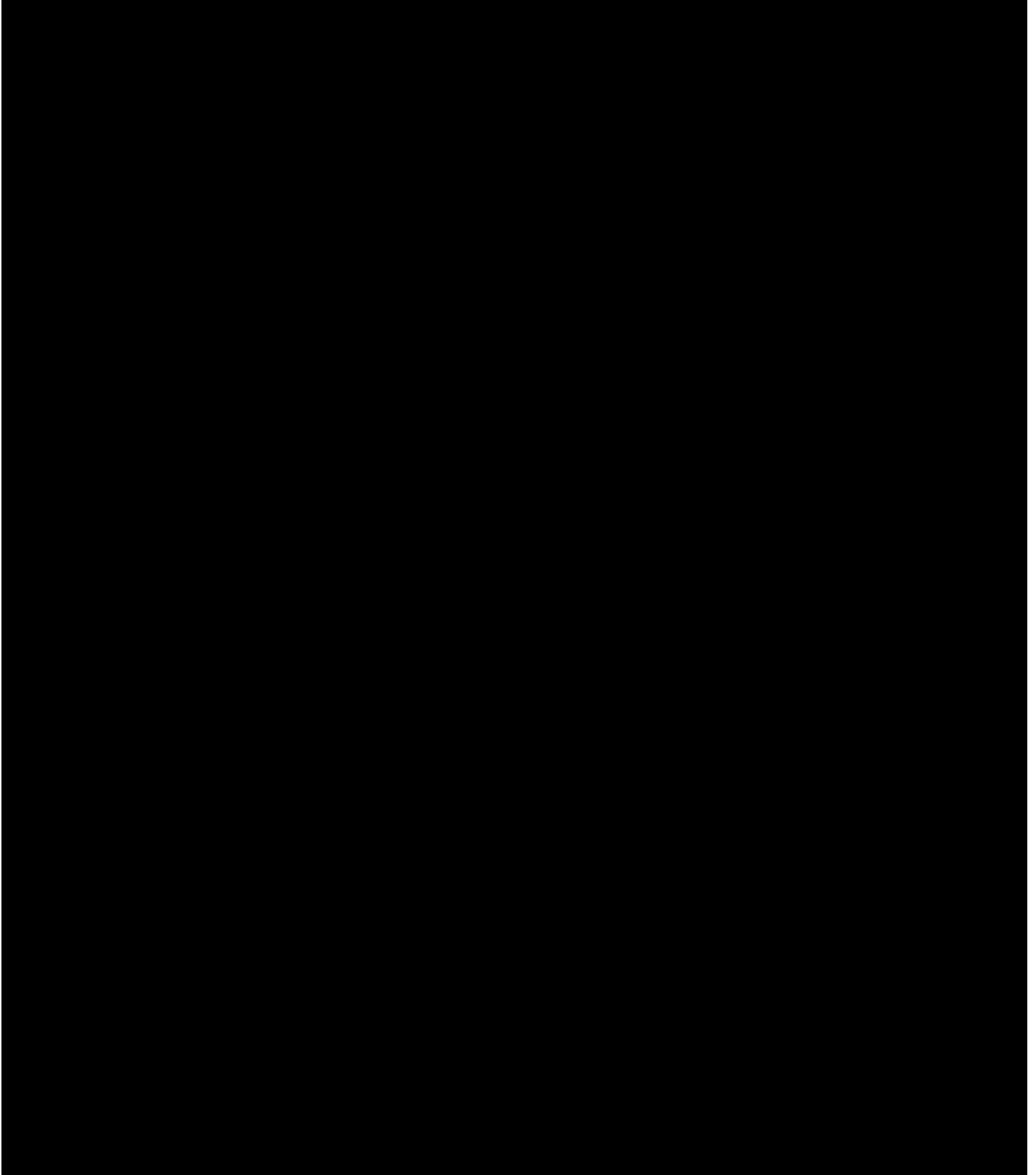
ATTACHMENT 6
FINAL BID RANKING AT RETAIL
WITHOUT RPS (¢/kWh)
BLOCKS D - F



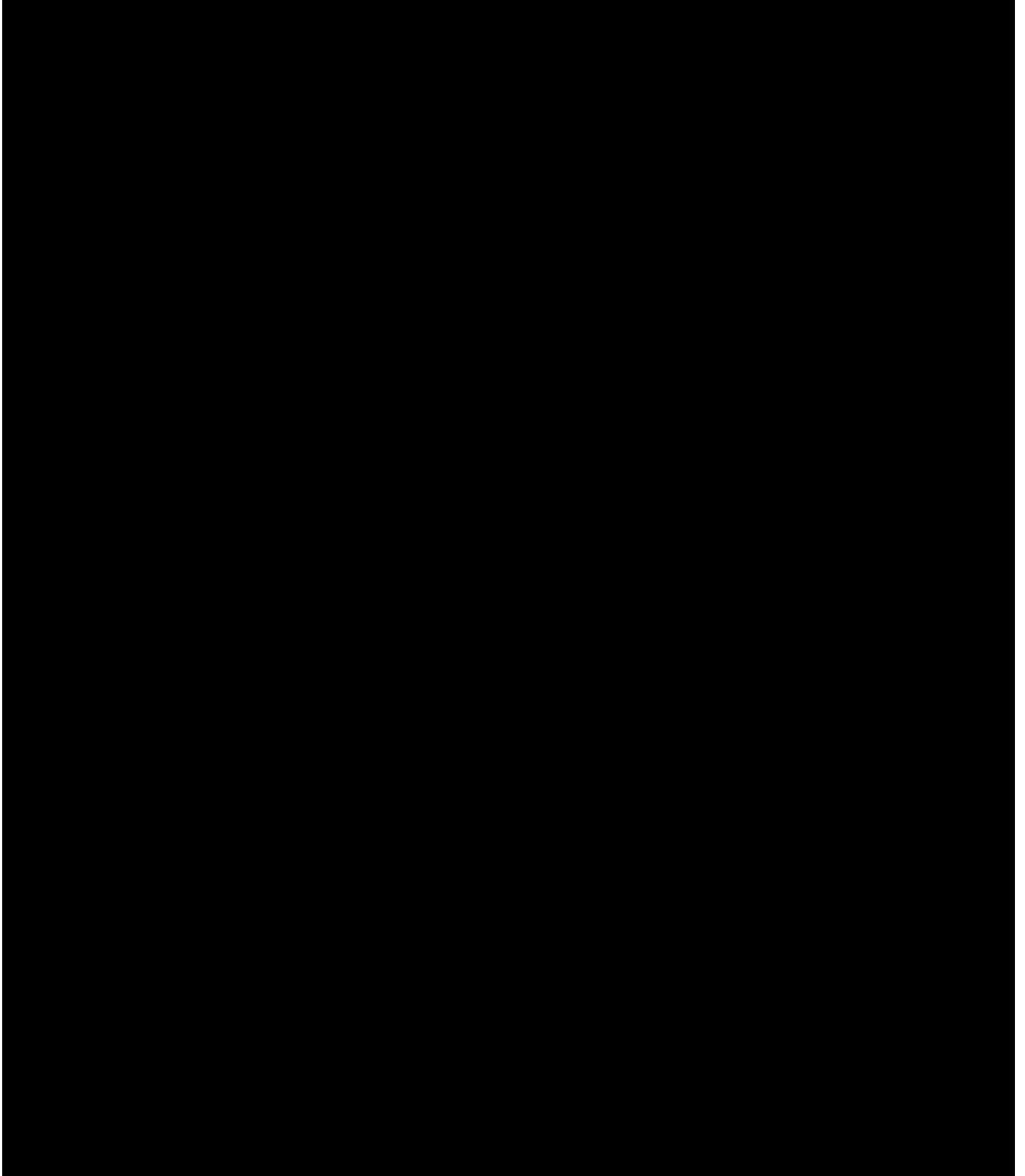
ATTACHMENT 6
FINAL BID RANKING AT RETAIL
WITHOUT RPS (¢/kWh)
BLOCKS G - I



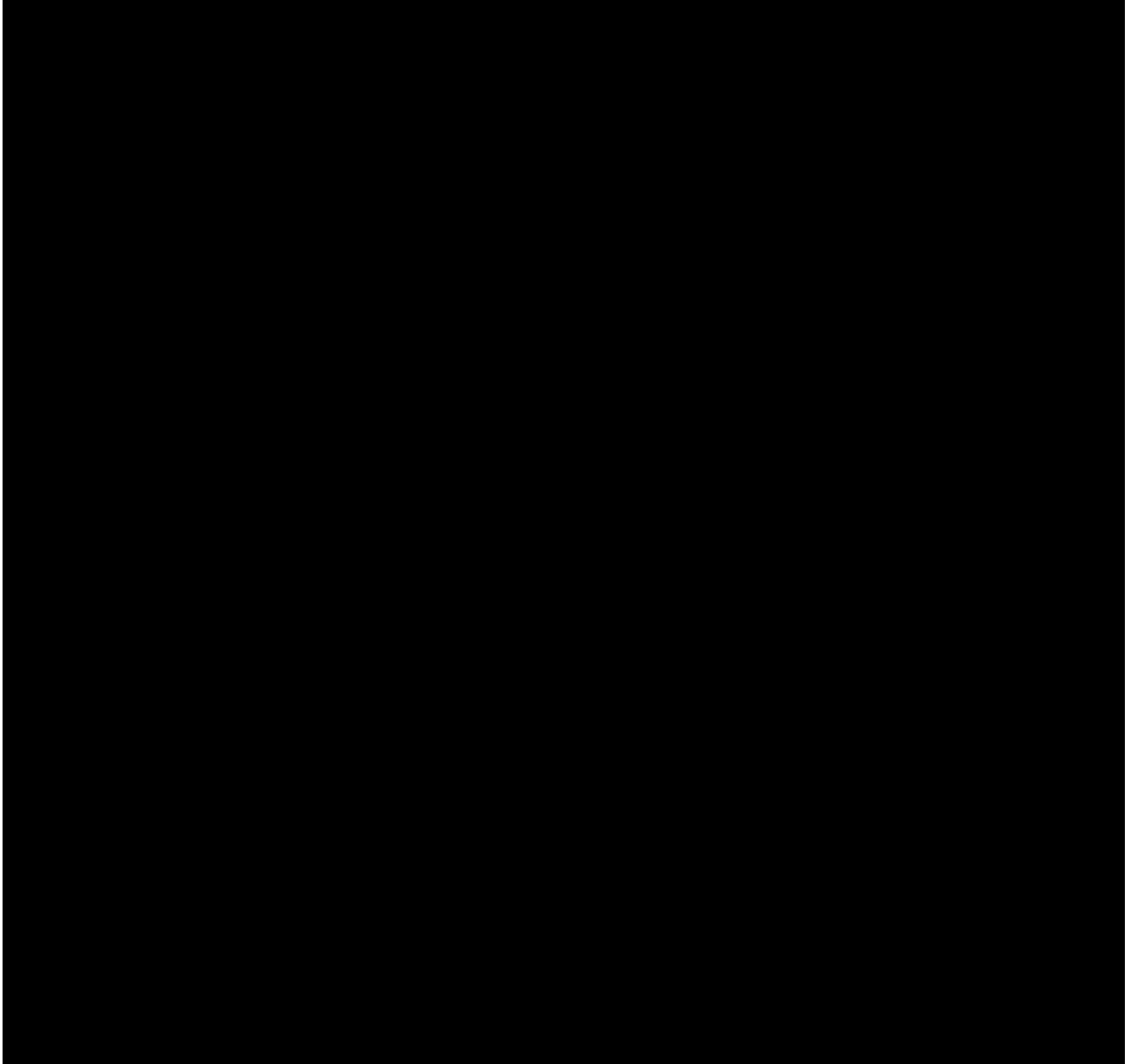
ATTACHMENT 6
FINAL BID RANKING AT RETAIL
WITHOUT RPS (¢/kWh)
BLOCKS J - L



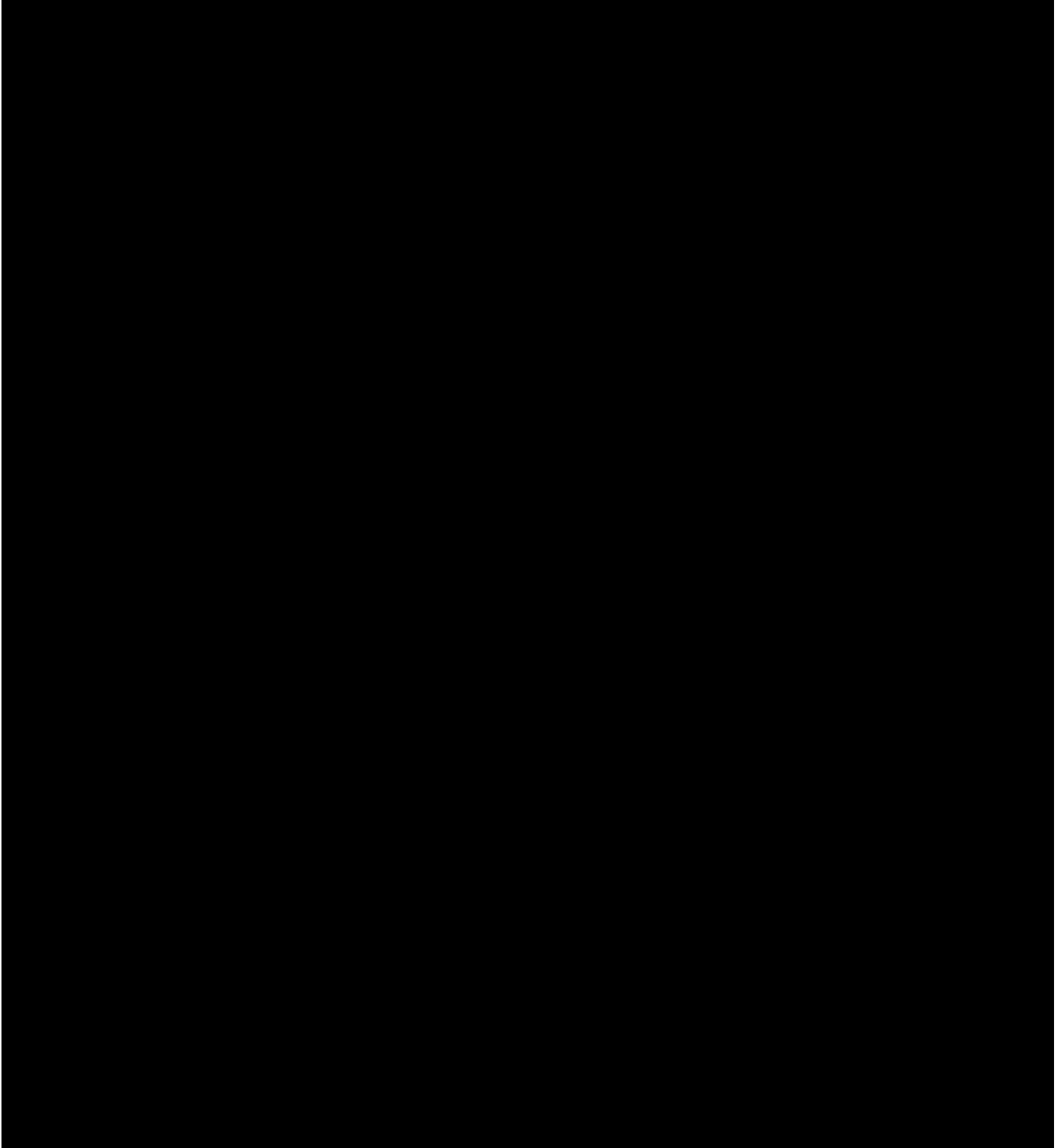
ATTACHMENT 6
FINAL BID RANKING AT RETAIL
WITHOUT RPS (¢/kWh)
BLOCKS M - O



ATTACHMENT 6
FINAL BID RANKING AT RETAIL
WITHOUT RPS (¢/kWh)
BLOCKS P & Q



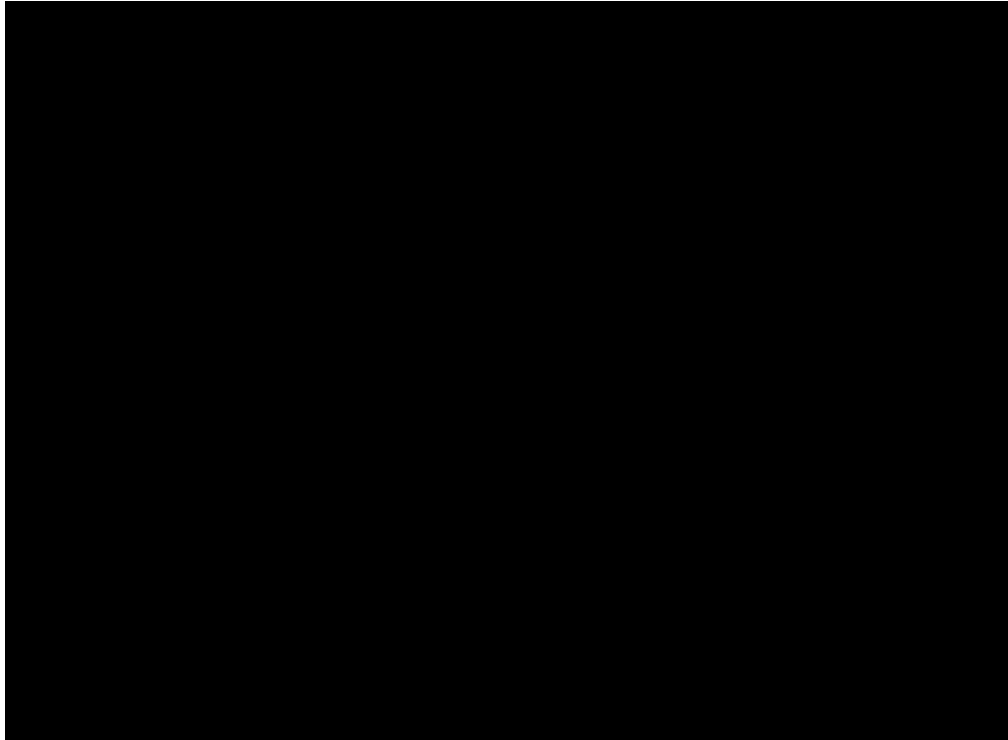
**ATTACHMENT 7 ESTIMATED FINAL PRICES
FORECAST BASED ON NYMEX ELECTRICITY FUTURES
November 2009 – October 2010 PERIOD**



