

Granite State Electric Company  
d/b/a National Grid

Default Service

For the Period Beginning  
February 1, 2010

Testimony and Schedules  
of  
Margaret M. Janzen

December 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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**I. Introduction**

Q. Please state your name and business address.

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

Q. Please state your position.

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

Q. Will you describe your educational background and training?

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

Q. What is your professional background?

A. In July 1993 I joined the Brooklyn Union Gas Company as a Management Trainee and Associate Engineer in the Project Engineering Department. In September 1997 I accepted a position as an analyst in the Strategic Planning Department, and the name of

the company was changed to KeySpan Corporation. In August 1999 I became Manager of the Capital Markets group in the Treasury Department and was responsible for hedging of the corporate bond portfolio as well as new equity and debt issuances for KeySpan. In August 2003 I moved to the Investor Relations Department, providing financial and strategic information regarding the company to the investment community. In March 2006 I joined the Regulatory Department and became Manager of the Gas Pricing group, working on gas rate cases, regulatory mechanisms, implementation and compliance. In March 2008 I accepted my current position of Director of Electric Supply and Distributed Generation.

Q. Have you previously testified before the New Hampshire Public Utilities Commission (“Commission”)?

A. Yes.

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

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

## **II. Purpose of Testimony**

Q. What is the purpose of your testimony?

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

Group”<sup>1</sup>) resulting from Granite State’s recent procurement of Default Service power supply. To support this request, I will describe the process used by Granite State to procure Default Service for the Large Customer Group for the three-month period February 1, 2010 through April 30, 2010. My testimony presents Granite State’s proposed default service rates, including rate adjustments, for usage on and after February 1, 2010, in accordance with the Default Service Adjustment Provision and Default Service Cost Reclassification Adjustment Provision of the Company’s tariff, and the Settlement Agreement in Docket No. DE 05-126, approved by the Commission in Order No. 24,577 (January 13, 2006) (“Settlement Agreement”). My testimony will also describe how the Company proposes to meet the Renewable Portfolio Standard obligation.

### **III. Bidding Process**

Q. Why does Granite State need to procure Default Service for the Large Customer Group?

A. Granite State’s currently effective Default Service supply contract for the Large Customer Group expires on January 31, 2010. Therefore, to assure that Default Service will continue to be available to these customers, Granite State requires a new Default Service supply arrangement beginning February 1, 2010.

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

A. Granite State conducted the procurement of Default Service supply in accordance with applicable New Hampshire rules and regulations including Granite State’s Second

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<sup>1</sup> 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.

Amended Restructuring Settlement Agreement (“Restructuring Settlement”), RSA 374-F (the “New Hampshire Act”), and the terms of the Settlement Agreement approved by the Commission pursuant to Order No. 24,577 issued on January 13, 2006 in Docket No. DE 05-126<sup>2</sup> (the “Order”). Granite State and its retail distribution affiliates in Massachusetts, Massachusetts Electric Company and Nantucket Electric Company (together “Mass. Electric”) (all three companies together “National Grid”), issued a joint request for proposals (“RFP”) for certain power supply services (including Granite State’s Default Service) from suppliers. The RFP sought a supply for Granite State’s Default Service and a portion of Mass. Electric’s Basic Service supply. This is consistent with the process approved by the Commission in the Order. This process is also consistent with past procurements.<sup>3</sup>

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

A. On October 30, 2009, National Grid issued an RFP to over twenty-five potential suppliers soliciting power supplies for the period February 1, 2010 through April 30, 2010. National Grid also distributed the RFP to all members of the NEPOOL Markets Committee and posted the RFP on its energy supply website. As a result, the RFP had wide distribution throughout the New England energy supply marketplace. The RFP requested fixed pricing for each month of service on an as-delivered energy basis. Prices could vary by month and by service – that is, the prices did not have to be uniform across

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<sup>2</sup> 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.  
<sup>3</sup> 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. 24,862 at 9-10 (June 20, 2008), Order No. 24,902 at 12-13 (September 29, 2008) and Order No. 24,922 at 13-14 (December



the entire service period or between Granite State and Mass. Electric. A copy of the RFP is provided as Schedule MMJ-1.

**IV. Results of Bidding**

Q. Did Granite State receive responses to the RFP?

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

Q. How do the current futures prices for electricity and natural gas compare to the futures prices at the time of the May 8, 2009 and August 7, 2009 RFPs?

A. The futures market prices for electricity and natural gas at the time of the May 8, 2009 and August 7, 2009 procurements as well as current futures market prices are shown in Schedule MMJ-3.

Q. Did Granite State select any of those proposals?

A. Yes. Granite State evaluated the bids received and selected the supplier that (i) provided a bid that was conforming to the RFP, (ii) had the lowest price, (iii) met the credit requirements described in the RFP, and (iv) passed our qualitative evaluation. On December 9, 2009, Granite State entered into a wholesale Transaction Confirmation with DTE Energy Trading, Inc. ("DTE"), the winning bidder for the Large Customer Group

block, to provide Default Service to the Large Customer Group for the three-month period February 1, 2010 through April 30, 2010. Together, a Transaction Confirmation and a Master Power Agreement provide the terms for the purchase of Default Service from a supplier. The Transaction Confirmation and Master Power Agreement between Granite State and DTE, with certain confidential sections redacted, is attached hereto as Schedule MMJ-4. Granite State is filing the Transaction Confirmations and Master Power Agreement with the Commission under separate cover, together with a Motion for Confidential Treatment. Although the Transaction Confirmations and Master Power Agreement have differences from the sample power supply agreement in the Settlement Agreement approved by the Commission, the executed documents do not shift any of the risks or obligations described in the sample power supply agreement provided in the Settlement Agreement.

**V. Renewable Portfolio Standard**

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

A. As specified in the RPS law<sup>4</sup>, the RPS obligation for calendar year 2010 is a minimum of seven and fifty-four one hundredths percent (7.54%) of Granite State’s Default Service load, of which at least one percent (1.0%) can come from Class I New Renewable Energy Resources, at least four hundredths percent (0.04%) can come from Class II Solar Energy Resources, at least five and one-half percent (5.5%) can come from Class III Existing Renewable Energy Resources and at least one percent (1.0%) can come from Class IV Existing Renewable Energy Resources.

- Q. How does Granite State expect to satisfy its RPS obligations consistent with the RPS rules as promulgated by the Commission?
- A. On February 18, 2009, Granite State entered into an amended settlement agreement with Commission Staff and the Office of Consumer Advocate, intended to resolve all issues associated with the process by which Granite State shall comply with the requirements of the RPS law and PUC 2500 rules (“Amended RPS Settlement”). The Amended RPS Settlement was approved by the Commission on March 23, 2009 in Order No. 24,953. As specified in the Amended RPS Settlement, Granite State requested bidders to provide a separate RPS compliance adder with their bids. This RPS compliance adder is the incremental charge by a bidder for agreeing to take on the RPS obligation with the Default Service obligation.
- Q. What were the criteria Granite State used to evaluate the RPS compliance adders provided by the bidders?
- A. Granite State evaluated the RPS compliance adders by comparing them to the applicable alternative compliance payment (“ACP”) and the results of Granite State’s solicitation for New Hampshire RECs. The RPS compliance adder from the winning bidder for the Large Customer Group was above Granite State’s market estimate. As a result, Granite State did not accept the winning bidder’s RPS compliance adder. Granite State plans to issue an RFP in the future for the acquisition of RECs. If Granite State is unable to purchase sufficient RECs to meet its NH RPS obligations, it will then, consistent with the RPS rules, make an ACP to the Renewable Energy Fund.

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

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

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

A. Yes. In January, May, and October of this year Granite State issued RFPs to procure NH RECs to approved NH renewable generators, generators in the process of applying for approval to generate NH RECs, as well as other REC suppliers, for its 2008 through 2010 RPS law obligations. The Company received bids for RECs and contracted for all of the RECs Classes for 2009 and 2010 obligations. Granite State shared the results of its RFP with Staff prior to executing a contract for the purchase of RECs. Granite State used the cost of the RECs recently purchased in developing its RPS compliance adder.

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

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

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

A. As a proxy for actual RPS costs, the RPS compliance adders are based on the recent purchases of all REC Classes and the ACP rate for the Class III 2010 obligation.

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

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

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

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

A.. Granite State estimates the procurement costs for Default Service at the retail customer meter for each month to be as set forth in Schedule MMJ-6.

The load-weighted average of the commodity costs for the Large Customer Group is 8.376¢ per kWh compared to the load-weighted average of 7.293¢ per kWh for the period November 2009 through January 2010. The commodity costs at the retail customer meter (¢ per kWh) were calculated by multiplying the commodity costs at the wholesale level (\$ per MWh) by the applicable loss factor and then dividing the results by ten. The applicable loss factors can be found in the RFP summary in Schedule MMJ-2.

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

A. As presented in Schedule MMJ-6, the Company is proposing monthly Default Service rates for the Large Customer Group based on the three monthly contract prices contained

in the supply agreement with the winning Default Service supplier for the Large Customer Group. These base rates are adjusted by the currently effective Default Service Cost Reclassification Adjustment Factor to recover administrative costs associated with Default Service in accordance with the Third Revised Page 93 of Granite State's tariff. On line (3) these rates are further adjusted by the currently effective Default Service Adjustment Factor in accordance with the Second Revised Page 87 of Granite State's tariff. Finally, on line (4) these rates are adjusted by the proposed RPS adder discussed above. As displayed on line (9), the proposed base Default Service rates for the Large Customer Group are 8.324¢ per kilowatt-hour, 8.326¢ per kilowatt-hour, and 8.469¢ per kilowatt-hour for the months of February 2010 through April 2010.

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

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

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

A. Consistent with the Commission's rules on the implementation of rate changes, the Company is proposing that these Default Service rates become effective for usage on and after February 1, 2010.

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

A. Yes. The Company has provided typical bill impacts for illustrative load-weighted rates in Schedule MMJ-7. The Large Customer Group has bill impacts for the three-month period ending April 2010 of 9.0% to 10.9% increases as compared to the three-month period ending January 2010 (see Schedule MMJ-7).

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

A. No. The Company has already submitted a revised Summary of Rates tariff page reflecting proposed rates for January 1, 2010 in Docket No. DE 09-234. Upon receiving orders in Docket No. DE 09-234 and in this proceeding, the Company will file a revised Summary of Rates tariff page, reflecting the appropriate approved rates.

Q. Has Granite State included the most recent quarterly report of migration information based on monthly migration by customer class and load, as required by the Commission's Order No. 24,715 in Docket No. DE 06-115?

A. The quarterly report of customer migration information for the third quarter of calendar year 2009 is included as Schedule MMJ-8.

