

March 23, 2007

## VIA HAND DELIVERY AND ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

**Re: Docket 3605: Last Resort Service Acquisition Plan  
Last Resort Service Bids and Power Supply Agreement for the Period  
May 2007 through October 2007  
And Request for Confidential Treatment**

Dear Ms. Massaro:

Enclosed in accordance with Rule 1.2(g) of the Commission's Rules of Practice and Procedure are ten (10) copies of a redacted Procurement Summary, Master Power Agreement, and Master Power Agreement Transaction Confirmation executed by The Narragansett Electric Company d/b/a National Grid ("National Grid") pursuant to its Last Resort Service Acquisition Plan ("Plan") approved by the Commission in Docket 3605 (Order No. 18882, Feb. 26, 2007; see also Order Nos. 18699, 18495, 18250, 18122 and 17903). As part of the Plan, National Grid committed to file with the Commission a summary of the initial and final bids received as well as the final executed power supply contract providing Last Resort Service to National Grid's customers in Rhode Island for the period from May 1, 2007 through October 31, 2007.

National Grid respectfully requests confidential and privileged treatment of the unredacted version of Attachments 1, 2, and 3 described below. These attachments contain commercially sensitive market information, the disclosure of which could affect the balance of wholesale markets as well as National Grid's ability to negotiate competitive terms with its wholesale suppliers. In compliance with Rule 1.2(g), National Grid is providing one complete unredacted copy of the confidential documents in a sealed envelope marked "**Contains Privileged and Confidential Materials – Do Not Release.**" Copies of the confidential, unredacted documents have also been provided to Paul Roberti, Steve Scialabba and Dr. Stutz representing the Division of Public Utilities and Carriers.

National Grid is hereby filing the following attachments for the Commission's information:

**Attachment 1**-A confidential summary of the procurement process identifying the key actions taken by National Grid to procure Last Resort Service for its customers.

**Attachment 2**-The executed confidential Master Power Agreement for Last Resort Service. .

**Attachment 3**-The executed confidential Master Power Agreement Confirmation for the period May 1, 2007 through October 31, 2007.

As described above, National Grid has included redacted versions of the Procurement Summary, Master Power Agreement, and Master Power Agreement Transaction Confirmation for the public record.

The load covered by this procurement is subject to a 3.0% Renewable Energy Standard (“RES”) requirement in calendar year 2007. As described in the attached documentation, National Grid evaluated the cost of obtaining the RES certificates associated with the load requirements from the bidders versus the estimates used to develop the current RES Charge. National Grid did not procure RES requirements from the winning Rhode Island bidder because the cost of RES requirements was higher than the estimates used to develop the RES Charge. Accordingly, consistent with its RES Procurement Plan approved by the Commission at its March 21, 2007 open meeting, National Grid will attempt to procure the RES requirements through separate solicitations or via alternative compliance payments to the Renewable Energy Development Fund.

National Grid is also making a separate compliance filing with the Commission today to establish the actual Last Resort Service retail rates for the period May 1, 2007 through October 31, 2007. Pursuant to the Commission’s approval of the LRS Acquisition Plan, National Grid is establishing the rates based on the final, binding bids received.

Thank you for your attention to this filing. Please feel free to contact me if you have any questions concerning this matter at (401) 784-7667.

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket 3605 Service List  
Steve Scialabba (w/confidential attachments)  
Paul Roberti, Esq. (w/confidential attachments)  
Dr. John Stutz (w/confidential attachments)

## **Procurement Summary**

**REDACTED Document**

**NATIONAL GRID  
PROCUREMENT SUMMARY**

**RFP Issued**

National Grid issued its Request for Power Supply Proposals (“RFP”) on February 12, 2007 directly to over ■ suppliers for the service period May 2007 through April 2008 for service in New Hampshire, Rhode Island, and Massachusetts.

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 conducted in accordance with the Last Resort Service Acquisition Plan (“Plan”) approved by the Rhode Island Public Utilities Commission in Docket 3605 (Order No. 18699, August 23, 2006; see also Order Nos. 18122, 17903, 18250, 18495 and 18882) and was consistent with prior procurements conducted by National Grid.

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

The RFP sought:

- 100% of the New Hampshire Large Customer Group Default Service requirements for the period May 2007 through July 2007;
- 100% of the New Hampshire Small Customer Group Default Service requirements for the period May 2007 through October 2007;
- **100% of the Rhode Island Residential Customer Group and Commercial & Industrial Customer Group Last Resort Service requirements for the May 2007 through October 2007;**

- 100% of the Massachusetts Industrial Customer Group Default Service requirements for the period May 2007 through July 2007;
- 50% of the Massachusetts Residential and Commercial Customer Groups Default Service requirements for the period May 2007 through April 2008;

National Grid requested all-inclusive pricing for all blocks and also pass-through (of capacity costs) pricing for only the New Hampshire blocks. Pass-through pricing would have National Grid compensate a supplier at its actual capacity costs subject to appropriate price caps.

These requirements were divided into 19 distinct load blocks. A description of each load block is provided in Attachment 1.

**Key RFP  
Dates**

The RFP was issued on February 12, 2007.

Supplier information and contract comments were received on February 23, 2007.

Indicative bids were received on March 7, 2007.

Final bids were received on March 14, 2007.

**Contract  
Submissions**

██████████ potential bidders submitted contract comments to National Grid in the form of revisions to the proposed Master Power Agreements.

██████████ potential bidders had previously executed Master Power Agreements with National Grid and so contract revisions were unnecessary. ██████████ bidders were in the final review stage of draft Master Power Agreements and so additional contract revisions were not provided.