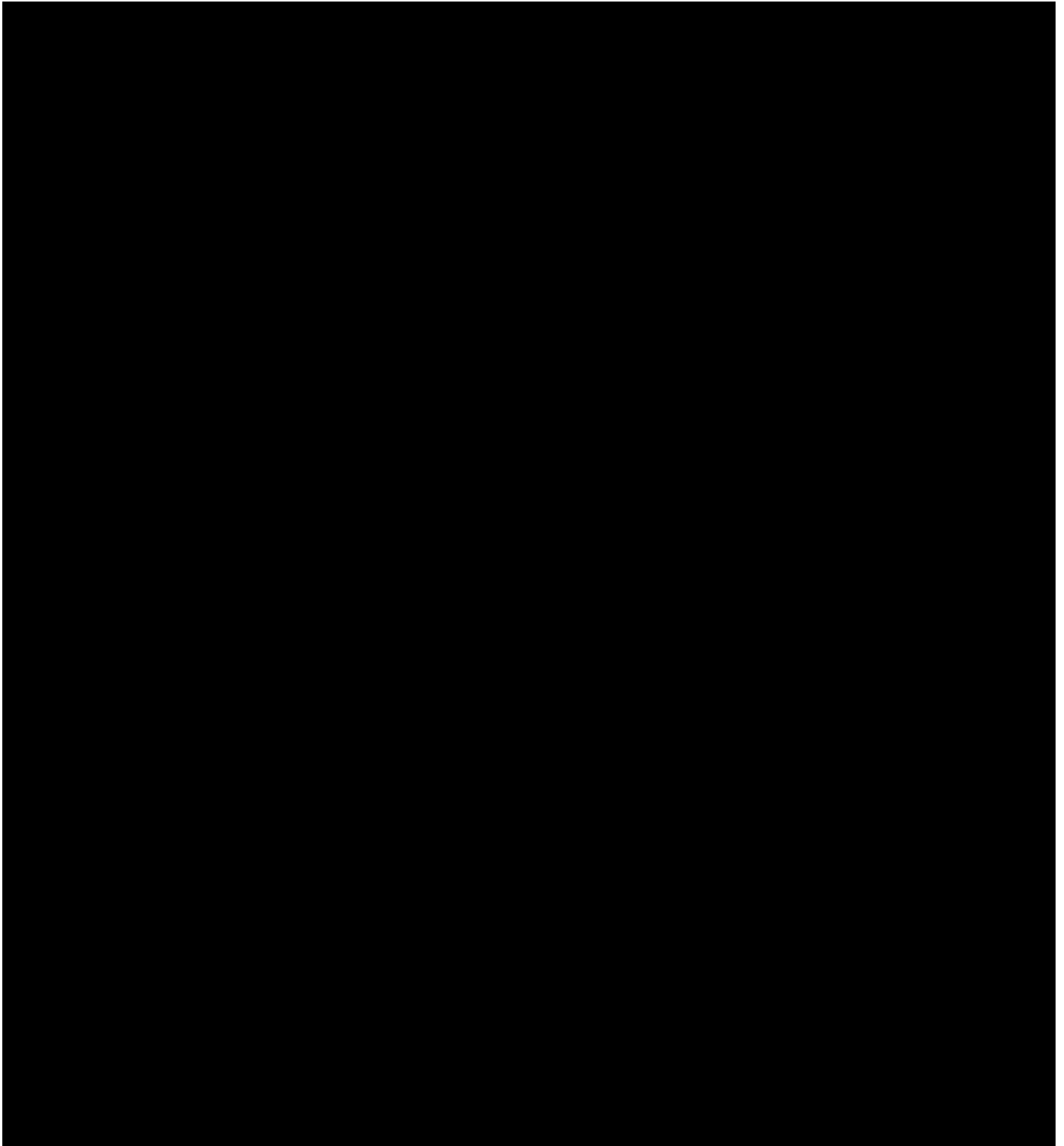
ATTACHMENT 8
SUMMARY OF LOAD BLOCK AWARDS

Load Block	Customer Group	Load Zone	Supplier	Basis for Award
A	Industrial	SEMA	[REDACTED]	Lowest bidder for block
B	Industrial	WCMA	[REDACTED]	Lowest bidder for block
C	Industrial	NEMA	[REDACTED]	Lowest bidder for block
D	Commercial	SEMA	[REDACTED]	Lowest bidder for block
E	Commercial	WCMA	[REDACTED]	Lowest bidder for block
F	Commercial	NEMA	[REDACTED]	Lowest bidder for block
G	Residential	SEMA	[REDACTED]	Lowest bidder for block
H	Residential	WCMA	[REDACTED]	Lowest bidder for block
I	Residential	NEMA	[REDACTED]	Lowest bidder for block
J	Commercial	SEMA	[REDACTED]	Lowest bidder for block
K	Commercial	WCMA	[REDACTED]	Lowest bidder for block
L	Commercial	NEMA	[REDACTED]	Lowest bidder for block
M	Residential	SEMA	[REDACTED]	Lowest bidder for block
N	Residential	WCMA	[REDACTED]	Lowest bidder for block
O	Residential	NEMA	[REDACTED]	Lowest bidder for block
P	Large	NH	[REDACTED]	Lowest bidder for block
Q	Small	NH	[REDACTED]	Lowest bidder for block

ATTACHMENT 9



ATTACHMENT 10



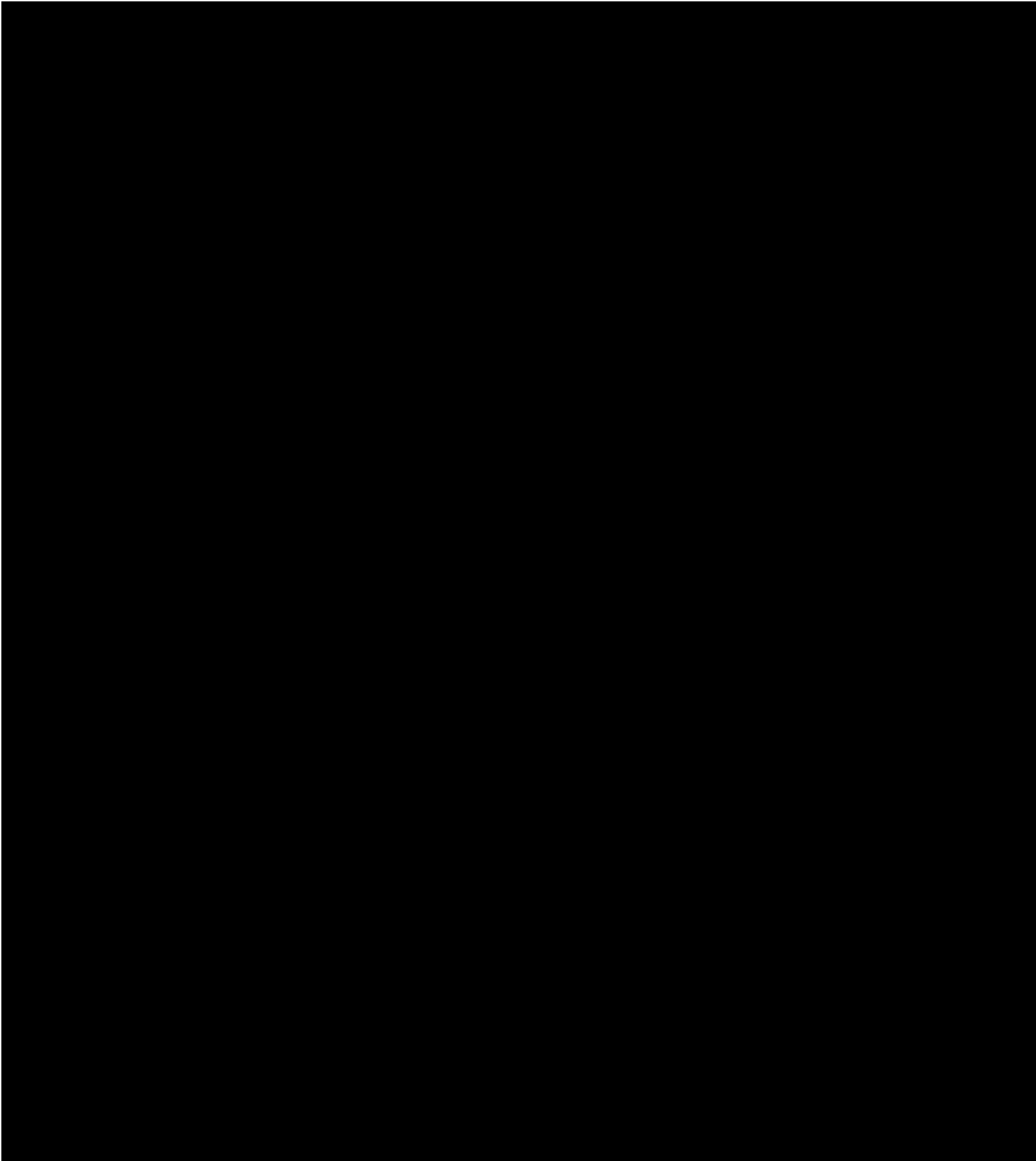
ATTACHMENT 11
RPS COST ADDER CALCULATION

	ACP		Market		
	2009	2010	2009	2010	
<u>Section 1: Calculation of RPS Class I Renewable Generation Resource Charge</u>					
(1) RPS Class II Renewable Generation Resource Alternative Compliance Payment	\$60.92	\$63.34	\$30.67	\$35.17	Last MA RPS RFP
(2) RPS Class II Renewable Generation Resource Obligation	4.00%	5.00%	4.00%	5.00%	
(3) Incremental Cost - \$/MWh	\$2.44	\$3.17	\$1.23	\$1.76	
<u>Section 2: Calculation of RPS Class II Renewable Generation Resource Charge</u>					
(1) RPS Class II Renewable Generation Resource Alternative Compliance Payment	\$25.00	\$26.00	\$21.00	\$23.00	Last MA RPS RFP
(2) RPS Class II Renewable Generation Resource Obligation	3.60%	3.60%	3.60%	3.60%	
(3) Incremental Cost - \$/MWh	\$0.90	\$0.94	\$0.76	\$0.83	
<u>Section 3: Calculation of RPS Class II Waste Energy Resource Charge</u>					
(1) RPS Class II Waste Energy Resource Alternative Compliance Payment	\$10.00	\$10.40	\$10.00	\$10.40	No Broker Info
(2) RPS Class II Waste Energy Resource Obligation	3.50%	3.50%	3.50%	3.50%	
(3) Incremental Cost - \$/MWh	\$0.35	\$0.36	\$0.35	\$0.36	
<u>Section 4: Calculation of APS Resource Charge</u>					
(1) APS Alternative Compliance Payment	\$20.00	\$20.80	\$20.00	\$20.80	No Broker Info
(2) APS Obligation	1.00%	1.50%	1.00%	1.50%	
(3) Incremental Cost - \$/MWh	\$0.20	\$0.31	\$0.20	\$0.31	
<u>Section 5: Calculation of RPS/APS Adder</u>					
(4) Sum of Class I, Class II and APS Incremental Costs - \$/MWh	\$3.89	\$4.78	\$2.54	\$3.26	
(5) Total RPS/APS Obligation %	12.10%	13.60%	12.10%	13.60%	
(6) Obligation Weighted ACP cost	\$32.15	\$35.15	\$20.99	\$23.97	

Notes

- (1) 2009 ACP
2010 ACP based on CPI increase from 2008 to 2009, as published by DOER.
- (2) From 225 CMR 15 or 16
- (3) Line (1) times Line (2)
- (4) Sum of all Line 3's
- (5) CPI Adjustment [REDACTED]
- (6) Line (4) divided by Line (5)

ATTACHMENT 12
RETAIL RATES BASED ON FINAL BID PRICES



SCHEDULE MMJ – 3

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

REDACTED DOCUMENT

CONTAINS PRIVILEGED AND CONFIDENTIAL INFORMATION - DO NOT RELEASE

Schedule MMJ-3

Granite State Electric Company

Comparison of Change in Futures Prices to Change in Procurement Costs

	Winter Period (November - April)								Summer Period (May - October)								Change (Winter to Summer)	Change (Winter to Winter)	
	Nov	Dec	Jan	Feb	Mar	Apr	Average	Hourly Weighted Average	May	June	July	Aug	Sept	Oct	Average	Hourly Weighted Average			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]										
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]										
[REDACTED]										[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]									[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]											
[REDACTED]										[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]										[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]											
[REDACTED]										[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]										[REDACTED]	[REDACTED]

Notes:
1) Hourly weighted average = 42% On Peak + 58% Off-Peak prices

SCHEDULE MMJ – 4

**Default Service Contract for the Large Customer Group
November 1, 2009 through January 31, 2010**

REDACTED DOCUMENT

EXECUTION

MASTER POWER AGREEMENT CONFIRMATION

This Confirmation shall confirm the Transaction agreed to on, and effective as of the **September 9, 2009**, between **GRANITE STATE ELECTRIC COMPANY** (“Granite” or “Buyer”), a New Hampshire corporation (“Buyer”), and [REDACTED] (“Seller”), regarding the sale/purchase of Default Service specified herein under the terms and conditions under the Master Power Agreement, dated September 26, 2005 (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.

[REDACTED]

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

[REDACTED]

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

REDACTED DOCUMENT

[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 DOCUMENT

[REDACTED]

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

[REDACTED]

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

[REDACTED]

[REDACTED]

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

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

REDACTED DOCUMENT

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.

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REDACTED DOCUMENT

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: Margaret M. Janzen

Title: Authorized Signatory

Name (print): _____

Title: _____

REDACTED DOCUMENT

EXECUTION COPY

**FIRST AMENDMENT TO
NEW HAMPSHIRE MASTER POWER AGREEMENT**

THIS FIRST AMENDMENT to the Master Power Agreement dated September 26, 2005 by and between **GRANITE STATE ELECTRIC COMPANY** (“Granite” or “Buyer”), a New Hampshire and [REDACTED] (“Seller”), is executed and effective as of the 9th day of September, 2009 (“Amendment Effective Date”). The Buyer and Seller are referred to herein individually as a “Party” and collectively as the “Parties”.

RECITALS

A. WHEREAS, Seller and Buyer executed that certain New Hampshire Master Power Agreement dated as of September 26, 2005 pursuant to which Seller has agreed to sell and Buyer has agreed purchase firm, load-following power to meet the Buyer’s Default Service Requirements (the "**Agreement**"); and

B. WHEREAS, Seller and Buyer desire to amend the provisions of the Agreement as more fully set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and promises contained herein, the Parties do hereby agree as follows:

1. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.
2. The following definitions are added to the Agreement:

Aggregate RPS Requirement means the Class I RPS Requirement, the Class II RPS Requirement, the Class III RPS Requirement, and the Class IV RPS Requirement for a specific Transaction as set forth in the Confirmation for such Transaction.

Alternative Compliance Payment Rate means the value as published by the NH PUC (as defined below) for the relevant class of renewable generation attributes in accordance with Puc 2503.02 of the New Hampshire Code of Administrative Rules.

Bid Proxy Price means, the product of (a) the Reference New England Internal Hub Price as set forth in the Confirmation for the applicable Transaction, (b) the Resulting Bid Factor for a calendar month, and (c) the Adjustment Factor, all for the applicable Transaction.

Buyer’s Daily Proxy Settlement Amount means, for a given day, the product of (a) the Expected Daily Load and (b) the Bid Proxy Price for such day minus the Proxy Price.

REDACTED DOCUMENT

Class I Renewable Generation Attributes means the Generation Attributes from a “Class I source” as defined in Puc 2502.07 of the New Hampshire Code of Administrative Rules, as may be amended from time to time.

Class I RPS Requirement means, with respect to each Transaction, the amount of NE-GIS Certificates representing Class I Renewable Generation Attributes that Seller is required to deliver for a given calendar month during the Delivery Term as calculated in accordance with the Confirmation for such Transaction.

Class II Renewable Generation Attributes means the Generation Attributes of a “Class II source” as defined in Puc 2502.08 of the New Hampshire Code of Administrative Rules, as may be amended from time to time.

Class II RPS Requirement means, with respect to each Transaction, the amount of NE-GIS Certificates representing Class II Renewable Generation Attributes that Seller is required to deliver for a given calendar month during the Delivery Term as calculated in accordance with the Confirmation for such Transaction.

Class III Renewable Generation Attributes means a the Generation Attributes of a “Class III source” as defined in Puc 2502.09 of the New Hampshire Code of Administrative Rules, as may be amended from time to time.

Class III RPS Requirement means, with respect to each Transaction, the amount of NE-GIS Certificates representing Class III Renewable Generation Attributes that Seller is required to deliver for a given calendar month during the Delivery Term as calculated in accordance with the Confirmation for such Transaction.

Class IV Renewable Generation Attributes means the Generation Attributes of a “Class IV source” as defined in Puc 2502.10 of the New Hampshire Code of Administrative Rules, as may be amended from time to time.

Class IV RPS Requirement means, with respect to each Transaction, the amount of NE-GIS Certificates representing Class IV Renewable Generation Attributes that Seller is required to deliver for a given calendar month during the Delivery Term as calculated in accordance with the Confirmation for such Transaction.

Commodity Business Day means Monday through Friday, excluding NERC Holidays.

Credit Support Annex or CSA means the credit support annex mutually agreed to by the Parties, in the form set forth as Appendix D hereto and incorporated by reference herein.

Expected Daily Load means, with respect to each Transaction, the amount set forth on the Confirmation for such Transaction.

Generation Attributes has the meaning given such term in Puc 2502.18 of the New Hampshire Code of Administrative Rules, as may be amended from time to time.

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.

NERC means the North American Electric Reliability Council.

New England Internal Hub Price means for each day remaining in the current calendar month and each day in all future calendar months during the term of this Transaction : (A) the sum of (x) the product of the applicable On-Peak ISO New England Internal Hub Price times the number of On-Peak Hours in such day and (y) the product of the applicable Off-Peak ISO New England Internal Hub Price times the number of Off-Peak hours in such day and (B) then divided by twenty four (24).

New Hampshire Electric Renewable Portfolio Standard means the requirements as set forth in the New Hampshire Electric Renewable Portfolio Standard, RSA 362-F:1 (2009), *et seq.*, and regulations promulgated with respect thereto, NH Code Admin. Rules Puc Chapter 2500 (2008), *et seq.*, in each case as may be amended from time to time.

NYMEX means the New York Mercantile Exchange, Inc., its successors and assigns.

Off-Peak Hour means any hour that is not an On-Peak Hour.

Off-Peak ISO New England Internal Hub Price means, in a given month, the ISO New England Off-Peak LMP Swap price as published by NYMEX on a Valuation Date and represented by the NYMEX trading symbol KI.

On-Peak Hour means Hour Ending ("HE") 08:00 EPT through HE 23:00 EPT on any Commodity Business Day.

On-Peak ISO New England Internal Hub Price means, in a given month, the ISO New England Internal Hub Peak LMP Swap price as published by NYMEX on a Valuation Date and represented by the NYMEX trading symbol NI.

Proxy Price means, for a given day, the product of (a) the New England Internal Hub Price for such day, (b) the Resulting Bid Factor for a calendar month, and (c) the Adjustment Factor.

Reference New England Internal Hub Price means, with respect to each Transaction, the amount set forth on the Confirmation for such Transaction.

Resulting Bid Factor means (A) the Contract Rate for the relevant calendar month for a given Transaction divided by (B) the Reference New England Internal Hub Price for such Transaction for the same calendar month.

Seller's Daily Proxy Settlement Amount means, for a given day, the product of (a) the Expected Daily Load and (b) the Proxy Price for such day minus the Bid Proxy Price.

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.

REDACTED DOCUMENT

3. The definition of “**Credit Rating**” is deleted and replaced with the following:

“**Credit Rating** means, with respect to a Party (or its Credit Support Provider, as the case may be) or entity, on any date of determination, (1) the ratings assigned by Moody’s, S&P and/or any other rating agency agreed to by both Parties to the relevant entity’s unsecured, senior, long-term debt not supported by third party credit enhancement, or (2) if the applicable entity does not have such a rating, then the rating assigned to such entity by Moody’s, S&P, and/or any other rating agency agreed to by both Parties as its corporate credit rating or issuer rating, or (3) if the applicable entity is a financial institution, its unsecured, unsubordinated, long-term deposits by Moody’s, S&P and/or any other rating agency agreed to by both Parties. In the event of an inconsistency in ratings by the rating agencies (a “split rating”), the lowest rating assigned shall control.”

4. The definition of “**Investment Grade**” is deleted and replaced with the following:

“**Investment Grade**” means, with respect to a Party (or its Credit Support Provider, as the case may be) or entity, on any date of determination, (1) the Credit Ratings assigned by Moody’s, S&P and/or any other rating agency agreed to by both Parties to the relevant entity’s unsecured, senior, long-term debt not supported by third party credit enhancement are at or above “Baa3” with respect to Moody’s and/or “BBB-“ with respect to S&P, or (2) if the applicable entity does not have such a rating, then the Credit Rating assigned to such entity by Moody’s, S&P, and/or any other rating agency agreed to by both Parties as its corporate Credit Rating or issuer rating, are at or above “Baa3” with respect to Moody’s and/or “BBB-“ with respect to S&P. In the event of an inconsistency in the Credit Ratings assigned by the rating agencies (a “split rating”), the lowest rating assigned shall control.

