Narragansett Electric
A National Grid Company

Thomas G. Robinson
Laura S. Olton

June 7, 2005

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: The Narragansett Electric Company, Petition for Approval of Settlement Agreement and Related Transactions Pertaining to Certain Standard Offer Wholesale Supply Agreements

Dear Ms. Massaro:

Enclosed please find an original and nine (9) copies of this filing, requesting approval of a WSOS Amendment and Settlement Agreement ("Settlement Agreement") entered into between The Narragansett Electric Company ("Narragansett" or the "Company") and TransCanada Power Marketing Ltd. ("TransCanada"), as well as other related transactions.

The Settlement Agreement terminates TransCanada's obligations under two wholesale standard offer service agreements. In turn, as of the termination date, another power supplier, Constellation Energy Commodities Group, Inc. (f/k/a Constellation Power Source, Inc.) ("Constellation"), entered into agreements to provide the supply presently provided under both of those TransCanada agreements. These transactions also are subject to effectuating other amended and restated agreements, as will be described below. The Settlement Agreement is provided as Attachment 1. These transactions limit the scope of the on-going litigation between Narragansett and TransCanada and replace the existing agreements with agreements with the same terms and without the dispute, all of which is to the benefit of Narragansett's customers.

Dispute Giving Rise to Filing

As you may be aware, a dispute has developed between TransCanada and Narragansett regarding the Wholesale Standard Offer Service Agreement dated April 7, 1998 between TransCanada and the former EUA Companies (Blackstone Valley Electric Company, Newport Electric Corporation, and Eastern Edison Company), which has been assumed by Narragansett

280 Melrose Street
Providence, RI 02907
401-784-7667 Fax: 401-784-4321
laura.olton@us.ngrid.com

("EUA WSOS Agreement"). On May 17, 2005, TransCanada served Narragansett with a complaint in U.S. District Court in Massachusetts with regard to the EUA WSOS Agreement for breach of contract, among other claims. Narragansett filed a complaint in the U.S. District Court in Rhode Island, alleging breach of contract of the EUA WSOS Agreement, among other claims. Copies of each of the complaints also are included with this filing as Attachments 2 and 3, respectively.

The Settlement Agreement, if approved by the Commission and consented to by the Division, resolves the dispute on a prospective basis by having Constellation enter into agreements to provide the supply presently provided under both of TransCanada's Wholesale Standard Offer Service Agreements, including the EUA WSOS Agreement that is the subject of the dispute. However, litigation would still proceed between TransCanada and Narragansett to determine whether TransCanada, under the terms of the contract as disputed by Narragansett and TransCanada, would be entitled to retain the fuel payments that have been and will be made under protest by Narragansett for wholesale standard offer supply provided by TransCanada from January to the termination date. Even though litigation will continue, this partial settlement of the dispute substantially reduces the amount at stake in the litigation for all concerned.

Description of Constellation Transactions

Constellation has four existing wholesale standard offer supply agreements with Narragansett. Two of the Constellation agreements have fuel index provisions in effect, while the other two do not. TransCanada has two agreements. One contains a fuel index that is in effect, while the other is the subject of the dispute – Narragansett contends that fuel index ended after 2004, and TransCanada disagrees. In this proposed transaction, Constellation will enter into one new agreement, and amend an existing agreement, to provide the supply presently provided under both of TransCanada's agreements, and the new agreement to supply the EUA WSOS load will not contain a fuel index provision. Modifications to Constellation's existing agreements will be described below.

Constellation was interested in providing the supply presently provided by TransCanada to the extent it could split its pre-existing contracts and new obligations to the Company that contain a fuel index provision (i.e., those for the Narragansett Zone) into two sets of independent transactions, such that the Company's obligations to make fuel index payments are separated from the obligations to purchase power at the stipulated fixed price streams. As such, the fuel index payment provisions in the two Constellation agreements containing fuel index payments would be terminated, resulting in two amended power supply agreements with no fuel index ("Amended WSOS Agreements"). In addition, one new power supply agreement (with no fuel index) and an amendment to an existing Constellation WSOS agreement (with the fuel index being separated out) would be executed, through which Constellation would provide the supply presently provided by TransCanada in the EUA Zone and in the Narragansett Zone. In recognition of the termination of the obligation to make fuel index payments, a second set of new agreements ("Fuel Adjustment Payment Agreements") between Narragansett and Constellation would be executed for the purpose of making the fuel index payments. Each of the new Fuel

Adjustment Payment Agreements would obligate Narragansett to make the fuel index payments as such payments would have been made under the terms of the pre-existing agreements, as applicable.

For the sake of simplicity, Attachment 4 provides a list of the pre-existing agreements, with a summary of the proposed actions that affect each of them. Attachment 5 provides a list of the new agreements with Constellation with a brief summary of the intent of each. The attachments, read together, provide a simplified description of the proposed transactions as set forth above.

Assignment of Fuel Adjustment Payment Agreements

On or after the date the Fuel Adjustment Payment Agreements take effect, it is Constellation's intention to manage the Amended WSOS Agreements and the Fuel Adjustment Payment Agreements separately, which may include the sale or assignment of the Fuel Adjustment Payment Agreements, which contain assignment clauses. As a part of the approval process, Constellation desires assurance that, once an assignment right is properly exercised under the terms of the agreement, the agreement can be assigned without the need for Narragansett to return to the Commission for approval.

Division Consent

It is important to note that, in addition to the transactions being conditioned upon Commission approval, they also are conditioned upon the Division's expressed written consent to terminate the TransCanada agreements, as required by the last sentence of Section 39-1-27.3(b) of the Rhode Island General Laws. The Company is separately requesting the Division to grant the consent on the condition that Commission grants the approvals requested in this docket.

Need for Approval by June 30

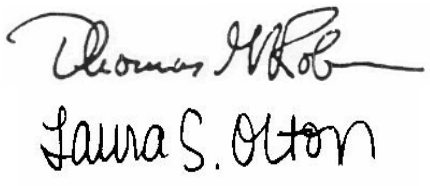
One of the conditions to the transactions is that the Company obtain a final, non-appealable order from the Commission by June 30, 2005. Given the seven-day statutory appeal period, this would require the Commission to issue a written order by no later than the close of business on June 23. While the Company regrets that this puts this docket on an expedited basis, there was no other way that this creative solution could be consummated. For that reason, we respectfully request the Commission hold hearings in June and issue a written order approving the transactions such that the Commission order will be final and non-appealable by June 30.

The documents listed in Attachment 5 have been executed by Constellation and Narragansett and redacted versions of the agreements are attached as Attachments 6A-6H. Because the agreements with Constellation involve commercially-sensitive negotiated terms between Narragansett and Constellation, the Company requests that the redacted portion of the agreements be given confidential treatment. However, it is understood that the mechanics of the transactions themselves are not confidential and can be discussed at the hearing. The unredacted versions are being filed with the Commission in a sealed envelope marked "Contains Privileged Information – Do Not Release" in accordance with Commission Rule 1.2(g).

Accordingly, the Company respectfully requests the Commission approve the Settlement Agreement provided in Attachment 1, and the new and amended agreements that are listed in Attachment 5 and provided as Attachments 6A-6H, as described above.

Thank you for your attention to this filing. If you have any questions, please feel free to call me at 508-389-2877 or Laura Olton at 784-7667.

Very truly yours,



Thomas G. Robinson
Laura S. Olton

Enclosures

cc: Service List

Narragansett Electric Company – Standard Offer Service Contract Assignment
Docket TBA - Service List as of 06/03/05

I certify that a copy of the cover letter and materials accompanying this certificate were mailed or hand-deliver to the parties listed below.

_____

Joanne M. Scanlon
The Narragansett Electric Company

Date: June 7, 2005

Name	**E-mail Distribution List**	**Phone/FAX**
Laura Olton, Esq. Narragansett Electric Co. PO Box 1438 Providence RI 02901-1438	Laura.olton@us.ngrid.com Joanne.scanlon@us.ngrid.com Ronald.gerwatowski@us.ngrid.com Michael.hager@us.ngrid.com Thomas.robinson@us.ngrid.com Gloria.kavanah@us.ngrid.com	401-784-7667 401-784-4321
Paul Roberti, Esq. Dept. of Attorney General 150 South Main St. Providence RI 02903	proberti@riag.state.ri.us Steve.scialabba@ripuc.state.ri.us RDiMeglio@riag.ri.gov	401-222-2424 ext. 2299 401-222-3016
John Stutz Tellus Institute 11 Arlington St. Boston MA 02116-3411	Jstutz@tellus.org	
Constellation New Energy	daniel.allegretti@constellation.com David.hannan@constellation.com Lisa.decker@constellation.com Edward.quinn@constellation.com	
TransCanada	dwinston@choate.com	(617) 248-4049

Dan Winston Choate, Hall & Stewart LLP Exchange Place 53 State Street Boston, MA 02109	Mike_hachey@transcanada.com	(617) 248-4000
Original & nine (9) copies file w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Boulevard Warwick RI 02888	Lmassaro@puc.state.ri.us cwilson@puc.state.ri.us anault@puc.state.ri.us	401-941-4500

Attach 1

WSOS AMENDMENT AND SETTLEMENT AGREEMENT

WHEREAS, THE NARRAGANSETT ELECTRIC COMPANY, a Rhode Island Corporation, including as successor in interest to Blackstone Valley Electric Company and Newport Electric Corporation, ("Narragansett") and TRANSCANADA POWER MARKETING LTD., a Delaware corporation ("TransCanada") (Narragansett and TransCanada each individually, a "Party" and collectively, the "Parties") are Parties to a Wholesale Standard Offer Service Agreement dated as of April 7, 1998 (the "Blackstone WSOSA"), and Narragansett and TransCanada are Parties to an Amended and Restated Wholesale Standard Offer Service Agreement II amended as of September 1, 1998 (the "Narragansett WSOSA") (the Narragansett WSOSA and the Blackstone WSOSA, collectively, the "Two WSOSAs");