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

**Indicative  
Bids**

Indicative bids were received on March 7, 2007 from [REDACTED] bidders.

One bidder provided a non-conforming bid for Last Resort Service. The bidder proposed to [REDACTED]

[REDACTED] This bidder did not provide any comments on National Grid's Master Power Agreement. Upon consultation with the Division, National Grid informed the bidder that it would not accept this form of price bid and requested the Bidder to submit a conforming bid. [REDACTED]

[REDACTED] National Grid was concerned that accepting this form of bid would discourage future bidders from submitting competitive prices.

Another bidder limited their bid [REDACTED]

The indicative bids were evaluated and ranked (see Attachments 2 and 3). Indicative pricing was used only to determine current market price, to prepare an initial ranking of bids and to identify any bidding anomalies. The retail prices in Attachment 3 were calculated by adjusting the wholesale prices in Attachment 2 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending February 28, 2007.

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

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

[REDACTED] (See Attachment 4).

The second method estimates expected bid prices based on current natural gas futures market prices for the procurement period multiplied by a factor. [REDACTED]

[REDACTED] (See Attachment 5).

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

[REDACTED] thus were considered to be within National Grid's expectations.

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

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

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





**Capacity Cost Treatment**

On March 6, 2006 ISO-NE filed a settlement agreement with FERC in the LICAP proceeding which provides for a forward capacity market beginning in 2010. As an interim measure, ISO-NE has instituted a transitional market beginning in December 2006. On June 15, 2006 the FERC approved the filing with no changes. On November 1, 2006 the FERC issued an Order denying all requests for rehearing and upheld its original conclusions that the settlement agreement represents a just and reasonable outcome consistent with the public interest. Since then a number of parties have filed appeals of the FERC ruling in federal court. Due to the pending appeals, National Grid required all suppliers to agree to provide to National Grid any refunds or reduced capacity payments incurred if the pending appeals result in refunds or reduced transition payments during the period of this RFP.

As a result of the pending appeals in Federal Court regarding the forward capacity market, the staff of the New Hampshire Public Utilities Commission recommended that National Grid abide by the terms of the New Hampshire Settlement Agreement and continue to request bidders to (i) submit a price that includes the cost of all market products in an as-delivered energy rate (“All Inclusive Bid Price”) and (ii) submit a second price that includes all market products on an as-delivered energy basis except the capacity market costs which would be paid as an additional cost on a pass through basis of actual costs (“Pass Through Bid Price”) for the May 2007 - October 2007 period.

An analysis of the indicative bids showed that the value bidders placed on capacity was less than National Grid’s forecast of capacity costs. A summary of the New Hampshire indicative bids can be found in Attachment 8. National Grid calculated capacity values based on a transition payment of \$3.05/kW-month in the approved capacity market settlement and available market data. A summary of this calculation can be found in Attachment 9.

As required by the New Hampshire Settlement Agreement, National Grid shared the indicative bids with the staff of the New Hampshire Public Utilities Commission and indicated that it would accept final bids on an all-inclusive basis if the capacity costs in the final bids were consistent with those received in the indicative bids. The staff agreed with this recommendation.

Since the capacity value provided by bidders in their final bids was less than National Grid’s expected values and consistent with the indicative bids, National Grid awarded the New Hampshire supply on

an all-inclusive basis. A summary of the New Hampshire final bids can be found in Attachment 10.

**Analysis and Award**

The lowest final bids for each load block were compared to National Grid's estimate of expected bids based on the two methodologies described above (see Indicative Bids). The calculations of these expected prices can be found in Attachments 11 and 12.

[REDACTED] the prices received [REDACTED]  
[REDACTED]  
[REDACTED] Thus, all bids were considered to be within National Grid's expectations.

Due to the competitive nature of the bids received for these blocks [REDACTED]  
[REDACTED] National Grid awarded supply for each block based on the lowest bid price. Attachment 13 provides a summary of the winning supplier for each block as well as the basis for the award. Attachment 14 provides a bidder key to help identify bidders.

**Renewable Portfolio Standard**

The Massachusetts load covered by this RFP is subject to a 3.0% Renewable Portfolio Standard ("RPS") requirement in calendar year 2007 and a 3.5% requirement in calendar year 2008.

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 [REDACTED] per certificate) and the 2007 Alternative Compliance Payment ("ACP") rate of \$57.12 per certificate and an estimated 2008 ACP rate of \$59.18 per certificate. Attachment 15 provides an analysis of the proposed RPS cost adders contained in the final bids. These range from [REDACTED] per 2007 certificate and [REDACTED] per 2008 certificate.

National Grid procured RPS requirements from [REDACTED] [REDACTED] due to the competitive price provided for certificates [REDACTED] certificate).

Bidders for the other blocks were higher than current market prices and in most cases were set close to ACP rates, and thus not chosen. Consistent with its RPS Compliance Plan that was filed with the Department on November 1, 2002, National Grid will attempt to procure these requirements through separate solicitations or by

payment of the ACP.

**Renewable  
Energy  
Standard**

The Rhode Island load covered by this RFP is subject to a 3.0% Renewable Energy Standard (“RES”) requirement in calendar year 2007.

National Grid evaluated the cost of obtaining the RES certificates associated with the load requirements from the bidders versus the estimates used to develop the current RES Charge. Attachment 15 provides a summary of the proposed RES cost adders contained in the final bids. These range from [REDACTED] per MWh.