5. The definition of “**Requirements**” is deleted and replaced with the following:

Requirements means all electric generation and/or market purchases and delivery, to the Delivery Point, of the ICAP/UCAP/LICAP, Energy, Ancillary Services, Operating Reserves (including Forward Reserves), the Aggregate RPS Requirement, and all other market products required by the Buyer to provide kilowatt-hours to meet the needs of Default Service Customer to the Delivery Term for a specific Transaction.

6. Section 3.7 of the Agreement is deleted in its entirety and replaced with the following:

“At Seller's election, the Buyer shall provide notices contemplated by Sections 3.2(c), 3.3(b) and 3.4(b) via electronic file transfer. Such election shall only be effective when Seller (i) establishes a Windows or Unix file server with capability of sending and receiving File Transfer Protocol (“FTP”), files with Pretty Good Privacy (“PGP”) Encryption/Decryption, and (ii) verifies its ability to transfer files to and receive files from

REDACTED DOCUMENT

the Buyer at least fourteen (14) days prior to the day on which Seller desires to commence electronic receipt.”

7. The second paragraph of Section 3.9 of the Agreement is deleted in its entirety.

8. Section 4.2 of the Agreement is revised to add the following:

“(f) Seller shall be obligated to deliver a sufficient quantity of each class of NE-GIS Certificates to satisfy Seller’s Aggregate RPS Requirement. Seller agrees to deliver the NE-GIS Certificates to Buyer’s NE-GIS account by at least five (5) Business Days prior to the close of the last trading period for the relevant NE-GIS Certificates. If any new renewable obligations are imposed by federal, state, or local law or regulation on or after the Effective Date in connection with the Transactions entered into hereunder, Seller shall have no obligation to the Buyer under this Agreement for such new obligations.”

9. Section 7.1(c) (iv) and (v) of the Agreement are deleted in their entirety and replaced with the following:

“(iv) The failure of such Party to deliver or return Eligible Collateral as required under the CSA or the failure of such Party to pay Interest as required under the CSA and the continuation of such failure for two (2) Business Days after notice of that failure is given to that Party;

(v) The violation by such Party of any other obligation or agreement with respect to Credit Support under the CSA and the continuation of such violation for five (5) Business Days after notice of that failure is given to that Party.”

10. Section 7.2(b) of the Agreement is revised to replace the words “this Agreement” with the words “the CSA.”

11. Section 7.3 is deleted in its entirety and replaced with the following:

“The Parties hereby agree to incorporate by reference the Credit Support Annex. The Parties further agree that on and after the Amendment Effective Date, the terms of the Credit Support Annex shall govern the Parties’ obligation to provide security for Transactions entered into hereunder.”

12. Buyer’s addresses in Section 8.1 are replaced with the following:

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

Director, Electric Supply and Distributed Generation
National Grid
100 East Old Country Road
Hicksville, NY 11801
(516) 545-3282 (phone)
(516) 545-3130 (fax)

and

Notices concerning Article 7 shall also be sent to:

General Counsel
National Grid
40 Sylvan Rd.
Waltham, MA 02451-1120
(781) 907-1000 (phone)
(781) 907- 5701- (fax)”

13. Paragraphs (b) and (c) of Article 14 of the Agreement shall be deleted in their entirety and replaced with the following:

(b) Absent the agreement of all Parties to the proposed change, the standard of review for changes to any rate, charge, classification, term or condition of this Agreement, whether proposed by a Party (to the extent that any waiver in subsection (c) below is unenforceable or ineffective as to such Party), a non-party or the Commission acting *sua sponte*, shall solely be the “public interest” application of the “just and reasonable” 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) and clarified by Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish, 554 U.S. ___ (2008) (the “Mobile-Sierra” doctrine).

(c) In addition, and notwithstanding the foregoing subsection (b), to the fullest extent permitted by applicable law, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives any rights it can or may have, now or in the future, whether under §§ 205 and/or 206 of the Federal Power Act or otherwise, to seek to obtain from the Commission by any means, directly or indirectly (through complaint, investigation or otherwise), and each hereby covenants and agrees not at any time to seek to so obtain, an order from FERC changing any section of this Agreement specifying the rate, charge, classification, or other term or condition agreed to by the Parties, it being the express intent of the Parties that, to the fullest extent permitted by applicable law, neither Party shall unilaterally seek to obtain from the Commission any relief changing the rate, charge, classification, or other term or condition of this Agreement, notwithstanding any subsequent changes in applicable law or market conditions that may occur. In the event it were to be determined that applicable law precludes the Parties from waiving their rights to seek changes from the Commission to their market-based power sales contracts (including entering into covenants not to do so) then this subsection (c) shall not apply, provided that, consistent with the foregoing subsection (b), neither Party shall seek any such changes except solely under the “public interest” application of the “just and reasonable” standard of review and otherwise as set forth in the foregoing section (b).

14. Article 14 of the Agreement shall be amended to add the following:

(d) The Parties agree that if, and to the extent that, the Commission adopts a final rule or order which requires that specific language be included in an Agreement in order for the “public interest” application of the “just and reasonable” standard of review to

REDACTED DOCUMENT

be applied if a proposed change to the Agreement is brought before the Commission for review, then the Parties agree that the Agreement shall be automatically amended as of the effective date of the Commission rule or order, without further action by either Party, to include the required language. .

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

15. Article 23 shall be deleted in its entirety and replaced with the following:

Neither Seller nor the Buyer shall provide copies of or disclose the information contained in Article 2, Article 4, or Article 7 of the Master Power Agreement or in any subsequent Confirmations (collectively, the "Confidential Terms"), to any third party without the prior written consent of the other Party; provided, however, that either Party, or any of its Affiliates, may provide copies or information regarding this Agreement 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 must include a request for confidential treatment of the Confidential Terms from the copies of the Agreement which are placed in the public record or otherwise made available to third parties, (2) Seller's suppliers, provided that in the case of a disclosure pursuant to the foregoing must include a request for confidential treatment of the Confidential Terms from the copies of the Agreement which are made available to Seller's suppliers and (3) 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. The Buyer shall not disclose the identity of the Seller within thirty (30) days of the Confirmation Effective Date, provided that clauses (1), (2) and (3) of the immediately foregoing sentence shall apply to this obligation.

16. Appendix B "Master Power Agreement Form of Confirmation" is deleted in its entirety and replaced with the Appendix B "Master Power Agreement Form of confirmation" attached hereto.

17. Appendix C, Form of Guaranty, is modified to replace Buyer's address in the Notice section with:

Director, Electric Supply and Distributed Generation
National Grid
100 East Old Country Road
Hicksville, NY 11801
(516) 545-3282 (phone)
(516) 545-3130 (fax)

18. The Agreement as modified by this First Amendment shall continue in full force and effect and this First Amendment shall constitute a part of the Agreement. All references in the Agreement to itself shall be deemed to be references to the Agreement as

amended hereby and the Agreement as amended hereby shall be referred to as the "Agreement."

19. The undersigned Parties hereby ratify and confirm all of the provisions of the Agreement, as amended or modified by this First Amendment, and agree and acknowledge that the same, as so amended, remains in full force and effect.

20. This First Amendment may be signed in one or more counterparts, which, together, shall constitute a single document.

[Remainder of Page Intentionally Left Blank]

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

GRANITE STATE ELECTRIC COMPANY

Name: Margaret M. Janzen
Title: Authorized Signatory



Name (print): _____
Title: _____

**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 (“Buyer”), and [REDACTED] (“Seller”), regarding the sale/purchase of Default Service specified herein under the terms and conditions under the Master Power Agreement, dated September 26, 2005 (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.

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
------------	------------	------------	------------	------------	------------

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
------------	------------	------------	------------	------------	------------	------------	------------

[REDACTED]

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

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[Redacted text block]

[To be determined consistent with each transaction]

7. Modifications to the Master Power Agreement

[To be determined for each Transaction]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Large redacted text block]

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

[REDACTED]

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

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[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 (print): _____

Title: _____



Name (print): _____

Title: _____

APPENDIX D

CREDIT SUPPORT ANNEX (NH Default Service)

This Credit Support Annex to the Master Power Agreement (the “CSA”) is made and entered into by and between Buyer and Seller, as those terms are defined in the Master Power Agreement.

All provisions contained or incorporated by reference in the Master Power Agreement will govern this CSA except as expressly modified herein. Any terms capitalized, but not defined herein shall have the meaning given to them in the Master Power Agreement.

Paragraph 1. Definitions.

As Used in this CSA, the following terms have the meanings specified below:

“*Buyer’s Collateral Requirement*” shall have the meaning specified in Paragraph 3(b).

“*Buyer’s Exposure*” shall have the meaning specified in Paragraph 3(d).

“*Buyer’s Minimum Credit Requirement*” shall have the meaning specified in Paragraph 3(f)(i).

“*Cash*” means U.S. dollars held by or on behalf of a Party as Posted Collateral hereunder.

“*Collateral Account*” shall have the meaning specified in Paragraph 6(a)(iii)(B).

“*Collateral Interest Rate*” means the daily effective federal funds rate as published in the applicable statistical release designated as H.12(510), or any successor publication by the Board of Governors of the Federal Reserve System. If such rate is expressed as a range, the Collateral Interest Rate shall equal the arithmetic average of such range.

“*Credit Downgrade*” means with respect to Buyer, the failure to maintain the Buyer’s Minimum Credit Requirement.

“*Custodian*” shall have the meaning specified in Paragraph 6(a)(i).

“*Delivery Amount*” shall have the meaning specified in Paragraph 4.

“*Disputing Party*” shall have the meaning specified in Paragraph 7(a).

“*Eligible Collateral*” shall have the meaning specified in Paragraph 3(f)(iii).

“*Interest Amount*” means with respect to a Party and an Interest Period, the sum of the daily interest amounts for all days in such Interest Period; each daily interest amount to be determined by such Party as follows: (a) the amount of Cash held by such Party on that day (but excluding any interest previously earned on such Cash); *multiplied by* (b) the Collateral Interest Rate for that day; *divided by* (c) 360

“*Interest Period*” means the period from (and including) the last Business Day on which an Interest Amount was Transferred by a Party (or if no Interest Amount has yet been Transferred by such Party, the Business Day on which Cash was Transferred to such Party) to (but excluding) the Business Day on which the current Interest Amount is to be Transferred.

“*Invoiced Amounts*” shall have the meaning specified in Paragraphs 3(c)(i) and 3(d)(i).

“Letter of Credit” shall mean an irrevocable, non-transferable, standby letter of credit, issued by a Qualified Institution substantially in the form attached hereto as Exhibit A. All costs relating to any Letter of Credit shall be for the account of the Pledgor.

“Letter of Credit Default” shall mean with respect to an outstanding Letter of Credit, the occurrence of any of the following events (a) the issuer of such Letter of Credit shall fail to be a Qualified Institution (as defined below); (b) the issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit if such failure shall be continuing after the lapse of any applicable grace period; (c) the issuer of the Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; or (d) the Letter of Credit shall expire or terminate or have a Value of zero at any time the Pledgor is required to Transfer Eligible Collateral posted for the benefit of Secured Party pursuant to Paragraph 4 below and the Pledgor has not Transferred replacement Eligible Collateral; provided, however, that no Letter of Credit Default shall occur in any event with respect to a Letter of Credit after the time such Letter of Credit is required to be cancelled or returned to the Pledgor in accordance with the terms of this CSA.

“Notification Time” shall mean 1:00 p.m. EPT on a Business Day.

“Obligations” shall have the meaning specified Paragraph 2.

“Pledgor” means either party, when that party (i) receives a demand for or is required to Transfer Eligible Collateral or (ii) has Transferred Eligible Collateral under this CSA and such Eligible Collateral has not been returned to the Pledgor.

“Posted Collateral” means all Eligible Collateral and all proceeds thereof that have been Transferred to or received by the Secured Party under this CSA and not Transferred back to the Pledgor or released by the Secured Party. Any interest amount or portion thereof not Transferred will constitute Posted Collateral in the form of Cash.

“Potential Event of Default” means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

“Qualified Institution” means an institution that: (a) is organized and licensed (or in the case of a U.S. office of a foreign banking organization, licensed) under the laws of the United States or any state thereof; (b) is regulated, supervised and examined by U.S. federal or state authorities having regulatory authority over banks and trust companies; (c) has assets of at least \$10 billion; (d) has Credit Ratings of at least “A3” from Moody’s and “A-“ from S&P.

“Return Amount” shall have the meaning specified in Paragraph 5.

“Reference Market-Maker” means a leading dealer in the relevant market that is selected in a commercially reasonable manner and is not an affiliate of either party.

“Request Date” shall have the meaning specified in Paragraph 7.

“Requesting Party” shall have the meaning specified in Paragraph 7.

“Rounding Amount” shall have the meaning specified Paragraph 3(g).

“Secured Party” means either party, when that party (i) makes a demand for or is entitled to receive Eligible Collateral or (ii) holds or is deemed to hold Posted Collateral under this CSA.

“Seller’s Collateral Requirement” shall have the meaning specified in Paragraph 3(a).

“*Seller’s Collateral Threshold*” shall have the meaning specified in Paragraph 3(e).

“*Seller’s Exposure*” shall have the meaning specified in Paragraph 3 (c).

“*Seller’s Credit Support Provider*” means [REDACTED]

“*Seller Independent Amount*” means none, unless otherwise specified in the applicable Confirmation.

“*Substitute Eligible Collateral*” shall have the meaning specified in Paragraph 6(f).

“*Transfer*” means, with respect to any Posted Collateral or Interest Amount, and in accordance with the instructions of the Party entitled thereto:

- (a) in the case of Cash, payment or transfer by wire transfer into one or more bank accounts specified by Secured Party; and
- (b) in the case of Letters of Credit, delivery of the Letter of Credit or an amendment thereto to Secured Party.

“*Valuation Agent*” means the Requesting Party; provided, however, that that in all cases, if an Event of Default or Potential Event of Default has occurred and is continuing with respect to the party designated as the Valuation Agent, then in such case, and for so long as the Event of Default or Potential Event of Default continues, the other party shall be the Valuation Agent.

“*Valuation Date*” means each Business Day.

“*Valuation Percentage*” shall have the meaning specified in Paragraph 3(i).

“*Valuation Time*” means the close of business on the Business Day before the Valuation Date or date of calculation, as applicable.

“*Value*” means, with respect to Posted Collateral or Eligible Collateral, means the Valuation Percentage multiplied by the amount then available under the Letter of Credit to be unconditionally drawn by the Secured Party.

Paragraph 2. Encumbrance: Grant of Security Interest. Each party hereby pledges to the other Party as security for all outstanding Transactions and any other documents, instruments or agreements executed in connection therewith (collectively, the “*Obligations*”), and grants to the other Party a first priority continuing security interest, lien on, and right of set-off against all Collateral delivered to or received by such Party (the “*Secured Party*”) hereunder. Upon the return by the Secured Party to the other Party (such Party, the “*Pledgor*”) of posted Collateral, the security interest and lien granted hereunder on that posted Collateral will be released immediately and, to the extent possible, without further action by either Party.

Paragraph 3. Calculations of Collateral Requirement.

(a) **Seller’s Collateral Requirement.** “Seller’s Collateral Requirement” means Seller’s Exposure, *minus the sum of*:

- (i) Seller’s Collateral Threshold;
- (ii) Seller Independent Amount, if any, as defined in the Confirmation;

- (iii) the amount of Cash previously Transferred to Buyer, and the amount of Cash held by Buyer as Posted Collateral as the result of drawing under any Letter of Credit; and
- (iv) the Value of each Letter of Credit maintained by Seller for the benefit of Buyer;

provided, however, that Seller's Collateral Requirement of Seller will be deemed to be zero (0) whenever the calculation of Seller's Exposure yields a number less than zero (0).

(b) **Buyer's Collateral Requirement.** The "Buyer's Collateral Requirement" means Buyer's Exposure *minus* the amount of Eligible Collateral previously held by the Seller; provided, however, that the Buyer's Collateral Requirement will be deemed to be zero (0) whenever the calculation of Buyer's Exposure yields a number less than zero (0).

(c) **Calculation of Seller's Exposure.** On any Valuation Date, "**Seller's Exposure**" shall be calculated as *the sum of*:

- (i) all amounts that have been invoiced, but not yet paid for all of the Transactions entered into under the Agreement ("***Invoiced Amounts***"). Such amount shall be a positive number if owed by Seller to Buyer and a negative amount if owed from Buyer to Seller;
- (ii) all amounts that have been accrued, but not yet invoiced for all of the Transactions entered into under the Agreement ("***Accrued Amounts***"). Such amount shall be a positive number if owed by Seller to Buyer and a negative amount if owed from Buyer to Seller; and
- (iii) Seller's Daily Proxy Settlement Amounts for each day remaining in the current Calculation Period and all future Calculation Periods for all of the Transactions entered into under the Agreement ("***Proxy Settlement Amount***").

(d) **Calculation of Buyer's Exposure.** On any Valuation Date, "**Buyer's Exposure**" shall be calculated as *the sum of*:

- (i) all amounts that have been invoiced, but not yet paid for all of the Transactions entered into under the Agreement ("***Invoiced Amounts***"). Such amount shall be a positive number if owed by Buyer to Seller and a negative amount if owed from Seller to Buyer;
- (ii) all amounts that have been accrued, but not yet invoiced for all of the Transactions entered into under the Agreement ("***Accrued Amounts***"). Such amount shall be a positive number if owed by Buyer to Seller and a negative amount if owed from Seller to Buyer; and
- (iv) Buyer's Daily Proxy Settlement Amounts for each day remaining in the current Calculation Period and all future Calculation Periods for all of the Transactions entered into under the Agreement ("***Proxy Settlement Amount***").



(e) **Seller's Collateral Threshold.**

(i) “*Seller's Collateral Threshold*” means, the amount set forth below opposite the lowest Credit Rating for Seller on the Valuation Date; *provided*, however, if Seller has provided a guaranty from its Credit Support Provider (substantially in the form set forth in Appendix C of this Master Power Agreement), then Seller's Threshold shall correspond to the lesser of (1) the amount of such guaranty and (2) the amount set forth below opposite the lowest Credit Rating for Seller's Credit Support Provider on the Valuation Date; and provided, further, the Threshold for Seller shall be zero if on the Valuation Date, (i) Seller or its Credit Support Provider (if Seller has provided a guaranty) does not have a Credit Rating from S&P or Moody's, (ii) an Event of Default or Potential Event of Default with respect to Seller or its Credit Support Provider (if Seller has provided a guaranty) has occurred and is continuing or (iii) the guaranty, if any, provided by Seller's Credit Support Provider fails to be in full force and effect unless Seller is relying on its own Credit Rating to establish its Threshold pursuant to the table below.

<u>Seller's Collateral Threshold</u>	<u>Moody's Credit Rating</u>	<u>S&P Credit Rating</u>
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

(g) **Rounding.** The Delivery Amount, as defined below, will be rounded up, and the Return Amount, as defined below, will be rounded down, in each case to the nearest integral multiple of \$100,000 (“***Rounding Amount***”).

(h) **Eligible Collateral.** The following items will qualify as "***Eligible Collateral***" for the Party specified:

	<u>Buyer</u>	<u>Seller</u>	<u>“Valuation Percentage”</u>
(i) Cash	[X]	[X]	100%
(ii) Letters of Credit	[X]	[X]	100% unless either (i) a Letter of Credit Default shall have occurred and be continuing with respect to such Letter of Credit, or (ii) twenty (20) or fewer Business Days remain prior to the expiration of such Letter of Credit, in which cases the Valuation Percentage shall be zero (0).

(i) **Valuation Agent/Valuation Time.** All calculations with respect to Collateral shall be made by the Valuation Agent as of the Valuation Time on the Valuation Date.