WHEREAS, pursuant to the Two WSOSAs, and as specified therein, TransCanada supplies and Narragansett purchases wholesale standard offer service;

WHEREAS, pursuant to the Blackstone WSOSA, and as specified therein, TransCanada had supplied and Massachusetts Electric Company, a Massachusetts corporation, including as successor in interest to Eastern Edison Company ("Mass. Electric"), had purchased wholesale standard offer service through December 31, 2004 at which time the wholesale supply obligations ceased in relation to Mass. Electric's standard offer service customers in accordance with the terms of the Blackstone WSOSA;

WHEREAS, a dispute has arisen between the Parties under the Blackstone WSOSA;

WHEREAS, each of the Parties wish to limit the dispute by limiting the term of the Blackstone WSOSA (as well as the Narragansett WSOSA) and thereby the magnitude of the potential dispute;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties intending to be legally bound hereby agree as follows:

1. End of Term.

(a) Subject to the occurrence of the Effective Date (as defined in Article 12 of this WSOS Amendment and Settlement Agreement ("Settlement Agreement")) and the Regulatory Approval Date (as defined in Article 4 of this Settlement Agreement), the Two WSOSAs shall be terminated effective as of the Hour Ending 2400 Eastern prevailing time on July 15, 2005 (the "Termination Date") without any further notice by one Party to the other Party under this Settlement Agreement or either of the Two WSOSAs and:

(i) Article 2 of the Blackstone WSOSA shall be amended by deleting the existing clause and substituting the following clause:

> The term of this Agreement shall begin on the Commencement Date of Service and end at Hour Ending 2400 Eastern prevailing time on July 15, 2005.

(ii) Section 3.1 of the Narragansett WSOSA shall be amended by deleting the existing clause and substituting the following clause:

> The term of this Agreement shall begin at 12:01 a.m. on the Closing Date and shall end at Hour Ending 2400 Eastern prevailing time on July 15, 2005.

(b) Upon the occurrence of the Regulatory Approval Date, each Party shall undertake any actions, including executing documentation, at the RTO-New England or Independent System Operator-New England that may be necessary to have the load obligations under the Two WSOSAs reassigned to Narragansett as of the Termination Date. TransCanada shall also undertake any action at the Federal Energy Regulatory Commission that may be necessary to terminate its Rate Schedules in relation to the Two WSOSAs, and Narragansett shall cooperate as may be necessary in relation to any such filing.

2. Interim Payment.

(a) For any month beginning as of May 1, 2005 and prior to the earlier of: (i) the Termination Date or (ii) a Regulatory Denial (as defined in Article 4), Narragansett shall pay to TransCanada under the Blackstone WSOSA, in addition to the Standard Offer Wholesale Price as specified in the Blackstone WSOSA, an amount equal to the product of the calculation pursuant to Attachment A to this Settlement Agreement using the kilowatt-hours of Delivered Energy under the Blackstone WSOSA ("Delivered Energy" as defined in the Blackstone WSOSA; such additional payments individually and collectively, the "Interim Payment"). The Interim Payment shall be made on the same date that payments are made pursuant to Article 6 of the Blackstone WSOSA. All payment obligations under the Narragansett WSOSA shall continue in accordance with the Narragansett WSOSA, and such payments shall not be considered Interim Payments.

(b) In the event of a Regulatory Denial, Narragansett's obligation to make Interim Payments under Article 2(a) shall cease; provided, however, that Narragansett's obligations shall cease only to the extent imposed by Article 2(a): any and all obligations Narragansett may have (if any) related to making fuel adjustment payments to TransCanada under the Blackstone WSOSA, including those alleged in the Related Actions, shall remain as if this Settlement Agreement had not existed.

(c) TransCanada acknowledges and agrees that Narragansett is paying the Interim Payments under protest and without prejudice. Neither the Interim Payments nor the Parties' participation in this Settlement Agreement shall be deemed to cure or extend the cure period under Article 7(1)(b) of the Blackstone WSOSA, or to delay or prevent the occurrence of any alleged breach or Event of Default in accordance with Article 7 of the

WSOSA, arising from or related to the Fuel Adjustment Factor or alleged non-compliance with Article 8(3) of the Blackstone WSOSA. Each Party fully reserves all rights, claims (including for interest), counterclaims and defenses under or in relation to the Interim Payments.

3. Limited Waiver of Dispute Resolution and Termination Rights.

(a) From and after the Effective Date until the earlier of (i) the Termination Date or (ii) a Regulatory Denial (such period, the "Interim Period") each Party waives any right that it may have to terminate or seek to terminate the Blackstone WSOSAs for any reason or event of default arising from or related to the Fuel Adjustment Factor in Article 5 (including an alleged breach or default of Section 8(3) if it arises from or relates to the Fuel Adjustment Factor); provided however, it shall not be a violation of this clause, and nothing herein shall impair, the Parties' prosecution and defense of the claims asserted in The Narragansett Electric Company v. TransCanada Power Marketing Ltd. (U.S. District Court for the District of Rhode Island, C.A. No. 05234S or TransCanada Power Marketing Ltd. v. Narragansett Electric Company (U.S. District Court for the District of Massachusetts, Central Division, C.A. No. 05-40076), in those Courts or in any other judicial forum (collectively the "Related Actions").

(b) In the event of a Regulatory Denial, the Parties shall no longer be bound by the waiver in Article 3(a).

(c) Neither party shall use a Party's action or forbearance under or as provided in Articles 2(a), 2(c) and 3(a) above as evidence of that Party's agreement or acquiescence to a position, allegation or claim; and such forbearance or action shall not impair any right, claim, defense or the like in relation to the Fuel Adjustment Factor in the Blackstone WSOSA or for related interest (including on the Interim Payments) that may be applicable; including that TransCanada's failure to terminate after May 30, 2005 shall not be used by Narragansett to argue for, and may not be grounds for any finding that, TransCanada has failed to mitigate its damages.

4. Regulatory Approvals.

(a) On the Effective Date, Narragansett shall file the petition included as Appendix B, and the executed replacement supply contracts included as Appendix C, with the Rhode Island Public Utilities Commission (the "Commission"), requesting approval of (i) this Settlement Agreement including authorization to terminate the Two WSOSAs in accordance with the terms of this Settlement Agreement, (ii) a proposal to replace the supply obligations presently provided pursuant to the Two WSOSAs and (iii) any related regulatory approvals deemed necessary or desirable in relation to (i) or (ii) (the "RIPUC Filing").

(b) On the Effective Date, Narragansett shall make a request to the Division of Public Utilities and Carriers (the "Division") for written consent (the "Division Consent") to terminate the Two WSOSAs. The request shall be consistent with and limited to the

terms of this Settlement Agreement and the RIPUC Filing, and in a form acceptable to the Division and subject to advance approval of TransCanada, such approval of TransCanada not to be unreasonably withheld, conditioned or delayed.

(c) Narragansett shall use commercially reasonable efforts and take reasonable actions necessary to obtain approval of the RIPUC Filing and to obtain the Division Consent within the required time period. Narragansett shall provide prompt notice and copies to TransCanada of all filings and written communications with or from the Commission relating to the RIPUC Filing and all written communications with or from the Division related to the request for Division Consent; and shall provide notice to TransCanada of all hearings before the Commission related to the RIPUC Filing promptly upon receiving notice that such hearing is scheduled; provided however, if Narragansett requests confidential treatment for any filing or communication with the Commission in connection with the RIPUC Filing, or written communication in connection with seeking Division Consent, Narragansett may redact from the copies provided to TransCanada any information that is proprietary or commercially sensitive contained therein (but the redactions must be only to the extent necessary to protect the confidentiality of such information).

If either the Division provides anything other than full and unconditional Division Consent, or the Commission provides anything other than full and unconditional approval of the RIPUC Filing, or if full and unconditional approval of the RIPUC Filing and Division Consent is not received by Narragansett by June 30, 2005 (in each case prompt Notice and copies of which are to be provided to TransCanada), whichever comes first, it shall be deemed a "Regulatory Denial" as of that date and the Parties' rights and obligations under Articles 1, 2(a), and 3(a) shall cease. Notwithstanding the foregoing, if the Division conditions its consent upon Narragansett's receipt of the Commission's approval of the RIPUC Filing described in Section (a) of this Article 4 (the "Division Condition"), the Parties' rights and obligations shall not cease; and upon receipt of such Commission approval satisfying a Division Condition (if any), the full and unconditional Division Consent required hereunder shall be deemed received.

The date of the last to occur of (i) approval of the RIPUC Filing or (ii) receipt of the Division Consent, shall be the "Regulatory Approval Date"; provided however, such date shall be on or before June 30, 2005

5. Retained Rights and Obligations; Releases.

Except as expressly set forth in this Settlement Agreement, from and after a Termination Date (if any):

(a) The Parties shall have no further rights or obligations between themselves arising under or relating in any way whatsoever to the Two WSOSAs on or after the Termination Date except (i) to the extent necessary to provide for the satisfaction of any obligations under the Two WSOSAs arising or accruing on or before the Termination Date, (ii) for fuel adjustment payment obligations (if any) or Interim Payments accruing on or before

the Termination Date, and including the rights reserved under Section 2(c), and (iii) as may otherwise arise under this Settlement Agreement. The Parties' rights and obligations arising prior to the Termination Date expressly preserved by this clause include, and are without prejudice to (x) the Parties' and Mass. Electric's rights, claims and defenses under National Grid USA v. TransCanada Power Marketing Ltd., Suffolk Superior Court, C.A. No. 03-1362B and related arbitration decisions and (y) the Parties' rights, claims and defenses under the Related Actions, provided however, the Parties acknowledge and agree that from and after the Termination Date, the issues in the Related Actions shall only relate to obligations arising during the period prior to the Termination Date; and (z) the Parties' and Mass. Electric's rights, claims and defenses under their dispute regarding responsibility for ISO-NE costs and charges as such dispute is set forth in their correspondence.