**VII. Conclusion**

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

A. The Large Customer Group rates proposed in this filing end on April 30, 2010. Per the terms of the Settlement Agreement, Granite State will issue an RFP for the Large Customer Group in February 2010. For purposes of notice to the Commission, the following table illustrates National Grid's proposed timeline for the next two RFPs:

RFP	February 2010 RFP	May 2010 RFP
RFP Issued	February 12, 2010	May 7, 2010
Indicative Bids Due	March 3, 2010	June 2, 2010
Final Bids Due	March 10, 2010	June 9, 2010
Contract Execution	March 11, 2010	June 10, 2010
Default Service Filing to Commission	March 15, 2010	June 14, 2010
Commission Order Needed	March 22, 2010	June 21, 2010
Service Begins	May 1, 2010	August 1, 2010

Q. Does this conclude your testimony?

A. Yes. It does



Schedules of  
Margaret M. Janzen

Schedules  
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Schedule MMJ-1	Default Service RFP February 1, 2010 through April 30, 2010
Schedule MMJ-2	Default Service Procurement Summary
Schedule MMJ-3	Comparison of Change in Futures Prices to Change in Procurement Costs
Schedule MMJ-4	Default Service Contract for the Large Customer Group February 1, 2010 through April 30, 2010
Schedule MMJ-5	Renewable Portfolio Standard Compliance Adders
Schedule MMJ-6	Summary of Large Customer Group Default Service Rates
Schedule MMJ-7	Typical Bill Impacts
Schedule MMJ-8	Quarterly Customer Migration Report



**SCHEDULE MMJ – 1**

**Default Service RFP  
February 1, 2010 through April 30, 2010**

# **Request For Power Supply Proposals To Provide The Following Services:**

Default Service in:  
Massachusetts  
New Hampshire

For the Period:

February 1, 2010 –  
April 30, 2010

**October 30, 2009**

**nationalgrid**

## **REQUEST FOR POWER SUPPLY PROPOSALS**

### **1. Overview**

#### **1.1 Background**

Legislation and restructuring settlement agreements in Massachusetts<sup>1</sup> and New Hampshire<sup>2</sup> 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 supplier<sup>3</sup>.

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 generic proceeding on rules and procedures for the provision and pricing of MA Default

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<sup>1</sup> 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”).

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

<sup>3</sup> 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”).



Service<sup>4</sup>. 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 prices<sup>5</sup>. 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 Massachusetts<sup>6</sup>. Retail pricing for MA Default Service is to be provided on a zone-specific basis for the industrial customer group while retail MA Default Service prices for the residential and commercial customer groups are to be averaged across the zones served by the utility.

The MDTE ordered electric companies to procure power for the industrial customer group (i.e., larger customers) on a quarterly basis<sup>7</sup>.

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:

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

### 1.4 NH Default Service

The DS Settlement Agreement in New Hampshire and the New Hampshire Act require National Grid to provide NH Default Service to those customers that are not receiving generation service from a competitive energy supplier. 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 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

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<sup>4</sup> Docket D.T.E. 99-60.

<sup>5</sup> See Dockets D.T.E. 99-60-A and D.T.E. 99-60-B.

<sup>6</sup> See Docket D.T.E. 02-40-A.

<sup>7</sup> See Docket D.T.E. 02-40-C.



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

<b>Customer Group</b>	<b>Rate Class</b>
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;
- Marlborough Aggregation customer count and historical wholesale load information (since January 2006).

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).

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 four load blocks:

Load Block	Customer Group	SMD Load Zone	Load Share	Type of Service	Period
<b>A</b>	Industrial	SEMA	100%	MA Default Service	02/01/10 – 04/30/10
<b>B</b>	Industrial	WCMA	100%	MA Default Service	02/01/10 – 04/30/10
<b>C</b>	Industrial	NEMA	100%	MA Default Service	02/01/10 – 04/30/10
<b>D</b>	Large	NH	100%	NH Default Service	02/01/10 – 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 rejected<sup>8</sup>.

<sup>8</sup> For example, a Respondent offering to supply Block A load must agree to supply 100% of the needs of



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. 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 (MDPU No. 1178) 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 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

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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.



Grid’s solicitation for Default Service. Section 1 of the Massachusetts Master Power 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 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 Master Power Agreement addresses the possibility that the NHPUC may not approve the retail rates.

**3. General Provisions**

**3.1 Terms and Conditions**

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

<b>Process Step</b>	<b>Date</b>
Issue Request for Proposal	October 30, 2009
Submit Respondent Proposal Information and Proposed Agreement Modifications	November 20, 2009– 5pm EPT
Submit Indicative Pricing	December 2, 2009– 10am EPT
Submit Final Pricing	December 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	February 1, 2010

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

Mr. James Ruebenacker  
Electric Supply & Distributed Generation  
National Grid  
100 East Old Country Road  
Hicksville, NY 11801  
(516) 545-3227  
(516) 545-2464 (fax)  
e-mail: [electric.electricsupply@us.ngrid.com](mailto:electric.electricsupply@us.ngrid.com)

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

National Grid is conducting the procurement process in three steps. The first step is for Respondents to provide National Grid with their background information, financial information, and proposed agreement modifications by 5:00 p.m. EPT on Friday, November 20, 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, December 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, December 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 James Ruebenacker 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, First Revised 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, First Revised 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	10021	NANT-DEF SVC-ICG LOAD	A
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	D

#### 4.4 Form of Service

The Supplier(s) of each Load Block shall be responsible for meeting the specified service requirements for all of National Grid’s customers in a specific Load Block. These service requirements include the generation and/or market procurement and delivery to the delivery point(s) of the portion of the electric capacity, energy and ancillary services required to meet the needs of National Grid’s ultimate customers taking such service. National Grid will implement the transfer of these responsibilities to the Supplier(s) by updating the asset registration for each of the above Load Assets. National Grid will assign to the Supplier(s) the applicable Ownership Share for each Load Asset. Once a Supplier’s obligation terminates, National Grid will terminate the Supplier’s Ownership Share of a Load Asset.

The Supplier(s) shall be responsible for all obligations, requirements, and costs associated with the Supplier(s) having the Load Asset Ownership Share which shall include but not be limited to the day-ahead load obligations and real-time load obligations at the nodes/zones of each Load Asset. A more complete description of a Supplier(s)’s responsibilities can be found in the proposed Master Power 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 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 Commonwealth<sup>9</sup>.

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.

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
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 13.6% of sales 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”)

<sup>9</sup>The Electric Restructuring Act of 1997 was modified by the Green Communities Act of 2008. .





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 2010 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 four separate classes and summarized below:

<b>Year</b>	<b>Class I</b>	<b>Class II</b>	<b>Class III</b>	<b>Class IV</b>	<b>Total</b>
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 7.54% of sales 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 James Ruebenacker 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 Master Power Agreement. These billing determinants are the loads as reported to the ISO, which include transmission and distribution losses, and exclude any PTF losses allocated to the Supplier by the ISO during the settlement.

National Grid is seeking the following pricing:

- **All-Inclusive Bids:** For each Load Block (A through D), a price which includes all costs. 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 2010, for Supplier to provide the MA-RPS component for Load Blocks A through C. 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 2010, for Supplier to provide the required NH-RPS component for Load Block D. 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 4.6).

## 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 November 20, 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 February 1, 2010.

### **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 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 Master Power 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 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**

<b>Massachusetts Electric Company                      Nantucket Electric Company</b>  <b>MA Default (Basic) Service</b>	
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:  <a href="http://www.nationalgridus.com/energysupply/">http://www.nationalgridus.com/energysupply/</a>



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

**APPENDIX B**

**PROPOSED MASSACHUSETTS MASTER POWER AGREEMENT**

**APPENDIX C**

**PROPOSED NEW HAMPSHIRE MASTER POWER 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	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10
A	SEMA	Industrial	01-Feb-10	30-Apr-10						
B	WCMA	Industrial	01-Feb-10	30-Apr-10						
C	NEMA	Industrial	01-Feb-10	30-Apr-10						
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	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10
D	NH	Large	01-Feb-10	30-Apr-10						
NH RPS Compliance Adder			2010		\$/MWh					



**SCHEDULE MMJ – 2**

**Default Service Procurement Summary**

**REDACTED DOCUMENT**

National Grid: Page 1 of 18  
Docket D.P.U. 09-BSF-D3  
Docket DE 09-010

# **NATIONAL GRID**

## **DEFAULT SERVICE PROCUREMENT SUMMARY**

### **FOR GRANITE STATE ELECTRIC COMPANY AND MASSACHUSETTS ELECTRIC COMPANY**

FOR THE PERIODS  
FEBRUARY 2010 – APRIL 2010

#### **1. RFP Issued**

National Grid issued its Request for Power Supply Proposals (“RFP”) on October 30, 2009 directly to over [REDACTED] suppliers for the service period February 2010 through April 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 Dockets D.T.E. 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 February 2010 through April 2010;
- 100% of the Massachusetts Industrial Customer Group Default Service requirements for the period February 2010 through April 2010.

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

#### **2. Key RFP Dates**

- The RFP was issued on October 30, 2009.
- Supplier information was received on November 20, 2009.
- Indicative bids were received on December 2, 2009.
- Final bids were received on December 9, 2009.

### 3. **Contract Submissions**

All potential bidders had previously executed Master Power Agreements with National Grid.

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

### 4. **Indicative Bids**

Indicative bids were received on December 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 and New Hampshire 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 November 30, 2009.

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]

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 Master Power Agreement; and

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- 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.

**5. Regulatory Communication**

The results of the New Hampshire indicative bids were shared with staff of the New Hampshire Public Utilities Commission (“NHPUC”) on December 3, 2009.

The results of the Massachusetts final bids were shared with staff of the Massachusetts Department of Public Utilities (“MADPU”) on December 4, 2009.

**6. Final Bids**

Final bids were received on December 9, 2009 from [REDACTED] bidders.

The final bids were evaluated and ranked (see Attachments 5 and 6) The retail prices for Massachusetts and New Hampshire 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 November 30, 2009.

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

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

**7. 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.

[REDACTED]

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.

**8. Renewable Portfolio Standard**

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

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RPS Obligations	2010 % of Load
RPS Class I New	5.0%
RPS Class II Existing	3.6%
RPS Class II Waste to Energy	3.5%
APS Resource	1.5%
Total	13.6%

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	2010 Market Price
RPS Class I New	\$31.56
RPS Class II Existing	\$23.00
RPS Class II Waste to Energy	\$8.00
APS Resource	\$17.25

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 purchase of RPS RECs in the bid awards. 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 an Alternative Compliance Payment to the Massachusetts Technology Park Corporation.

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

**9. New Hampshire Renewable Energy Portfolio Standard**

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

RPS Obligations	2010 % of Load
RPS Class I	1.00%
RPS Class II	0.04%
RPS Class III	5.50%
RPS Class IV	1.00%
Total	7.54%

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National Grid evaluated the cost of obtaining the NH-RPS certificates associated with the load requirements from the bidders versus market prices or ACP rates for RECs. 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 purchase of RECs in the bid awards. National Grid will instead attempt to purchase NH-RPS certificates through separate solicitations at a later date or by an Alternative Compliance Payment to the New Hampshire Public Utilities Commission.

National Grid estimated the costs to comply with the RPS obligations by utilizing the applicable market price or ACP rates as specified in the RPS regulations. Attachment 12 provides a calculation of the cost adder to include these costs.

## **10. Retail Rate**

The expected retail rates, excluding administrative cost adders, were based on the winning wholesale costs. 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 and New Hampshire retail rates in Attachment 6 were calculated by adjusting the wholesale prices in Attachment 5 using the ratio of wholesale kWh purchases to retail kWh deliveries over the twelve-month period ending November 30, 2009.

For both the New Hampshire and 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 13.