Paragraph 4. Delivery of Collateral. On any Business Day during the remaining term hereof on which (a) no Event of Default has occurred and is continuing with respect to the Secured Party, (b) no Termination date has occurred or has been designated as a result of an Event of Default with respect to the Secured Party for which there exist any unsatisfied payment Obligations, and (c) Seller’s Collateral Requirement or Buyer’s Collateral Requirement exceeds \$0.00, then Secured Party may request, by written notice, that the Pledgor Transfer to the Secured Party, or cause to be Transferred to Secured Party, Eligible Collateral for the benefit of the Secured Party, having a Value of at least the Collateral Requirement (“***Delivery Amount***”). If Pledgor shall deliver Eligible Collateral to Secured Party, and the request is received by the Notification Time, the Eligible Collateral shall be delivered on the next Business Day; otherwise Eligible Collateral is due by the close of business on the second Business Day; provided, however, that if the Eligible Collateral being delivered is a Letter of Credit, the Pledgor shall be in compliance with the foregoing if a pdf copy of the Letter of Credit is delivered via electronic mail in accordance with the schedule set forth above and the original copy of the Letter of Credit is delivered within two (2) Business Days of delivery of the pdf copy.

Paragraph 5. Reduction and Substitution of Posted Collateral. On any Business Day during the term hereof on which (a) no Event of Default has occurred and is continuing with respect to Pledgor, (b) no Termination date has occurred or has been designated as a result of an Event of Default with respect to Pledgor for which there exist any unsatisfied

payment Obligations, and (c) the Eligible Collateral posted by Pledgor exceeds the Buyer's Exposure or Seller's Exposure, as applicable (rounding downwards for any fractional amount to the next interval of the Rounding Amount), then Pledgor may, at its sole cost, request that Secured Party return Eligible Collateral in the amount of such difference ("**Return Amount**") and Secured Party shall be obligated to do so. Such Eligible Collateral shall be returned to Pledgor on the next Business Day if the request is received by the Notification Time; otherwise Eligible Collateral is due by the 5:00 P.M. EPT on the second Business Day. The Parties agree that if Pledgor has posted more than one type of Eligible Collateral to Secured Party, Pledgor can, in its sole discretion, select the type of Eligible Collateral for Secured Party to return; provided, however, that Secured Party shall not be required to return the specified Eligible Collateral if immediately after such return, Pledgor would be required to post additional Eligible Collateral pursuant to the calculation of Buyer's Exposure or Seller's Exposure, as applicable.

Paragraph 6. Administration of Posted Collateral.

(a) Cash. Posted Collateral provided in the form of Cash to Secured Party hereunder shall be subject to the following provisions.

(i) So long as Secured Party (or if Secured Party has a Credit Support Provider, then Secured Party's Credit Support Provider) has a Credit Rating that is Investment Grade or better and no Event of Default has occurred and is continuing with respect to Secured Party, Secured Party will be entitled to either hold Cash or to appoint an agent which is a Qualified Institution (a "**Custodian**") to hold Cash for Secured Party. In the event that Secured Party (or if Secured Party has a Credit Support Provider, then Secured Party's Credit Support Provider) has a Credit Rating that is not Investment Grade or better or an Event of Default has occurred and is continuing with respect to Secured Party, then the provisions of Paragraph 6(a)(ii) shall not apply with respect to Secured Party and Cash shall be held in a Qualified Institution in accordance with the provisions of Paragraph 6(a)(iii)(B). Upon notice by Secured Party to Pledgor of the appointment of a Custodian, Pledgor's obligations to make any Transfer will be discharged by making the Transfer to that Custodian. The holding of Cash by a Custodian will be deemed to be the holding of Cash by Secured Party for which the Custodian is acting. If Secured Party or its Custodian fails to satisfy any conditions for holding Cash as set forth above, or if Secured Party is not entitled to hold Cash at any time, then Secured Party will Transfer, or cause its Custodian to Transfer, the Cash to a Qualified Institution and the Cash shall be maintained in accordance with Paragraph 6(a)(iii)(B). Except as set forth in Paragraph 6(a)(iii)(B), Secured Party will be liable for the acts or omissions of the Custodian to the same extent that Secured Party would be held liable for its own acts or omissions.

(ii) Use of Cash. Notwithstanding the provisions of applicable law, if no Event of Default has occurred and is continuing with respect to Secured Party, no Termination date has occurred or been designated as a result of an Event of Default with respect to Secured Party for which there exists any unsatisfied payment Obligations, and Secured Party (or if Secured Party has a Credit Support Provider, then Secured Party's Credit Support Provider) has a Credit Rating that is Investment Grade or better, then Secured Party shall have the right to sell, pledge, rehypothecate, assign, invest, use, comingle or otherwise use in its business any Cash that it holds as Posted Collateral hereunder, free from any claim or right of

any nature whatsoever of Pledgor, including any equity or right of redemption by Pledgor.

(iii) Notwithstanding Paragraph 6(a)(ii), if neither Secured Party nor the Custodian is eligible to hold Cash pursuant to Paragraph 6(a)(i) then:

(A) the provisions of Paragraph 6(a)(ii) will not apply with respect to the Secured Party; and

(B) the Secured Party shall be required to Transfer (or cause to be Transferred) not later than the close of business within two (2) Business Days following such ineligibility all Cash in its possession or held on its behalf to a Qualified Institution to be held in a segregated, safekeeping or custody account (the “*Collateral Account*”) within such Qualified Institution with the title of the account indicating that the property contained therein is being held as Cash for Secured Party. The Qualified Institution shall serve as Custodian with respect to the Cash in the Collateral Account, and shall hold such Cash in accordance with the terms of this CSA and for the security interest of Secured Party and execute such account control agreements as are necessary or applicable to perfect the security interest of Pledgor therein pursuant to Section 9-314 of the Uniform Commercial Code or otherwise, and subject to such security interest, for the ownership and benefit of Pledgor. The Qualified Institution holding the Cash will invest and reinvest or procure the investment and reinvestment of the Cash in accordance with the written instructions of Secured Party, subject to the approval of such instructions by the Pledgor (which approval shall not be unreasonably withheld). Secured Party shall have no responsibility for any losses resulting from any investment or reinvestment effected in accordance with Pledgor’s approval.

(iv) **Interest.** So long as no Event of Default with respect to the Pledgor has occurred and is continuing, and no termination date for which any unsatisfied payment Obligations of Pledgor exist has occurred or been designated as the result of an Event of Default with respect to Pledgor, in the event that Secured Party or its Custodian is holding Cash, Secured Party will Transfer (or cause to be Transferred) to Pledgor, in lieu of any interest or other amounts paid or deemed to have been paid with respect to such Cash (all of which shall be retained by Secured Party), the Interest Amount. Interest on Cash shall accrue at the Collateral Interest Rate. Interest accrued during the previous month shall be paid by the Secured Party to the Pledgor on the 3rd Business Day of each calendar month and on any Business Day that posted Eligible Collateral in the form of Cash is returned to Pledgor. On or after the occurrence of an Event of Default with respect to Pledgor or a termination date as a result of an Event of Default with respect to Pledgor, Secured Party or its Custodian shall retain any such Interest Amount as additional Posted Collateral hereunder until the obligations of Pledgor under the Agreement have been satisfied in the case of a termination date or for so long as such Event of Default is continuing in the case of an Event of Default.

(b) **Secured Party’s Rights and Remedies.** If at any time an Event of Default with respect to Pledgor has occurred and is continuing, then, unless the Pledgor has paid in full all of its obligations that are then due, including those under Section 7.2(c) of this

Agreement (“Obligations”), the Secured Party may exercise one or more of the following rights and remedies: (i) all rights and remedies available to a Secured Party under applicable law with respect to posted Eligible Collateral held by the Secured Party, (ii) the right to set-off any amounts payable by the Pledgor with respect to any Obligations against any posted Eligible Collateral or the Cash equivalent of any posted Eligible Collateral held by the Secured Party, and (iii) the right to liquidate any posted Eligible Collateral held by the Secured Party and to apply the proceeds of such liquidation of the posted Eligible Collateral to any amounts payable to the Secured Party with respect to the Obligations in such order as the Secured Party may elect. For purposes of this Paragraph 6, the Secured Party may draw on the entire undrawn portion of any Letter of Credit. Cash proceeds that are not applied to the Obligations shall be maintained in accordance with the terms of this CSA. The Pledgor shall remain liable for amounts due and owing to the Secured Party that remain unpaid after the application, pursuant to this Paragraph 6, of Eligible Collateral to the Obligations.

(c) **Pledgor’s Rights and Remedies.** If at any time a termination date has occurred or been designated as the result of an Event of Default with respect to Secured Party, then unless the Secured Party has paid in full all of its obligations that are then due, including those under Section 7.2(c) of this Agreement: (i) the Pledgor may exercise all rights and remedies available to a Pledgor under applicable law with respect to the posted Eligible Collateral, (ii) the Secured Party will be obligated immediately to return all posted Eligible Collateral and accrued Interest to the Pledgor, and (iii) to the extent that posted Eligible Collateral or accrued Interest are not returned pursuant to (ii) above, the Pledgor may set-off any amounts payable by the Pledgor with respect to any Obligations against any posted Eligible Collateral or the cash equivalent thereof or to the extent that Pledgor does not set off such amounts, withhold payment of any remaining amounts payable by the Pledgor with respect to any Obligations, up to the value of the remain posted Eligible Collateral held by the Secured Party, until that posted Eligible Collateral is Transferred to the Pledgor. For avoidance of doubt, (i) the Secured Party will be obligated immediately to Transfer any Letter of Credit to the Pledgor and (ii) the Pledgor may do any one or more of the following: (x) to the extent that the Letter of Credit is not Transferred to the Pledgor as required pursuant to (i) above, set-off any amounts payable by the Pledgor with respect to any Obligations against any such Letter of Credit held by the Secured Party and, to the extent its rights to set-off are not exercised, withhold payment of any remaining amounts payable by the Pledgor with respect to any Obligations, up to the value of any remaining posted Eligible Collateral and the value of any Letter of Credit held by the Secured Party, until any such Posted Eligible Collateral and such Letter of Credit is Transferred to the Pledgor; and (y) exercise rights and remedies available to the Pledgor under the terms of the Letter of Credit.

(d) **Letters of Credit.** Eligible Collateral provided in the form of a Letter of Credit shall be subject to the following provisions.

(i) As one method of providing Eligible Collateral, the Pledgor may increase the amount of an outstanding Letter of Credit or establish one or more additional Letters of Credit.

(ii) Upon the occurrence of a Letter of Credit Default, Pledgor agrees to Transfer to Buyer either a substitute Letter of Credit or Cash, in each case on or before 5:00 EPT on the first Business Day after the occurrence thereof

(or the third (3rd) Business Day after the occurrence thereof if only clause (a) under the definition of Letter of Credit Default applies).

(iii) Notwithstanding Paragraphs 4 and 5, (1) the Buyer need not return a Letter of Credit unless the entire principal amount is required to be returned, (2) the Buyer shall consent to a reduction of the principal amount of a Letter of Credit to the extent that a Delivery Amount would not be created thereby (as of the time of the request or as of the last time the Delivery Amount was determined), and (3) if there is more than one form of Posted Collateral when a Return Amount is to be Transferred, the Pledgor may specify which to Transfer.

(e) **Care of Posted Eligible Collateral.** Secured Party shall exercise reasonable care to assure the safe custody of all posted Eligible Collateral to the extent required by applicable law, and in any event the Secured Party will be deemed to have exercised reasonable care if it exercises at least the same degree of care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the Secured Party will have no duty with respect to the posted Eligible Collateral, including without limitation, any duty to enforce or preserve any rights thereto.

(f) **Substitutions.** Unless otherwise prohibited herein, upon notice to the Secured Party specifying the items of posted Eligible Collateral to be exchanged, the Pledgor may, on any Business Day, deliver to the Secured Party other Eligible Collateral (“*Substitute Eligible Collateral*”). On the Business Day following the day on which the Substitute Eligible Collateral is delivered to the Secured Party, the Secured Party shall return to the Pledgor the items of Eligible Collateral specified in the Pledgor’s notice; provided, however, that the Secured Party shall not be required to return the specified Eligible Collateral if immediately after such return, Pledgor would be required to post additional Eligible Collateral pursuant to the calculation of Buyer’s Exposure or Seller’s Exposure, as applicable, set forth in Paragraph 3.

Paragraph 7. Exercise of Rights Against Posted Collateral.

(a) **Disputes regarding amount of Eligible Collateral.** If either Party disputes the amount of Eligible Collateral to be provided or returned (such Party the “*Disputing Party*”), then the Disputing Party shall (a) deliver the undisputed amount of Eligible Collateral to the other Party (such Party, the “*Requesting Party*”) in accordance with the provisions of Paragraph 4 and (b) notify the Requesting Party of the existence and nature of the dispute no later than 5:00 p.m. EPT on the Business Day that the request for Eligible Collateral was made if it was made prior to the Notification Time or by 5:00 p.m. EPT on the next Business Day if the request was made after the Notification Time (the “*Request Date*”). On the Business Day following the Request Date, the Parties shall consult with each other in order to reconcile the two conflicting amounts. If the Parties are not able to resolve their dispute, the Eligible Collateral shall be recalculated, on the Business Day following the Request Date, by each Party requesting quotations from two (2) Reference Market-Makers for a total of four (4) quotations. The highest and lowest of the four (4) quotations shall be discarded and the arithmetic average shall be taken of the remaining two (2), which shall be used in order to determine the amount of Eligible Collateral required. On the Business Day following the Business Day on which the Eligible Collateral amount is recalculated, the Disputing Party shall deliver any additional Eligible Collateral required pursuant to the recalculation or the Requesting Party shall

return any excess Eligible Collateral that is no longer required pursuant to the recalculation.

(b) **Further Assurances.** Promptly following a request by a Party, the other Party shall execute, deliver, file, and/or record any financing statement, specific assignment, or other document and take any other action that may be necessary or desirable to create, perfect, or validate any security interest or lien, to enable the requesting party to exercise or enforce its rights or remedies under this CSA, or to effect or document a release of a security interest on posted Eligible Collateral or accrued Interest.

(c) **Further Protection.** The Pledgor will promptly give notice to the Secured Party of, and defend against, any suit, action, proceeding, or lien that involves the posted Eligible Collateral delivered to Secured Party by Pledgor or that could adversely affect any security interest or lien granted pursuant to this CSA.

Paragraph 9. Miscellaneous.

(a) **Demands and Notices.** All demands, specifications, and notices to Buyer with respect to Credit Support shall be made pursuant to the Notices Section of the Agreement with a copy to:

National Grid
Attn: Director, Electric Supply and Distributed Generation
100 East Old Country Road
Hicksville, NY 11801
Phone - (516) 545-3282
Fax: (516) 545-3130

National Grid
Attn: Credit Operations
100 East Old Country Road
Hicksville, New York 11801
Phone - (516) 545-3122
Fax - (516) 545-5466
Email – keys-pan-margin@keys-panenergy.com

All demands, specifications, and notices to Seller with respect to Credit Support shall be made pursuant to the Notices Section of the Agreement with a copy to:



(c) The information contained in this CSA constitutes “Confidential Terms” within the meaning of Article 23 of the Master Power Agreement.

Exhibit A
Form of Letter of Credit

DATE: _____

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER: _____

BENEFICIARY
(COMPANY NAME)
(ADDRESS)
(ADDRESS)
(CITY, STATE, ZIP)
ATTN.: _____

APPLICANT
(COMPANY NAME)
(ADDRESS)
(ADDRESS)
(CITY, STATE, ZIP)

AMOUNT
USD _____
_____ AND 00/100'S US DOLLARS

EXPIRATION
_____ AT OUR COUNTERS

WE HEREBY ISSUE OUR IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER _____, IN FAVOR OF _____, BY ORDER AND FOR THE ACCOUNT OF _____ AVAILABLE FOR PAYMENT AT SIGHT AT THE COUNTERS OF _____ FOR US\$ _____ (_____ DOLLARS) AGAINST PRESENTATION TO US OF ANY OF THE FOLLOWING STATEMENTS (WITH BRACKETED LANGUAGE AND BLANKS APPROPRIATELY COMPLETED OR DELETED), DATED AND SIGNED BY A REPRESENTATIVE OF THE BENEFICIARY AND IDENTIFYING BY REFERENCE NO. THIS LETTER OF CREDIT:

1. "AN EVENT OF DEFAULT (AS DEFINED IN THE MASTER PURCHASE AND SALE AGREEMENT DATED AS OF _____ BETWEEN BENEFICIARY OF LETTER OF CREDIT NO. _____ ("BENEFICIARY") AND APPLICANT (AS THE SAME MAY BE AMENDED, THE "MASTER AGREEMENT")) HAS OCCURRED AND IS CONTINUING UNDER THE MASTER AGREEMENT WITH RESPECT TO THE APPLICANT AND NO EVENT OF DEFAULT HAS OCCURRED AND IS CONTINUING UNDER THE MASTER AGREEMENT WITH RESPECT TO BENEFICIARY. WHEREFORE, THE UNDERSIGNED DOES HEREBY DEMAND PAYMENT OF [\$_____] [THE ENTIRE UNDRAWN AMOUNT OF THE LETTER OF CREDIT]. PAYMENT SHOULD BE REMITTED TO _____;"

2. "THE UNDERSIGNED, AS AN AUTHORIZED REPRESENTATIVE OF _____ ("____"), HEREBY CERTIFIES THAT NOT LESS THAN \$_____ (THE "DRAW AMOUNT") IS OWING TO _____ BY _____ UNDER THE TERMS OF ONE OR MORE SWAP AGREEMENTS, FORWARD CONTRACTS AND/OR ELECTRICITY AND/OR GAS PURCHASE AGREEMENTS. THE DRAW AMOUNT IS NOW PAST DUE AND ALL APPLICABLE GRACE PERIODS FOR ITS PAYMENT HAVE EXPIRED. WHEREFORE, DEMAND IS HEREBY MADE UNDER YOUR LETTER OF CREDIT NO. _____ FOR PAYMENT OF THE DRAW AMOUNT. PAYMENT SHOULD BE REMITTED TO _____;" OR,

3. "THE EXPIRATION DATE OF _____ LETTER OF CREDIT NO. _____ IS LESS THAN THIRTY (30) DAYS FROM THE DATE OF THIS STATEMENT, AND THE APPLICANT UNDER SUCH LETTER OF CREDIT IS REQUIRED, BUT HAS FAILED, TO PROVIDE A REPLACEMENT LETTER OF CREDIT OR OTHER COLLATERAL BEYOND SUCH EXPIRATION DATE IN ACCORDANCE WITH, AND TO ASSURE PERFORMANCE OF, ITS OBLIGATIONS UNDER THE MASTER PURCHASE AND SALE AGREEMENT DATED AS OF _____

_____ BETWEEN ACCOUNT PARTY AND THE BENEFICIARY OF THE LETTER OF CREDIT (AS THE SAME MAY BE AMENDED, THE "MASTER AGREEMENT"). NO EVENT OF DEFAULT HAS OCCURRED AND IS CONTINUING UNDER THE MASTER AGREEMENT WITH RESPECT TO THE BENEFICIARY. THEREFORE, THE UNDERSIGNED DOES HEREBY DEMAND PAYMENT OF \$_____. PAYMENT SHOULD BE REMITTED TO _____.

SPECIAL INSTRUCTIONS:

- 1) PARTIAL AND MULTIPLE DRAWINGS PERMITTED.
- 2) DOCUMENTS MUST BE PRESENTED AT OUR COUNTERS LOCATED AT _____ NO LATER THAN _____.
- 3) ALL COSTS RELATED TO DRAWINGS UNDER THIS LETTER OF CREDIT NUMBER _____ SHALL BE CHARGED TO THE ACCOUNT OF THE APPLICANT.