(b) TransCanada for itself and its successors and assigns and past, present and future insurers, attorneys, representatives, officers, directors, employees, agents and servants, its alleged or in fact predecessor corporations, parent corporations, present or former subsidiary corporations (whether or not wholly or directly owned), related corporations or entities, affiliates, divisions, acquired corporations, and any other person or entity who could assert a claim on its behalf (individually and collectively referred to as "TransCanada's Releasors") expressly release, remise, acquit and forever discharge Narragansett, and any and all of its respective successors and assigns and all of their respective past, present and future insurers, attorneys, representatives, officers, directors, shareholders, agents, servants, volunteers, and employees, and all their heirs, executors, administrators, successors and assigns, parent corporations, present or former subsidiary corporations (whether or not wholly or directly owned), related corporations or entities (individually and collectively referred to as the "Narragansett's Releasees") from any and all claims (latent or patent), controversies, rights, disputes and causes of action, whether statutory or common law actions, whether in contract, equity, warranty, tort (including negligence, gross negligence, and strict liability), unfair or deceptive trade practices, bad faith, promissory estoppel, negligent misrepresentation of whatsoever kind for actual, direct, indirect, consequential or punitive damages or any economic loss, or otherwise, based upon facts, matters, occurrences, allegations, demands, claims or counterclaims arising out of, relating in any way whatsoever or with respect to the Two WSOSAs whether known or unknown, foreseen or unforeseen, asserted or unasserted, contingent or absolute, now or in the future or otherwise, that TransCanada's Releasors or any of them may have had or may now or in the future have against Narragansett's Releasees or any of them, in respect of the Two WSOSAs; provided, however, that TransCanada shall retain the ability to enforce this Settlement Agreement and such rights and obligations as may survive under Section (a) of this Article 5.

(c) Narragansett, for itself and its respective successors and assigns and past, present and future insurers, attorneys, representatives, officers, directors, employees, agents and servants, its alleged or in fact predecessor corporations, parent corporations, present or former subsidiary corporations (whether or not wholly or directly owned), related corporations or entities, affiliates, divisions, acquired corporations, and any other person or entity who could assert a claim on its behalf (individually and collectively referred to

as the "Narragansett Releasors") expressly release, remise, acquit and forever discharge TransCanada, and any and all of its successors and assigns and all of its past, present and future insurers, attorneys, representatives, officers, directors, shareholders, agents, servants, volunteers, and employees, and all their heirs, executors, administrators, successors and assigns, parent corporations, present or former subsidiary corporations (whether or not wholly or directly owned), related corporations or entities, (individually and collectively referred to as the "TransCanada Releasees") from any and all claims (latent or patent), controversies, rights, disputes and causes of action, whether statutory or common law actions, whether in contract, equity, warranty, tort (including negligence, gross negligence, and strict liability), unfair or deceptive trade practices, bad faith, promissory estoppel, negligent misrepresentation of whatsoever kind for actual, direct, indirect, consequential or punitive damages or any economic loss, or otherwise, based upon facts, matters, occurrences, allegations, demands, claims or counterclaims arising out of, relating in any way whatsoever or with respect to the Two WSOSAs whether known or unknown, foreseen or unforeseen, asserted or unasserted, contingent or absolute, now or in the future or otherwise, that the Narragansett Releasors or any of them may have had or may now or in the future have against the TransCanada Releasees or any of them, in respect of the Two WSOSAs; provided, however, that Narragansett shall retain the ability to enforce this Settlement Agreement and such rights and obligations as may survive under Section (a) of this Article 5.

6. No Admission.

Nothing herein is intended as, or shall be construed or treated as, an admission or evidence of liability of any kind by any Party. The Parties each agree that neither this Settlement Agreement nor the Regulatory Filing or request for Division Consent (or testimony, statements or documentation prepared, created or provided for the purpose of negotiating and entering into this Settlement Agreement or obtaining the approval of the RIPUC Filing or the request for Division Consent) shall be cited by any Party as evidence of a Party's admission or acquiescence to a position or assertion of a Party regarding the obligations under the Two WSOSAs.

7. Notices.

Service of any documents or notices under this Settlement Agreement shall be sent via same-day email or in-hand service, provided that email service must be accompanied by an extra copy by reputable overnight delivery service:

(a) Service upon Narragansett shall be sent to Mr. Michael J. Hager, Vice President, Energy Supply – New England, National Grid USA Service Company, Inc., 55 Bearfoot Road, Northborough, MA 01532 (michael.hager@us.ngrid.com), and General Counsel, National Grid USA Service Company, Inc., 25 Research Drive, Westborough, MA 01582 (by gloria.kavanah@us.ngrid.com).

(b) Service upon TransCanada shall be sent to Michael E. Hachey, Director – Power Marketing, TransCanada Power Marketing Ltd., 110 Turnpike Road, Westborough, MA

01581 (mike_hachey@transcanada.com), and Daniel C. Winston, Esq., Choate, Hall & Stewart LLP, Exchange Place, 53 State Street, Boston, MA 02109-2804 (dwinston@choate.com).

8. Representations, Warranties and Covenants.

Each Party represents, warrants and covenants to the other Parties, as follows:

(a) It is duly organized in the form of business entity set forth in the first paragraph of this Settlement 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 (with the exception of Narragansett as to the Regulatory Filing and request for Division Consent), all regulatory authorizations as necessary for it to legally perform its obligations hereunder.

(b) It has full power and authority to (i) execute and deliver this Settlement Agreement, (ii) consummate and perform the transactions contemplated hereby and (iii) bind its affiliates to the terms set forth in Article 5. This Settlement Agreement has been duly and validly executed and delivered by it, and, assuming that this Settlement Agreement constitutes a valid and binding agreement of the other Party and, as to Article 5, the other Party's affiliates; constitutes its valid and binding agreement, enforceable against it and, as to Article 5, its affiliates, 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.

9. Counterparts and Facsimile Signatures.

This Settlement Agreement may be executed in counterparts, including counterparts bearing facsimile signatures, and each such counterpart shall have the same force and effect as an original and, upon becoming effective in accordance with Article 12, shall constitute a legal, valid, binding and enforceable agreement on the part of each of the Parties.

10. Construction.

This Settlement Agreement shall not be construed for or against any Party because the Party's legal representative drafted it or any part hereof. This Settlement Agreement shall be governed by, interpreted under, and performed in accordance with, the Commonwealth of Massachusetts without giving effect to its conflict of laws principles.

11. Entire Agreement.

This Settlement Agreement, including its Appendices A and B, embodies the entire agreement and understanding of the Parties in respect of the transactions contemplated hereby. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth herein or as may be implied under the common law (including but not limited to a covenant of good faith and fair dealing, if applicable). 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 any Party to the other Parties. This Settlement Agreement supersedes all prior agreements and understandings between and among the Parties with respect to the transactions contemplated hereby.

12. Effectiveness of this Settlement Agreement.

This Settlement Agreement shall become effective against all Parties when and only upon its execution by all Parties (such date of full execution, the "Effective Date"). Once effective, this Settlement Agreement and all of the provisions hereof shall be binding upon and shall inure to the benefit of each Party and its successors and assigns.

13. Amendments and Modifications.

This Settlement Agreement may be modified, amended or supplemented only in a written instrument which specifically references this Settlement Agreement and which is executed by all Parties.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this WSOS Amendment and Settlement Agreement on their behalf.

TRANSCANADA POWER MARKETING LTD.

By:_____/s/_____

Name:_____

Title:_____

Date:_____

By:_____/s/_____

Name:_____

Title:_____

Date:_____

THE NARRAGANSETT ELECTRIC COMPANY

By:_____/s/_____

Name:_____

Title:_____

Date:_____

APPENDIX A

Interim Payments due, if any, under Article 2 shall be calculated as follows:

The Stipulated Price that is in effect for a given billing month is multiplied by a "Fuel Index Adjustment" that is set equal to 1.0 and thus has no impact on the rate paid unless the "Market Gas Price" plus "Market Oil Price" for the billing month exceeds the "Fuel Trigger Point" then in effect, where:

> The Stipulated Price is the following predetermined, flat rate, for energy consumed at the customer meter point:
>
> | Calendar Year | Price per Kilowatt hour |
> |---|---|
> | 2005 | 5.5 cents |
> | 2006 | 5.9 cents |
> | 2007 | 6.3 cents |
> | 2008 | 6.7 cents |
> | 2009 | 7.1 cents |

Subject to Article 2, TransCanada will be paid the difference between the Stipulated Price as adjusted in accordance with this Provision and the Stipulated Price for each kilowatt-hour it provides in the applicable month.

Market Gas Price is the average of the values of "Gas Index" for the most recently available six months, where:

> Gas Index is the average of the daily settlement prices for the last three days that the NYMEX Contract (as defined below) for the month of delivery trades as reported in "The Wall Street Journal," expressed in dollars per MMBtu. NYMEX Contract shall mean the New York Mercantile Exchange Natural Gas Futures Contract as approved by the Commodity Futures Trading Commission for the purchase and sale of natural gas at Henry Hub;

Market Oil Price is the average of the values of "Oil Index" for the most recent available twelve months (six months for Standard Offer load in the EUA Zone), where:

> Oil Index is the average for the month of the daily low quotations for cargo delivery of 1.0% sulphur No. 6 residual fuel oil into New York harbor, as reported in "Platt's Oilgram U.S. Marketscan" in dollars per barrel and converted to dollars per MMBtu by dividing by 6.3; and

If the indices referred to above should become obsolete or no longer suitable, Narragansett shall file alternate indices with the RIPUC.