National Grid did not procure RES requirements from [REDACTED] the winning Rhode Island bidder, because the RES adder provided by [REDACTED] was higher than the estimates used to develop the RES Charge. Consistent with its RES Procurement Plan currently under review by the RI-PUC, National Grid will attempt to procure these requirements through separate solicitations or by payment of the ACP.

**Retail Rate**

The expected retail rates, excluding administrative cost adders, were based on the wholesale bids that were awarded supply. For the Massachusetts residential and commercial customers, the rates reflect a blending of two procurements. For the Massachusetts Industrial Customer Group, the New Hampshire Large Customer group and the Rhode Island Commercial & Industrial Customer Group, the rates reflect the costs of the current procurement and are not blended with costs incurred in other procurements.

All retail rates were calculated by adjusting the wholesale prices using the ratio of wholesale kWh purchases to retail kWh deliveries over the twelve-month period ending February 28, 2007/August 31, 2006.

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

- For supply that did not include RPS certificates, the upper range of National Grid’s estimate of the market price for RPS certificates ([REDACTED] per certificate) was used in determining retail rates in 2007.
- Capacity cost estimates for supply from the previous solicitation were calculated in Attachment 9 and included in the Residential and Commercial Customer Groups.

- Supply in the SEMA zone included Local Second Contingency Protection Resource NCPC Charges as a pass-through of actual costs incurred by the supplier for the Residential and Commercial Customer Groups in the previous solicitation. An estimate of \$3.65 per MWh was used in determining the retail rates. This estimate was based on the average value for SEMA NCPC charges for the period December 1, 2006 through January 31, 2007, as reported by the ISO in its settlement information (see Attachment 15).

A summary of the final retail rates for each block is provided in Attachment 16.

**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>
A	Industrial	SEMA	100%	MA Default Service	05/01/07 – 07/31/07
B	Industrial	WCMA	100%	MA Default Service	05/01/07 – 07/31/07
C	Industrial	NEMA	100%	MA Default Service	05/01/07 – 07/31/07
D	Commercial	SEMA	50%	MA Default Service	05/01/07 – 10/31/07
E	Commercial	WCMA	50%	MA Default Service	05/01/07 – 10/31/07
F	Commercial	NEMA	50%	MA Default Service	05/01/07 – 10/31/07
G	Residential	SEMA	50%	MA Default Service	05/01/07 – 10/31/07
H	Residential	WCMA	50%	MA Default Service	05/01/07 – 10/31/07
I	Residential	NEMA	50%	MA Default Service	05/01/07 – 10/31/07
J	Commercial	SEMA	50%	MA Default Service	11/01/07 – 04/30/08
K	Commercial	WCMA	50%	MA Default Service	11/01/07 – 04/30/08
L	Commercial	NEMA	50%	MA Default Service	11/01/07 – 04/30/08
M	Residential	SEMA	50%	MA Default Service	11/01/07 – 04/30/08
N	Residential	WCMA	50%	MA Default Service	11/01/07 – 04/30/08
O	Residential	NEMA	50%	MA Default Service	11/01/07 – 04/30/08
P	Large	NH	100%	NH Default Service	05/01/07 – 07/31/07
Q	Small	NH	100%	NH Default Service	05/01/07 – 10/31/07
R	Residential	RI	100%	RI Last Resort Service	05/01/07 – 10/31/07
S	Commercial & Industrial	RI	100%	RI Last Resort Service	05/01/07 – 10/31/07

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**ATTACHMENT 2-8  
REDACTED**

**ATTACHMENT 9**  
**NGRID CALCULATED VALUE OF CAPACITY COSTS**

	Actual	Actual	Actual	Forecasted						Average
	Dec-06	Jan-07	Feb-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	
Seasonal Claimed Capability	33,746	33,784	33,852	33,852	30,785	30,785	30,785	30,785	30,785	
Pool Average Outage Rate (%)				5.34	5.34	5.34	5.34	5.34	5.34	
Pool Generation UCAP	31,634	31,650	31,676	32,044	29,141	29,141	29,141	29,141	29,141	
Load Response & ODR	866	1,059	1,196	1,196	1,196	1,196	1,196	1,196	1,196	
ICAP Credits (HQICC, NYPA, other)	57	57	58	1,200	1,200	1,200	1,200	1,200	1,200	
ICAP Import Contracts	683	1,149	1,326	3,225	3,225	3,225	3,225	3,225	3,225	
Pool Total Supply UCAP	33,239	33,915	34,255	37,665	34,762	34,762	34,762	34,762	34,762	
Granite Large UCAP Obligation	82,452	82,038	81,244	89,331	82,446	82,446				
UCAP %	0.25%	0.24%	0.24%	0.24%	0.24%	0.24%				
UCAP Cost	\$251,479	\$250,215	\$247,794	\$272,460	\$251,461	\$251,461				
Granite Large RT Load	24,001	24,524	24,524	24,330	25,661	27,992				
UCAP Rate - \$/MWh	\$10.48	\$10.20	\$10.10	\$11.20	\$9.80	\$8.98				\$9.99
Granite Small UCAP Obligation	107,881	110,113	111,130	122,191	112,774	112,774	112,774	112,774	112,774	
UCAP %	0.32%	0.32%	0.32%	0.32%	0.32%	0.32%	0.32%	0.32%	0.32%	
UCAP Cost	\$329,036	\$335,845	\$338,945	\$372,684	\$343,961	\$343,961	\$343,961	\$343,961	\$343,961	
Granite Small RT Load	35,760	37,145	37,145	28,302	31,709	39,033	32,932	26,445	29,578	
UCAP Rate - \$/MWh	\$9.20	\$9.04	\$9.12	\$13.17	\$10.85	\$8.81	\$10.44	\$13.01	\$11.63	\$11.32
MA Residential UCAP Obligation	2,633,213	2,684,076	2,698,451	2,967,055	2,738,381	2,738,381	2,738,381	2,738,381	2,738,381	
UCAP %	7.92%	7.91%	7.88%	7.88%	7.88%	7.88%	7.88%	7.88%	7.88%	
UCAP Cost	\$8,031,301	\$8,186,433	\$8,230,275	\$9,049,519	\$8,352,062	\$8,352,062	\$8,352,062	\$8,352,062	\$8,352,062	
MA Residential RT Load	797,314	830,665	830,665	606,631	676,816	833,527	860,652	658,974	637,789	
UCAP Rate - \$/MWh	\$10.07	\$9.86	\$9.91	\$14.92	\$12.34	\$10.02	\$9.70	\$12.67	\$13.10	\$12.13
MA Commercial UCAP Obligation	634,509	643,862	644,064	708,174	653,594	653,594	653,594	653,594	653,594	
UCAP %	1.91%	1.90%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	
UCAP Cost	\$1,935,251	\$1,963,780	\$1,964,394	\$2,159,930	\$1,993,462	\$1,993,462	\$1,993,462	\$1,993,462	\$1,993,462	
MA Commercial RT Load	167,584	180,467	180,467	143,942	163,068	200,826	207,361	158,770	153,665	
UCAP Rate - \$/MWh	\$11.55	\$10.88	\$10.89	\$15.01	\$12.22	\$9.93	\$9.61	\$12.56	\$12.97	\$12.05