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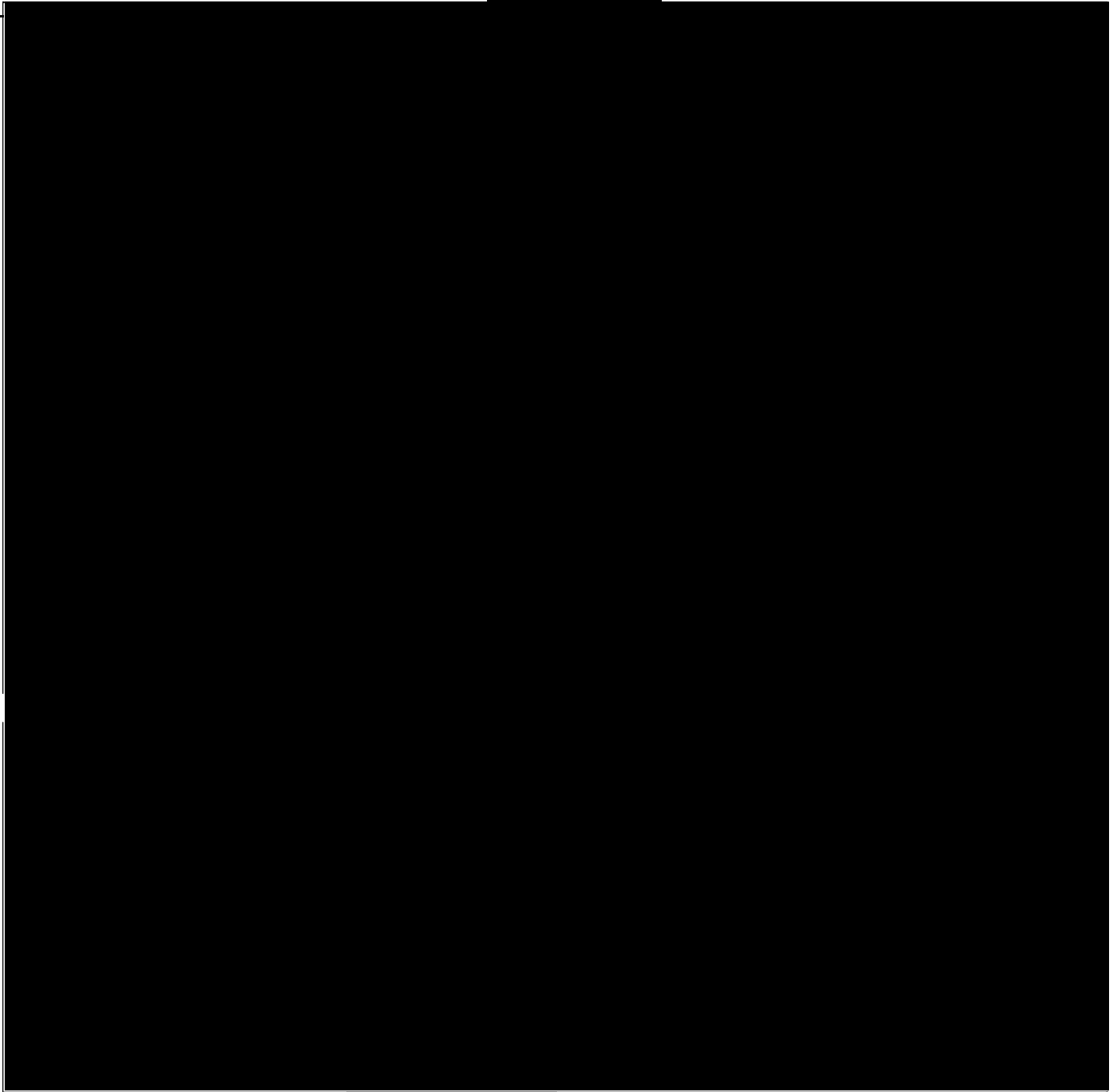
**ATTACHMENT 1**  
**LOAD BLOCK DESCRIPTIONS**

<b>Load Block</b>	<b>Customer Group</b>	<b>SMD Load Zone</b>	<b>Load Share</b>	<b>Type of Service</b>	<b>Period</b>
<b>A</b>	Industrial	SEMA	100%	MA Default Service	02/01/10 – 04/30/10
<b>B</b>	Industrial	WCMA	100%	MA Default Service	02/01/10 – 04/30/10
<b>C</b>	Industrial	NEMA	100%	MA Default Service	02/01/10 – 04/30/10
<b>D</b>	Large	NH	100%	NH Default Service	02/01/10 – 04/30/10

**REDACTED DOCUMENT**

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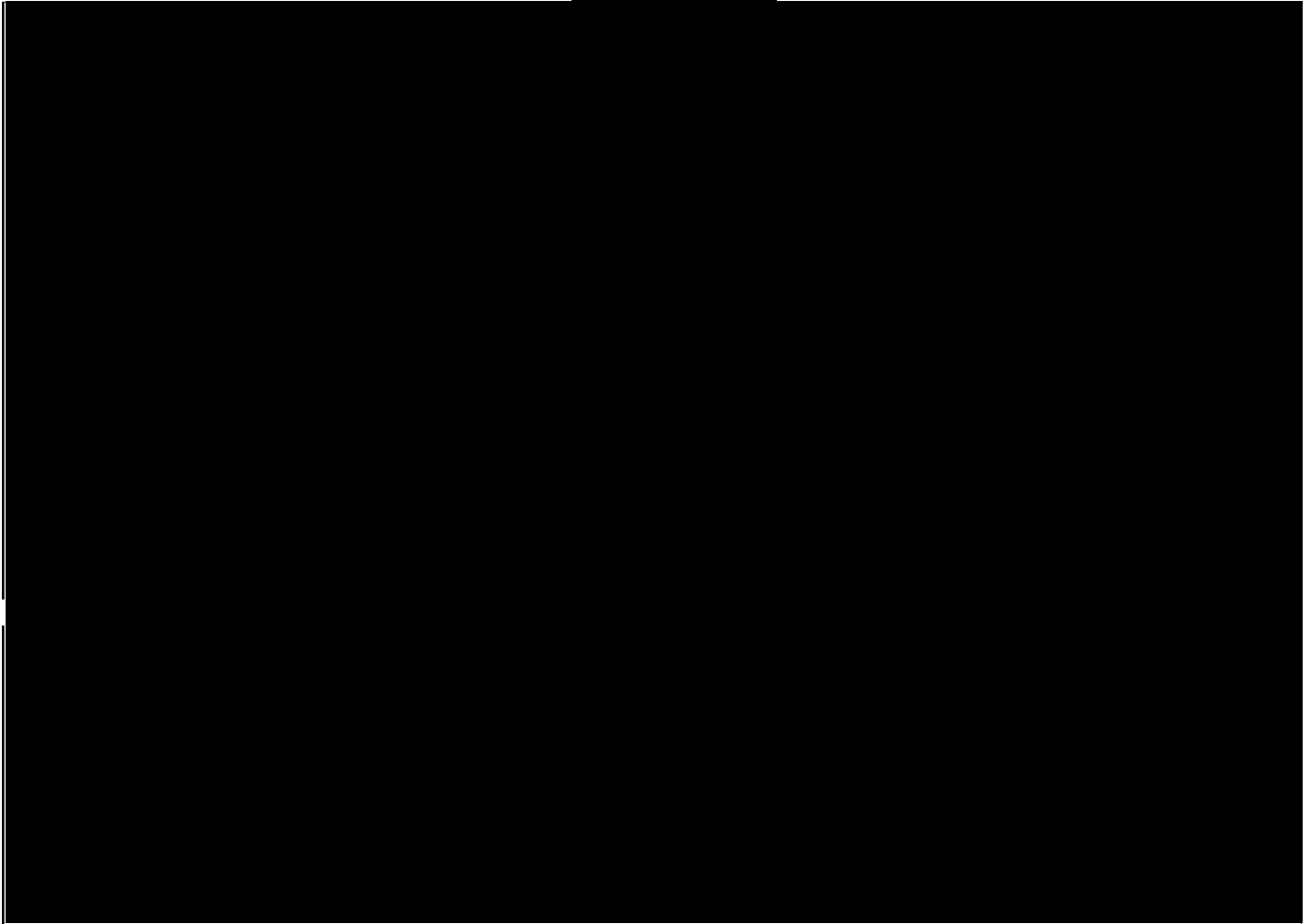
**ATTACHMENT 2**  
**INDICATIVE BID RANKING AT WHOLESALE**  
**BLOCKS A – D**



**REDACTED DOCUMENT**

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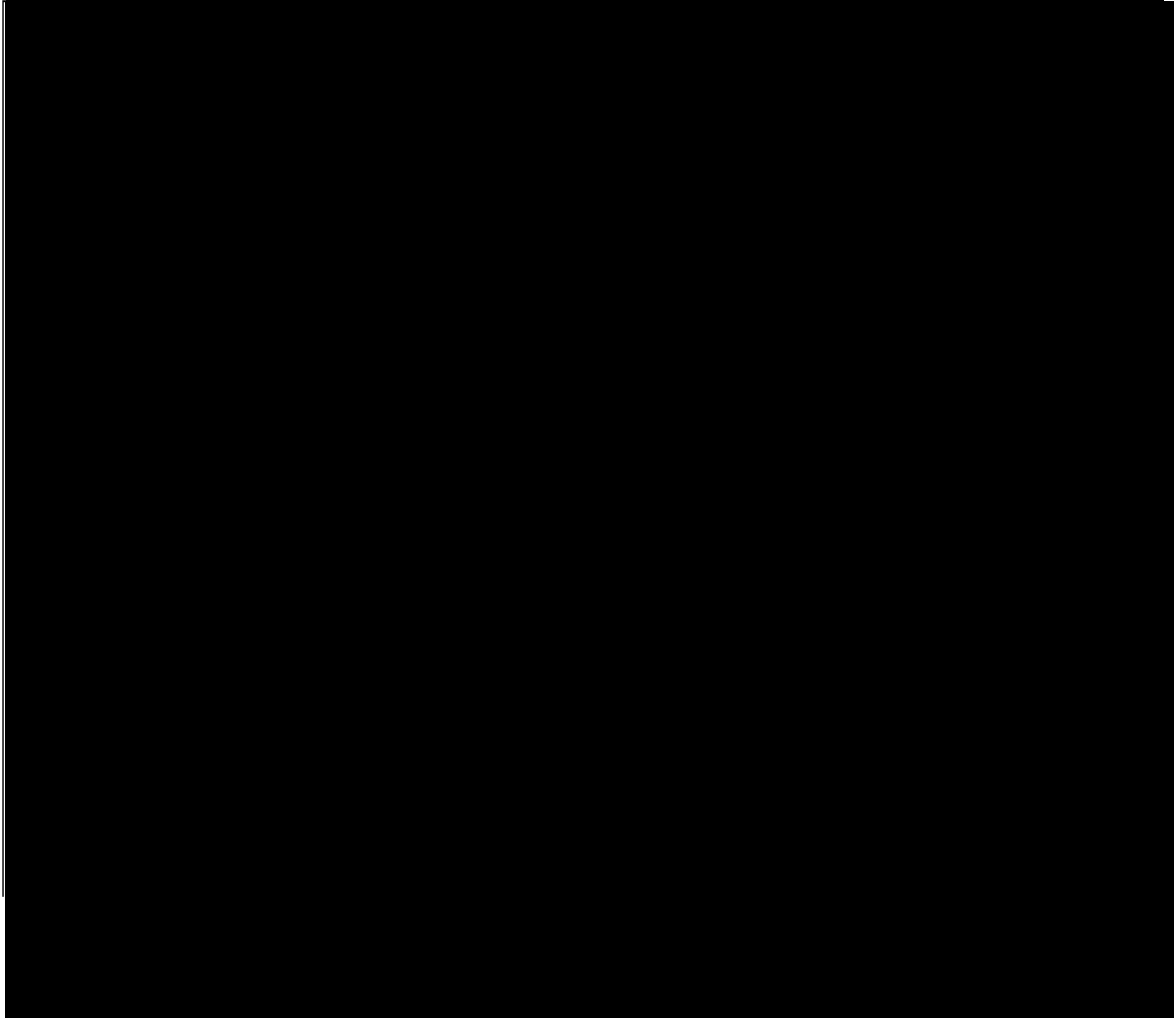
**ATTACHMENT 3  
INDICATIVE BID RANKING AT RETAIL  
BLOCKS A –D**