Fuel Trigger Point is the following amounts, expressed in dollars per MMBtu, applicable for all months in the specified calendar year:

2005	$8.48/MMBtu
2006	$9.22
2007	$9.95
2008	$10.69
2009	$11.42

In the event that the Fuel Trigger Point is exceeded, the Fuel Adjustment value for the billing month is determined based according to the following formula:

$$\text{Fuel Adjustment} = \frac{(\text{Market Gas Price} + \$.60/\text{MMBtu}) + (\text{Market Oil Price} + \$.04/\text{MMBtu})}{\text{Fuel Trigger Point} + \$.60 + \$.04/\text{MMBtu}}$$

Where:

> Market Gas Price, Market Oil Price and Fuel Trigger Point are as defined above. The values of $.60 and $.04/MMBtu represent for gas and oil respectively, estimated basis differentials or market costs of transportation from the point where the index is calculated to a proxy power plant in the New England market.

For example if at a point in the year 2005 the Market Gas Price and Market Oil Price total $9.50 ($5.50/MMBtu plus $4.00/MMBtu respectively), the Fuel Trigger Point of 8.48 would be exceeded. In this case the Fuel Adjustment value would be:

$$\frac{(\$5.50 + \$.60/\text{MMBtu}) + (\$4.00 + \$.04/\text{MMBtu})}{\$8.48 + \$.60 + \$.04/\text{MMBtu}} = 1.1118$$

The Stipulated Price is increased by this Fuel Adjustment factor for the billing month, becoming 6.149¢/kWh (5.5 x 1.1118).

This calculation shall be performed each month.

Attach 2

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS
(CENTRAL DIVISION)

TRANSCANADA POWER MARKETING LTD.

Plaintiff,

v.

NARRAGANSETT ELECTRIC COMPANY

Defendant,

C.A. No. 05-40076

RECEIPT # 404571
AMOUNT $ 250.00
SUMMONS ISSUED ✓
LOCAL RULE 4.1 ✓
WAIVER FORM ✓
MCF ISSUED ✓
BY DPTY. CLK. S Jones
DATE 5/17/05

COMPLAINT

Plaintiff TransCanada Power Marketing, Ltd. ("TransCanada") brings this action against Narragansett Electric Company ("Narragansett") for breach of contract, contractual indemnity, breach of the implied covenant of good faith and fair dealing, and for a declaratory judgment.

PARTIES

1. Plaintiff TransCanada is a Delaware corporation with a principal place of business at 11 Turnpike Road, Westborough, Massachusetts. TransCanada is a power marketing company that purchases electricity from generation sources, such as power plants, and resells that electricity to retail electric distribution companies and other customers throughout the northeastern United States.

2. Defendant Narragansett is a Rhode Island corporation with a principal place of business at 280 Melrose Street, Providence, Rhode Island. Narragansett is a retail electric distribution company engaged in the transmission and distribution of electricity to retail end-customers in Rhode Island. Narragansett's predecessors include two retail electric distribution

companies in Rhode Island formerly known as Blackstone Valley Electric Company ("Blackstone") and Newport Electric Company ("Newport"), both of which merged into Narragansett in 2000.

JURISDICTION AND VENUE

3. This Court has jurisdiction under 28 U.S.C. § 1332, as the amount in controversy exceeds $75,000. Venue is proper in this Court under 28 U.S.C. § 1391(a)(1), (2) and (3).

FACTS

Industry Background: The URA

4. In 1996, Rhode Island passed a Utility Restructuring Act (the "URA"). The general objective of the URA was to deregulate electric power supply and develop a competitive retail market for electricity in Rhode Island. During the same time period, a similar electricity deregulation process was ongoing in Massachusetts.

5. The URA required that electric distribution companies in Rhode Island divest ownership of their electricity generation facilities, and offer so-called "Retail Access" to Rhode Island retail customers. R.I.G.L. 39-1-27.3 (1997). As envisioned by the URA, Retail Access required each retail electric distribution company to allow its customers to purchase electricity from non-affiliated retail suppliers, and further required each retail distribution company to transport that purchased electricity over the retail distribution company's own lines from the alternative supplier to the customer.

6. The URA also required that, during the transition to Retail Access, the retail distribution companies provide a standard power supply (a "Standard Offer Service") to Rhode Island retail customers through 2009, at a set of regulated prices. R.I.G.L. 39-1-27.3(d) (1997). The purpose of the Standard Offer Service was to provide Rhode Island retail customers a stable,

competitively-priced source of electricity during the transition period to a competitive Retail Access market, for those customers that had not yet obtained an alternative electricity supplier.

7. Under the URA, the Standard Offer Service was to be priced to account for increases in the consumer price index, and also for other factors reasonably beyond the control of power suppliers such as "extraordinary fuel costs." R.I.G.L. 39-1-27.3(d) (1997). The URA required the retail distribution companies to file tariffs with the Rhode Island Public Utilities Commission ("PUC") to implement Standard Offer Service through 2009, for the benefit of both wholesale and retail customers and their suppliers. R.I.G.L. 39-1-27(a) (1997).

Implementation of the URA

8. Blackstone and Newport were retail electric distribution companies in Rhode Island at the time of enactment of the URA, and were wholly-owned subsidiaries of Eastern Utilities Associates ("EUA"), a public utility holding company. EUA also owned a retail electric company in Massachusetts, Eastern Edison Company ("Eastern," and, collectively with Blackstone and Newport, the EUA retail "Companies").

9 At the time of enactment of the URA, the EUA Companies purchased their electricity, which they then supplied to their retail customers, from an affiliated wholesale electricity supplier, Montaup Electric Company ("Montaup"). To comply with the URA (and a Massachusetts counterpart), the Companies were required to terminate their wholesale supply contracts with Montaup, and allow their retail customers to have Retail Access to alternative suppliers; Montaup was also required to divest its generation facilities.

10. On October 17, 1997, in order to implement the URA, Blackstone, Newport, and Montaup entered into a Stipulation and Agreement with the PUC, as well as the Rhode Island Division of Public Utilities and Carriers ("Division") (hereinafter, the "RI Settlement

Agreement"). The RI Settlement Agreement was approved by the Federal Energy Regulatory Commission ("FERC"). A similar Stipulation and Agreement was executed in Massachusetts and also approved by FERC (the "MA Settlement Agreement," and, collectively with the RI Settlement Agreement, the "Settlement Agreements").

11. In order to ensure a steady supply of Standard Offer Service, Montaup was required under the RI Settlement Agreement to provide Blackstone and Newport with a guaranteed, "Backstop" supply of Standard Offer Service through the required term of Standard Offer Service in Rhode Island (through 2009).[1] Blackstone and Newport were in turn required to seek alternative wholesale suppliers for Standard Offer Service during that term, and Montaup was to be released from its Backstop obligation to the extent Blackstone and Newport were able to obtain replacement contracts. In order to ensure a Standard Offer Service to Rhode Island retail customers through 2009, however, Montaup's Backstop obligation required it to provide Standard Offer Service to Blackstone and Newport through 2009 to the extent those companies did not obtain alternative wholesale Standard Offer Service supply contracts.

12. The RI Settlement Agreement required that Montaup assign to the purchaser of any divested Montaup generation asset a commensurate share of Montaup's Backstop obligation. Thus, any purchaser of Montaup's generation assets was required to assume a share of Montaup's Backstop Standard Offer Service obligations to Blackstone and Newport.

13. Consistent with the pricing scheme for Standard Offer Service set forth in the URA, the RI Settlement Agreement provided that Montaup and its successors and assigns were to provide Standard Offer Service to Blackstone and Newport in exchange for a stipulated set of base prices rising over time, subject to a "fuel index" to account for future extraordinary fuel

[1] Massachusetts required electric distribution companies to provide standard offer service only through 2004, and hence the MA Settlement Agreement imposed upon Montaup a Backstop obligation in Massachusetts only through 2004.

costs, through 2009. The purpose of the fuel index, as envisioned by the URA and Settlement Agreements, was to ensure that wholesale Standard Offer Service suppliers would be protected against the downside risk of future extraordinary increases in fuel costs, so that they would be able to agree to the desired long-term Standard Offer Service supply contracts for the benefit of Rhode Island retail customers.

TransCanada's WSOS Agreement

14. On April 7, 1998, TransCanada and Montaup entered into an Asset Purchase Agreement whereby TransCanada purchased certain electricity generation assets of Montaup (the "Asset Purchase Agreement"). TransCanada was thereby also required by the RI and MA Settlement Agreements to assume a percentage share of Montaup's Backstop obligation to provide Standard Offer Service to Blackstone, Newport and Eastern.

15. TransCanada and Blackstone, Newport and Eastern (collectively, the EUA "Companies") therefore entered into a Wholesale Standard Offer Service Agreement dated April 7, 1998 (the "WSOS Agreement," or "Agreement," attached hereto as Exhibit A), which is governed by Massachusetts law. In the WSOS Agreement, TransCanada agreed to assume a percentage share of Montaup's Standard Offer Service obligations under the Settlement Agreements, to Blackstone and Newport through 2009 (the term of the Standard Offer Service in Rhode Island); and to Eastern through 2004 (the term of the Standard Offer Service in Massachusetts). (*See* Agreement, § 3 & App. A.)

16. Under the WSOS Agreement, and as specified in the Settlement Agreements and the URA, TransCanada was to receive a price for delivering Standard Offer Service consisting of the stipulated set of base prices rising over time (the "Standard Offer Wholesale Price"), plus a fuel index (the "Fuel Adjustment Factor") to account for future extraordinary fuel costs. Under

the WSOS Agreement, the Fuel Adjustment Factor was to be calculated based upon the tariffs that Blackstone and Newport were required to file in accordance with the URA and Settlement Agreements. Specifically, Agreement Article Five provides that:

> For each kilowatt-hour of Delivered Energy that Supplier [TransCanada] provides in each month..., the Companies shall pay Supplier the applicable Price for the month in cents per kilowatt hour calculated as follows:
>
> Price = Standard Offer Wholesale Price + Fuel Adjustment Factor
>
> Where: Standard Offer Wholesale Price in cents per kilowatt hour is as defined in Article 1 and shown in Appendix A, and
>
> Fuel Adjustment Factor is a cents per kilowatt-hour adder based on the incremental revenues collection, if any, attributed to the operation of the retail Rate Fuel Adjustment mechanism in the Companies' Standard Offer Service Tariffs. ... The Retail Fuel Adjustment, and the resulting Fuel Adjustment Factor to be paid to Supplier, will be made subject to regulatory approval and only to the extent the Companies are allowed to collect such revenues from the retail customers taking Standard Offer Service.