WE HEREBY ENGAGE WITH YOU THAT ALL DOCUMENTS PRESENTED IN COMPLIANCE WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED IF DRAWN AND PRESENTED FOR PAYMENT ON OR BEFORE THE EXPIRY DATE OF THIS CREDIT. EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, THIS CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES 1998 (ISP 98).

THIS IS AN INTEGRAL PART OF LETTER OF CREDIT NUMBER: _____

IF YOU REQUIRE ANY ASSISTANCE OR HAVE ANY QUESTIONS REGARDING THIS TRANSACTION, PLEASE CALL _____.

 _____ AUTHORIZED SIGNATURE AUTHORIZED SIGNATURE
 THIS DOCUMENT CONSISTS OF 2 PAGE(S).

SCHEDULE MMJ – 5

**Default Service Contract for the Small Customer Group
November 1, 2009 through April 30, 2010**

REDACTED DOCUMENT

**MASTER POWER AGREEMENT
CONFIRMATION**

This Confirmation shall confirm the Transaction agreed to on **September 9, 2009**, 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”), [REDACTED], regarding the sale/purchase of Default Service specified herein under the terms and conditions under the Master Power Agreement, dated September 6, 2007 (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. **THIS CONFIRMATION SHALL NOT AMEND THE GENERAL TERMS AND CONDITIONS OF 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.

[REDACTED]

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

[REDACTED]

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

REDACTED DOCUMENT

[REDACTED]

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

[REDACTED]

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

[REDACTED]

REDACTED DOCUMENT

[REDACTED]

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

[REDACTED]

[REDACTED]

[REDACTED]

9. Confidentiality

Articles 2, 3 4, 5, 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]

REDACTED DOCUMENT

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: Margaret M. Janzen

Title: Authorized Signatory



Name (print): _____

Title: _____

EXECUTION COPY

FIRST AMENDMENT TO NEW HAMPSHIRE MASTER POWER AGREEMENT

THIS FIRST AMENDMENT to the New Hampshire Master Power Agreement executed as of the 9th day of June 2009 by and between **GRANITE STATE ELECTRIC COMPANY** (“Granite” or “Buyer”), a New Hampshire corporation, and [REDACTED] (“Seller”). The Buyer and Seller are referred to herein individually as a “Party” and collectively as the “Parties”.

RECITALS

A. Seller and Buyer executed that certain New Hampshire Master Power Agreement dated as of September 6, 2007, pursuant to which Seller has agreed to sell and Buyer has agreed to be the supplier of firm, load-following power to meet the Buyer’s Default Service Requirements (the “**Agreement**”).

B. The Seller and Buyer desire to amend the provisions of the Agreement as more fully set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and promises contained herein, the Parties do hereby agree as follows:

1. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.
2. The following definitions are added:

Alternative Compliance Payment Rate means the value as published by the NH PUC (as defined below) in accordance with Puc 2503.02 of the New Hampshire Code of Administrative Rules.

Bid Proxy Price means, the product of (a) the Reference New England Internal Hub Price as set forth in the Confirmation for the applicable Transaction, (b) the Resulting Bid Factor for a calendar month, and (c) the Adjustment Factor, all for the applicable Transaction.

Class I NEPOOL-GIS Certificate means a NEPOOL-GIS Certificate from a resource that represents Class I Renewable Generation Attributes (as defined below).

Class I Renewable Generation Attributes means a “Class I source” as defined in Puc 2502.07 of the New Hampshire Code of Administrative Rules, as may be amended from time to time.

Class II NEPOOL-GIS Certificate means a NEPOOL-GIS Certificate from a resource that represents Class I Renewable Generation Attributes (as defined below).

REDACTED DOCUMENT

Class II Renewable Generation Attributes means a “Class I source” as defined in Puc 2502.08 of the New Hampshire Code of Administrative Rules, as may be amended from time to time.

Class III NEPOOL-GIS Certificate means a NEPOOL-GIS Certificate from a resource that represents Class III Renewable Generation Attributes.

Class III Renewable Generation Attributes means a “Class III source” as defined in Puc 2502.09 of the New Hampshire Code of Administrative Rules, as may be amended from time to time.

Class IV NEPOOL-GIS Certificate means a NEPOOL-GIS Certificate from a resource that represents Class IV Renewable Generation Attributes.

Class IV Renewable Generation Attributes means a “Class IV source” as defined in Puc 2502.10 of the New Hampshire Code of Administrative Rules, as may be amended from time to time.

Commodity Business Day means Monday through Friday, excluding NERC Holidays.

Credit Support Annex or CSA means the credit support annex mutually agreed to and executed by the Parties, in the form set forth as Appendix D hereto and incorporated by reference herein.

Daily Proxy Settlement Amount means, for a given day, the product of (a) the Expected Daily Load and (b) the Proxy Price for such day minus the Bid Proxy Price.

NERC means the North American Electric Reliability Council.

New England Internal Hub Price means for each day remaining in the current calendar month and each day in all future calendar months during the term of this Transaction : (A) the sum of (x) the product of the applicable On-Peak ISO New England Internal Hub Price times the number of On-Peak Hours in such day and (y) the product of the applicable Off-Peak New England Internal Hub Price times the number of Off-Peak hours in such day and (B) then divided by twenty four (24).

New Hampshire Electric Renewable Portfolio Standard Law means the provisions of New Hampshire RSA 362-F et seq. that require all retail electricity suppliers who provide electricity to end-use customers in New Hampshire to source a minimum percentage of their electricity sales from certain renewable energy generating resources beginning on January 1, 2008, as more explicitly provided for in regulations set forth in the New Hampshire Code of Administrative Rules, Chapter Puc 2500 et. seq., as such regulations may be amended from time to time.

NYMEX means the New York Mercantile Exchange, Inc., its successors and assigns.

Off-Peak Hour means any hour that is not an On-Peak Hour.

REDACTED DOCUMENT

Off-Peak ISO New England Internal Hub Price means, in a given month, the ISO New England Off-Peak LMP Swap price as published by NYMEX on a Valuation Date and represented by the NYMEX trading symbol KI.

On-Peak Hour means Hour Ending (“HE”) 08:00 EPT through HE 23:00 EPT on any Commodity Business Day.

On-Peak ISO New England Internal Hub Price means, in a given month, the ISO New England Internal Hub Peak LMP Swap price as published by NYMEX on a Valuation Date and represented by the NYMEX trading symbol NI.

Proxy Price means, for a given day, the product of (a) the New England Internal Hub Price for such day, (b) the Resulting Bid Factor for a calendar month, and (c) the Adjustment Factor.

Resulting Bid Factor means (A) the Contract Rate in a calendar month divided by (B) the Reference New England Internal Hub Price for the same calendar month.

3. The definition of “**Credit Rating**” is deleted and replaced with the following:

“Credit Rating means, with respect to a Party (or its Credit Support Provider, as the case may be) or entity, on any date of determination, (1) the ratings assigned by Moody’s, S&P and/or the other specified rating agency or agencies to such Party’s (or its Credit Support Provider’s, as the case may be) or entity’s unsecured, senior, long-term debt not supported by third party credit enhancement, or (2) if the applicable entity does not have such a rating, then the rating assigned to such entity by Moody’s and/or S&P as its corporate credit rating or issuer rating (discounted one (1) notch), or (3) if the applicable entity is a financial institution, its unsecured, unsubordinated, long-term deposits by Moody’s, S&P and/or the other specified rating agency or agencies. In the event of an inconsistency in ratings by the rating agencies (a “split rating”), the lowest rating assigned shall control.”

4. The definition of “**NE-GIS Certificates**” is deleted and replaced with the following:

“NEPOOL-GIS Certificates means an electronic record produced by the NEPOOL-GIS that identifies the relevant generation attributes of each MWh accounted for in the NEPOOL-GIS that comply with the New Hampshire Electric Renewable Portfolio Standard Law. NEPOOL-GIS Certificates shall conform to the eligibility criteria set forth in the New Hampshire Electric Renewable Portfolio Standard Law, and shall represent title to and claim over all environmental attributes associated with the specified MWh of generation.”

5. Section 7.1(a)(ii) is deleted in its entirety.

6. Section 7.1(b)(iii) is deleted and replaced with the following:

“Failure of Seller to satisfy its obligation to provide security when due and in accordance with the CSA.”

REDACTED DOCUMENT

7. Section 7.1(c) is amended to add the following:
- (iv) The failure of such Party to deliver or return Eligible Collateral as required under the CSA or the failure of such Party to pay Interest as required under the CSA and the continuation of such failure for two (2) Business Days after notice of that failure is given to that Party;
 - (v) The violation by such Party of any other obligation or agreement with respect to Credit Support under the CSA and the continuation of such violation for five (5) Business Days after notice of that failure is given to that Party.”
8. Section 7.2 (a) is amended to add “, (c)(iv) or (c)(v)” after “(c)(iii).”
9. Section 7.2(b) is revised to replace “Article 7.3 (Security)” with “CSA.”
- 9.1 The first paragraph of Section 7.2 (c) “Remedies Upon Default” shall be deleted in its entirety and replaced with the following:

“(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 the estimated load quantity that would have been delivered on an hourly basis had such Delivery Term and this Agreement been in effect during the comparable period in the previous calendar year, with such load quantity adjusted for known changes in the load 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. Seller and Buyer agree that the foregoing provision is intended to reflect a mutually acceptable measure of damages for such Event of Default.”

10. Section 7.3 is deleted in its entirety.
12. Buyer’s addresses in Section 8.1 are replaced with the following:
“Notices and other communications by Seller to the Buyer shall be addressed to:

Director, Electric Supply and Distributed Generation
National Grid
100 East Old Country Road
Hicksville, NY 11801
(516) 545-3282 (phone)
(516) 545-3130 (fax)

and

REDACTED DOCUMENT

Notices concerning Article 7 shall also be sent to:

General Counsel
National Grid
40 Sylvan Rd.
Waltham, MA 02451-1120
(781) 907-1000 (phone)
(781) 907- 5701- (fax)”

13. Appendix B “Master Power Agreement Form of Confirmation” is deleted in its entirety and replaced with the Appendix B “Master Power Agreement Form of confirmation” attached hereto.

14. Appendix C, Form of Guaranty, is modified to replace Buyer’s address in the Notice section with:

Director, Electric Supply and Distributed Generation
National Grid
100 East Old Country Road
Hicksville, NY 11801
(516) 545-3282 (phone)
(516) 545-3130 (fax)

15. Appendix D “Credit Support Annex (NH Default Service),” a copy of which is attached hereto, is added to the Agreement.

16. The Agreement as modified by this First Amendment shall continue in full force and effect and this First Amendment shall constitute a part of the Agreement. All references in the Agreement to itself shall be deemed to be references to the Agreement as amended hereby and the Agreement as amended hereby shall be referred to as the "Agreement."

17. The undersigned Parties hereby ratify and confirm all of the provisions of the Agreement, as amended or modified by this First Amendment, and agree and acknowledge that the same, as so amended, remains in full force and effect.

18. This First Amendment may be signed in one or more counterparts, which, together, shall constitute a single document.

[Remainder of Page Intentionally Left Blank]

REDACTED DOCUMENT

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

GRANITE STATE ELECTRIC COMPANY

Name: Margaret M. Janzen
Title: Authorized Signatory



Name (print): _____
Title: _____

**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”), _____, regarding the sale/purchase of Default Service specified herein under the terms and conditions under the Master Power Agreement, dated September 6, 2007 (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. **THIS CONFIRMATION SHALL NOT AMEND THE GENERAL TERMS AND CONDITIONS OF 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.

■ _____

■	■	■	■	■	■
■	■	■	■	■	■
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■ _____

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[Redacted]

[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]

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[Redacted]

[REDACTED]

[REDACTED]

7. Modifications to the Master Power Agreement

[To be determined for each Transaction]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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

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

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

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9. Confidentiality

Articles 2, 3 4, 5, 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.

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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: _____

APPENDIX D

CREDIT SUPPORT ANNEX (NH Default Service)

This Credit Support Annex to the Master Power Agreement (the “CSA”) is made and entered into by and between Buyer and Seller, as those terms are defined in the Master Power Agreement.

All provisions contained or incorporated by reference in the Master Power Agreement will govern this CSA except as expressly modified herein. Any terms capitalized, but not defined herein shall have the meaning given to them in the Master Power Agreement.

Paragraph 1. Definitions.

As used in this CSA, the following terms have the meanings specified below:

“*Cash*” means U.S. dollars held by or on behalf of a Party as Posted Collateral hereunder.

“*Collateral Account*” shall have the meaning specified in Paragraph 6(a)(iii)(B).

“*Collateral Interest Rate*” means the daily effective federal funds rate as published in the applicable statistical release designated as H.12(510), or any successor publication by the Board of Governors of the Federal Reserve System. If such rate is expressed as a range, the Collateral Interest Rate shall equal the arithmetic average of such range.

“*Collateral Threshold*” shall have the meaning specified in Paragraph 3(c)(i).

“*Custodian*” shall have the meaning specified in Paragraph 6(a)(i).

“*Delivery Amount*” shall have the meaning specified in Paragraph 4.

“*Disputing Party*” shall have the meaning specified in Paragraph 7.

“*Eligible Collateral*” shall have the meaning specified in Paragraph 3(c)(iii).

“*Exposure*” shall have the meaning specified in Paragraph 3(b).

“*Interest Amount*” means with respect to a Party and an Interest Period, the sum of the daily interest amounts for all days in such Interest Period; each daily interest amount to be determined by such Party as follows: (a) the amount of Cash held by such Party on that day (but excluding any interest previously earned on such Cash); *multiplied by* (b) the Collateral Interest Rate for that day; *divided by* (c) 360

“*Interest Period*” means the period from (and including) the last Business Day on which an Interest Amount was Transferred by a Party (or if no Interest Amount has yet been Transferred by such Party, the Business Day on which Cash was Transferred to such Party) to (but excluding) the Business Day on which the current Interest Amount is to be Transferred.

“*Invoiced Amounts*” shall have the meaning specified in Paragraph 3(b)(i)

“*Letter of Credit*” shall mean an irrevocable, non-transferable, standby letter of credit, issued by a Qualified Institution utilizing a form acceptable to the party in whose favor the letter of credit is issued. All costs relating to any Letter of Credit shall be for the account of the Pledgor.

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“Letter of Credit Default” shall mean with respect to an outstanding Letter of Credit, the occurrence of any of the following events (a) the issuer of such Letter of Credit shall fail to be a Qualified Institution (as defined below); (b) the issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit if such failure shall be continuing after the lapse of any applicable grace period; (c) the issuer of the Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; or (d) the Letter of Credit shall expire or terminate or have a Value of zero at any time the Pledgor is required to Transfer Eligible Credit Support pursuant to Paragraph 4 below and the Pledgor has not Transferred replacement Eligible Credit Support; provided, however, that no Letter of Credit Default shall occur in any event with respect to a Letter of Credit after the time such Letter of Credit is required to be cancelled or returned to the Pledgor in accordance with the terms of this CSA.

“Notification Time” shall mean 1:00 p.m. EPT on a Business Day.

“Obligations” shall have the meaning specified Paragraph 2.

“Pledgor” means either party, when that party (i) receives a demand for or is required to Transfer Eligible Collateral or (ii) has Transferred Eligible Collateral under this CSA.

“Posted Collateral” means all Eligible Collateral and all proceeds thereof that have been Transferred to or received by the Secured Party under this CSA and not Transferred to the Pledgor or released by the Secured Party. Any interest amount or portion thereof not Transferred will constitute Posted Collateral in the form of Cash.

“Potential Event of Default” means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

“Qualified Institution” means a major U.S. commercial bank or trust company, a foreign bank with a U.S. branch office or financial institution, in any case, organized under the laws of the United States or a political subdivision thereof having capital surplus of at least \$10 billion and Credit Ratings of at least “A3” from Moody’s and “A-” from S&P.

“Return Amount” shall have the meaning specified in Paragraph 5.

“Reference Market-Maker” means a leading dealer in the relevant market that is selected in a commercially reasonable manner and is not an affiliate of either party.

“Request Date” shall have the meaning specified in Paragraph 7.

“Requesting Party” shall have the meaning specified in Paragraph 7.

“Rounding Amount” shall have the meaning specified Paragraph 3(c)(ii).

“Secured Party” means either party, when that party (i) makes a demand for or is entitled to receive Eligible Collateral or (ii) holds or is deemed to hold Posted Collateral under this CSA.

“Seller’s Credit Support Provider” means, [REDACTED]

“Seller’s Independent Amount” means none, unless otherwise specified in the applicable Confirmation.

“Substitute Eligible Collateral” shall have the meaning specified in Paragraph 6(f).

“Transfer” means, with respect to any Posted Collateral or Interest Amount, and in accordance with the instructions of the Party entitled thereto:

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- (a) in the case of Cash, payment or transfer by wire transfer into one or more bank accounts specified by Buyer; and
- (b) in the case of Letters of Credit, delivery of the Letter of Credit or an amendment thereto to Buyer.

“Valuation Agent” means the Requesting Party; provided, however, that that in all cases, if an Event of Default or Potential Event of Default has occurred and is continuing with respect to the party designated as the Valuation Agent, then in such case, and for so long as the Event of Default or Potential Event of Default continues, the other party shall be the Valuation Agent.

“Valuation Date” means each Business Day.

“Valuation Percentage” shall have the meaning specified in Paragraph 3(c)(iii).

“Valuation Time” means the close of business on the Business Day before the Valuation Date or date of calculation, as applicable.

“Value” means, with respect to Posted Collateral or Eligible Collateral, means the Valuation Percentage multiplied by the amount then available under the Letter of Credit to be unconditionally drawn by the Secured Party.

Paragraph 2. Encumbrance: Grant of Security Interest. Each party hereby pledges to the other Party as security for all outstanding Transactions and any other documents, instruments or agreements executed in connection therewith (collectively, the **“Obligations”**), and grants to the other Party a first priority continuing security interest, lien on, and right of set-off against all Collateral delivered to or received by such Party (the **“Secured Party”**) hereunder. Upon the return by the Secured Party to the other Party (such Party, the **“Pledgor”**) of posted Collateral, the security interest and lien granted hereunder on that posted Collateral will be released immediately and, to the extent possible, without further action by either Party.

Paragraph 3. Calculations of Collateral Requirement.

(a) **Collateral Requirement.** The “Collateral Requirement” for Seller means the Exposure, *minus the sum of:*

- (i) Seller’s Collateral Threshold;
- (ii) Seller’s Independent Amount, if any, as defined in the Confirmation;
- (iii) the amount of Cash previously Transferred to Buyer, and the amount of Cash held by Buyer as Posted Collateral as the result of drawing under any Letter of Credit; and
- (iv) the Value of each Letter of Credit maintained by Seller for the benefit of Buyer;

provided, however, that the Collateral Requirement of Seller will be deemed to be zero (0) whenever the calculation of Exposure yields a number less than zero (0).

(b) **Calculation of Exposure.** On any Valuation Date, the **“Exposure”** shall be calculated as *the sum of:*

- (i) all amounts that have been invoiced, but not yet paid for the Transaction under each Confirmation (**“Invoiced Amounts”**). Such amount

shall be a positive number if owed by Seller to Buyer and a negative amount if owed from Buyer to Seller;

(ii) all amounts that have been accrued, but not yet invoiced for the Transaction under each confirmation (“*Accrued Amounts*”). Such amount shall be a positive number if owed by Seller to Buyer and a negative amount if owed from Buyer to Seller; and

(iii) the Daily Proxy Settlement Amounts for each day remaining in the current Calculation Period and all future Calculation Periods for Each Transaction (“*Proxy Settlement Amount*”);

(c) **Seller’s Collateral Threshold.**

(i) “*Seller’s Collateral Threshold*” means, the amount set forth below opposite the lowest (NG’s credit policy does not allow for the highest Credit Rating to be used) Credit Rating for Seller on the Valuation Date; *provided*, however, if Seller has provided a guaranty from its Credit Support Provider (substantially in the form set forth in Appendix C of this Master Power Agreement), then Seller’s Threshold shall correspond to the lesser of (1) the amount of such guaranty and (2) the amount set forth below opposite the lowest Credit Rating for Seller’s Credit Support Provider on the Valuation Date; and provided, further, the Threshold for Seller shall be zero if on the Valuation Date, (i) Seller or its Credit Support Provider (if Seller has provided a guaranty) does not have a Credit Rating from S&P or Moody’s, (ii) an Event of Default with respect to Seller or its Credit Support Provider has occurred and is continuing or (iii) the guaranty, if any, provided by Seller fails to be in full force and effect unless Seller is relying on its own Credit Rating to establish its Threshold pursuant to the table below.