**REDACTED DOCUMENT**

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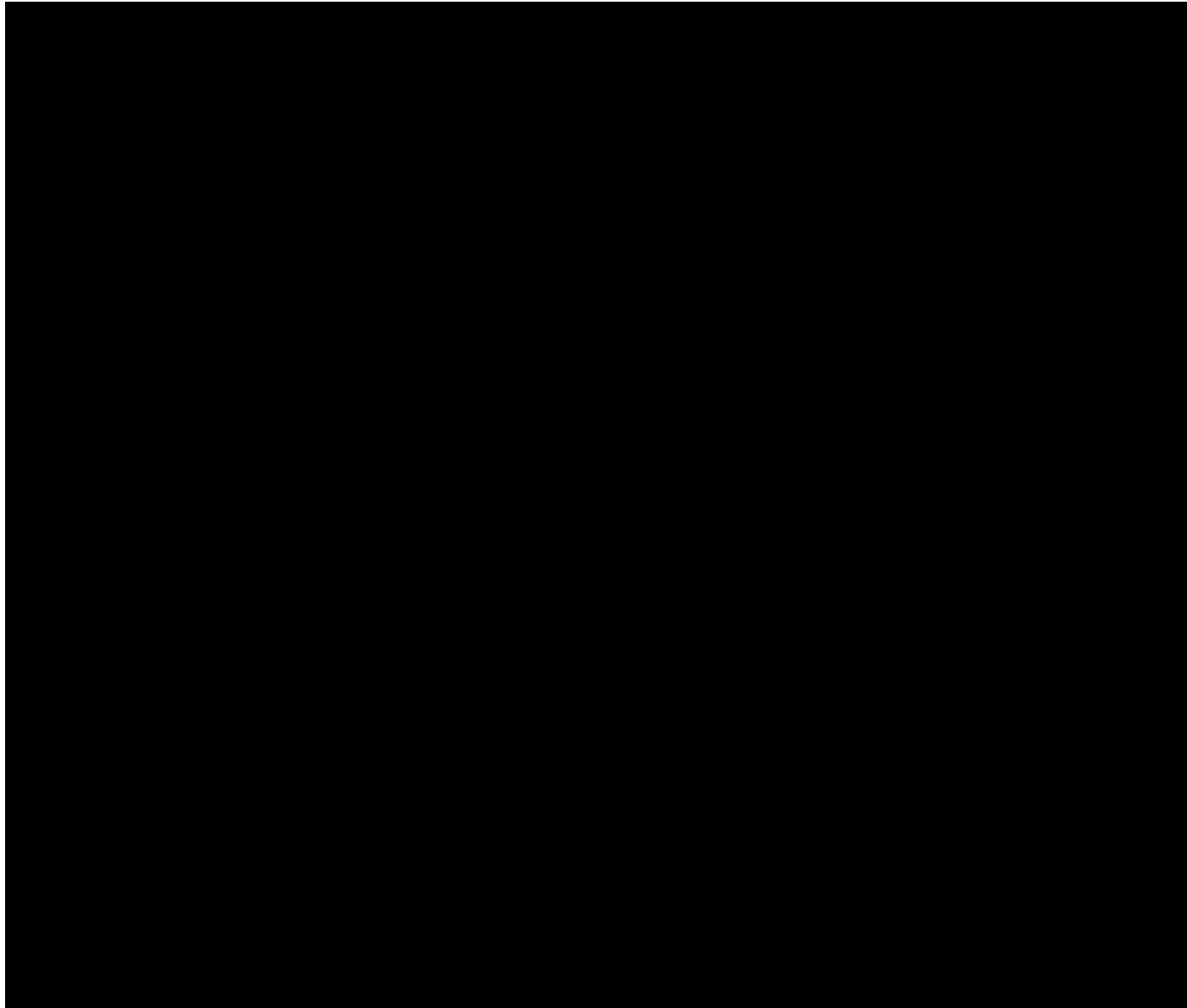
**ATTACHMENT 4  
ESTIMATED INDICATIVE PRICES  
FORECAST BASED ON NYMEX ELECTRICITY FUTURES  
FEBRUARY 2010 – APRIL 2010 PERIOD**



**REDACTED DOCUMENT**

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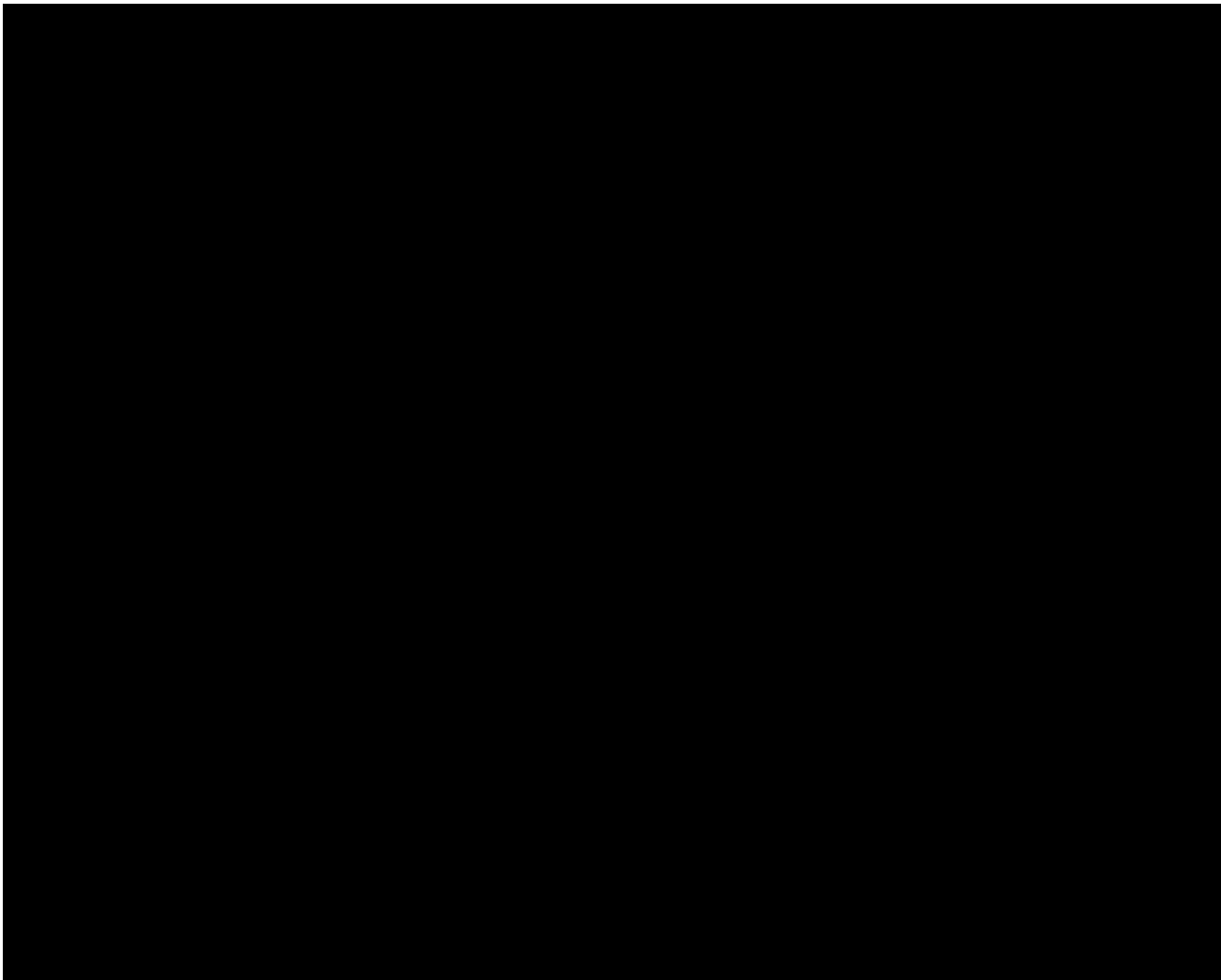
**ATTACHMENT 5**  
**FINAL BID RANKING AT WHOLESALE**  
**WITHOUT RPS (\$/MWh)**  
**BLOCKS A – D**



**REDACTED DOCUMENT**

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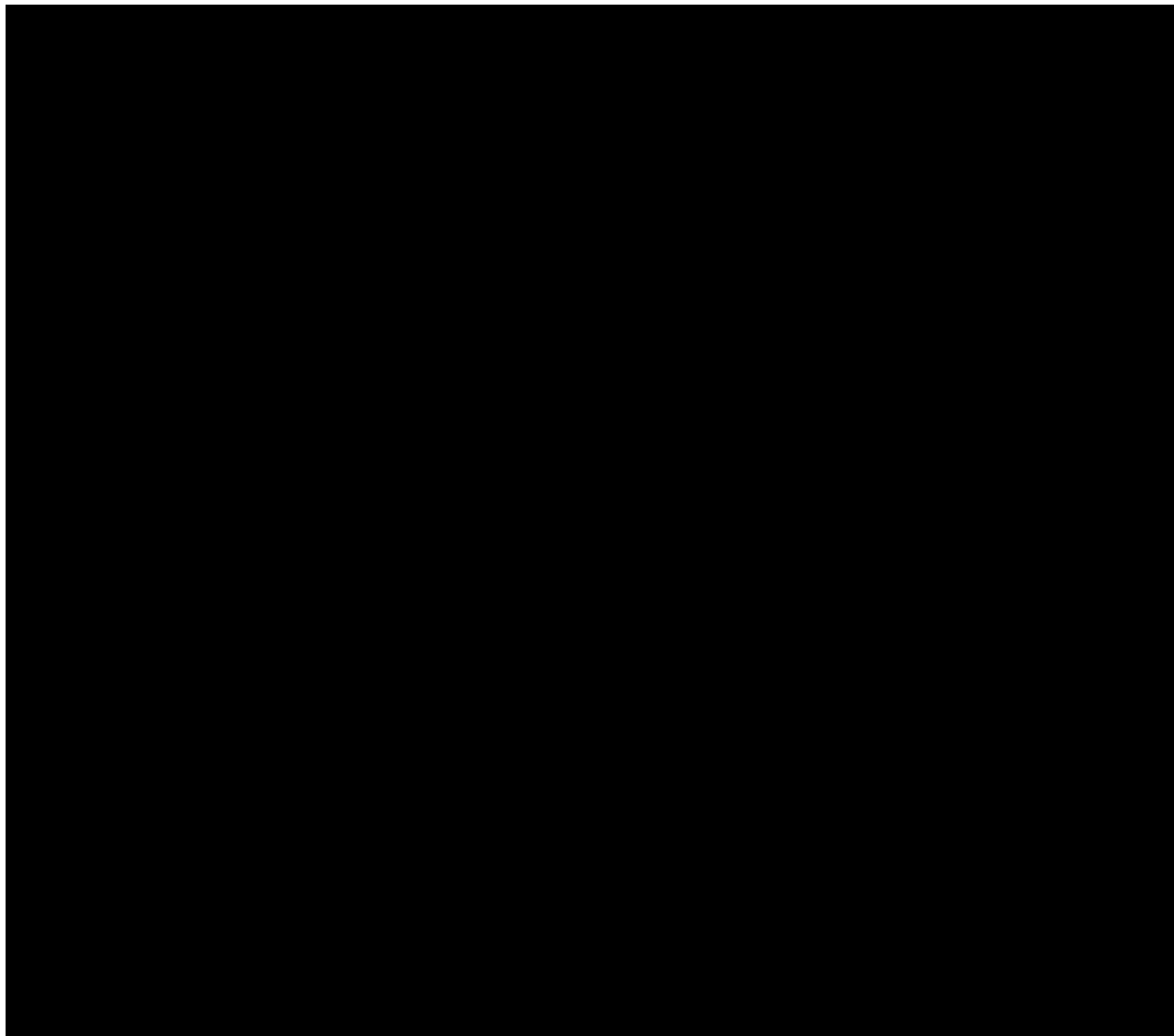
**ATTACHMENT 6**  
**FINAL BID RANKING AT RETAIL**  
**WITHOUT RPS (¢/kWh)**  
**BLOCKS A – D**