17. The Agreement imposed upon Blackstone and Newport a good faith obligation to make the required Standard Offer Service Tariff filings, and to use reasonable efforts to obtain regulatory approval for a Fuel Adjustment Factor to be paid to TransCanada over the 2009 term of the Agreement.

18. The Agreement provided TransCanada with indemnity and termination rights in the event that any government or regulatory agency amended the Standard Offer Service in a manner which materially increased TransCanada's obligations or costs to provide Standard Offer Service under the Agreement. Specifically, Article 8.3 of the Agreement provides:

> In the event that the Standard Offer Service or the Terms and Conditions for Suppliers are terminated, amended or replaced by any governmental or regulatory agency having jurisdiction over the provision of Standard Offer Service in a manner which materially increases the Supplier's costs or obligations to provide Standard Offer Service, the Companies shall promptly reimburse the Supplier for any costs or increased obligations or otherwise provide relief reasonably acceptable to supplier to or indemnify the Supplier from such changes. ... In the

> event that the Parties are not able to agree on ... the amount to be reimbursed, ... either Party may terminate this Agreement on sixty (60) days written notice ....

19. The Agreement also provided TransCanada with termination rights, and damages rights, in the event that the Companies failed to perform any of their obligations under the Agreement. Specifically, the Agreement provides that, upon an uncured default by any of the Companies, TransCanada has the right to recover direct damages resulting from the default; to pursue all other remedies and damages provided for by law; and to terminate the Agreement upon sixty (60) days notice. (Agreement, § 7(1), (2).) Finally, the Agreement provides that TransCanada is entitled to recover interest on any improperly withheld payments. (*Id.* § 6.)

The Narragansett Merger

20. From the signing of the Agreement in April 1998 through early 2000, Blackstone and Newport filed the required Standard Offer Service Tariffs with the PUC on a periodic basis. Blackstone and Newport thereby obtained approval of the Standard Offer Wholesale Prices and a Fuel Adjustment Factor for 1999 and 2000, as required by the Agreement.

21. In 2000, Blackstone and Newport merged into Narragansett, another retail electric distribution company in Rhode Island. At the same time, Eastern merged into Massachusetts Electric Company ("Mass. Electric"), another retail distribution company in Massachusetts.

22. Narragansett and Mass. Electric were at the time (and still are, upon information and belief) wholly-owned subsidiaries of National Grid USA ("National Grid"). Through the comprehensive merger, all of EUA's former retail distribution companies in Rhode Island and Massachusetts, consisting of Blackstone, Newport, and Eastern, merged into the corresponding Rhode Island and Massachusetts retail distribution companies of National Grid, consisting of Narragansett and Mass. Electric.

23. By way of the Rhode Island portion of the merger, Narragansett became the retail electric distribution company both for the previous retail customers of Blackstone and Newport in Rhode Island (hereinafter the former "EUA Zone"), as well as its own previous retail customers in its former area (hereinafter the old "Narragansett Zone").

24. The PUC approved the Narragansett merger in March, 2000. At the request of Narragansett, the PUC cancelled the former Blackstone and Newport Standard Offer Service Tariffs and ruled that Narragansett could continue to obtain payment for Standard Offer Service in both its new EUA Zone and in its old Narragansett Zone through Narragansett's own and future Standard Offer Service Tariffs and related filings.[2]

Narragansett's Wrongful Conduct

25. On April 18, 2000, Narragansett sent a letter to TransCanada giving notice of the merger, and stating that Narragansett would succeed to and assume the obligations of Blackstone and Newport under the WSOS Agreement. The letter further assured TransCanada, as required for valid assignment of the Agreement in the case of a merger, that the obligations of the parties "are not affected by the merger and assignments." Narragansett's letter further stated that Narragansett would continue to make Fuel Adjustment payments to TransCanada "after 1999," according to the mechanism previously established in the RI Settlement Agreement and in the Blackstone and Newport Standard Offer Service Tariffs.

26. Unbeknownst to TransCanada, however, Narragansett began planning even at the time of the merger to deny TransCanada the Fuel Adjustment Factor it had bargained for in the

[2] Narragansett, like Blackstone and Newport, had entered into its own Settlement Agreement with the PUC in 1997, which also required Retail Access and divestiture of generation assets. Narragansett's Settlement Agreement required Narragansett to provide Standard Offer Service at the same set of stipulated prices and fuel adjustment triggers as in Blackstone's and Newport's RI Settlement Agreement. Like Blackstone and Newport, Narragansett also subsequently entered into Standard Offer Service supply contracts with a number of wholesale Standard Offer Service suppliers. Narragansett was required, like Blackstone and Newport, to file tariffs under the URA to implement the Standard Offer Service for the benefit of its customers and suppliers.

WSOS Agreement. It was to Narragansett's benefit not to pay a Fuel Adjustment Factor, particularly in times of rising fuel prices, in order to reduce its overall expenses and costs. Fuel prices began rising at the time of Narragansett's merger, and the Fuel Adjustment Factors in Narragansett's and Blackstone's and Newport's wholesale Standard Offer Service supply contracts had been triggered.

27. Nevertheless, Narragansett thereafter and through the end of 2004 continued to pay TransCanada for Standard Offer Service as required under the Agreement, including both the base Wholesale Standard Offer Price and a Fuel Adjustment Factor. Fuel prices continued to rise, however, and Fuel Adjustment Factor payments to TransCanada and other wholesale Standard Offer Service suppliers became a regular component of the price paid by Narragansett to its suppliers for Wholesale Standard Offer Services.

28. In May, 2003, unbeknownst to TransCanada, Narragansett began to argue affirmatively before the PUC that its suppliers in the former EUA Zone should not be paid a Fuel Adjustment Factor after 2004. The PUC expressed concern about Narragansett's position, and Narragansett stated to the PUC both that it had discussed its intended position with all of its EUA Zone suppliers and that, while the suppliers had not affirmatively agreed with Narragansett's position, none of those suppliers had raised objection. These were blatant misrepresentations, as Narragansett neither notified nor discussed with TransCanada at any time Narragansett's intention not to provide Fuel Adjustment Factor payments under the Agreement after 2004.

29. In July 2004, Narragansett again told the PUC that it should make no provision for a Fuel Adjustment Factor in the former EUA Zone after 2004. The PUC again expressed concern, both about the merit of Narragansett's position and about whether Narragansett's EUA Zone suppliers had been notified and agreed with Narragansett's position. In response,

Narragansett argued against TransCanada's right to a Fuel Adjustment Factor, and again misrepresented both that it had discussed the matter with all of its EUA Zone suppliers and that none of those suppliers had affirmatively disputed Narragansett's position. Narragansett also falsely assured the PUC that, in the event a dispute developed, TransCanada had no ability to terminate the WSOS Agreement in the event that it failed to receive Fuel Adjustment Factor payments after 2004.

30. In December, 2004, Narragansett filed with the PUC its proposed Standard Offer Service Tariffs and rates for 2005. Narragansett specified that no Fuel Adjustment Factor should be granted to TransCanada (or any other EUA Zone suppliers) in 2005. As a result of that filing, and Narragansett's arguments and previous misstatements to the PUC, the PUC approved Standard Offer Service Tariffs and rates for 2005 that provide no allocation for a Fuel Adjustment Factor for TransCanada.[3] At the same time, Narragansett continued to request and obtain approval for a Fuel Adjustment Factor in 2005 for its suppliers in the old Narragansett Zone. TransCanada was never made aware of any of Narragansett's filings or arguments at the PUC in 2003 and 2004.

31. In February, 2005, TransCanada learned for the first time that Narragansett did not plan to pay TransCanada any Fuel Adjustment Factor after 2004, or indeed for the last five years of the WSOS Agreement. TransCanada discovered this position only after receiving Narragansett's calculation of the amount payable for Standard Offer Service delivered in January, 2005, which noticeably omitted any payment for a Fuel Adjustment Factor. The expected amount of that unpaid Fuel Adjustment Factor, just for January, 2005, totaled over

[3] When asked in December 2004 whether it had had further discussions with its EUA Zone suppliers since its previous statements, Narragansett admitted in a half-truth at that point that it had not had *recent* discussions with all of its suppliers.

$320,000.00. The Fuel Adjustment Factor each subsequent month has been similar, and is expected to remain substantial in future months.

32. On March 1, 2005, TransCanada provided written notice of default under the WSOS Agreement. Narragansett has thereafter refused to cure or change its position, or to indemnify or reimburse TransCanada under Article 8(3) of the Agreement for loss of the Fuel Adjustment Factor.

33. Narragansett also continues to dispute TransCanada's right to terminate the WSOS Agreement. Narragansett has further threatened that its National Grid affiliates will withhold payments owed to TransCanada under the Asset Purchase Agreement if TransCanada proceeds to terminate the WSOS Agreement.

34. Narragansett's breaches of its obligations under the WSOS Agreement have deprived TransCanada of its contractual rights to payment of a Fuel Adjustment Factor under the Agreement. These breaches have caused and are continuing to cause TransCanada substantial and ongoing damages.

Count I
(Breach of Contract)

35. TransCanada repeats and incorporates by reference paragraphs 1 through 34 above.

36. Narragansett has breached the WSOS Agreement through the acts described above, including (a) its failure to file for or make a reasonable effort to obtain regulatory approval of a Fuel Adjustment Factor after 2004, (b) its failure to pay a Fuel Adjustment Factor to TransCanada as required under the Agreement; and (c) its failure to indemnify or reimburse TransCanada as required by Article 8(3) of the Agreement for regulatory loss of the Fuel Adjustment Factor.