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

(ii) **Rounding.** The Delivery Amount, as defined below, will be rounded up, and the Return Amount, as defined below, will be rounded down, in each case to the nearest integral multiple of \$100,000 (“*Rounding Amount*”).

(iii) The following items will qualify as “*Eligible Collateral*” for the Party specified:

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		<u>Seller</u>	<u>“Valuation Percentage”</u>
(A)	Cash	[X]	100%
(B)	Letters of Credit	[X]	100% unless either (i) a Letter of Credit Default shall have occurred and be continuing with respect to such Letter of Credit, or (ii) twenty (20) or fewer Business Days remain prior to the expiration of such Letter of Credit, in which cases the Valuation Percentage shall be zero (0).

(d) **Valuation Agent/Valuation Time.** All calculations with respect to Collateral shall be made by the Valuation Agent as of the Valuation Time on the Valuation Date.

Paragraph 4. Delivery of Collateral. On any Business Day during the remaining term hereof on which (a) no Event of Default has occurred and is continuing with respect to Buyer, (b) no Termination date has occurred or has been designated as a result of an Event of Default with respect to Buyer for which there exist any unsatisfied payment Obligations, and (c) Seller’s Collateral Requirement exceeds \$0.00, then Buyer may request, by written notice, that Seller Transfer to Buyer, or cause to be Transferred to Buyer, Eligible Collateral for the benefit of Buyer, having a Value of at least the Collateral Requirement (“*Delivery Amount*”). Such Eligible Collateral shall be delivered to Buyer on the next Business Day if the request is received by the Notification Time; otherwise Eligible Collateral is due by the close of business on the second Business Day.

Paragraph 5. Reduction and Substitution of Posted Collateral. On any Business Day during the term hereof on which (a) no Event of Default has occurred and is continuing with respect to Seller, (b) no Termination date has occurred or has been designated as a result of an Event of Default with respect to Seller for which there exist any unsatisfied payment Obligations, and (c) the Eligible Collateral posted by Seller exceeds the Exposure (rounding downwards for any fractional amount to the next interval of the Rounding Amount), then Seller may, at its sole cost, request that Buyer return Eligible Collateral in the amount of such difference (“*Return Amount*”) and Buyer shall be obligated to do so. Such Eligible Collateral shall be returned to Seller on the next Business Day if the request is received by the Notification Time; otherwise Eligible Collateral is due by the close of business on the second Business Day. The Parties agree that if Seller has posted more than one type of Eligible Collateral to Buyer, Seller can, in its sole discretion, select the type of Eligible Collateral for Buyer to return; provided, however, that Buyer shall not be required to return the specified Eligible Collateral if immediately after such return, Seller would be required to post additional Eligible Collateral pursuant to the calculation of Exposure.

Paragraph 6. Administration of Posted Collateral.

(a) Cash. Posted Collateral provided in the form of Cash to Buyer hereunder shall be subject to the following provisions.

(i) So long as no Event of Default has occurred and is continuing with respect to Buyer, Buyer will be entitled to either hold Cash or to appoint an agent which is a Qualified Institution (a “*Custodian*”) to hold Cash for Buyer. In the event that an Event of Default has occurred and is continuing with respect to Buyer, then the provisions of Paragraph 6(a)(ii) shall not apply with respect to Buyer and Cash shall be held in a Qualified Institution in accordance with the provisions of Paragraph 6(a)(iii)(B). Upon notice by Buyer to Seller of the appointment of a Custodian, Seller’s obligations to make any Transfer will be discharged by making the Transfer to that Custodian. The holding of Cash by a Custodian will be deemed to be the holding of Cash by Buyer for which the Custodian is acting. If Buyer or its Custodian fails to satisfy any conditions for holding Cash as set forth above, or if Buyer is not entitled to hold Cash at any time, then Buyer will Transfer, or cause its Custodian to Transfer, the Cash to a Qualified Institution and the Cash shall be maintained in accordance with Paragraph 6(a)(iii)(B). Except as set forth in Paragraph 6(c), Buyer will be liable for the acts or omissions of the Custodian to the same extent that Buyer would be held liable for its own acts or omissions.

(ii) Use of Cash. Notwithstanding the provisions of applicable law, if no Event of Default has occurred and is continuing with respect to Buyer and no Termination date has occurred or been designated as a result of an Event of Default with respect to Buyer for which there exists any unsatisfied payment Obligations, then Buyer shall have the right to sell, pledge, rehypothecate, assign, invest, use, comingle or otherwise use in its business any Cash that it holds as Posted Collateral hereunder, free from any claim or right of any nature whatsoever of Seller, including any equity or right of redemption by Seller.

(iii) Notwithstanding Paragraph 6(a)(ii), if neither Buyer nor the Custodian is eligible to hold Cash pursuant to Paragraph 6(a)(i) then:

(A) the provisions of Paragraph 6(a)(ii) will not apply with respect to the Buyer; and

(B) the Buyer shall be required to Transfer (or cause to be Transferred) not later than the close of business within five (5) Business Days following such ineligibility all Cash in its possession or held on its behalf to a Qualified Institution to be held in a segregated, safekeeping or custody account (the “*Collateral Account*”) within such Qualified Institution with the title of the account indicating that the property contained therein is being held as Cash for Buyer. The Qualified Institution shall serve as Custodian with respect to the Cash in the Collateral Account, and shall hold such Cash in accordance with the terms of this CSA and for the security interest of Buyer and execute such account control agreements as are necessary or applicable to perfect the security interest of Seller therein pursuant to Section 9-314 of the Uniform Commercial Code or otherwise, and subject to such security interest, for the ownership and benefit of Seller. The Qualified Institution holding the Cash will invest and reinvest or procure the investment and reinvestment of the Cash in accordance with the

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written instructions of Buyer, subject to the approval of such instructions by the Seller (which approval shall not be unreasonably withheld). Buyer shall have no responsibility for any losses resulting from any investment or reinvestment effected in accordance with Seller's approval.

(iv) **Interest.** So long as no Event of Default with respect to the Seller has occurred and is continuing, and no termination date for which any unsatisfied payment Obligations of Seller exist has occurred or been designated as the result of an Event of Default with respect to Seller, in the event that Buyer or its Custodian is holding Cash, Buyer will Transfer (or cause to be Transferred) to Seller, in lieu of any interest or other amounts paid or deemed to have been paid with respect to such Cash (all of which shall be retained by Buyer), the Interest Amount. Interest on Cash shall accrue at the Collateral Interest Rate. Interest accrued during the previous month shall be paid by the Buyer to the Seller on the 3rd Business Day of each calendar month and on any Business Day that posted Eligible Collateral in the form of Cash is returned to Seller. On or after the occurrence of an Event of Default with respect to Seller or a termination date as a result of an Event of Default with respect to Seller, Buyer or its Custodian shall retain any such Interest Amount as additional Posted Collateral hereunder until the obligations of Seller under the Agreement have been satisfied in the case of a termination date or for so long as such Event of Default is continuing in the case of an Event of Default.

(b) **Buyer's Rights and Remedies.** If at any time an Event of Default with respect to Seller has occurred and is continuing, then, unless the Seller has paid in full all of its obligations that are then due, including those under Section 7.2(c) of this Agreement ("Obligations"), the Buyer may exercise one or more of the following rights and remedies: (i) all rights and remedies available to a Secured Party under applicable law with respect to posted Eligible Collateral held by the Buyer, (ii) the right to set-off any amounts payable by the Seller with respect to any Obligations against any posted Eligible Collateral or the Cash equivalent of any posted Eligible Collateral held by the Buyer, or (iii) the right to liquidate any posted Eligible Collateral held by the Buyer and to apply the proceeds of such liquidation of the posted Eligible Collateral to any amounts payable to the Buyer with respect to the Obligations in such order as the Buyer may elect. For purposes of this Paragraph 6, the Buyer may draw on the entire undrawn portion of any Letter of Credit up to the amount that is due and owing to the Buyer but has not been paid by the Seller within the time allowed for such payment under this Agreement. Cash proceeds that are not applied to the Obligations shall be maintained in accordance with the terms of this CSA. The Seller shall remain liable for amounts due and owing to the Secured Party that remain unpaid after the application, pursuant to this Paragraph 6, of Eligible Collateral to the Obligations.

(c) **Seller's Rights and Remedies.** If at any time a termination date has occurred or been designated as the result of an Event of Default with respect to Buyer, then unless the Buyer has paid in full all of its obligations that are then due, including those under Section 7.2(c) of this Agreement: (i) the Seller may exercise all rights and remedies available to a Seller under applicable law with respect to the posted Eligible Collateral, (ii) the Buyer will be obligated immediately to return all posted Eligible Collateral and accrued Interest to the Seller, or (iii) to the extent that posted Eligible Collateral or accrued Interest are not returned pursuant to (ii) above, the Seller may set-off any amounts payable by the Seller with respect to any Obligations against any posted Eligible Collateral or the cash

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equivalent thereof or to the extent that Seller does not set off such amounts, withhold payment of any remaining amounts payable by the Seller with respect to any Obligations, up to the value of the remaining posted Eligible Collateral held by the Buyer, until that posted Eligible Collateral is Transferred to the Seller. For avoidance of doubt, (i) the Buyer will be obligated immediately to Transfer any Letter of Credit to the Seller and (ii) the Seller may do any one or more of the following: (x) to the extent that the Letter of Credit is not Transferred to the Seller as required pursuant to (i) above, set-off any amounts payable by the Seller with respect to any Obligations against any such Letter of Credit held by the Buyer and, to the extent its rights to set-off are not exercised, withhold payment of any remaining amounts payable by the Seller with respect to any Obligations, up to the value of any remaining posted Eligible Collateral and the value of any Letter of Credit held by the Buyer, until any such Posted Eligible Collateral and such Letter of Credit is Transferred to the Seller; and (y) exercise rights and remedies available to the Seller under the terms of the Letter of Credit.

(d) **Letters of Credit.** Eligible Collateral provided in the form of a Letter of Credit shall be subject to the following provisions.

(i) As one method of providing Eligible Collateral, the Pledgor may increase the amount of an outstanding Letter of Credit or establish one or more additional Letters of Credit.

(ii) Upon the occurrence of a Letter of Credit Default, Seller agrees to Transfer to Buyer either a substitute Letter of Credit or Cash, in each case on or before the third Business Day after the occurrence thereof (or the fifth (5th) Business Day after the occurrence thereof if only clause (a) under the definition of Letter of Credit Default applies).

(iii) Notwithstanding Paragraphs 4 and 5, (1) the Buyer need not return a Letter of Credit unless the entire principal amount is required to be returned, (2) the Buyer shall consent to a reduction of the principal amount of a Letter of Credit to the extent that a Delivery Amount would not be created thereby (as of the time of the request or as of the last time the Delivery Amount was determined), and (3) if there is more than one form of Posted Collateral when a Return Amount is to be Transferred, the Secured Party may elect which to Transfer.

(e) **Care of Posted Eligible Collateral.** Buyer shall exercise reasonable care to assure the safe custody of all posted Eligible Collateral to the extent required by applicable law, and in any event the Buyer will be deemed to have exercised reasonable care if it exercises at least the same degree of care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the Buyer will have no duty with respect to the posted Eligible Collateral, including without limitation, any duty to enforce or preserve any rights thereto.

(f) **Substitutions.** Unless otherwise prohibited herein, upon notice to the Buyer specifying the items of posted Eligible Collateral to be exchanged, the Seller may, on any Business Day, deliver to the Buyer other Eligible Collateral (“*Substitute Eligible Collateral*”). On the Business Day following the day on which the Substitute Eligible Collateral is delivered to the Buyer, the Buyer shall return to the Seller the items of Eligible Collateral specified in the Seller’s notice; provided, however, that the Buyer shall not be required to return the specified Eligible Collateral if immediately after such return,

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Seller would be required to post additional Eligible Collateral pursuant to the calculation of Exposure set forth in Paragraph 3(b) and the Confirmation.

Paragraph 7. Exercise of Rights Against Posted Collateral.

(a) **Disputes regarding amount of Eligible Collateral.** If either Party disputes the amount of Eligible Collateral to be provided or returned (such Party the “*Disputing Party*”), then the Disputing Party shall (a) deliver the undisputed amount of Eligible Collateral to the other Party (such Party, the “*Requesting Party*”) and (b) notify the Requesting Party of the existence and nature of the dispute no later than 5:00 p.m. EPT on the Business Day that the request for Eligible Collateral was made (the “*Request Date*”). On the Business Day following the Request Date, the Parties shall consult with each other in order to reconcile the two conflicting amounts. If the Parties are not able to resolve their dispute, the Eligible Collateral shall be recalculated, on the Business Day following the Request Date, by each Party requesting quotations from two (2) Reference Market-Makers for a total of four (4) quotations. The highest and lowest of the four (4) quotations shall be discarded and the arithmetic average shall be taken of the remaining two (2), which shall be used in order to determine the amount of Eligible Collateral required. On the day following the day that the Eligible Collateral amount is recalculated, the Disputing Party shall deliver any additional Eligible Collateral required pursuant to the recalculation or the Requesting Party shall return any excess Eligible Collateral that is no longer required pursuant to the recalculation.

(b) **Further Assurances.** Promptly following a request by a Party, the other Party shall execute, deliver, file, and/or record any financing statement, specific assignment, or other document and take any other action that may be necessary or desirable to create, perfect, or validate any security interest or lien, to enable the requesting party to exercise or enforce its rights or remedies under this CSA, or to effect or document a release of a security interest on posted Eligible Collateral or accrued Interest.

(c) **Further Protection.** The Pledgor will promptly give notice to the Secured Party of, and defend against, any suit, action, proceeding, or lien that involves the posted Eligible Collateral delivered to Secured Party by Pledgor or that could adversely affect any security interest or lien granted pursuant to this CSA.

Paragraph 9. Miscellaneous.

(a) **Demands and Notices.** All demands, specifications, and notices to Buyer with respect to Credit Support shall be made pursuant to the Notices Section of the Agreement with a copy to:

National Grid
Attn: Director, Electric Supply and Distributed Generation
100 East Old Country Road
Hicksville, NY 11801
Phone - (516) 545-3282
Fax: (516) 545-3130

National Grid
Attn: Credit Operations

REDACTED DOCUMENT

100 East Old Country Road
Hicksville, New York 11801
Phone - (516) 545-3122
Fax - (516) 545-5466
Email – keys-pan-margin@keys-panenergy.com

All demands, specifications, and notices to Seller with respect to Credit Support shall be made pursuant to the Notices Section of the Agreement with a copy to:



- (b) The provisions of this CSA shall apply to any and all Transactions entered into under the Master Power Agreement subsequent to the effective date of this CSA.
- (c) The information contained in Paragraph 3(c)(i) of this CSA constitutes “Confidential Terms” within the meaning of Article 23 of the Master Power Agreement.

SCHEDULE MMJ – 6

Renewable Portfolio Standard Adders

	YEAR				
	2008	2009 ACP	2010	2009 Market	2010
<u>Section 1: Calculation of Class I Renewable Energy Resource Charge</u>					
(1) Class I Alternative Compliance Payment	\$58.58	\$60.92	\$63.35	\$32.00	\$37.50 Market Prices and Recent RFP
(2) Class I Renewable Energy Resource Obligation	0.00%	0.50%	1.00%	0.50%	1.00%
(3) Incremental Cost - \$/MWh	\$0.00	\$0.30	\$0.63	\$0.16	\$0.38
<u>Section 2: Calculation of Class II Renewable Energy Resource Charge</u>					
(1) Class II Alternative Compliance Payment	\$153.84	\$159.98	\$166.36	\$159.98	\$166.36 No Broker Info
(2) Class II Renewable Energy Resource Obligation	0.00%	0.00%	0.04%	0.00%	0.04%
(3) Incremental Cost - \$/MWh	\$0.00	\$0.00	\$0.07	\$0.00	\$0.07
<u>Section 3: Calculation of Class III Renewable Energy Resource Charge</u>					
(1) Class III Alternative Compliance Payment	\$28.72	\$29.87	\$31.06	\$29.87	\$31.06 No Broker Info
(2) Class III Renewable Energy Resource Obligation	3.50%	4.50%	5.50%	4.50%	5.50%
(3) Incremental Cost - \$/MWh	\$1.01	\$1.34	\$1.71	\$1.34	\$1.71
<u>Section 4: Calculation of Class IV Renewable Energy Resource Charge</u>					
(1) Class IV Alternative Compliance Payment	\$28.72	\$29.87	\$31.06	\$29.87	\$31.06 No Broker Info
(2) Class IV Renewable Energy Resource Obligation	0.50%	1.00%	1.00%	1.00%	1.00%
(3) Incremental Cost - \$/MWh	\$0.14	\$0.30	\$0.31	\$0.30	\$0.31
<u>Section 5: Calculation of Renewable Portfolio Standard Adder</u>					
(4) Sum of Class I, II, III and Class IV Incremental Costs - \$/MWh	\$1.15	\$1.94	\$2.72	\$1.80	\$2.47
(5) Renewable Portfolio Standard Adder to be included in Small Customer Group Retail Rates - \$/kWh	\$ 0.00122	\$ 0.00205	\$ 0.00288	\$ 0.00191	\$ 0.00262
(6) Renewable Portfolio Standard Adder to be included in Large Customer Group Retail Rates - \$/kWh	\$ 0.00120	\$ 0.00202	\$ 0.00284	\$ 0.00188	\$ 0.00258
(7) Total RPS/APS Obligation %	4.00%	6.00%	7.54%	6.00%	7.54%
(8) Obligation Weighted ACP cost	\$28.75	\$32.33	\$36.07	\$30.00	\$32.76

Notes

- (1) 2009 ACP as published by the NHPUC
- (2) From 362-F:3 of NH RPS legislation
- (3) Line (1) times Line (2)
- (4) Sum of all Line (2)s
- (5) Line (4) times the average NH Small Customer Group loss factor for 12 month period ending December 31, 2007 divided by 1,000 to convert from \$/MWh to \$/kWh.
- (6) Line (4) times the average NH Large Customer Group loss factor for 12 month period ending December 31, 2007 divided by 1,000 to convert from \$/MWh to \$/kWh.
- (7) Sum of all Line (2)s
- (8) Line (7) divided by Line (6)

SCHEDULE MMJ – 7

**Summary of Large Customer Group
Default Service Rates**

Granite State Electric Company
Summary of Large Customer Group Proposed Default Service Rates

		Medium and Large C&I		
		<u>November</u>	<u>December</u>	<u>January</u>
(1)	Wholesale Loads (kWh)			
(2)	Retail Loads (kWh)			
(3)	Loss Factor			
(4)	Wholesale Contract Price (\$/MWh)			
(5)	Base Default Service Rate (\$/kWh)	\$0.06373	\$0.07232	\$0.08178
(6)	2009 Default Service Reconciliation Adjustment Factor (\$/kWh)	(\$0.00285)	(\$0.00285)	(\$0.00285)
(7)	2009 Default Service Cost Reclassification Adjustment Factor (\$/kWh)	\$0.00055	\$0.00055	\$0.00055
(8)	Renewable Portfolio Standard Adder (\$/kWh)	<u>\$0.00188</u>	<u>\$0.00188</u>	<u>\$0.00258</u>
(9)	Total Default Service Rate (\$/kWh)	\$0.06331	\$0.07190	\$0.08206