Notes

- Transition Payment \$3,050
- From ISO-NE SCC Report issued March 1, 2007
- From SR\_SEASONALICAP report issued September 11, 2006
- Either: (X) From ICAP monthly settlement SR\_MTHSTLICAP report (Actual) or (Y) SCC \* (1- Pool Average Outage Rate) (Forecasted)
- From ICAP monthly settlement SR\_MTHSTLICAP report
- Either: (X) From ICAP monthly settlement SR\_MTHSTLICAP report (Actual) or (Y) HQ Phase I/II Interconnection Capability Credit Procedures and Requirements (Issued July 21, 2006)
  
- Either: (X) From most recent ICAP monthly settlement SR\_MTHSTLICAP report, or (Y) sum of grandfathered rights exercised and imports granted (issued March 1, 2007)
- Sum of rows (c ) through (f)
- Either: (X) From most recent SD\_MTHSTLICAPLAOWNER monthly settlement report, or (Y) product of row (g) times row (i)
- Either: (X) row (h) divided by row (g) or (Y) last actual % calculated
- Row (h) times Transition Payment
- Either: (X) sum of hourly load reported to the ISO during the month or (Y) forecast of hourly load used in RFP analysis.
- Row (j) divided by row (k)

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**ATTACHMENT 10 – 15  
REDACTED**