**REDACTED DOCUMENT**

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**ATTACHMENT 7 ESTIMATED FINAL PRICES  
FORECAST BASED ON NYMEX ELECTRICITY FUTURES  
FEBRUARY 2010 – APRIL 2010 PERIOD**



**REDACTED DOCUMENT**

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**ATTACHMENT 8**  
**SUMMARY OF LOAD BLOCK AWARDS**

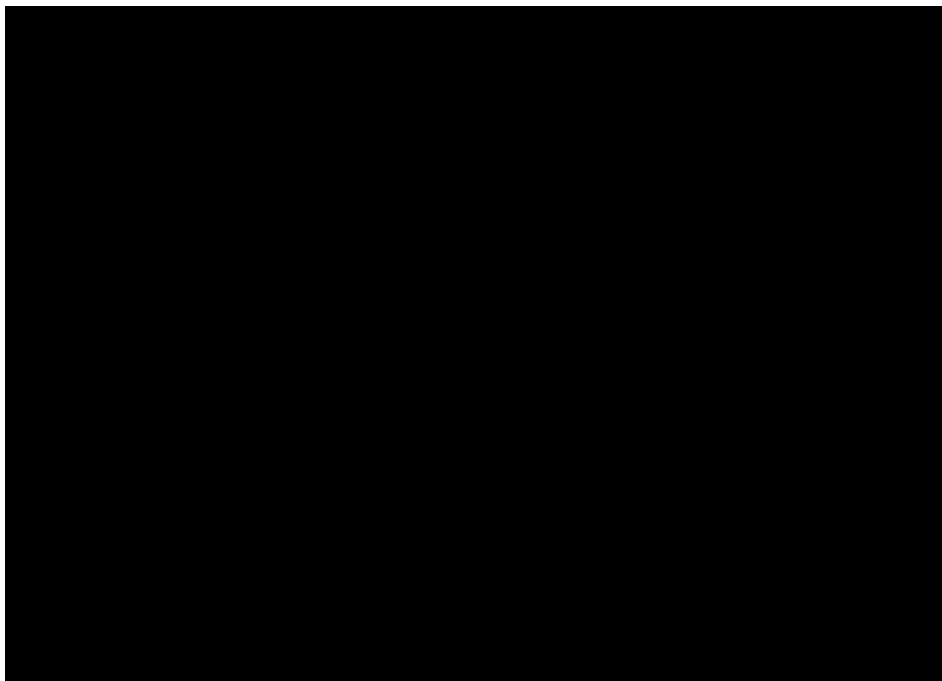
<b>Load Block</b>	<b>Customer Group</b>	<b>Load Zone</b>	<b>Supplier</b>	<b>Basis for Award</b>
A	Industrial	SEMA	[REDACTED]	Lowest bidder for block
B	Industrial	WCMA	[REDACTED]	Lowest bidder for block
C	Industrial	NEMA	[REDACTED]	Lowest bidder for block
D	Large	NH	[REDACTED]	Lowest bidder for block



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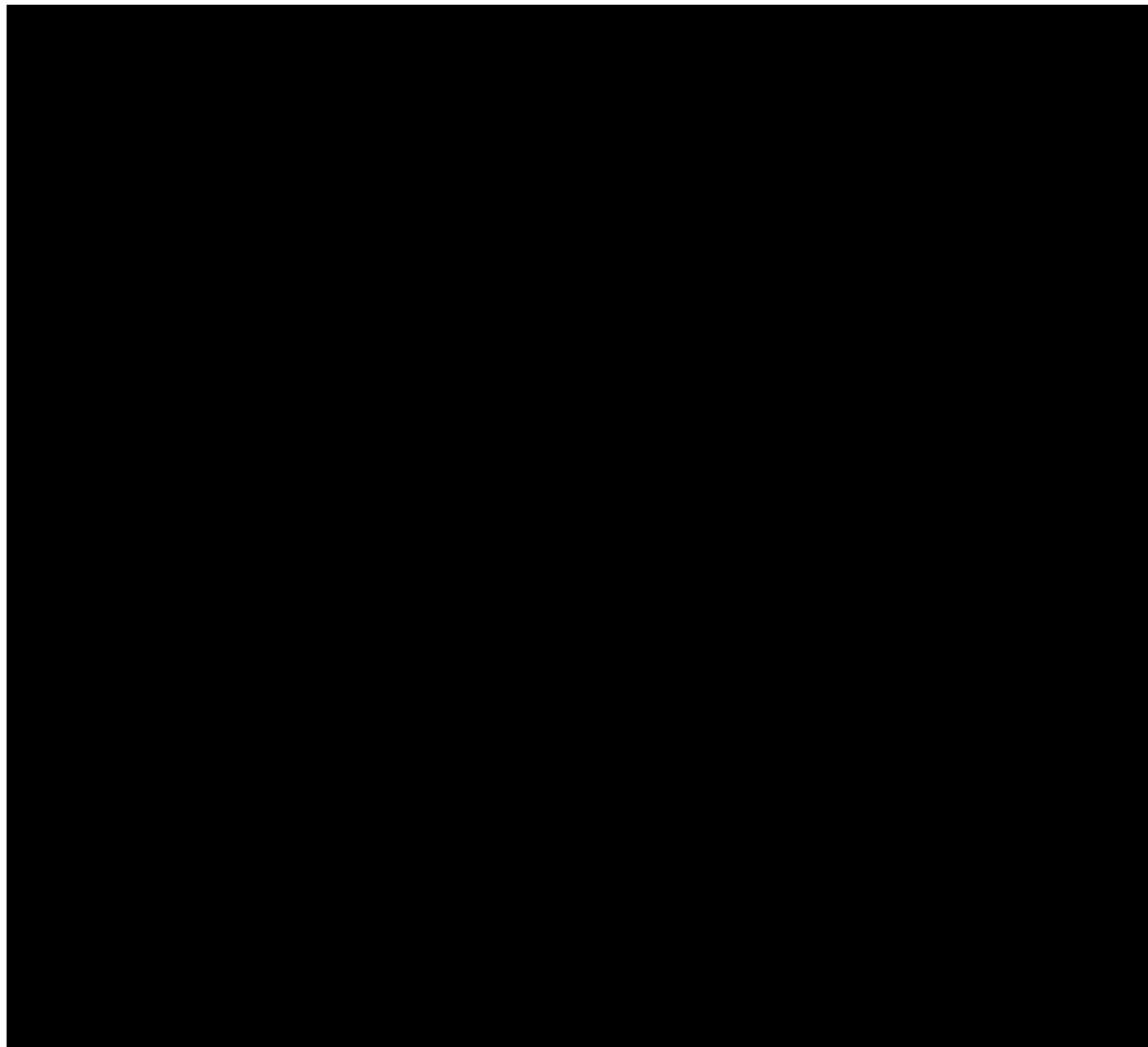
**ATTACHMENT 9**  
**BIDDER KEY**



**REDACTED DOCUMENT**

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**ATTACHMENT 10**  
**SUMMARY OF RPS & RES BIDS**



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**ATTACHMENT 11**  
**MA RPS COST ADDER CALCULATION**

**Section 1: Calculation of RPS Class I Renewable Generation Resource Charge**

- (1) RPS Class I Renewable Generation Resource Alternative Compliance Payment
- (2) RPS Class I Renewable Generation Resource Obligation
- (3) Incremental Cost - \$/MWh

**Section 2: Calculation of RPS Class II Renewable Generation Resource Charge**

- (1) RPS Class II Renewable Generation Resource Alternative Compliance Payment
- (2) RPS Class II Renewable Generation Resource Obligation
- (3) Incremental Cost - \$/MWh

**Section 3: Calculation of RPS Class II Waste Energy Resource Charge**

- (1) RPS Class II Waste Energy Resource Alternative Compliance Payment
- (2) RPS Class II Waste Energy Resource Obligation
- (3) Incremental Cost - \$/MWh

**Section 4: Calculation of APS Resource Charge**

- (1) APS Alternative Compliance Payment
- (2) APS Obligation
- (3) Incremental Cost - \$/MWh

**Section 5: Calculation of RPS/APS Adder**

- (4) Sum of Class I, Class II and APS Incremental Costs - \$/MWh
- (5) Total RPS/APS Obligation %
- (6) Obligation Weighted ACP cost

<b>2010 ACP</b>	<b>2010 Market</b>
\$63.34	\$31.56 Broker Sheets
5.00%	5.00%
\$3.17	\$1.58
\$26.00	\$23.00 Last MA RPS RFP
3.60%	3.60%
\$0.94	\$0.83
\$10.40	\$8.00 Broker Sheets
3.50%	3.50%
\$0.36	\$0.28
\$20.80	\$17.25 Broker Sheets
1.50%	1.50%
\$0.31	\$0.26
\$4.78	\$2.95
13.60%	13.60%
\$35.15	\$21.69

**Notes**

- (1) 2010 ACP based on the product of the 2009 ACP by the CPI increase from 2008 to 2009, as published by DOER.
- (2) From 225 CMR 14 or 15 or 16
- (3) Line (1) times Line (2)
- (4) Sum of all Line 3's
- (5) Sum of all Line 2's
- (6) Line (4) divided by Line (5)

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**ATTACHMENT 12**  
**NH RPS COST ADDER CALCULATION**

**Section 1: Calculation of Class I Renewable Energy Resource Charge**

- (1) Class I Alternative Compliance Payment
- (2) Class I Renewable Energy Resource Obligation
- (3) Incremental Cost - \$/MWh

**Section 2: Calculation of Class II Renewable Energy Resource Charge**

- (1) Class II Alternative Compliance Payment
- (2) Class II Renewable Energy Resource Obligation
- (3) Incremental Cost - \$/MWh

**Section 3: Calculation of Class III Renewable Energy Resource Charge**

- (1) Class III Alternative Compliance Payment
- (2) Class III Renewable Energy Resource Obligation
- (3) Incremental Cost - \$/MWh

**Section 4: Calculation of Class IV Renewable Energy Resource Charge**

- (1) Class IV Alternative Compliance Payment
- (2) Class IV Renewable Energy Resource Obligation
- (3) Incremental Cost - \$/MWh

**Section 5: Calculation of Renewable Portfolio Standard Adder**

- (4) Sum of Class I, II, III and Class IV Incremental Costs - \$/MWh
- (6) Renewable Portfolio Standard Adder to be included in Large Customer Group Retail Rates - \$/kWh
- (7) Total RPS/APS Obligation %
- (8) Obligation Weighted ACP cost

<b>2010 ACP</b>	<b>2010 Market</b>
\$63.35	\$31.85 Recent RFP
1.00%	1.00%
\$0.63	\$0.32
\$166.36	\$45.00 Recent RFP
0.04%	0.04%
\$0.07	\$0.02
\$31.06	\$29.00 Recent RFP
5.50%	5.50%
\$1.71	\$1.60
\$31.06	\$26.65 Recent RFP
1.00%	1.00%
\$0.31	\$0.27
\$2.72	\$2.21
\$ 0.00286	\$ 0.00232
7.54%	7.54%
\$36.07	\$29.31