37. As a result of these breaches, TransCanada has suffered and will continue to suffer monetary damages. TransCanada is entitled to terminate the Agreement, and to an award of its damages and interest.

Count II
(Contractual Indemnification)

38. TransCanada repeats and incorporates by reference paragraphs 1 though 37 above.

39. The PUC's abolishment of the Blackstone and Newport tariffs, and its subsequent approval of Standard Offer Service Tariffs for 2005 that do not include a Fuel Adjustment Factor in the EUA Zone, have amended the Standard Offer Service in a manner that has materially increased TransCanada's costs and obligations to provide Standard Offer Service under the Agreement. These regulatory changes were made by the PUC at the express request of Narragansett.

40. Under Article 8(3) of the WSOS Agreement, Narragansett is obligated to indemnify or otherwise reimburse TransCanada for loss of the expected Fuel Adjustment Factor.

Count III
(Breach of the Implied Covenant of Good Faith and Fair Dealing)

41. TransCanada repeats and incorporates by reference paragraphs 1 through 40 above.

42. The Agreement contains an implied covenant of good faith and fair dealing.

43. Narragansett has breached the covenant of good faith and fair dealing implied in the Agreement through its conduct described above, including but not limited to its various contractual breaches, its misleading behavior with TransCanada and the PUC, its concealment of

its planned breach of the Agreement, and its expropriation to its own benefit of TransCanada's rights under the Agreement.

44. As a result of these breaches, TransCanada has suffered and will continue to suffer substantial monetary damages. TransCanada is entitled to terminate the Agreement, and to an award of damages and interest.

Count IV
(Declaratory Relief under G.L. c 231A: Right to Terminate)

45. TransCanada repeats and incorporates by reference paragraphs 1 through 44 above.

46. An actual controversy exists as to whether Narragansett has breached the WSOS Agreement, and whether TransCanada has the right to terminate the Agreement, including under its Articles 7(2) and/or 8(3).

47. TransCanada requests a declaratory judgment that Narragansett has breached the terms of the WSOS Agreement; that Narragansett has failed to cure the breach; and that TransCanada has the unconditional right, in addition to the right to recover damages and interest, to terminate the WSOS Agreement immediately.

WHEREFORE, TransCanada requests the following relief:

1. Judgment in its favor on all counts.

2. An award of damages, including interest, in an amount to be determined at trial.

3. A declaratory judgment that Narragansett has breached the terms of the WSOS Agreement; that Narragansett has failed to cure the breach; and that TransCanada has the unconditional right, in addition to the right to recover damages and interest, to terminate the WSOS Agreement immediately.

4. An award of its costs, and such other and further relief as this Court deems just and proper.

Respectfully submitted,

TRANSCANADA POWER MARKETING

By its attorneys,

Daniel C. Winston (BBO#562209)
Wendy S. Plotkin (BBO#647716)
CHOATE, HALL & STEWART LLP
Exchange Place
53 State Street
Boston, MA 02109
Telephone No. (617) 248-5000
Fax No. (617) 248-4000

Wholesale Standard Offer Service Agreement

between

Blackstone Valley Electric Company

Eastern Edison Company

Newport Electric Corporation

and

TransCanada Power Marketing Ltd.

April 7, 1998

TABLE OF CONTENTS

WHOLESALE STANDARD OFFER SERVICE AGREEMENT

This Wholesale Standard Offer Service Agreement ("Agreement"), is made and entered into this seventh day of April, 1998, between Eastern Edison Company, ("Eastern") a Massachusetts Corporation; Blackstone Valley Electric Company ("Blackstone"), a Rhode Island Corporation; and Newport Electric Corporation ("Newport"), a Rhode Island Corporation (referred to collectively as the "Companies"), on the one hand, and TransCanada Power Marketing Ltd., a Delaware Corporation,("Supplier"), on the other hand.

WHEREAS, the Supplier will purchase certain electric resources from Montaup Electric Company, under an asset purchase agreement, (the "Asset Purchase Agreement") dated April 7, 1998; and as condition of such purchase and sale Supplier is required to assume a share of the Companies' Standard Offer Service under this Agreement; and

WHEREAS, the Companies are required to provide firm all- requirements service to any retail customer that is eligible for and is taking Standard Offer Service in accordance with the Settlement Agreements; and

WHEREAS, this Agreement provides for the transfer, from the Companies to Supplier, of the responsibility for providing firm all-requirements electric service including capacity, energy, reserves, losses and other related services necessary to serve a specified share of the Companies' aggregate load of retail customers taking Standard Offer Service; and

WHEREAS, by entering into this Agreement, Supplier agrees to provide and the Companies agree to receive and pay for electricity provided in accordance with the terms and conditions of this Agreement and the applicable Appendices, subject to any actions by any governmental bodies having regulatory jurisdiction over services rendered hereunder.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements contained herein, Supplier and Companies agree to the terms and conditions as set forth below:

ARTICLE 1. Definitions:

Whenever used in this Agreement, the following terms shall have the following meanings:

"Affiliate" shall mean any other entity (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such entity. For purposes of the foregoing the definition of "control" means the direct or indirect ownership of more than seventy percent of the outstanding capital stock or other equity interest having ordinary voting power.

"Agreement" shall mean this Agreement, including its Appendices as amended from time to time.

"Commencement Date of Service" shall mean the Effective Date as defined in the Asset Purchase Agreement.

"Contract Year" shall mean any calendar year, or in the case of 1998 part of a calendar year, after the Commencement Date of Service in which Supplier is scheduled to provide electricity to the Companies for Standard Offer Service.

"Companies' System" shall mean the electrical distribution systems of Blackstone, Newport, Eastern, and/or the electrical transmission system of Montaup Electric Company, as applicable.

"Delivered Energy" shall mean the kilowatt-hours delivered to the meters of those retail customers taking Standard Offer Service.

"Delivery Point" shall be any location on the NEPOOL PTF system or Companies' System.

"D.T.E." shall mean the Massachusetts Department of Telecommunications and Energy.

"ISO" shall mean ISO New England, Inc., the independent system operator established in accordance with the Restated NEPOOL Agreement, or its successor.

"NEPOOL" shall mean the New England Power Pool or its successor.

"Party" or "Parties" shall mean the Supplier and the Companies and their respective successors and assigns.

"PPA Transfer Agreement" shall mean the PPA Transfer Agreement as defined in the Asset Purchase Agreement.

"Price" shall mean the annual amount per kilowatt-hour to be paid for Delivered Energy set forth in Article 5 with no variation for time-of-use, seasonality, or any other factor except as specified in Article 5. The Companies or their Standard Offer customers shall not be obligated

under this Agreement for any payments for Delivered Energy in addition to the payments made pursuant to Article 5.

"PTF" shall mean the facilities categorized as Pool Transmission Facilities as defined in the Restated NEPOOL Agreement.

"P.U.C." shall mean the Rhode Island Public Utilities Commission.

"Restated NEPOOL Agreement" shall mean the New England Power Pool Agreement dated December 31, 1996, as amended from time to time, as it is in force at the time the action in question is taken.

"Settlement Agreements" shall mean the agreement or agreements that have been approved by the MDTE in Docket No. 96-24, the RIPUC in Docket No. 2514 and by the FERC in Docket Nos. ER97-2800-000 and ER97-3127-000 together with all conditions, terms and modifications imposed by those agencies as of the date of this Agreement.

"Standard Offer Service" shall mean firm all-requirements electric service (minute by minute, hour by hour, day by day) including, but not limited to: energy, installed capability, operable capability, reserves, and associated losses necessary to fulfill all NEPOOL and ISO obligations as they may change from time to time associated with providing firm all requirements power to the Companies' retail customers taking Standard Offer Service in accordance with and as defined in the Settlement Agreements. Supplier is responsible for changes in customer demand for any reason, including, but not limited to, seasonal factors, daily load fluctuations, increased or decreased usage, demand side management activities, extremes in weather, and other similar events.

"Standard Offer Wholesale Price" shall mean the stipulated stream of prices, in cents per kilowatt-hour, that will be paid to suppliers of Standard Offer Service for Delivered Energy, as shown in Appendix A.

"Terms and Conditions for Suppliers" shall mean the Blackstone Valley Electric Company and Newport Electric Corporation Terms and Conditions for Electric Power Suppliers dated May 29, 1997 as approved by the P.U.C., or the Eastern Edison Company Terms and Conditions for Competitive Suppliers as approved by the D.T.E., as applicable. These Terms and Conditions may be revised, amended, supplemented, or supplanted in whole or in part from time to time by the P.U.C. or D.T.E. or as otherwise provided by law.

ARTICLE 2. Term:

The term of this Agreement shall begin on the Commencement Date of Service and end at 12:00 midnight on December 31, 2009, unless terminated sooner in accordance with Article 7 or 8.

ARTICLE 3. Supplier Responsibilities

Supplier shall be a member, in good standing, of NEPOOL or its successor entity and maintain an own-load dispatch or settlement account established in accordance with the rules and criteria established by the ISO throughout the term of this agreement. In addition, Supplier must satisfy registration and certification requirements, as the case may be, as a Non-Regulated Power Producer in Massachusetts and Rhode Island.

Supplier is responsible for providing firm all-requirements service necessary to serve its share, as shown in Appendix A attached hereto, of the Companies aggregate load attributed to those customers taking Standard Offer Service.

As a provider of Standard Offer Service, Supplier is solely responsible for satisfying all requirements and paying all costs incurred or to be incurred to provide those services including, without limitation, all costs or other requirements to furnish installed capability, operable capability, energy, operating reserves, automatic generation control and reactive power support, receipt of, and payment for, tie benefits, line losses and other ancillary services associated with the provision of its share of Standard Offer Service. Supplier is also solely responsible for meeting any other requirements and paying any other cost now or hereafter imposed by the ISO from time to time which are attributable to the provision of Standard Offer Service, as they may arise. If the ISO or any successor entity or the NEPOOL Administrator allocates any NEPOOL expenses or uplift costs to the Standard Offer Service provided by the Supplier (on a load or peak load basis or otherwise), the expenses or costs so allocated will be borne by the Supplier alone without recourse to the Companies.