**ATTACHMENT 16  
ESTIMATE OF SEMA NCPC COSTS (\$/MWH)**

Operating Day Date	Region ID Number	Region Name String	DA RMR NCPC Charge \$	RT RMR NCPC Charge \$	RT NCPC Load Obligation MWh
12/01/2006	9006	.R.SEMASS	-181,239.70	-6,445.90	-40,478.62
12/02/2006	9006	.R.SEMASS	-188,146.76	-59,094.33	-37,322.26
12/03/2006	9006	.R.SEMASS	-210,003.84	-38,429.21	-38,631.11
12/04/2006	9006	.R.SEMASS	-179,426.20	-40,188.16	-44,000.80
12/05/2006	9006	.R.SEMASS	0.00	-13,081.08	-45,243.64
12/06/2006	9006	.R.SEMASS	0.00	-207,056.10	-44,995.42
12/07/2006	9006	.R.SEMASS	0.00	-247,659.38	-41,702.94
12/08/2006	9006	.R.SEMASS	0.00	-143,482.07	-45,795.74
12/09/2006	9006	.R.SEMASS	0.00	-49,865.94	-42,642.92
12/10/2006	9006	.R.SEMASS	0.00	-130,252.62	-39,653.31
12/11/2006	9006	.R.SEMASS	0.00	-204,307.95	-43,317.81
12/12/2006	9006	.R.SEMASS	0.00	-151,907.73	-43,247.52
12/13/2006	9006	.R.SEMASS	0.00	-81,918.01	-43,126.03
12/14/2006	9006	.R.SEMASS	0.00	-140,127.41	-41,496.87
12/15/2006	9006	.R.SEMASS	0.00	-197,632.80	-41,623.57
12/16/2006	9006	.R.SEMASS	0.00	-236,771.93	-39,002.28
12/17/2006	9006	.R.SEMASS	0.00	-225,672.16	-38,970.03
12/18/2006	9006	.R.SEMASS	0.00	-237,998.04	-42,332.66
12/19/2006	9006	.R.SEMASS	0.00	-229,937.95	-43,516.32
12/20/2006	9006	.R.SEMASS	0.00	-229,977.94	-44,762.82
12/21/2006	9006	.R.SEMASS	0.00	-228,305.50	-44,283.56
12/22/2006	9006	.R.SEMASS	0.00	-266,711.78	-42,862.42
12/23/2006	9006	.R.SEMASS	0.00	-243,495.23	-39,987.69
12/24/2006	9006	.R.SEMASS	0.00	-313,593.07	-38,383.11
12/25/2006	9006	.R.SEMASS	0.00	-335,673.03	-37,359.91
12/26/2006	9006	.R.SEMASS	0.00	-291,301.98	-40,563.12
12/27/2006	9006	.R.SEMASS	0.00	-305,441.68	-42,453.11
12/28/2006	9006	.R.SEMASS	0.00	-250,318.18	-42,693.41
12/29/2006	9006	.R.SEMASS	0.00	-219,713.50	-43,002.00
12/30/2006	9006	.R.SEMASS	0.00	-181,183.04	-42,033.99
12/31/2006	9006	.R.SEMASS	-4,751.50	-458,890.25	-40,069.65
01/01/2007	9006	.R.SEMASS	-74,989.00	-167,217.45	-39,526.55
01/02/2007	9006	.R.SEMASS	0.00	-232,854.09	-41,377.38
01/03/2007	9006	.R.SEMASS	0.00	-162,977.48	-42,627.78
01/04/2007	9006	.R.SEMASS	0.00	-159,271.42	-41,418.38
01/05/2007	9006	.R.SEMASS	0.00	-162,520.64	-40,144.26
01/06/2007	9006	.R.SEMASS	0.00	-155,913.25	-37,171.04
01/07/2007	9006	.R.SEMASS	0.00	-189,561.56	-36,082.93
01/08/2007	9006	.R.SEMASS	0.00	-158,428.83	-41,413.02
01/09/2007	9006	.R.SEMASS	-33,916.00	-219,392.22	-41,814.52
01/10/2007	9006	.R.SEMASS	0.00	-207,786.93	-43,635.35
01/11/2007	9006	.R.SEMASS	0.00	-147,470.51	-44,741.75
01/12/2007	9006	.R.SEMASS	0.00	-212,877.22	-42,132.91
01/13/2007	9006	.R.SEMASS	0.00	-31,465.59	-38,422.21
01/14/2007	9006	.R.SEMASS	0.00	-20,019.57	-38,325.05
01/15/2007	9006	.R.SEMASS	0.00	0.00	-42,280.04
01/16/2007	9006	.R.SEMASS	0.00	0.00	-43,503.54
01/17/2007	9006	.R.SEMASS	0.00	0.00	-47,722.62
01/18/2007	9006	.R.SEMASS	0.00	0.00	-46,848.11
01/19/2007	9006	.R.SEMASS	0.00	-188,914.28	-43,267.15
01/20/2007	9006	.R.SEMASS	0.00	-79,606.54	-42,343.60
01/21/2007	9006	.R.SEMASS	0.00	-59,394.20	-43,507.67
01/22/2007	9006	.R.SEMASS	0.00	-31,536.91	-46,273.15
01/23/2007	9006	.R.SEMASS	0.00	-181,939.39	-45,810.78
01/24/2007	9006	.R.SEMASS	0.00	0.00	-44,654.47
01/25/2007	9006	.R.SEMASS	0.00	0.00	-45,679.59
01/26/2007	9006	.R.SEMASS	0.00	0.00	-50,409.82
01/27/2007	9006	.R.SEMASS	0.00	0.00	-46,479.14
01/28/2007	9006	.R.SEMASS	0.00	0.00	-40,836.55
01/29/2007	9006	.R.SEMASS	0.00	0.00	-45,602.37
01/30/2007	9006	.R.SEMASS	0.00	0.00	-46,516.85
01/31/2007	9006	.R.SEMASS	0.00	0.00	-45,657.52
Totals			-872,473.00	-8,735,582.03	-2,631,780.70
				RT Load	-2,631,780.70
				RT NCPC	-8,735,582.03
				DA NCPC	-872,473.00
				NCPC Adder	\$3.65 per MWh

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**ATTACHMENT 17  
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# **Master Power Agreement**

**REDACTED Document**

**RHODE ISLAND MASTER POWER AGREEMENT**

This **MASTER POWER AGREEMENT** (“Master Power Agreement”) is dated as of **March 15, 2007** and is by and between **THE NARRAGANSETT ELECTRIC COMPANY**, a Rhode Island corporation (“Buyer”) and [REDACTED] (“Seller”). This Master Power Agreement provides for the sale by Seller of Last Resort 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, Last Resort Service. This Master Power Agreement, together with the Appendices and written supplements (including any Confirmations) hereto, and any designated collateral, credit support or margin agreement or similar arrangement between the Parties regarding the Transactions (as defined in Article 2), shall be referred to as the “Agreement” and shall constitute the entire agreement between the Parties relating to the subject matter hereof and supersedes any other agreements, written or oral, between the Parties concerning such subject matter but specifically excluding written agreements executed by the Parties prior to the Effective Date.

**ARTICLE 2. DEFINITIONS**

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

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

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

**Alternative Compliance Payment Rate means** the value as published by the Rhode Island Public Utilities Commission in accordance with Section 3.1 of the RES Regulations.

**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.

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**Business Day** means a 24-hour period ending at 5:00 p.m. EPT, other than Saturday, Sunday and any day which is a legal holiday or a day on which banking institutions in Providence, Rhode Island 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 Service Territory** means the geographic area served by The Narragansett Electric Company including the service territory formerly served by Blackstone Valley Electric Company and Newport Electric Corporation which has been merged with and into The Narragansett Electric Company.

**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.

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

**Commercial and Industrial Contract Rate** means the value as set forth in Appendix D as applicable to a month in the Delivery Term.