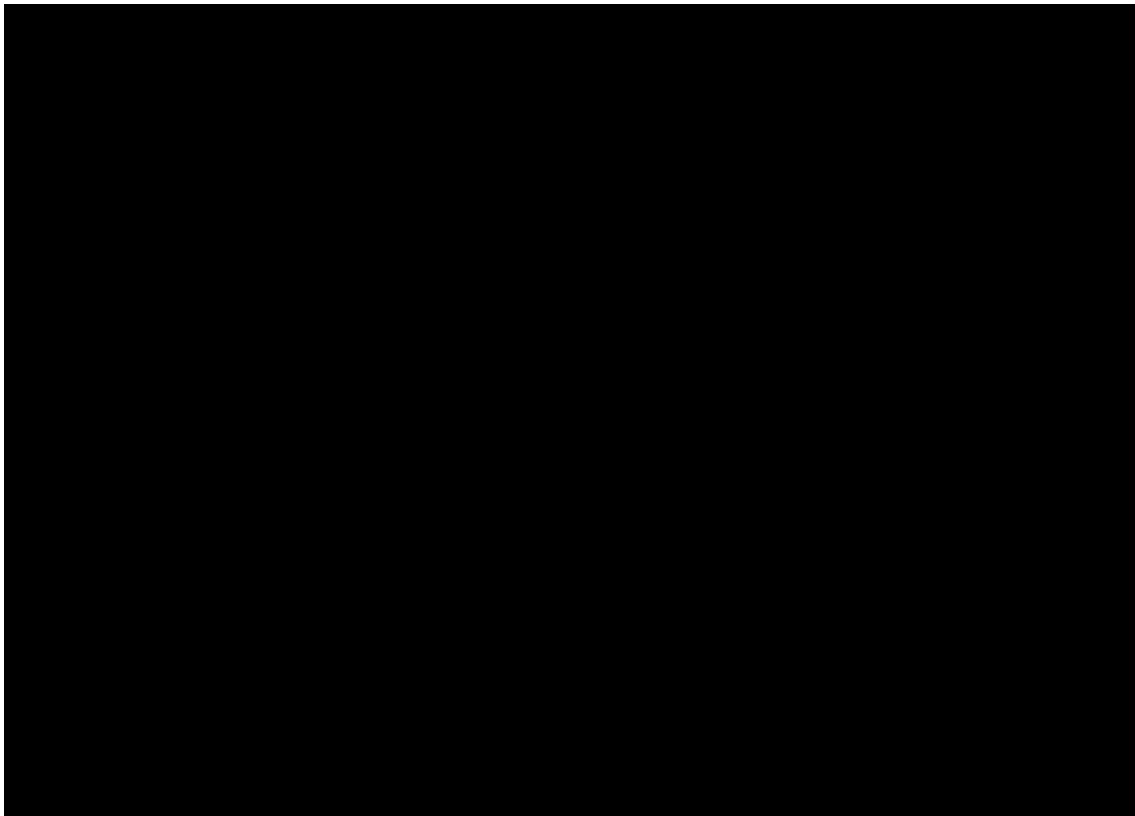
**Notes**

- (1) 2010 ACP based on the product of the 2009 ACP by CPI increase from 2008 to 2009, as published by NHPUC.
- (2) From 362-F:3 of NH RPS legislation
- (3) Line (1) times Line (2)
- (4) Sum of all Line (2)s
- (6) Line (4) times the average NH Large Customer Group loss factor for 12 month period ending November 30, 2009 divided by 1,000 to convert from \$/MWh to \$/kWh.
- (7) Sum of all Line (2)s
- (8) Line (7) divided by Line (6)

**REDACTED DOCUMENT**

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**ATTACHMENT 13**  
**RETAIL RATES BASED ON FINAL BID PRICES**





**SCHEDULE MMJ – 3**

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

REDACTED DOCUMENT

### Granite State Electric Company

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

	Period 1 (August - October'09)					Period 2 (November - January'10)					Period 3 (February - April'10)							
	Aug	Sep	Oct	Average	Hourly Weighted Average	Nov	Dec	Jan	Average	Hourly Weighted Average	Feb	Mar	Apr	Average	Hourly Weighted Average	Change (Period 2 to Period 3)	Change (Period 1 to Period 3)	
Electric Futures Price June 10, 2009 (\$/MWh)	On-Peak	45.08	46.88	47.44	41.41													
	Off-Peak	37.50	35.63	38.00	37.04													
Electric Futures Price September 9, 2009 (\$/MWh)	On-Peak					39.73	50.33	61.00	50.35	44.95								
	Off-Peak					32.08	41.30	49.72	41.03									
Electric Futures Price December 9, 2009 (\$/MWh)	On-Peak										66.81	56.42	56.42	59.88				
	Off-Peak										54.40	43.43	43.43	47.09				26.7%
NYMEX Natural Gas Price June 10, 2009 (\$/mmBtu)		3.933	4.105	4.347	4.128													
NYMEX Natural Gas Price September 9, 2009 (\$/mmBtu)						5.285	5.943	6.250	5.826									
NYMEX Natural Gas Price December 9, 2009 (\$/mmBtu)											5.173	5.198	5.228	5.200				-10.8%
																		26.0%

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





**SCHEDULE MMJ – 4**

**Default Service Contract for the Large Customer Group  
February 1, 2010 through April 30, 2010**

**REDACTED DOCUMENT**

**EXECUTION COPY**

**MASTER POWER AGREEMENT  
FORM OF CONFIRMATION**

This Confirmation shall confirm the Transaction agreed to on, and effective as of **December 9, 2009**, 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 Revised Master Power Agreement, dated October 7, 2009 (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 DOCUMENT**

[REDACTED]

[REDACTED]

**6. Amount Payable**

- (i) The amount payable by the Buyer to Seller in a month shall be the product of (a) the Delivered Energy for Default Service to the Large Customer Group and (b) Large Customer Group Contract Rate in the month.

**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]

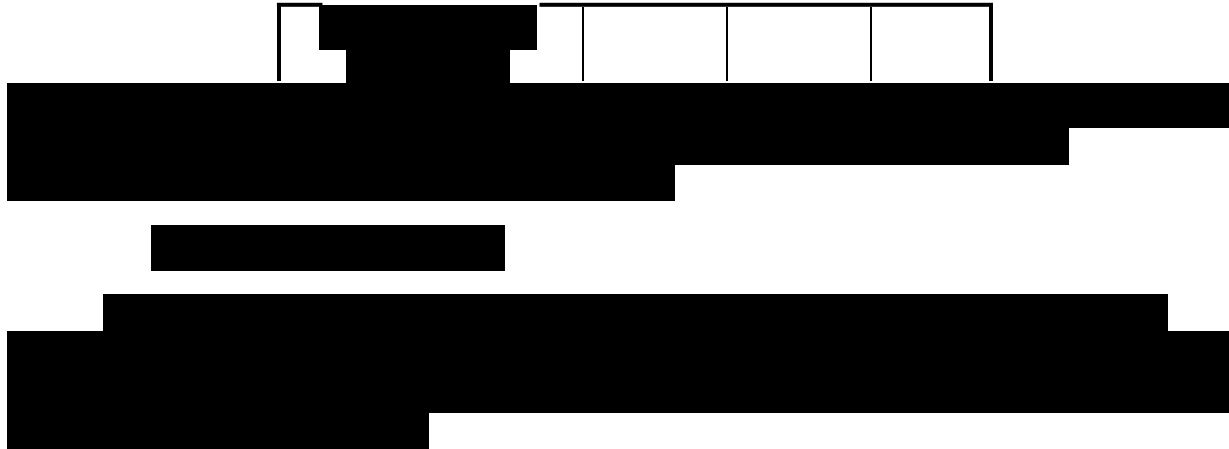
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[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

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

**REDACTED DOCUMENT**



**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**

By: \_\_\_\_\_

Name: Margaret M. Janzen

Title: Authorized Signatory

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**REDACTED DOCUMENT**

**EXECUTION COPY**

**RESTATED NEW HAMPSHIRE MASTER POWER AGREEMENT**

This **RESTATED MASTER POWER AGREEMENT** (“Master Power Agreement”) is dated as of October 7, 2009 and is by and between **GRANITE STATE ELECTRIC COMPANY** (“Granite” or “Buyer”), a New Hampshire corporation, and [REDACTED], [REDACTED] (“Seller”) and replaces and supersedes the New Hampshire Master Power Agreement dated October 7, 2009 between Buyer and Seller. This Master Power Agreement provides for the sale by Seller of Default Service, as defined herein, to the Buyer. Buyer and Seller are referred to herein individually as a “Party” and collectively as the “Parties”.

**ARTICLE 1. BASIC UNDERSTANDINGS**

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

**ARTICLE 2. DEFINITIONS**

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

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

**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.

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

**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.

**REDACTED DOCUMENT**

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

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

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

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

**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).

**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.

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

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

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

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



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

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

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

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

**Credit Rating** means, 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, 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.

**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.

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

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

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

**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.

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

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

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

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

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

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

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

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

**EPT** means Eastern Prevailing Time.

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

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the organization, management or operation of any entity or relating to the rights, duties and obligations of the equity holders of any entity; and (g) any amendment or supplement to any of the foregoing.

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

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

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

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

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

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

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

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

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

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

**Material Adverse Effect** means, with respect to a Party, any change in or effect on such Party

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

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

**MWh** means Megawatt-hour.

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

**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.

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

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

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

**NERC** means the North American Electric Reliability Council.

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

**New 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

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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.

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

**NHPUC** means the New Hampshire Public Utilities Commission, or its successor.

**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.

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

**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.

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

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

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

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

**Term** means as defined in Section 3.1.

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

**ARTICLE 3.      TERM, SERVICE PROVISIONS AND REGISTRATION REQUIREMENTS**

Section 3.1    Term

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

Section 3.2    Commencement of Supply

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

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

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



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Section 3.3 Termination and Conclusion of Supply

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

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

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

Section 3.4 Customer Disconnection Date

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

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

Section 3.5 Distribution Service Interruptions

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

Section 3.6 Release of Customer Information

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

Section 3.7 Electronic Notification

At Seller's election, the Buyer shall provide notices contemplated by Sections 3.2, 3.3 and 3.4 via electronic file transfer. Such election shall only be effective when Seller (i) establishes 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 the Buyer at least fourteen (14) days prior to the day on which Seller desires to commence electronic receipt.

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Section 3.8 Change in Supply; No Prohibition on Programs

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

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

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

Section 3.9 Uniform Disclosure Requirements

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

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

**ARTICLE 4. SALE AND PURCHASE**

Section 4.1 Provision Delivery and Receipt

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



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**Section 4.2 Responsibilities**

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

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

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

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

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

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

**ARTICLE 5. AMOUNT, BILLING and PAYMENT**

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Section 5.1 Amount

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

Section 5.2 Billing and Payment

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



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

Section 5.3 Challenge to Invoices

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

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Party, it shall be paid or returned (as the case may be) to the other Party within three (3) Business Days of such determination along with interest accrued at the Interest Rate from the (i) date due and owing in accordance with the Invoice until the date paid or (ii) if the amount was paid and is to be returned, from the date paid, until the date returned.