Supplier shall be responsible for all transmission and distribution losses associated with the delivery of electricity supplied under this Agreement from the sources of its supply to the meters of those customers taking Standard Offer Service.

The Companies, in their regulated charges, will bill Standard Offer Service customers for NEPOOL Regional Network Transmission Service ("RNS"), any Local Area Network Transmission Service ("LNS") which is the transmission, if any, between the NEPOOL PTF and the Companies' distribution system, and for the Companies' distribution costs. Supplier is responsible for any transmission wheeling costs to the Delivery Point and any distribution wheeling costs associated with supply sources not included in Companies' approved distribution rates. If the NEPOOL control area experiences congestion, Supplier will be responsible for any congestion costs incurred in delivering power across the PTF system to the Companies. Supplier shall be responsible for all transmission and distribution costs associated with the use of transmission systems outside of NEPOOL and any local point-to-point transmission charges and distribution charges incurred to deliver the power to the NEPOOL PTF.

In the event that either the D.T.E. or the P.U.C. issue orders requiring the Companies to implement uniform disclosure requirements that pertain to the reporting of information regarding power plant emissions, fuel types, or labor information for the sources of electricity used to supply Standard Offer Service, the Supplier will provide such information in a timely manner in an appropriate form to enable the Companies to comply with such requirements.

ARTICLE 4. Estimation of Hourly Loads and Reporting to the ISO:

To meet their NEPOOL obligations, the Companies shall report to the ISO Supplier's share of hourly Standard Offer Service load, including distribution and non-PTF losses. In making such reports, the Companies will estimate Supplier's share of Standard Offer Service load based on the methods and procedures approved in Terms and Conditions for Suppliers on file with the P.U.C. and D.T.E., as amended from time to time, as applicable.

As required by NEPOOL, the Companies will make all reasonable efforts to report to the ISO Supplier's hourly share of Standard Offer Service load by 12:00 noon of the second following business day.

As described in the Terms and Conditions for Suppliers, at the end of each month, the Companies shall aggregate Supplier's hourly Standard Offer Service loads for the month as reported to the ISO. The Supplier's aggregate share of Standard Offer Service, not including losses will be deemed to be the quantity of Delivered Energy that Supplier provided for that month and is the unadjusted kWh amount to be used for Billing and Payment as described in Article 6.

The Companies will periodically reconcile the Delivered Energy to actual meter readings of those customers taking Standard Offer Service, as described in the Terms and Conditions for Suppliers. The Companies will apply any resulting billing adjustment (debit or credit) to Supplier's account no later than the last day of the third month following the billing month.

ARTICLE 5. Price:

For each kilowatt-hour of Delivered Energy that Supplier provides in each month, as determined in accordance with Article 4 and the Terms and Conditions for Suppliers, the Companies shall pay Supplier the applicable Price for the month in cents per kilowatt-hour calculated as follows:

Price = Standard Offer Wholesale Price
+ Fuel Adjustment Factor

Where: Standard Offer Wholesale Price in cents per kilowatt hour is as defined in Article 1 and shown in Appendix A, and

Fuel Adjustment Factor is a cents per kilowatt-hour adder based on the incremental revenues collected, if any, attributed to the operation of the retail Rate Fuel Adjustment mechanism in the Companies' Standard Offer Service tariffs. The incremental revenues attributed to the retail Fuel Adjustment will be fully allocated to Suppliers in proportion to the Standard Offer Service energy provided by each Supplier for the applicable billing month through the Fuel Adjustment Factor. The retail Fuel Adjustment, and the resulting Fuel Adjustment Factor to be paid to Supplier, will be made subject to

regulatory approval and only to the extent that the Companies are allowed to collect such revenues from their retail customers taking Standard Offer Service.

With the exception of any sales or gross receipts taxes which are required by law to be paid by Standard Offer Service customers, the Price for Delivered Energy as set forth herein includes all local, state and federal taxes, fees and assessments applicable as of the date hereof or which may be assessed or imposed in the future by any governmental authority with jurisdiction governing the sale of electricity covered by this Agreement.

ARTICLE 6. Billing and Payments:

Until reconciled with actual metered data pursuant to the Terms and Conditions of Suppliers, computations by the Companies of the charges for the purposes of billings hereunder shall be based on estimates of Supplier's Delivered Energy in accordance with Article 4 and the Price as determined in accordance with Article 5. The Companies shall calculate the amount payable to Supplier for a given month on or before the twentieth (20th) day of the following month. The calculation shall be provided to Supplier and shall show the total amount due and payable for the previous month. Each bill shall be subject to adjustment for any errors in arithmetic computation, estimating, reconciliation pursuant to the Terms and Conditions of Suppliers or otherwise only to the extent allowed by the terms of this Article 6.

On or before the last day of each month, Companies shall pay Supplier any amounts due and payable for the Delivered Energy provided by Supplier in the previous month ("Due Date"). Any amount remaining unpaid after the Due Date shall bear interest at the Prime Rate then in effect at the main office of BankBoston, or such other lending institution as agreed to by Companies and Supplier, from the Due Date to the date of payment by Companies.

If Supplier disputes the amount of any bill or payment, Supplier shall itemize the basis for its dispute in a written notice to Companies within fifteen days after the Due Date. Billing and payment disputes shall be handled in accordance with the provisions of Article 12 of this Agreement. Upon final resolution of the dispute, payment of any amount due to a Party under the terms of the resolution shall be made within thirty (30) days of the date thereof, together with interest from and after the original Due Date at the rate specified in this Article.

The Companies may make retroactive adjustments to any billing for a period of up to one year from the date of the original billing in order to reflect differences in charges resulting from receipt of more accurate data. Supplier may dispute such adjustment in writing within thirty (30) days of receipt of the proposed adjustment.

ARTICLE 7. Events of Default, Liability, Relationship of the Companies:

(1) Unless excused by a Force Majeure as described in Article 9, each of the following events shall be deemed to be an Event of Default hereunder:

(a) Failure of Supplier, in a material respect, to comply with, observe, or perform any covenant, warranty or obligation under this Agreement, and such failure is not cured or rectified within thirty (30) days after notice thereof from the Companies.

(b) Failure of the Companies, in a material respect, to comply with, observe, or perform any covenant, warranty or obligation under this Agreement, and such failure is not cured or rectified within thirty (30) days after notice thereof from the Supplier.

(2) Upon the occurrence of an Event of Default by the Companies, the Companies shall be liable to the Supplier for any direct damages resulting from the Event of Default. In addition, the Supplier may pursue any remedies or other damages provided for under law, and may unconditionally terminate this Agreement by giving at least sixty (60) days advance written notice to the Companies, such termination to be effective as of the date specified in such notice. Notwithstanding any other provision of this Agreement to the contrary, the rights and obligations of the Companies, herein are several and not joint. Each of the Companies share of such rights and obligations shall be determined by the portion that its monthly Standard Offer Service requirements represented as a percentage of the Companies' total Standard Offer Service requirements.

(3) Upon the occurrence of an Event of Default by the Supplier, the Supplier shall be liable to the Companies for all costs reasonably incurred by the Companies resulting from Supplier's failure to deliver its share of the Standard Offer Service. Such amount shall be calculated as the positive difference, if any, obtained by subtracting the per unit Price established in Article 5, from the per unit Replacement Price. The positive difference shall be applied to each kilowatthour that Supplier fails to deliver.

"Replacement Price" shall mean the price at which the Companies acting in a commercially reasonable manner purchase substitute Standard Offer Service not delivered by Supplier, plus any additional transmission and NEPOOL charges, incurred by the Companies. The parties hereby stipulate that purchases at the applicable NEPOOL spot market prices will be deemed commercially reasonable.

The Parties expressly agree that the amounts set forth in this Article 7 subparagraph (3) do not constitute liquidated damages. In addition to the amounts established in this Article 7 subparagraph (3) above, the Supplier shall be liable to the Companies for any additional direct damages resulting from an Event of Default, including, but not limited to, reasonable additional administrative and legal expenses incurred as a result of Supplier's failure to deliver, and the Companies may pursue any remedies or other damages provided for under law and may unconditionally terminate this Agreement by giving at least sixty (60) days advance written notice to the Supplier, such termination to be effective as of the date specified in such notice.

(4) As a condition of this Agreement, the Supplier shall deliver to the Companies, prior to the Commencement Date of Service, financial surety reasonably acceptable to the Companies to secure Supplier's performance under this Agreement. The Companies accept the Guarantee attached to the Asset Purchase Agreement as reasonable financial surety.

ARTICLE 8. Termination/Reimbursement:

(1) In addition to the termination rights for an Event of Default provided in Article 7, the Companies may terminate this Agreement, if:

a. Supplier's share of Standard Offer Service load is less than one (1) megawatt for two consecutive months;

b. The Companies are prevented by any government agency of competent jurisdiction from recovering from customers taking Standard Offer Service the cost of electricity provided by Supplier; or

c. Any governmental or regulatory agency with jurisdiction over the Companies orders, implements, requires, or causes what the Companies determine, in their sole discretion, to be a material modification or amendment of Standard Offer Service.

(2) In the event of a material default by Montaup under the PPA Transfer Agreement between Supplier and Montaup, Supplier may unconditionally terminate the Agreement by giving at least sixty (60) days written notice to the Companies, such termination to be effective as of the date specified in such notice. In the event that the default by Montaup under the PPA Transfer Agreement is cured prior to the effective date of notice of termination, such termination will be cancelled and the Agreement will remain in full force and effect.