**Commercial and Industrial Customer Group** means Narragansett's customers in the C-06, C-08, E-40, G-02, G-22, N-01, R-02, S-00, T-00, V-00, B-00, B-32, B-62, B-72, G-32, G-62, H-72, X-01 and M-1A&B retail rate classes, or such other rate classes as may be added from time to time.

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

**Competitive Supplier Terms** means Narragansett's Terms and Conditions for Nonregulated Power Producers, R.I.P.U.C. No. 1191, as may be amended from time to time and approved by the RIPUC.

**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 the ratings then assigned to an entity's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) by S&P, Fitch or Moody's.

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**Customer Disconnection Date** means the date when a Last Resort 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 Last Resort Service in the Commercial and Industrial Customer Group and/or Residential Customer Group in each Load Zone corresponding to each of the foregoing customer groups as specified on the Confirmation for the applicable Transaction.

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

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

**Delivery Term(s)** means the period(s) set forth in a the Confirmation for a Transaction for the respective Last Resort Service designations, beginning on 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 Narragansett's Terms and Conditions, R.I.P.U.C. No. 1192, as may be amended from time to time and approved by the RIPUC.

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

**EPT** means Eastern Prevailing Time.

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**Existing Renewable Energy Resource** means as defined in Section 3.9 of the RES Regulations.

**Fitch** means Fitch Ratings, its successors or assigns.

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

**Initiation Date** means the date a retail customer of the Buyer begins taking service pursuant to the Last Resort 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 a Credit Rating from S&P equal to "BBB-", from Fitch equal to "BBB-", or from Moody's equal to "Baa3"; provided that the lower Credit Rating will govern when an entity's unsecured, senior long-term debt obligations are rated by Fitch, S&P and/or Moody's.

**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.

**Last Resort Service** means the provision of Requirements by Seller at the Delivery Point to Narragansett to meet all needs of Last Resort Service Customers.

**Last Resort Service Customer(s)** means the retail customer(s) in the Commercial and Industrial Customer Group of Narragansett taking service pursuant to the Last Resort Service Tariff

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**Last Resort Service Tariff** means Narragansett's Tariff for Last Resort Service, R.I.P.U.C. No. 1165, as may be amended from time to time and approved by the RIPUC.

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

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

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

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

**MWh** means Megawatt-hour.

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

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

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

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

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



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**New Renewable Energy Resource** means as defined in Section 3.22 of the RES Regulations.

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

**RES** means Renewable Energy Standard.

**RES Regulations** means the Rules and Regulations Governing The Implementation Of A Renewable Energy Standard promulgated pursuant to the Renewable Energy Standard Law Section 39-26-1 et seq. of the General Laws of Rhode Island that implement a Renewable Energy Standard to facilitate the development of renewable energy resources for the benefit of customers in Rhode Island.

**RES Requirement** means the quantity of New Renewable Energy Resource NEPOOL-GIS Certificates and Existing Renewable Energy Resource NEPOOL-GIS Certificates to be provided by Seller as set forth in the Confirmation for a specific Transaction, if any.

**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 Last Resort Service Customers during the Delivery Term.

**Residential Customer Rate** means the value as set forth in Appendix D.

**Residential Customer Group** means Narragansett's customers in the A-16, A-18, A-32, A-34, A-60, A-62, E-30 retail rate classes, or such other rate classes as may be added from time to time.

**RIPUC** means the Rhode Island Public Utilities Commission.

**RI Load Zone** means the Rhode Island Reliability Region as defined in the NEPOOL Rules.

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

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

**Transaction** means a particular transaction agreed to by Buyer and Seller relating to the purchase and sale of Last Resort 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

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

### Section 3.2 Commencement of Supply

(a) Beginning as of the Commencement Date for each specific Customer Group in a specific Transaction, Seller shall provide Requirements to the Buyer. For purposes of certainty: Seller's obligations on the Commencement Date shall be to provide Requirements for all Last Resort 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 Last Resort Service Customer subsequent to the applicable Commencement Date, Seller shall provide Requirements to the Buyer to meet the needs of the Last Resort 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 Last Resort Service Customer and the customer's rate class.

### Section 3.3 Termination and Conclusion of Supply

(a) With respect to each Last Resort Service Customer that terminates Last Resort 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 Last Resort Service Customer whose Last Resort Service is disconnected during the applicable Delivery Term, Seller shall provide Requirements to the

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Buyer for such customer on the Customer Disconnection Date but shall not provide Requirements for such customer after the Customer Disconnection Date.

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

### Section 3.5 Distribution Service Interruptions

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

### Section 3.6 Release of Customer Information

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

### Section 3.7 Electronic Notification

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

### Section 3.8 Change in Supply; No Prohibition on Programs

(a) Seller acknowledges and agrees that the number of customers and the Requirements to meet the needs of such customers will fluctuate throughout the Delivery Term and may equal zero. The Buyer shall not be liable to Seller for any losses Seller may incur, including but not limited to lost revenues, and losses that may result from any change in Requirements, number or location of customers taking service, the location of the Delivery Point(s), the composition or components of market products or Requirements, or the market for electricity, or change in the Distribution Service Terms or the Last Resort 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 Last Resort 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.

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

### Section 3.9 Uniform Disclosure Requirements

Seller shall provide the Buyer information pertaining to power plant emissions, fuel types, labor information and any other information required by the Buyer to comply with the uniform disclosure requirements contained in R.I.G.L. Section 39-26-9 and any other disclosure regulations which may be imposed upon the Buyer during the term of this Agreement, as such disclosure requirements apply to Last Resort 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 Last Resort 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 designated by the Buyer.