- (1) Wholesale loads for the 12 month period ending December 2007
- (2) Retail loads for the 12 month period ending December 2007
- (3) Line (1) ÷ Line (2), rounded to five decimal places
- (4) Wholesale Contractor Price
- (5) Line (3) x Line (4) / 1000, truncated to five decimal places
- (6) Current approved 2009 Default Service Adjustment Factor (Effective for usage on and after May 1, 2009)
- (7) Current approved Default Service Reclassification Adjustment Factor (Effective for usage on and after May 1, 2009), recovers the costs associated with unbundling of Default Service related administrative costs
- (8) Schedule MMJ-6
- (9) Line (5) + Line (6) + Line (7) + Line (8)

SCHEDULE MMJ – 8

**Calculation of Small Customer Group
Default Service Rates**

Granite State Electric Company
Small Customer Group
(Rates D, D-10, G-3, M, T and V)
Based on Weighted Average Effective Default Service Prices
November 2009 - April 2010

Section 1: Percentage of Residential and Small C&I kWhs Attributable to Default Service

(1)	August 2009 Residential and Small C&I Default Service kWhs	32,514,836
(2)	August 2009 Total Residential and Small C&I kWhs	33,167,280
(3)	Percentage of Residential and Small C&I Default Service kWhs to Total Residential and Small C&I kWhs	98.03%

Section 2: Projected Residential and Small C&I Default Service kWhs, November 2009 - April 2010

	<u>November</u> (a)	<u>December</u> (b)	<u>January</u> (c)	<u>February</u> (d)	<u>March</u> (e)	<u>April</u> (f)	<u>Total</u> (g)	
(4)	Projected Total Company Residential and Small C&I kWhs	24,253,746	33,138,450	41,180,278	36,166,073	37,931,201	29,493,956	202,163,703
(5)	Percentage of Residential and Small C&I Default Service kWhs to Total Residential and Small	<u>98.03%</u>	<u>98.03%</u>	<u>98.03%</u>	<u>98.03%</u>	<u>98.03%</u>	<u>98.03%</u>	
(6)	Projected Residential and Small C&I Default Service kWhs	23,776,643	32,486,573	40,370,208	35,454,639	37,185,044	28,913,771	198,186,877

Section 3: Residential and Small C&I Default Service Load Weighting for November 2009 - April 2010

(7)	Projected Residential and Small C&I Default Service kWhs	23,776,643	32,486,573	40,370,208	35,454,639	37,185,044	28,913,771	198,186,877	
(8)	Wholesale Loads (kWh)								
(9)	Retail Loads (kWh)								
(10)	Loss Factor								
(11)	Wholesale Contract Price (\$/MWh)								
(12)	Base Residential and Small C&I Default Service Rate (\$/kWh)	\$0.06003	\$0.06831	\$0.07735	\$0.07932	\$0.07272	\$0.07225		
(13)	2009 Default Service Reconciliation Adjustment Factor (\$/kWh)	(\$0.00285)	(\$0.00285)	(\$0.00285)	(\$0.00285)	(\$0.00285)	(\$0.00285)		
(14)	Default Service Cost Reclassification Adjustment Factor (\$/kWh)	\$0.00071	\$0.00071	\$0.00071	\$0.00071	\$0.00071	\$0.00071		
(15)	<u>Proposed Renewable Portfolio Standard Adders (\$/kWh)</u>	<u>\$0.00191</u>	<u>\$0.00191</u>	<u>\$0.00262</u>	<u>\$0.00262</u>	<u>\$0.00262</u>	<u>\$0.00262</u>		
(16)	Total Estimated Residential and Small C&I Default Service Price per kWh	\$0.05980	\$0.06808	\$0.07783	\$0.07980	\$0.07320	\$0.07273		
(17)	Projected Residential and Small C&I Default Service Cost, November 2009 - April 2010	\$1,421,843	\$2,211,686	\$3,142,013	\$2,829,280	\$2,721,945	\$2,102,899	<u>\$14,429,666</u>	
(18)	Weighted Average Residential and Small C&I Default Service Charge for November 2009 - April 2010								\$0.07280

(1)	Per Monthly CR97987A Default Service Revenue Reports (Rates D, D-10, G-3, M, T, and V)
(2)	Per Monthly CR97992A Total Revenue Reports (Rates D, D-10, G-3, M, T, and V)
(3)	Line (1) ÷ Line (2)
(4)	Per Company forecast for residential and small C&I rates (Rates D, D-10, G-3, M, T and V)
(5)	Line (3)
(6)	Line (4) x Line (5)
(7)	Line (6)
(8)	Wholesale loads for the 12 month period ending December 2007
(9)	Retail loads for the 12 month period ending December 2007
(10)	Line (8) ÷ Line (9), rounded to five decimal places
(11)	Contractor Wholesale Price
(12)	Line (10) x Line (11) / 1000, truncated to five decimal places
(13)	Current approved 2009 Default Service Adjustment Factor (Effective for usage on and after May 1, 2009)
(14)	Current approved Default Service Reclassification Adjustment Factor (Effective for usage on and after May 1, 2009), recovers the costs associated with unbundling of Default Service related administrative costs
(15)	Schedule MMJ-6
(16)	Line (12) + Line (13) + Line (14) + Line (15)
(17)	Line (7) x Line (16)
(18)	Line (17) total ÷ Line (7) total, truncated after 5 decimal places

SCHEDULE MMJ – 9

Typical Bill Impacts

Granite State Electric Company
 Proposed November 1, 2009 Default Service Rates
 Calculation of Monthly Typical Bill
 Impact on Rate D Default Service Customers
 Without Water Heater Control
 0% Off-Peak

kWh Split
 On-Peak 100.00%
 Off-Peak 0.00%

/----- (1) -----/ /----- (2) -----/ (1) vs (2)

Monthly kWh	On-Peak kWh	Off-Peak kWh	Present Rates			Proposed Rates			Overall Increase (Decrease)	
			Total	Default Service	Retail Delivery	Total	Default Service	Retail Delivery	Amount	%
200	200	0	\$25.58	\$13.78	\$11.80	\$26.36	\$14.56	\$11.80	\$0.78	3.0%
350	350	0	\$44.14	\$24.12	\$20.02	\$45.50	\$25.48	\$20.02	\$1.36	3.1%
500	500	0	\$64.01	\$34.46	\$29.55	\$65.95	\$36.40	\$29.55	\$1.94	3.0%
642	642	0	\$82.80	\$44.24	\$38.56	\$85.30	\$46.74	\$38.56	\$2.50	3.0%
750	750	0	\$97.09	\$51.68	\$45.41	\$100.01	\$54.60	\$45.41	\$2.92	3.0%
1,000	1,000	0	\$130.20	\$68.91	\$61.29	\$134.09	\$72.80	\$61.29	\$3.89	3.0%

	<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge	\$4.32	\$4.32
Distribution Charge		
1st 250 kWh	kWh x \$0.01683	\$0.01683
excess of 250 kWh	kWh x \$0.04296	\$0.04296
Off Peak kWh	kWh x \$0.01612	\$0.01612
Def. Serv. Adj. Fctr	kWh x \$0.00000	\$0.00000
Transmission Charge	kWh x \$0.01679	\$0.01679
Stranded Cost Charge	kWh x (\$0.00010)	(\$0.00010)
System Benefits Charge	kWh x \$0.00330	\$0.00330
Electricity Consumption Tax	kWh x \$0.00055	\$0.00055

Supplier Services

Default Service	kWh x \$0.06891	\$0.07280
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Granite State Electric Company
 Proposed November 1, 2009 Default Service Rates
 Calculation of Monthly Typical Bill
 Impact on Rate D Default Service Customers
 With 6 Hour Water Heater Control

kWh Split
 On-Peak 80.00%
 Off-Peak 20.00%

/----- (1) -----/ /----- (2) -----/ (1) vs (2)

Monthly KWh	On-Peak kWh	Off-Peak kWh	Present Rates			Proposed Rates			Overall Increase (Decrease)	
			Total	Default Service	Retail Delivery	Total	Default Service	Retail Delivery	Amount	%
200	160	40	\$20.74	\$13.78	\$6.96	\$21.52	\$14.56	\$6.96	\$0.78	3.8%
350	280	70	\$37.46	\$24.12	\$13.34	\$38.82	\$25.48	\$13.34	\$1.36	3.6%
500	400	100	\$56.52	\$34.46	\$22.06	\$58.46	\$36.40	\$22.06	\$1.94	3.4%
750	600	150	\$88.27	\$51.68	\$36.59	\$91.19	\$54.60	\$36.59	\$2.92	3.3%
1,000	800	200	\$120.03	\$68.91	\$51.12	\$123.92	\$72.80	\$51.12	\$3.89	3.2%

Present Rates

Proposed Rates

Customer Charge		\$4.32	\$4.32
Distribution Charge			
1st 250 kWh	kWh x	\$0.01683	\$0.01683
excess of 250 kWh	kWh x	\$0.04296	\$0.04296
Off Peak kWh	kWh x	\$0.01612	\$0.01612
Def. Serv. Adj. Fctr	kWh x	\$0.00000	\$0.00000
Transmission Charge	kWh x	\$0.01679	\$0.01679
Stranded Cost Charge	kWh x	(\$0.00010)	(\$0.00010)
System Benefits Charge	kWh x	\$0.00330	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055	\$0.00055
Interruptible Credit #1		(\$4.80)	(\$4.80)

Supplier Services

Default Service	kWh x	\$0.06891	\$0.07280
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Granite State Electric Company
 Proposed November 1, 2009 Default Service Rates
 Calculation of Monthly Typical Bill
 Impact on Rate D Default Service Customers
 With 6 Hour Water Heater Control

kWh Split
 On-Peak 60.00%
 Off-Peak 40.00%

/----- (1) -----/ /----- (2) -----/ (1) vs (2)

Monthly KWh	On-Peak kWh	Off-Peak kWh	Present Rates			Proposed Rates			Overall Increase (Decrease)	
			Total	Default Service	Retail Delivery	Total	Default Service	Retail Delivery	Amount	%
200	120	80	\$19.12	\$13.78	\$5.34	\$19.90	\$14.56	\$5.34	\$0.78	4.1%
350	210	140	\$35.02	\$24.12	\$10.90	\$36.38	\$25.48	\$10.90	\$1.36	3.9%
500	300	200	\$52.24	\$34.46	\$17.78	\$54.18	\$36.40	\$17.78	\$1.94	3.7%
750	450	300	\$82.64	\$51.68	\$30.96	\$85.56	\$54.60	\$30.96	\$2.92	3.5%
1,000	600	400	\$113.07	\$68.91	\$44.16	\$116.96	\$72.80	\$44.16	\$3.89	3.4%

Present Rates

Proposed Rates

Customer Charge		\$4.32	\$4.32
Distribution Charge		\$0.00000	\$0.00000
1st 250 kWh	kWh x	\$0.01683	\$0.01683
excess of 250 kWh	kWh x	\$0.04296	\$0.04296
Off Peak kWh	kWh x	\$0.01612	\$0.01612
Def. Serv. Adj. Fctr	kWh x	\$0.00000	\$0.00000
Transmission Charge	kWh x	\$0.01679	\$0.01679
Stranded Cost Charge	kWh x	(\$0.00010)	(\$0.00010)
System Benefits Charge	kWh x	\$0.00330	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055	\$0.00055
Interruptible Credit #2		(\$6.40)	(\$6.40)

Supplier Services

Default Service	kWh x	\$0.06891	\$0.07280
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Granite State Electric Company
Proposed November 1, 2009 Default Service Rates
Calculation of Monthly Typical Bill
Impact on Rate D-10 Default Service Customers

kWh Split
 On-Peak 80.00%
 Off-Peak 20.00%

/----- (1) -----/ /----- (2) -----/ (1) vs (2)

Monthly KWh	On-Peak kWh	Off-Peak kWh	Present Rates			Proposed Rates			Overall Increase (Decrease)	
			Total	Default Service	Retail Delivery	Total	Default Service	Retail Delivery	Amount	%
700	560	140	\$95.93	\$48.24	\$47.69	\$98.65	\$50.96	\$47.69	\$2.72	2.8%
1,000	800	200	\$133.85	\$68.91	\$64.94	\$137.74	\$72.80	\$64.94	\$3.89	2.9%
1,300	1,040	260	\$171.76	\$89.58	\$82.18	\$176.82	\$94.64	\$82.18	\$5.06	2.9%
1,600	1,280	320	\$209.70	\$110.26	\$99.44	\$215.92	\$116.48	\$99.44	\$6.22	3.0%
1,900	1,520	380	\$247.62	\$130.93	\$116.69	\$255.01	\$138.32	\$116.69	\$7.39	3.0%

	<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge	\$7.42	\$7.42
Distribution Charge		
On Peak kWh	kWh x \$0.04772	\$0.04772
Off Peak kWh	kWh x \$0.00063	\$0.00063
Def. Serv. Adj. Fctr	kWh x \$0.00000	\$0.00000
Transmission Charge	kWh x \$0.01548	\$0.01548
Stranded Cost Charge	kWh x (\$0.00012)	(\$0.00012)
System Benefits Charge	kWh x \$0.00330	\$0.00330
Electricity Consumption Tax	kWh x \$0.00055	\$0.00055

Supplier Services

Default Service	kWh x \$0.06891	\$0.07280
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Granite State Electric Company
 Proposed November 1, 2009 Default Service Rates
 Calculation of Monthly Typical Bill
 Impact on Rate D-10 Default Service Customers

kWh Split
 On-Peak 70.00%
 Off-Peak 30.00%

/----- (1) -----/ /----- (2) -----/ (1) vs (2)

Monthly KWh	On-Peak kWh	Off-Peak kWh	Present Rates			Proposed Rates			Overall Increase (Decrease)	
			Total	Default Service	Retail Delivery	Total	Default Service	Retail Delivery	Amount	%
700	490	210	\$92.63	\$48.24	\$44.39	\$95.35	\$50.96	\$44.39	\$2.72	2.9%
1,000	700	300	\$129.13	\$68.91	\$60.22	\$133.02	\$72.80	\$60.22	\$3.89	3.0%
1,300	910	390	\$165.65	\$89.58	\$76.07	\$170.71	\$94.64	\$76.07	\$5.06	3.1%
1,600	1,120	480	\$202.17	\$110.26	\$91.91	\$208.39	\$116.48	\$91.91	\$6.22	3.1%
1,900	1,330	570	\$238.68	\$130.93	\$107.75	\$246.07	\$138.32	\$107.75	\$7.39	3.1%

	<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge	\$7.42	\$7.42
Distribution Charge		
On Peak kWh	kWh x \$0.04772	\$0.04772
Off Peak kWh	kWh x \$0.00063	\$0.00063
Def. Serv. Adj. Fctr	kWh x \$0.00000	\$0.00000
Transmission Charge	kWh x \$0.01548	\$0.01548
Stranded Cost Charge	kWh x (\$0.00012)	(\$0.00012)
System Benefits Charge	kWh x \$0.00330	\$0.00330
Electricity Consumption Tax	kWh x \$0.00055	\$0.00055

Supplier Services

Default Service	kWh x \$0.06891	\$0.07280
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Granite State Electric Company
Proposed November 1, 2009 Default Service Rates
Calculation of Monthly Typical Bill
Impact on Rate D-10 Default Service Customers

kWh Split
 On-Peak 60.00%
 Off-Peak 40.00%

/----- (1) -----/ /----- (2) -----/ (1) vs (2)

Monthly KWh	On-Peak kWh	Off-Peak kWh	Present Rates			Proposed Rates			Overall Increase (Decrease)	
			Total	Default Service	Retail Delivery	Total	Default Service	Retail Delivery	Amount	%
700	420	280	\$89.34	\$48.24	\$41.10	\$92.06	\$50.96	\$41.10	\$2.72	3.0%
1,000	600	400	\$124.42	\$68.91	\$55.51	\$128.31	\$72.80	\$55.51	\$3.89	3.1%
1,300	780	520	\$159.52	\$89.58	\$69.94	\$164.58	\$94.64	\$69.94	\$5.06	3.2%
1,600	960	640	\$194.63	\$110.26	\$84.37	\$200.85	\$116.48	\$84.37	\$6.22	3.2%
1,900	1,140	760	\$229.73	\$130.93	\$98.80	\$237.12	\$138.32	\$98.80	\$7.39	3.2%

	<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge	\$7.42	\$7.42
Distribution Charge		
On Peak kWh	kWh x \$0.04772	\$0.04772
Off Peak kWh	kWh x \$0.00063	\$0.00063
Def. Serv. Adj. Fctr	kWh x \$0.00000	\$0.00000
Transmission Charge	kWh x \$0.01548	\$0.01548
Stranded Cost Charge	kWh x (\$0.00012)	(\$0.00012)
System Benefits Charge	kWh x \$0.00330	\$0.00330
Electricity Consumption Tax	kWh x \$0.00055	\$0.00055

Supplier Services

Default Service	kWh x \$0.06891	\$0.07280
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Granite State Electric Company
 Proposed November 1, 2009 Default Service Rates
 Calculation of Monthly Typical Bill
 Impact on Rate G-3 Default Service Customers

Hours Use

Monthly kWh	(1)			(2)			(1) vs (2)	
	Total	Present Rates Default Service	Retail Delivery	Total	Proposed Rates Default Service	Retail Delivery	Overall Increase (Decrease) Amount	%
600	\$77.11	\$41.35	\$35.76	\$79.44	\$43.68	\$35.76	\$2.33	3.0%
800	\$100.98	\$55.13	\$45.85	\$104.09	\$58.24	\$45.85	\$3.11	3.1%
1,200	\$148.74	\$82.69	\$66.05	\$153.41	\$87.36	\$66.05	\$4.67	3.1%
1,500	\$184.56	\$103.37	\$81.19	\$190.39	\$109.20	\$81.19	\$5.83	3.2%
2,000	\$244.25	\$137.82	\$106.43	\$252.03	\$145.60	\$106.43	\$7.78	3.2%

	<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge	\$5.47	\$5.47
Distribution Charge kWh x	\$0.03106	\$0.03106
Transmission Charge kWh x	\$0.01568	\$0.01568
Stranded Cost Charge kWh x	(\$0.00011)	(\$0.00011)
System Benefits Charge kWh x	\$0.00330	\$0.00330
Electricity Consumption Tax kWh x	\$0.00055	\$0.00055

Supplier Services

Default Service	kWh x	\$0.06891	\$0.07280
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Granite State Electric Company
 Proposed November 1, 2009 Default Service Rates
 Calculation of Monthly Typical Bill
 Impact on Rate T Default Service Customers

Monthly kWh	(1)			(2)			(1) vs (2)	
	Total	Present Rates Default Service	Retail Delivery	Total	Proposed Rates Default Service	Retail Delivery	Overall Increase (Decrease) Amount	%
600	\$72.30	\$41.35	\$30.95	\$74.63	\$43.68	\$30.95	\$2.33	3.2%
800	\$94.53	\$55.13	\$39.40	\$97.64	\$58.24	\$39.40	\$3.11	3.3%
1,200	\$139.01	\$82.69	\$56.32	\$143.68	\$87.36	\$56.32	\$4.67	3.4%
1,500	\$172.37	\$103.37	\$69.00	\$178.20	\$109.20	\$69.00	\$5.83	3.4%
2,000	\$227.95	\$137.82	\$90.13	\$235.73	\$145.60	\$90.13	\$7.78	3.4%