Section 5.4 Taxes, Fees and Levies

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

Section 5.5 Netting and Setoff

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

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

Section 6.1 Quality

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

Section 6.2 Losses

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

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**Section 6.3 Determination and Reporting of Hourly Loads**

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

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

**Section 6.4 ISO Settlement Market System Implementation**

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

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

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**ARTICLE 8. NOTICES, REPRESENTATIVES OF THE PARTIES**

Section 8.1 Notices

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

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

Director, Electric Supply and Distributed Generation



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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)

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



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

**Section 8.2 Authority of Representative**

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

**ARTICLE 9. LIABILITY; INDEMNIFICATION; RELATIONSHIP OF PARTIES**

**Section 9.1 Limitation on Consequential, Incidental and Indirect Damages**

EXCEPT AS EXPRESSLY PROVIDED IN SECTION 9.2, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, NEITHER THE BUYER NOR SELLER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, PARENT OR AFFILIATES, SUCCESSOR OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, SUCCESSORS, OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR ITS PARENT, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUCCESSORS OR ASSIGNS, FOR

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CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES (INCLUDING ATTORNEY'S FEES OR LITIGATION COSTS EXCEPT AS EXPRESSLY PROVIDED IN SECTION 15.2 AND IN ACCORDANCE WITH THE LIMITATION THEREUNDER) CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, OR ANY OTHER THEORY OF RECOVERY. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

Section 9.2 Indemnification

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

(b) The Buyer agrees to defend, indemnify and save Seller, its officers, directors, employees, agents, successor, assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of representation or warranty or failure to perform any covenant or agreement in this Agreement by said Buyer, (b)

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any violation of applicable law, regulation or order by Buyer, (c) any act or omission by the Buyer, with respect to this Agreement first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee or Affiliate of Seller or its respective successors or assigns.

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

Section 9.3 Independent Contractor Status

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

**ARTICLE 10. ASSIGNMENT**

Section 10.1 General Prohibition Against Assignments

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

Section 10.2 Exceptions to Prohibition Against Assignments

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

(b) The Buyer may assign all or a portion of its rights and obligations under this Agreement to any Affiliate of the Buyer without consent of Seller. Either Party may, upon written notice, assign its rights and obligations hereunder, or transfer such rights and obligations by operation of law, to any entity with which or into which such Party shall merge or consolidate

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or to which such Party shall transfer all or substantially all of its assets, provided that such other entity agrees to be bound by the terms hereof and provided further, that such other entity's creditworthiness is comparable to or higher than that of such Party at the time this Agreement was executed and such Party is not relieved of any obligation or liability hereunder as a result of such assignment

**ARTICLE 11. SUCCESSORS AND ASSIGNS**

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

**ARTICLE 12. FORCE MAJEURE**

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

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

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

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

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**ARTICLE 13. WAIVERS**

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

**ARTICLE 14. LAWS AND REGULATIONS**

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

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

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

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

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

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**ARTICLE 15. INTERPRETATION, DISPUTE RESOLUTION**

Section 15.1 Governing Law

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

Section 15.2 Dispute Resolution

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



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

**Section 15.3 Venue; Waiver of Jury Trial**

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

**ARTICLE 16. SEVERABILITY**

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

**ARTICLE 17. MODIFICATIONS**

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

**ARTICLE 18. ENTIRE AGREEMENT**

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

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**ARTICLE 19. COUNTERPARTS**

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

**ARTICLE 20. INTERPRETATION; CONSTRUCTION**

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

**ARTICLE 21. REPRESENTATIONS; WARRANTIES AND COVENANTS**

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

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

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

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

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



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

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

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

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

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

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

**ARTICLE 22. CONSENTS AND APPROVALS**

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

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

**ARTICLE 23. CONFIDENTIALITY**

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

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

**GRANITE STATE ELECTRIC COMPANY**

\_\_\_\_\_  
Name (print): \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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**APPENDIX A**  
**ESTIMATION OF SELLER HOURLY LOADS**

## **Overview**

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

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

## **Daily Estimation of Suppliers' Own Load**

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

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

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

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

**Monthly Reconciliation Process**

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

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

This Confirmation shall confirm the Transaction agreed to on, and effective as of \_\_\_\_\_, 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 \_\_\_\_\_ (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.

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█ [REDACTED]

[REDACTED]

█ [REDACTED]  
█ [REDACTED]  
█ [REDACTED]  
█ [REDACTED]

**6. Amount Payable**

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

- (i) The product of (a) the Delivered Energy for Default Service to the Large Customer Group and (b) Large Customer Group Contract Rate in the month plus,
- (ii) The product of (a) the Delivered Energy for Default Service to the Small Customer Group and (b) Small Customer Group Contract Rate in the month plus,
- (iii) the product of (c) the number Class I NEPOOL-GIS Certificates delivered in a month and (d) the applicable Alternative Compliance Payment plus,
- (iv) the product of (c) the number Class II NEPOOL-GIS Certificates delivered in a month and (d) the applicable Alternative Compliance Payment plus
- (v) the product of (e) the number of Class III NEPOOL-GIS Certificates delivered in a month and (d) the applicable Alternative Compliance Payment plus,
- (vi) the product of (e) the number of Class IV NEPOOL-GIS Certificates delivered in a month and (d) the applicable Alternative Compliance Payment less,
- (vii) the product of (e) the Class I RPS Requirement in a month and (d) the applicable Alternative Compliance Payment less,
- (viii) the product of (e) the Class II RPS Requirement in a month and (d) the applicable Alternative Compliance Payment less
- (ix) the product of (e) the Class III RPS Requirement in a month and (d) the applicable Alternative Compliance Payment less,
- (x) the product of (e) the Class IV RPS Requirement in a month and (d) the applicable Alternative Compliance Payment.

[To be determined consistent with each transaction]

**7. Modifications to the Master Power Agreement**

[To be determined for each Transaction]

█ [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]	[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.



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**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]**

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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: \_\_\_\_\_

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**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.

“*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



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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 assets 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:

- (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

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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

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(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.**

[REDACTED]

[REDACTED]

[REDACTED]

[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:

	Seller	<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

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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

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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 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.

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



**REDACTED DOCUMENT**

(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, 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 same day 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

**REDACTED DOCUMENT**

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](mailto: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 – 5**

**Renewable Portfolio Standard Adders**

**Section 1: Calculation of Class I Renewable Energy Resource Charge**

- (1) Class I Alternative Compliance Payment
- (2) Class I Renewable Energy Resource Obligation
- (3) Incremental Cost - \$/MWh

**Section 2: Calculation of Class II Renewable Energy Resource Charge**

- (1) Class II Alternative Compliance Payment
- (2) Class II Renewable Energy Resource Obligation
- (3) Incremental Cost - \$/MWh

**Section 3: Calculation of Class III Renewable Energy Resource Charge**

- (1) Class III Alternative Compliance Payment
- (2) Class III Renewable Energy Resource Obligation
- (3) Incremental Cost - \$/MWh

**Section 4: Calculation of Class IV Renewable Energy Resource Charge**

- (1) Class IV Alternative Compliance Payment
- (2) Class IV Renewable Energy Resource Obligation
- (3) Incremental Cost - \$/MWh

**Section 5: Calculation of Renewable Portfolio Standard Adder**

- (4) Sum of Class I, II, III and Class IV Incremental Costs - \$/MWh
- (6) Renewable Portfolio Standard Adder to be included in Large Customer Group Retail Rates - \$/kWh
- (7) Total RPS/APS Obligation %
- (8) Obligation Weighted ACP cost

	<b>2010 ACP</b>	<b>2010 Market</b>
	\$63.35	\$31.85 Recent RFP
	1.00%	1.00%
	\$0.63	\$0.32
	\$166.36	\$45.00 Recent RFP
	0.04%	0.04%
	\$0.07	\$0.02
	\$31.06	\$29.00 Recent RFP
	5.50%	5.50%
	\$1.71	\$1.60
	\$31.06	\$26.65 Recent RFP
	1.00%	1.00%
	\$0.31	\$0.27
	\$2.72	\$2.21
	\$ 0.00286	\$ 0.00232
	7.54%	7.54%
	\$36.07	\$29.31

**Notes**

- (1) 2010 ACP based on the product of the 2009 ACP by CPI increase from 2008 to 2009, as published by NHPUC.
- (2) From 362-F:3 of NH RPS legislation
- (3) Line (1) times Line (2)
- (4) Sum of all Line (2)s
- (6) Line (4) times the average NH Large Customer Group loss factor for 12 month period ending November 30, 2009 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 – 6**

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

Granite State Electric Company  
 Summary of Proposed Default Service Rates

		Medium and Large C&I		
		<u>August</u>	<u>September</u>	<u>October</u>
(1)	Wholesale Loads (kWh)	████████████████████		
(2)	Retail Loads (kWh)	████████████████████		
(3)	Loss Factor	██		
(4)	Wholesale Contract Price (\$/MWh)	██		
(5)	Base Default Service Rate (\$/kWh)	\$0.08322	\$0.08324	\$0.08467
(6)	2009 Default Service Reconciliation Adjustment Factor (\$/kWh)	(\$0.00285)	(\$0.00285)	(\$0.00285)
(7)	Default Service Cost Reclassification Adjustment Factor (\$/kWh)	\$0.00055	\$0.00055	\$0.00055
(8)	Renewable Portfolio Standard Adder (\$/kWh)	<u>\$0.00232</u>	<u>\$0.00232</u>	<u>\$0.00232</u>
(9)	Total Default Service Rate (\$/kWh)	\$0.08324	\$0.08326	\$0.08469

- (1) Wholesale loads for the 12 month period ending November 2009
- (2) Retail loads for the 12 month period ending November 2009
- (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-5
- (9) Line (5) + Line (6) + Line (7) + Line (8)

Granite State Electric Company  
Large Customer Group  
(Rates G-1 and G-2)  
Illustrative Weighted Average Default Service Rates For Comparison Purposes Only  
February 2010 - April 2010

**Section 1: Percentage of Medium and Large C&I kWhs Attributable to Default Service**

(1)	November 2009 Medium and Large C&I Default Service kWhs	15,785,680
(2)	November 2009 Total Medium and Large C&I kWhs	<u>40,306,996</u>
(3)	Percentage of Medium and Large C&I Default Service kWhs to Total Medium and Large C&I kWhs	39.16%

**Section 2: Projected Medium and Large C&I Default Service kWhs, February 2010 - April 2010**

	February (a)	March (b)	April (c)	Total (d)	
(4)	Projected Total Company Medium and Large kWhs	43,535,130	34,180,790	45,813,337	123,529,257
(5)	Percentage of Medium and Large C&I Default Service kWhs to Total Medium and Large C&I kWhs	<u>39.16%</u>	<u>39.16%</u>	<u>39.16%</u>	
(6)	Projected Medium and Large C&I Default Service kWhs	17,049,934	13,386,436	17,942,162	48,378,533

**Section 3: Medium and Large C&I Default Service Load Weighting for February 2010 - April 2010**

(7)	Projected Medium and Large C&I Default Service kWhs	17,049,934	13,386,436	17,942,162	48,378,533
(8)	Wholesale Loads (kWh)	████████████████████			
(9)	Retail Loads (kWh)	████████████████████			
(10)	Loss Factor	██			
(11)	Wholesale Contract Price (\$/MWh)	██			
(12)	Base Default Service Rate (\$/kWh)	\$0.08322	\$0.08324	\$0.08467	
(13)	2009 Default Service Reconciliation Adjustment Factor (\$/kWh)	(\$0.00285)	(\$0.00285)	(\$0.00285)	
(14)	Default Service Cost Reclassification Adjustment Factor (\$/kWh)	\$0.00055	\$0.00055	\$0.00055	
(15)	<u>Renewable Portfolio Standard Adder (\$/kWh)</u>	<u>\$0.00232</u>	<u>\$0.00232</u>	<u>\$0.00232</u>	
(16)	Total Estimated Medium and Large C&I Default Service Price per kWh	\$0.08324	\$0.08326	\$0.08469	
(17)	Projected Medium and Large C&I Base Default Service Cost, February 2010 - April 2010	<u>\$ 1,418,896</u>	<u>\$ 1,114,287</u>	<u>\$ 1,519,163</u>	<u>\$ 4,052,345</u>
(18)	Weighted Average Medium and Large C&I Base Default Service Charge for February 2010 - April 2010				\$ 0.08376
(19)	Projected Medium and Large C&I Default Service Cost, February 2010 - April 2010	<u>\$ 1,419,237</u>	<u>\$ 1,114,555</u>	<u>\$ 1,519,522</u>	<u>\$ 4,053,313</u>
(20)	Weighted Average Medium and Large C&I Default Service Charge for February 2010 - April 2010				\$ 0.08378