## **ARTICLE 4. SALE AND PURCHASE**

### Section 4.1 Provision Delivery and Receipt

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

### Section 4.2 Responsibilities

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

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

(c) Seller shall be responsible for all present and future obligations, requirements, and costs associated with the Requirements and/or Seller's provision thereof, whether system wide or locational based including, but not limited to, the real-time load obligations, capacity obligations

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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 and (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 Last Resort 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 Last Resort 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 Last Resort Service Customers (during the applicable Delivery Term).

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

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

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

Section 5.1 Amount

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

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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; ISO Invoice Resettlements

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

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responsibility of the other Party under this Master Power Agreement or (b) any credits issued thereunder would be due to the other Party under this Master Power Agreement, then the party receiving the invoice from the ISO shall in the case of (a) above invoice the other Party or in the case of (b) above pay the amount due to the other Party. Any invoices issued or amounts due pursuant to this Section shall be invoiced or paid as provided in Section 5.2.

### Section 5.4 Taxes, Fees and Levies

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

### Section 5.5 Netting and Setoff

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

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

### Section 6.1 Quality

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

### Section 6.2 Losses

Seller shall be responsible for all transmission and distribution losses and the costs related to such losses and associated with the Requirements, namely, losses from the Delivery Point to the meters of the Last Resort 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 Last Resort

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Service Customers. The quantities required for this purpose in each hour of a billing period shall be determined in accordance with ISO's and the Buyer's procedures for loss determination.

### Section 6.3 Determination and Reporting of Hourly Loads

(a) The Buyer will estimate the Delivered Energy for Last Resort 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 Last Resort 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 Last Resort 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, or (ii) when actually received if delivered by courier or personal delivery (including overnight delivery service)

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

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

and

Notices concerning Article 7 shall also be sent to:

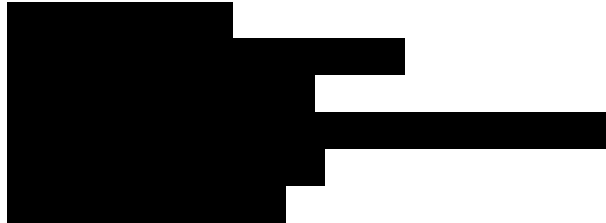
General Counsel  
National Grid, Inc.  
25 Research Drive  
Westborough, MA 01582  
(508) 389-9000 (phone)  
(508) 389-2605 (fax)

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

[REDACTED]

and

Notices concerning Article 7 shall also be sent 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 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.

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

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

Section 9.3 Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between the Buyer and Seller other than that of independent contractors for the sale and delivery of Requirements for Last Resort 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) Either party may, without the other party'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) Either Party may, upon written notice, assign its rights and obligations hereunder, or transfer such rights and obligations by operation of law, to any entity with which or into which such Party shall merge or consolidate or to which such Party shall transfer all or substantially all of its assets, provided that such other entity agrees to be bound by the terms hereof and provided further, that such other entity's creditworthiness is comparable to or higher than that of such Party at the time this Agreement was executed and such Party is not relieved of any obligation or liability hereunder as a result of such assignment

**ARTICLE 11. SUCCESSORS AND ASSIGNS**

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

**ARTICLE 12. FORCE MAJEURE**

(a) Force Majeure shall include but not be limited to acts of God, earthquakes, fires, floods, storms, strikes, labor disputes, riots, insurrections, acts of war (whether declared or otherwise), terrorism, acts of terrorism, acts of governmental, regulatory or judicial bodies, but if and only to the extent that such event or circumstance (i) directly affects the availability of the transmission or distribution facilities of the New England Transmission System, the Buyer or an Affiliate of the Buyer necessary to provide service to the Buyer's customers which are taking service pursuant to the Last Resort 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 Last Resort 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.

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

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

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

### **ARTICLE 13. WAIVERS**

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

### **ARTICLE 14. LAWS AND REGULATIONS**

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

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

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be binding notwithstanding any regulatory or market changes that may occur hereafter and (z) that it shall not challenge or support a challenge to the enforceability of the waiver in this Section (b).

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

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

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

**ARTICLE 15. INTERPRETATION, DISPUTE RESOLUTION**

Section 15.1 Governing Law

The Agreement shall be governed by and construed and performed in accordance with and the laws of the State of Rhode Island, 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. 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 arbitrators shall be knowledgeable and have at least five 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. All of the decisions of the panel of arbitrators shall be by majority vote. The arbitrators 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

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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 arbitrators at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrators 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 arbitrators 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 arbitrators, based upon a determination of good cause, awards attorneys fees and legal and other costs to the prevailing Party. The arbitrators 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 arbitrators 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 arbitrators may be appealed solely on the grounds that the conduct of the arbitrators, or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. Nothing in this paragraph shall impair the ability of a Party to exercise any right or remedy it has under this Agreement, including those in Article 7. To the fullest extent permitted by law, any arbitration proceeding and the arbitrators' 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 Rhode Island, County of Providence (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.

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**ARTICLE 17. MODIFICATIONS**

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

**ARTICLE 18. ENTIRE AGREEMENT**

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

**ARTICLE 19. COUNTERPARTS**

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

**ARTICLE 20. INTERPRETATION; CONSTRUCTION**

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

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

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

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

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

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

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

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

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

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

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

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

**ARTICLE 22. CONSENTS AND APPROVALS**

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

**ARTICLE 23. CONFIDENTIALITY**

Neither Seller nor the Buyer shall provide copies of or disclose the contents or terms of Section 5.2(b) and Article 7 and Appendix B 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, employee, agent, subcontractor, independent auditor or counsel 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, or (3) trading exchanges, and credit ratings agencies, as such information is requested or demanded, provided only non-price information is disclosed to such entities.