		<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge		\$5.59	\$5.59
Distribution Charge	kWh x	\$0.02058	\$0.02058
Transmission Charge	kWh x	\$0.01794	\$0.01794
Stranded Cost Charge	kWh x	(\$0.00010)	(\$0.00010)
System Benefits Charge	kWh x	\$0.00330	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055	\$0.00055

Supplier Services

Default Service	kWh x	\$0.06891	\$0.07280
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Granite State Electric Company
 Proposed November 1, 2009 Default Service Rates
 Calculation of Monthly Typical Bill
 Impact on Rate V Default Service Customers

Monthly kWh	(1) -----/			(2) -----/			(1) vs (2)	
	Total	Present Rates Default Service	Retail Delivery	Total	Proposed Rates Default Service	Retail Delivery	Overall Increase (Decrease) Amount	%
600	\$71.62	\$41.35	\$30.27	\$73.95	\$43.68	\$30.27	\$2.33	3.3%
800	\$95.49	\$55.13	\$40.36	\$98.60	\$58.24	\$40.36	\$3.11	3.3%
1,200	\$143.23	\$82.69	\$60.54	\$147.90	\$87.36	\$60.54	\$4.67	3.3%
1,500	\$179.05	\$103.37	\$75.68	\$184.88	\$109.20	\$75.68	\$5.83	3.3%
2,000	\$238.72	\$137.82	\$100.90	\$246.50	\$145.60	\$100.90	\$7.78	3.3%

		<u>Present Rates</u>	<u>Proposed Rates</u>
Minimum Charge		\$5.84	\$5.84
Distribution Charge	kWh x	\$0.02878	\$0.02878
Transmission Charge	kWh x	\$0.01797	\$0.01797
Stranded Cost Charge	kWh x	(\$0.00015)	(\$0.00015)
System Benefits Charge	kWh x	\$0.00330	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055	\$0.00055

Supplier Services

Default Service	kWh x	\$0.06891	\$0.07280
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Granite State Electric Company
 Proposed November 1, 2009 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	\$5,320.67	\$3,432.50	\$1,888.17	\$5,053.67	\$3,165.50	\$1,888.17	(\$267.00)	-5.0%
300	75,000	45,000	30,000	\$7,934.87	\$5,148.75	\$2,786.12	\$7,534.37	\$4,748.25	\$2,786.12	(\$400.50)	-5.0%
400	100,000	60,000	40,000	\$10,549.07	\$6,865.00	\$3,684.07	\$10,015.07	\$6,331.00	\$3,684.07	(\$534.00)	-5.1%
500	125,000	75,000	50,000	\$13,163.27	\$8,581.25	\$4,582.02	\$12,495.77	\$7,913.75	\$4,582.02	(\$667.50)	-5.1%
1,000	250,000	150,000	100,000	\$26,234.27	\$17,162.50	\$9,071.77	\$24,899.27	\$15,827.50	\$9,071.77	(\$1,335.00)	-5.1%

	<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge	\$92.27	\$92.27
Distribution Charge		
On Peak kWh	kWh x \$0.00204	\$0.00204
Off Peak kWh	kWh x \$0.00071	\$0.00071
Distribution Demand Charge	kW x \$4.03	\$4.03
Transmission Charge	kWh x \$0.01454	\$0.01454
Stranded Cost Charge	kWh x (\$0.00010)	(\$0.00010)
System Benefits Charge	kWh x \$0.00330	\$0.00330
Electricity Consumption Tax	kWh x \$0.00055	\$0.00055

Supplier Services

Default Service	kWh x \$0.06865	\$0.06331
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Granite State Electric Company
 Proposed November 1, 2009 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	\$7,080.32	\$4,805.50	\$2,274.82	\$6,706.52	\$4,431.70	\$2,274.82	(\$373.80)	-5.3%
300	105,000	52,500	52,500	\$10,574.35	\$7,208.25	\$3,366.10	\$10,013.65	\$6,647.55	\$3,366.10	(\$560.70)	-5.3%
400	140,000	70,000	70,000	\$14,068.37	\$9,611.00	\$4,457.37	\$13,320.77	\$8,863.40	\$4,457.37	(\$747.60)	-5.3%
500	175,000	87,500	87,500	\$17,562.40	\$12,013.75	\$5,548.65	\$16,627.90	\$11,079.25	\$5,548.65	(\$934.50)	-5.3%
1,000	350,000	175,000	175,000	\$35,032.52	\$24,027.50	\$11,005.02	\$33,163.52	\$22,158.50	\$11,005.02	(\$1,869.00)	-5.3%

	<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge	\$92.27	\$92.27
Distribution Charge		
On Peak kWh	kWh x \$0.00204	\$0.00204
Off Peak kWh	kWh x \$0.00071	\$0.00071
Distribution Demand Charge	kW x \$4.03	\$4.03
Transmission Charge	kWh x \$0.01454	\$0.01454
Stranded Cost Charge	kWh x (\$0.00010)	(\$0.00010)
System Benefits Charge	kWh x \$0.00330	\$0.00330
Electricity Consumption Tax	kWh x \$0.00055	\$0.00055

Supplier Services

Default Service	kWh x \$0.06865	\$0.06331
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Granite State Electric Company
 Proposed November 1, 2009 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	\$8,840.64	\$6,178.50	\$2,662.14	\$8,360.04	\$5,697.90	\$2,662.14	(\$480.60)	-5.4%
300	135,000	60,750	74,250	\$13,214.82	\$9,267.75	\$3,947.07	\$12,493.92	\$8,546.85	\$3,947.07	(\$720.90)	-5.5%
400	180,000	81,000	99,000	\$17,589.00	\$12,357.00	\$5,232.00	\$16,627.80	\$11,395.80	\$5,232.00	(\$961.20)	-5.5%
500	225,000	101,250	123,750	\$21,963.18	\$15,446.25	\$6,516.93	\$20,761.68	\$14,244.75	\$6,516.93	(\$1,201.50)	-5.5%
1,000	450,000	202,500	247,500	\$43,834.10	\$30,892.50	\$12,941.60	\$41,431.10	\$28,489.50	\$12,941.60	(\$2,403.00)	-5.5%

	<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge	\$92.27	\$92.27
Distribution Charge		
On Peak kWh	kWh x \$0.00204	\$0.00204
Off Peak kWh	kWh x \$0.00071	\$0.00071
Distribution Demand Charge	kW x \$4.03	\$4.03
Transmission Charge	kWh x \$0.01454	\$0.01454
Stranded Cost Charge	kWh x (\$0.00010)	(\$0.00010)
System Benefits Charge	kWh x \$0.00330	\$0.00330
Electricity Consumption Tax	kWh x \$0.00055	\$0.00055

Supplier Services

Default Service	kWh x \$0.06865	\$0.06331
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Granite State Electric Company
Proposed November 1, 2009 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	40.00%	Off-Peak	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	\$8,834.65	\$6,178.50	\$2,656.15	\$8,354.05	\$5,697.90	\$2,656.15	(\$480.60)	-5.4%
300	135,000	54,000	81,000	\$13,205.84	\$9,267.75	\$3,938.09	\$12,484.94	\$8,546.85	\$3,938.09	(\$720.90)	-5.5%
400	180,000	72,000	108,000	\$17,577.03	\$12,357.00	\$5,220.03	\$16,615.83	\$11,395.80	\$5,220.03	(\$961.20)	-5.5%
500	225,000	90,000	135,000	\$21,948.22	\$15,446.25	\$6,501.97	\$20,746.72	\$14,244.75	\$6,501.97	(\$1,201.50)	-5.5%
1,000	450,000	180,000	270,000	\$43,804.17	\$30,892.50	\$12,911.67	\$41,401.17	\$28,489.50	\$12,911.67	(\$2,403.00)	-5.5%

	<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge	\$92.27	\$92.27
Distribution Charge		
On Peak kWh	kWh x \$0.00204	\$0.00204
Off Peak kWh	kWh x \$0.00071	\$0.00071
Distribution Demand Charge	kW x \$4.03	\$4.03
Transmission Charge	kWh x \$0.01454	\$0.01454
Stranded Cost Charge	kWh x (\$0.00010)	(\$0.00010)
System Benefits Charge	kWh x \$0.00330	\$0.00330
Electricity Consumption Tax	kWh x \$0.00055	\$0.00055

Supplier Services

Default Service	kWh x \$0.06865	\$0.06331
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Granite State Electric Company
 Proposed November 1, 2009 Default Service Rates
 Calculation of Monthly Typical Bill
 Impact on Rate G-2 Default Service Customers

Hours Use 200

		/----- (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	4,000	\$472.02	\$274.60	\$197.42	\$450.66	\$253.24	\$197.42	(\$21.36)	-4.5%
50	10,000	\$1,143.00	\$686.50	\$456.50	\$1,089.60	\$633.10	\$456.50	(\$53.40)	-4.7%
75	15,000	\$1,702.15	\$1,029.75	\$672.40	\$1,622.05	\$949.65	\$672.40	(\$80.10)	-4.7%
100	20,000	\$2,261.30	\$1,373.00	\$888.30	\$2,154.50	\$1,266.20	\$888.30	(\$106.80)	-4.7%
150	30,000	\$3,379.60	\$2,059.50	\$1,320.10	\$3,219.40	\$1,899.30	\$1,320.10	(\$160.20)	-4.7%

	<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge	\$24.70	\$24.70
Distribution Charge kWh x	\$0.00102	\$0.00102
Distribution Demand Charge kW x	\$4.45	\$4.45
Transmission Charge kWh x	\$0.01617	\$0.01617
Stranded Cost Charge kWh x	(\$0.00011)	(\$0.00011)
System Benefits Charge kWh x	\$0.00330	\$0.00330
Electricity Consumption Tax kWh x	\$0.00055	\$0.00055

Supplier Services

Default Service kWh x	\$0.06865	\$0.06331
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Granite State Electric Company
 Proposed November 1, 2009 Default Service Rates
 Calculation of Monthly Typical Bill
 Impact on Rate G-2 Default Service Customers

Hours Use 250

kW	Monthly kWh	(1)			(2)			(1) vs (2)	
		Total	Present Rates Default Service	Retail Delivery	Total	Proposed Rates Default Service	Retail Delivery	Overall Increase (Decrease) Amount	%
20	5,000	\$561.60	\$343.25	\$218.35	\$534.90	\$316.55	\$218.35	(\$26.70)	-4.8%
50	12,500	\$1,366.96	\$858.13	\$508.83	\$1,300.21	\$791.38	\$508.83	(\$66.75)	-4.9%
75	18,750	\$2,038.09	\$1,287.19	\$750.90	\$1,937.96	\$1,187.06	\$750.90	(\$100.13)	-4.9%
100	25,000	\$2,709.20	\$1,716.25	\$992.95	\$2,575.70	\$1,582.75	\$992.95	(\$133.50)	-4.9%
150	37,500	\$4,051.46	\$2,574.38	\$1,477.08	\$3,851.21	\$2,374.13	\$1,477.08	(\$200.25)	-4.9%

		<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge		\$24.70	\$24.70
Distribution Charge	kWh x	\$0.00102	\$0.00102
Distribution Demand Charge	kW x	\$4.45	\$4.45
Transmission Charge	kWh x	\$0.01617	\$0.01617
Stranded Cost Charge	kWh x	(\$0.00011)	(\$0.00011)
System Benefits Charge	kWh x	\$0.00330	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055	\$0.00055

Supplier Services

Default Service	kWh x	\$0.06865	\$0.06331
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Granite State Electric Company
 Proposed November 1, 2009 Default Service Rates
 Calculation of Monthly Typical Bill
 Impact on Rate G-2 Default Service Customers

Hours Use 300

kW	Monthly kWh	(1)			(2)			(1) vs (2)	
		Total	Present Rates Default Service	Retail Delivery	Total	Proposed Rates Default Service	Retail Delivery	Overall Increase (Decrease) Amount	%
20	6,000	\$651.18	\$411.90	\$239.28	\$619.14	\$379.86	\$239.28	(\$32.04)	-4.9%
50	15,000	\$1,590.90	\$1,029.75	\$561.15	\$1,510.80	\$949.65	\$561.15	(\$80.10)	-5.0%
75	22,500	\$2,374.01	\$1,544.63	\$829.38	\$2,253.86	\$1,424.48	\$829.38	(\$120.15)	-5.1%
100	30,000	\$3,157.10	\$2,059.50	\$1,097.60	\$2,996.90	\$1,899.30	\$1,097.60	(\$160.20)	-5.1%
150	45,000	\$4,723.30	\$3,089.25	\$1,634.05	\$4,483.00	\$2,848.95	\$1,634.05	(\$240.30)	-5.1%

		<u>Present Rates</u>	<u>Proposed Rates</u>
Customer Charge		\$24.70	\$24.70
Distribution Charge	kWh x	\$0.00102	\$0.00102
Distribution Demand Charge	kW x	\$4.45	\$4.45
Transmission Charge	kWh x	\$0.01617	\$0.01617
Stranded Cost Charge	kWh x	(\$0.00011)	(\$0.00011)
System Benefits Charge	kWh x	\$0.00330	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055	\$0.00055

Supplier Services

Default Service	kWh x	\$0.06865	\$0.06331
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SCHEDULE MMJ – 10

Proposed Summary of Rates

GRANITE STATE ELECTRIC COMPANY
 RATES EFFECTIVE NOVEMBER 1, 2009
 FOR USAGE ON AND AFTER NOVEMBER 1, 2009

Rate	Blocks	Distribution Charge (1), (2), (3)	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	\$4.32					\$4.32
	1st 250 kWh	\$0.01683	\$0.00055	\$0.01679	\$0.00330	(\$0.00010)	\$0.03737
	Excess 250 kWh	\$0.04296	\$0.00055	\$0.01679	\$0.00330	(\$0.00010)	\$0.06350
	Off Peak kWh	\$0.01612	\$0.00055	\$0.01679	\$0.00330	(\$0.00010)	\$0.03666
	Farm kWh	\$0.02587	\$0.00055	\$0.01679	\$0.00330	(\$0.00010)	\$0.04641
	D-6 kWh	\$0.01683	\$0.00055	\$0.01679	\$0.00330	(\$0.00010)	\$0.03737
D-10	Customer Charge	\$7.42					\$7.42
	On Peak kWh	\$0.04772	\$0.00055	\$0.01548	\$0.00330	(\$0.00012)	\$0.06693
	Off Peak kWh	\$0.00063	\$0.00055	\$0.01548	\$0.00330	(\$0.00012)	\$0.01984
G-1	Customer Charge	\$92.27					\$92.27
	Demand Charge	\$4.03					\$4.03
	On Peak kWh	\$0.00204	\$0.00055	\$0.01454	\$0.00330	(\$0.00010)	\$0.02033
	Off Peak kWh	\$0.00071	\$0.00055	\$0.01454	\$0.00330	(\$0.00010)	\$0.01900
G-2	Customer Charge	\$24.70					\$24.70
	Demand Charge	\$4.45					\$4.45
	All kWh	\$0.00102	\$0.00055	\$0.01617	\$0.00330	(\$0.00011)	\$0.02093
G-3	Customer Charge	\$5.47					\$5.47
	All kWh	\$0.03106	\$0.00055	\$0.01568	\$0.00330	(\$0.00011)	\$0.05048
M	All kWh	\$0.00071	\$0.00055	\$0.01164	\$0.00330	(\$0.00008)	\$0.01612
	see tariff for luminaires & pole charges						
T	Customer Charge	\$5.59					\$5.59
	All kWh	\$0.02058	\$0.00055	\$0.01794	\$0.00330	(\$0.00010)	\$0.04227
V	Minimum Charge	\$5.84					\$5.84
	All kWh	\$0.02878	\$0.00055	\$0.01797	\$0.00330	(\$0.00015)	\$0.05045

- (1) Distribution Energy Charges include a Business Profits Tax Surcharge of \$0.00057 per kWh for usage on and after 8/1/01
 (2) Distribution Energy Charges include the following credits per kWh in accordance with page 93 of the tariff for usage on and after 5/1/06

Rate Class	Credit per kWh
D	(\$0.00017)
D-10	(\$0.00008)
G-3	(\$0.00017)
T	(\$0.00007)
V	(\$0.00009)

- (3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of \$0.00014

System Benefits Charge-Energy Efficiency \$0.00180 Effective 6/1/02, usage on and after
 System Benefits Charge-Statewide Energy Assistance Program ~~\$0.00150~~ Effective 10/1/08, usage on and after
 Total System Benefits Charge \$0.00330

Transmission Cost Adjustment Factor various Effective 1/1/09, usage on and after
 Stranded Cost Adjustment Factor various Effective 1/1/09, usage on and after

Default Service Charge
 Residential & Small Commercial (D, D-10, G-3, M, T, V) \$0.07280 Effective 11/1/09, usage on and after
 Medium / Large Commercial & Industrial (G-1, G-2) \$0.06331 Effective 11/1/09, usage on and after
 \$0.07190 Effective 12/1/09, usage on and after
 \$0.08206 Effective 1/1/10, usage on and after

Electricity Consumption Tax \$0.00055 Effective 5/1/01, usage on and after

Issued: Issued by: /s/ Thomas B. King
 Effective: November 1, 2009 Title: Thomas B. King
President

(Issued in Compliance with Order No. _____ in Docket No. DE 09-010 dated _____)

SCHEDULE MMJ – 11

Quarterly Customer Migration Report

CUSTOMER MIGRATION REPORT

Energy Service and Competitive Generation Customers for the 2nd Quarter of 2009

Customer Rate Class	Energy Service						Competitive Service					
	April-09	May-09	June-09	April-09	May-09	June-09	April-09	May-09	June-09	April-09	May-09	June-09
	Number of Energy Service Customers			kWh Used by Energy Service Customers			Number of Competitive Service Customers			kWh Used by Competitive Service Customers		
D	33,347	33,460	33,536	20,724,798	18,140,831	18,527,384	30	29	29	21,567	18,627	16,827
D-10	442	448	448	550,873	407,679	367,919	0	0	0	0	0	0
T	1,335	1,332	1,325	1,961,943	1,271,808	1,190,702	2	2	2	31,006	19,425	13,745
G-1	65	66	72	8,665,400	8,321,070	10,077,940	50	49	46	21,183,688	17,421,804	18,421,574
G-2	732	728	726	10,109,154	9,358,600	9,762,839	105	106	110	2,629,225	2,510,360	2,813,828
G-3	5,226	5,210	5,213	7,229,563	6,636,105	6,868,908	304	305	310	332,943	288,622	300,916
V	21	21	21	25,263	19,060	20,884	1	1	1	3,123	1,444	1,176
Streetlights	64	64	67	196,757	180,077	214,386	16	16	17	215,658	197,451	238,406
TOTAL	41,232	41,329	41,408	49,463,751	44,335,230	47,030,962	508	508	515	24,417,210	20,457,733	21,806,472
Customer Rate Class	Number of Energy Service Customers as % of Total			kWh Used by Energy Service Customers as % of Total			Number of Competitive Service Customers as % of Total			kWh Used by Competitive Service Customers as % of Total		
D	100%	100%	100%	100%	100%	100%	0%	0%	0%	0%	0%	0%
D-10	100%	100%	100%	100%	100%	100%	0%	0%	0%	0%	0%	0%
T	100%	100%	100%	98%	98%	99%	0%	0%	0%	2%	2%	1%
G-1	57%	57%	61%	29%	32%	35%	43%	43%	39%	71%	68%	65%
G-2	87%	87%	87%	79%	79%	78%	13%	13%	13%	21%	21%	22%
G-3	95%	94%	94%	96%	96%	96%	5%	6%	6%	4%	4%	4%
V	95%	95%	95%	89%	93%	95%	5%	5%	5%	11%	7%	5%
Streetlights	80%	80%	80%	48%	48%	47%	20%	20%	20%	52%	52%	53%
TOTAL	99%	99%	99%	67%	68%	68%	1%	1%	1%	33%	32%	32%

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Date: July 6, 2009