- 
- (1) Per Monthly CR97987A Default Service Revenue Reports (Rates G-1 and G-2)
  - (2) Per Monthly CR97992A Total Revenue Reports (Rates G-1 and G-2)
  - (3) Line (1) ÷ Line (2)
  - (4) Per Company forecast for medium and large C&I rates (Rates G-1 and G-2)
  - (5) Line (3)
  - (6) Line (4) x Line (5)
  - (7) Line (6)
  - (8) Wholesale loads for the 12 month period ending November 2009
  - (9) Retail loads for the 12 month period ending November 2009
  - (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-5
  - (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
  - (19) Line (7) x Line (16)
  - (20) Line (19) total ÷ Line (7) total, truncated after 5 decimal places





**SCHEDULE MMJ – 7**

**Typical Bill Impacts**





Granite State Electric Company  
 Proposed February 1, 2010 Default Service Rates  
 Calculation of Illustrative Monthly Typical Bill  
 Impact on Rate G-1 Default Service Customers

Hours Use	kWh Split		Monthly kWh	On-Peak kWh	Off-Peak kWh	(1)		(2)		(1) vs (2)
	450 On-Peak	45.00%				Present Rates	Proposed Rates	Total	Total	
kW	450 Off-Peak	55.00%	kWh	kWh	kWh	Default Service	Default Service	Total	Total	Increase (Decrease)
200			90,000	40,500	49,500	\$6,547.50	\$7,540.20	\$10,202.34	\$10,202.34	\$992.70
300			135,000	60,750	74,250	\$9,821.25	\$11,310.30	\$15,257.37	\$15,257.37	\$1,489.05
400			180,000	81,000	99,000	\$13,095.00	\$15,080.40	\$20,312.40	\$20,312.40	\$1,985.40
500			225,000	101,250	123,750	\$16,368.75	\$18,850.50	\$25,367.43	\$25,367.43	\$2,481.75
1,000			450,000	202,500	247,500	\$32,737.50	\$37,701.00	\$50,642.60	\$50,642.60	\$4,963.50

Present Rates

Proposed Rates

Customer Charge		\$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
<u>Supplier Services</u>					
Illustrative Weighted Average Default Service	kWh x	\$0.07275			\$0.08378

Granite State Electric Company  
 Proposed February 1, 2010 Default Service Rates  
 Calculation of Illustrative Monthly Typical Bill  
 Impact on Rate G-1 Default Service Customers

Hours Use	kWh Split		Monthly kWh	On-Peak kWh	Off-Peak kWh	(1)		(2)		(1) vs (2)		
	450 On-Peak	40.00%				Present Rates	Proposed Rates	Total	Default Service		Retail Delivery	Total
kW	Off-Peak	60.00%	kWh	kWh	kWh	Total	Default Service	Retail Delivery	Total	Default Service	Retail Delivery	Overall Increase (Decrease)
200			90,000	36,000	54,000	\$9,203.65	\$6,547.50	\$2,656.15	\$10,196.35	\$7,540.20	\$2,656.15	\$992.70
300			135,000	54,000	81,000	\$13,759.34	\$9,821.25	\$3,938.09	\$15,248.39	\$11,310.30	\$3,938.09	\$1,489.05
400			180,000	72,000	108,000	\$18,315.03	\$13,095.00	\$5,220.03	\$20,300.43	\$15,080.40	\$5,220.03	\$1,985.40
500			225,000	90,000	135,000	\$22,870.72	\$16,368.75	\$6,501.97	\$25,352.47	\$18,850.50	\$6,501.97	\$2,481.75
1,000			450,000	180,000	270,000	\$45,649.17	\$32,737.50	\$12,911.67	\$50,612.67	\$37,701.00	\$12,911.67	\$4,963.50

Present Rates

Proposed Rates

Customer Charge		\$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
<u>Supplier Services</u>					
Illustrative Weighted Average Default Service	kWh x	\$0.07275			\$0.08378

Hours Use	Monthly kWh	(1) ----- / ----- (1) vs (2)			(2) ----- / ----- (1) vs (2)			Overall Increase (Decrease) Amount %		
		Total	Present Rates Default Service	Retail Delivery	Total	Proposed Rates Default Service	Retail Delivery			
kW										
	20	4,000	\$488.42	\$291.00	\$197.42	\$532.54	\$335.12	\$197.42	\$44.12	9.0%
	50	10,000	\$1,184.00	\$727.50	\$456.50	\$1,294.30	\$837.80	\$456.50	\$110.30	9.3%
	75	15,000	\$1,763.65	\$1,091.25	\$672.40	\$1,929.10	\$1,256.70	\$672.40	\$165.45	9.4%
	100	20,000	\$2,343.30	\$1,455.00	\$888.30	\$2,563.90	\$1,675.60	\$888.30	\$220.60	9.4%
	150	30,000	\$3,502.60	\$2,182.50	\$1,320.10	\$3,833.50	\$2,513.40	\$1,320.10	\$330.90	9.4%

Proposed Rates

Customer Charge		\$24.70
Distribution Charge	kWh x	\$0.00102
Distribution Demand Charge	kW x	\$4.45
Transmission Charge	kWh x	\$0.01617
Stranded Cost Charge	kWh x	(\$0.00011)
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055
		\$24.70
		\$0.00102
		\$4.45
		\$0.01617
		(\$0.00011)
		\$0.00330
		\$0.00055

Present Rates

Customer Charge		\$24.70
Distribution Charge	kWh x	\$0.00102
Distribution Demand Charge	kW x	\$4.45
Transmission Charge	kWh x	\$0.01617
Stranded Cost Charge	kWh x	(\$0.00011)
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055

Supplier Services

Illustrative Weighted Average Default Service	kWh x	\$0.07275
		\$0.08378

Granite State Electric Company  
 Proposed February 1, 2010 Default Service Rates  
 Calculation of Illustrative Monthly Typical Bill  
 Impact on Rate G-2 Default Service Customers

Hours Use 250

kW	Monthly kWh	(1)		(2)		Overall Increase (Decrease) Amount %
		Total	Present Rates Default Service	Total	Proposed Rates Default Service	
20	5,000	\$582.10	\$363.75	\$218.35	\$418.90	\$55.15 9.5%
50	12,500	\$1,418.21	\$909.38	\$508.83	\$1,047.25	\$137.87 9.7%
75	18,750	\$2,114.96	\$1,364.06	\$750.90	\$1,570.88	\$206.82 9.8%
100	25,000	\$2,811.70	\$1,818.75	\$992.95	\$2,094.50	\$275.75 9.8%
150	37,500	\$4,205.21	\$2,728.13	\$1,477.08	\$3,141.75	\$413.62 9.8%

Present Rates

Customer Charge		\$24.70
Distribution Charge	kWh x	\$0.00102
Distribution Demand Charge	kW x	\$4.45
Transmission Charge	kWh x	\$0.01617
Stranded Cost Charge	kWh x	(\$0.00011)
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055

Proposed Rates

		\$24.70
		\$0.00102
		\$4.45
		\$0.01617
		(\$0.00011)
		\$0.00330
		\$0.00055

Supplier Services

Illustrative Weighted Average Default Service	kWh x	\$0.07275
		\$0.08378

Granite State Electric Company  
 Proposed February 1, 2010 Default Service Rates  
 Calculation of Illustrative Monthly Typical Bill  
 Impact on Rate G-2 Default Service Customers

Hours Use	300	(1)			(2)			(1) vs (2)
		Total	Present Rates Default Service	Retail Delivery	Total	Proposed Rates Default Service	Retail Delivery	
kW	Monthly kWh						Overall Increase (Decrease) Amount	%
20	6,000	\$675.78	\$436.50	\$239.28	\$741.96	\$502.68	\$66.18	9.8%
50	15,000	\$1,652.40	\$1,091.25	\$561.15	\$1,817.85	\$1,256.70	\$165.45	10.0%
75	22,500	\$2,466.26	\$1,636.88	\$829.38	\$2,714.43	\$1,885.05	\$248.17	10.1%
100	30,000	\$3,280.10	\$2,182.50	\$1,097.60	\$3,611.00	\$2,513.40	\$330.90	10.1%
150	45,000	\$4,907.80	\$3,273.75	\$1,634.05	\$5,404.15	\$3,770.10	\$496.35	10.1%

Present Rates

Customer Charge		\$24.70
Distribution Charge	kWh x	\$0.00102
Distribution Demand Charge	kW x	\$4.45
Transmission Charge	kWh x	\$0.01617
Stranded Cost Charge	kWh x	(\$0.00011)
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055

Proposed Rates

		\$24.70
		\$0.00102
		\$4.45
		\$0.01617
		(\$0.00011)
		\$0.00330
		\$0.00055

Supplier Services

Illustrative Weighted Average Default Serv	kWh x	\$0.07275
		\$0.08378





**SCHEDULE MMJ – 8**

**Quarterly Customer Migration Report**

CUSTOMER MIGRATION REPORT

Energy Service and Competitive Generation Customers for the 3rd Quarter of 2009

Customer Rate Class	Energy Service						Competitive Service					
	July-09		August-09		September-09		July-09		August-09		September-09	
	Number of Energy Service Customers		kWh Used by Energy Service Customers		kWh Used by Energy Service Customers		Number of Competitive Service Customers		kWh Used by Competitive Service Customers		kWh Used by Competitive Service Customers	
D	33,561	33,522	33,519	21,068,227	23,175,242	22,751,426	31	30	28	19,629	21,310	18,185
D-10	447	451	451	379,078	395,195	398,266	0	0	0	0	0	0
T	1,322	1,316	1,266	1,252,912	1,296,940	1,222,935	2	4	46	13,141	12,667	27,296
G-1	70	64	64	9,740,360	8,995,740	9,266,470	49	55	53	20,405,063	21,401,569	18,038,420
G-2	712	716	716	9,949,809	10,009,906	10,520,865	120	126	126	3,113,023	3,305,458	3,610,758
G-3	5,108	5,135	5,123	7,201,131	7,441,404	7,744,770	364	381	382	381,751	420,184	426,837
V	21	21	21	25,374	29,360	27,877	1	1	1	624	265	431
Streetlights	68	70	70	190,775	176,695	212,052	17	17	17	213,588	198,018	238,820
TOTAL	41,309	41,295	41,230	49,807,666	51,520,482	52,144,661	584	614	653	24,146,819	25,359,471	22,560,747
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%	96%	99%	99%	98%	0%	0%	4%	1%	1%	2%
G-1	59%	54%	55%	32%	30%	34%	41%	46%	45%	68%	70%	66%
G-2	86%	85%	85%	76%	75%	74%	14%	15%	15%	24%	25%	26%
G-3	93%	93%	93%	95%	95%	95%	7%	7%	7%	5%	5%	5%
V	95%	95%	95%	98%	99%	98%	5%	5%	5%	2%	1%	2%
Streetlights	80%	80%	80%	47%	47%	47%	20%	20%	20%	53%	53%	53%
TOTAL	99%	99%	98%	67%	67%	70%	1%	1%	2%	33%	33%	30%

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Date: October 2, 2009