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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.

**THE NARRAGANSETT ELECTRIC COMPANY**

---

Name: Michael J. Hager  
Title: Authorized Signatory

[REDACTED]

---

Name: [REDACTED]  
Title: [REDACTED]



**REDACTED DOCUMENT**  
**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 Last Resort Service load obligations within the Buyer's service territory and report the hourly results to the ISO on a daily basis.

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

**Daily Estimation of Suppliers' Own Load**

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

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

## **REDACTED DOCUMENT**

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

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

### **Monthly Reconciliation Process**

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

[REDACTED]

[REDACTED]

[REDACTED]

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

[REDACTED]

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

[REDACTED]

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

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[REDACTED]

[REDACTED]

[REDACTED]

**REDACTED 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

**THE NARRAGANSETT ELECTRIC COMPANY**

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

Title: \_\_\_\_\_



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

Title: \_\_\_\_\_

**REDACTED DOCUMENT**

**APPENDIX C  
FORM OF GUARANTY**

Guaranty

This Guaranty (this “Guaranty”), dated effective as of [\_\_\_], 200[\_\_\_] (the “Effective Date”), is made and entered into by [ \_\_\_\_\_ ], a [ \_\_\_\_\_ ] corporation (“Guarantor”).

**WITNESSETH:**

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

WHEREAS, Guarantor will directly or indirectly benefit from the Agreement between Company and the Beneficiary;

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

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

**REDACTED DOCUMENT**

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

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

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

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

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

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

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

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

6) WAIVER; TERMINATION. Except as required in Section 2 above, Guarantor hereby waives (a) notice of acceptance of this Guaranty and notice of any obligation to which it may apply; and, except as provided in this Guaranty, (b) presentment, demand for payment and performance where covered by this Guaranty, protest, and

**REDACTED DOCUMENT**

notice of dishonor concerning the liabilities of Guarantor, non-payment or non-performance of any such obligation; and (c) any right to require that any action or proceeding be brought against Company or any other person, or to require that the Beneficiary exhaust its remedies against Company or seek enforcement of any performance against Company or any other person, or against any collateral pledged by Company or any other person liable for payment or performance of the Obligations, prior to any action against Guarantor under the terms hereof. Beneficiary shall not be obligated to file any claim relating to the Obligations in the event that Company becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Beneficiary to so file shall not affect the Guarantor's obligations hereunder.

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

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

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

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

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

To the Beneficiary:

To Guarantor:

Fax No.:  
Phone No.:

Fax No.:  
Phone No.:

Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by telegram shall be effective upon actual receipt if received during the recipient's normal



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business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. All Notices by telegram shall be confirmed promptly after transmission in writing by certified mail or personal delivery. Any party may change any address to which Notice is to be given to it by giving notice in accordance with the requirements of this Section.

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

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

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

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

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

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

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**REDACTED DOCUMENT**

**IN WITNESS WHEREOF, the Guarantor has executed this Guaranty on \_\_\_\_\_, 200[\_\_\_\_], but it is effective as of the Effective Date.**

[GUARANTOR]

\_\_\_\_\_

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

Title: \_\_\_\_\_

**Master Power Agreement  
Confirmation  
REDACTED Document**

MASTER POWER AGREEMENT  
CONFIRMATION

This Confirmation shall confirm the Transaction agreed to on, and effective as of March 15, 2007 between **THE NARRAGANSETT ELECTRIC COMPANY**, a Rhode Island corporation (“Buyer”) and [REDACTED] ration (“Seller”) regarding the sale/purchase of Last Resort Service specified herein under the terms and conditions under the Master Power Agreement, dated March 15, 2007 (the “Master Power Agreement”) between Buyer and Seller, as specified and modified herein. Terms used but not defined herein shall have the meanings ascribed to them in the Master Power Agreement.

[REDACTED]

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

[REDACTED]

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

[REDACTED]

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

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## **6. Modifications to the Master Power Agreement**

### **6.1 Forward Capacity Market Transition Payments**

If the recent FERC Order #117061,133 (2006) (“Order”) dated October 31, 2006 regulating the activity of the New England capacity market is challenged on appeal in federal court and the Order is reversed or modified as a result of said appeal such that the effect of the reversal or modification results in refunds or reduced transition payments paid by the Seller, and associated with the Load Assets identified in Section 3 of this Confirmation, then the Seller shall pay to Buyer any such refunds or reduced transition payments. Any such refunds will be paid by Seller to Buyer within five (5) Business Days of receipt by Seller. Seller shall provide information to Buyer in sufficient detail for Buyer to verify accuracy of such refunds. Any such reduced transition payments will be included in the applicable monthly Invoice as a credit to Buyer. Seller shall include in the monthly Calculation that accompanies the monthly Invoice sufficient information for Buyer to verify accuracy of any such credits.

[REDACTED]

[REDACTED]

## **8. Confidentiality**

Articles 1, 2, 3, 4, 5 and 7 of this Confirmation are Confidential Terms within the meaning of Article 23 of the Master Power Agreement.

**9. 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.

**10. 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**

The Narragansett Electric Company

Master Power Agreement Confirmation

March [REDACTED], 2007

Page 4 of 4

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

**THE NARRAGANSETT ELECTRIC COMPANY**

---

Name : Michael J. Hager

Title: Authorized Signatory

[REDACTED]

---

Name (print): [REDACTED]

Title: [REDACTED]