(3) In the event that the Standard Offer Service or the Terms and Conditions for Suppliers are terminated, amended or replaced by any governmental or regulatory agency having jurisdiction over the provision of Standard Offer Service in a manner which materially increases Supplier's costs or obligations to provide Standard Offer Service, the Companies shall promptly reimburse Supplier for any such costs or increased obligations or otherwise provide relief reasonably acceptable to supplier to or indemnify the Supplier from such changes. In such event the Companies and Supplier shall meet to determine the amount to be reimbursed to Supplier. In the event that the Parties are not able to agree on the materially of the increased costs or obligations or the amount to be reimbursed, the Parties shall attempt to resolve the matter in accordance with Article 12 and failing resolution in accordance with Article 12, either Party may terminate this Agreement on sixty (60) days written notice to the other Party, such termination to be effective as of the date specified in such notice.

ARTICLE 9. Force Majeure:

As used in this Agreement, "Force Majeure" means any cause beyond the reasonable control of, and without the fault or negligence of, the Party claiming Force Majeure. A Force Majeure shall include, without limitation, sabotage, strikes, riots or civil disturbance, acts of God, acts of a public enemy, drought, earthquake, flood, explosion, fire, lightning, landslide, or any similar cataclysmic occurrence, or appropriation or diversion of electricity by sale or order of any governmental authority having jurisdiction thereof, but only if and to the extent that the event adversely affects the availability of the transmission or distribution facilities of NEPOOL and/or its participants, the Companies or an affiliate of the Companies, and such affected

facilities are necessary to deliver Standard Offer Service electricity to the Standard Offer Service customers.

An event that affects the availability or cost of operating any transmission or distribution facilities outside the NEPOOL control area, affects the availability or cost of operating a generating facility, or any event that merely causes an economic hardship to either Party shall not be deemed a Force Majeure.

If either Party is rendered wholly or partly unable to perform its obligations under this Agreement because of Force Majeure as defined above, that Party shall be excused from whatever performance is affected by the Force Majeure, to the extent so affected, provided that:

(a) The non-performing Party promptly, but in no case longer than five (5) working days after the occurrence of the Force Majeure, gives the other Party written notice describing the particulars of the occurrence;

(b) The suspension of performance shall be of no greater scope and of no longer duration than is reasonably required by the Force Majeure;

(c) The non-performing Party uses reasonable efforts to remedy its inability to perform and expeditiously takes reasonable action to correct or cure the event or condition; and

(d) The non-performing Party exercises all reasonable efforts to mitigate or limit damages to the other Party. With respect to the Supplier, this shall mean that Supplier must purchase, at its own expense, electricity from the NEPOOL market to meet its obligations under this Agreement, to the extent such electricity is available.

ARTICLE 10. Assignment:

Unless mutually agreed to by the Parties, no assignment, pledge, or transfer of this Agreement shall be made by either Party without the prior written consent of the other Party, which shall not be unreasonably withheld, except no prior written consent shall be required for (i) the assignment, pledge or other transfer to another company or Affiliate in the same holding company system as the assignor, pledgor or transferor, provided, the assignee, pledgee or transferee expressly assumes and demonstrates, to the reasonable satisfaction of the non-assigning Party, that it can meet the obligations of the assignor, pledgor or transferor under this Agreement, or (ii) the transfer, incident to a merger or consolidation with, or transfer of all (or substantially all) of the assets of the transferor, to another person or business entity, provided, such transferee expressly assumes and demonstrates, to the reasonable satisfaction of the non-assigning party, that it can meet all the obligations of the assignor, pledgor or transferor under this Agreement.

ARTICLE 11. Successors and Assigns:

This Agreement shall be binding upon and shall inure to the benefit of the Parties and their successors and assignees.

ARTICLE 12. Resolution of Disputes:

Subject to Section 3 of Article 7, all disputes between the Companies and Supplier resulting from or arising out of performance under this Agreement shall be referred to a senior representative of the Companies with authority to settle, designated by the Companies, and a senior representative of Supplier with authority to settle, designated by Supplier, for resolution on an informal, face-to-face basis as promptly as practicable. The Parties agree that such informal discussion shall be conducted in good faith. The discussions between such representatives shall be considered "settlement talks" under Rule 403 of the Federal Rules of Evidence or analogous Massachusetts rules or practices and such discussions shall have no evidentiary value provided, however, that either Party may introduce evidence of matters discussed in such settlement talks, if the facts and documents reflecting such matters are discovered or otherwise come into a Party's possession independent of such settlement talks. In the event the designated senior representatives are unable to resolve the dispute within thirty (30) days, or such other period as the Companies and the Supplier may jointly agree upon, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedure set forth herein if the Companies and Supplier jointly agree to submit it to arbitration Nothing in this Article 12 shall prevent the Companies from issuing, pursuant to Sections 1(a) and (3) of Article 7, notice of failure to comply with, observe or perform this Agreement.

The arbitration shall be conducted before a single neutral arbitrator or arbitrator panel appointed by the Parties. If the Parties agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, that arbitrator shall serve, otherwise the Companies and Supplier shall each choose one arbitrator, who shall serve on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to act as chairman of the arbitration panel. If the two arbitrators are unable to select a third arbitrator, each arbitrator shall select three candidates. A list of the six candidates, along with their resumes, shall provided in alphabetical order, with no indication of the arbitrator who selected such candidate or the Party who selected the arbitrator who selected such candidate, to the American Arbitration Association ("AAA"), who will select one candidate. If that candidate is unable or unwilling to serve, AAA shall select another candidate. This process will be repeated until a third arbitrator is selected or the list of candidates is exhausted. If the list of candidates is exhausted, the arbitrators shall submit a new list of candidates and the process set forth above shall be repeated a second time. In all cases, the arbitrator(s) shall be knowledgeable in electric utility matters, including electricity transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any Party to the arbitration or any affiliate of such Party.

Except as otherwise provided herein, the arbitrator(s), shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. There shall be no formal discovery conducted in connection with the arbitration, except as specifically authorized by a vote of the panel. The Parties shall exchange witness lists

and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her, or their appointment and shall notify the Parties in writing of such decision and the reasons therefor, and shall make an award apportioning the payment of the costs and expenses of arbitration, including panel costs, among the Parties, provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to amend or modify this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards required under the Federal Arbitration Act (9 U.S.C.A. § 1 et. al.) and/or The Uniform Arbitration Act, as adopted in Massachusetts (M.G.L. c. 251, § 1 et seq.).

ARTICLE 13. Interpretation:

The interpretation and performance of this Agreement shall be in accordance with and shall be controlled by the laws of the Commonwealth of Massachusetts, without regard to Massachusetts conflict of law principles.

ARTICLE 14. Severability of Provisions:

Subject to the provisions of Article 13, a holding by any court having jurisdiction that any provision of this Agreement is invalid or unenforceable shall not result in invalidation or unenforceability of the entire Agreement but all remaining terms shall remain in full force and effect.

ARTICLE 15. Accounts and Records:

The Companies and Supplier shall keep complete and accurate records of their operations hereunder and shall maintain such data for a period of at least two (2) years after final billing. The Companies and Supplier shall have the right, during normal business hours, to examine and inspect all such records insofar as may be necessary for the purpose of ascertaining the reasonableness and accuracy of all relevant data, estimates or statement of charges associated with service hereunder.

ARTICLE 16. Limitations on Liability and Indemnification:

Each Party agrees to indemnify, defend, and hold the other Party (including the other Party's affiliated companies, trustees, directors, board members, officers, employees, and agents) harmless from and against any and all damages, costs, claims, liabilities, actions or proceedings arising from or claimed to have arisen from the wrongful acts or omissions of the indemnifying Party's employees or agents, unless caused by an act of negligence or willful misconduct by the indemnified Party (including the Party's affiliated companies, trustees, directors, board members, officers, employees or agents).

The Parties hereby waive and release the other Party as well as the other Party's affiliated companies, trustees, directors, officers, employees, and agents from any liability, claim, or action arising from damage to its property due to the performance of this Agreement.

ARTICLE 17. Regulation:

(a) This Agreement and all rights, obligations, and performances of the Parties hereunder, are subject to all applicable state and federal laws, and to all duly promulgated orders and other duly authorized actions of governmental authority having jurisdiction, provided, however, that this Agreement shall not be subject to change through unilateral application under Sections 205 and 206 of the Federal Power Act.

(b) This Agreement must comply with all NEPOOL Criteria, Rules, and Standards ("Rules"). If, during the term of this Agreement, the Restated NEPOOL Agreement is terminated or amended in a manner that would eliminate or materially alter a Rule affecting a right or obligation of a Party hereunder, or if such a Rule is eliminated or materially altered by NEPOOL or the ISO, the Parties agree to negotiate in good faith in an attempt to amend this Agreement to incorporate such changes as they deem necessary to reflect the elimination or alteration of such Rule. The intent of the Parties is that any such amendment reflect, as closely as possible, the intent and substance of the Rule being replaced as was in effect prior to such termination or amendment of the Restated NEPOOL Agreement or elimination or alteration of the Rule. If the Parties are unable to reach agreement on such an amendment, the Parties agree to submit the matter to arbitration under the terms of Article 12, and to seek a resolution of the matter consistent with the above stated intent.

ARTICLE 18. Notices:

Any notice, demand, or request permitted or required under this Agreement shall be delivered in person or mailed by certified mail, postage prepaid, return receipt requested, or otherwise confirmed receipt, to a Party at the applicable address set forth below:

To Companies:
Director, Power Supply
EUA Service Corporation
P. O. Box 543
750 West Center Street
West Bridgewater, MA 02379

To Supplier:
TransCanada Power Marketing Ltd.
3400, 237 - 4th Avenue S.W.
Calgary, Alberta T2P 5A4

Such addresses may be changed from time to time by written notice by either Party to the other Party.

ARTICLE 19. Miscellaneous:

(a) Each Party shall prepare, execute and deliver to the other Party any documents reasonably required to implement any provision hereof.

(b) Each Party represents to the other that this Agreement and such Party's performance thereof are within the corporate powers of such Party and have been duly authorized by proper corporate action on the part of such Party.

(c) Any number of counterparts to this Agreement may be executed and each shall have the same force and effect as the original.

(d) This Agreement shall constitute the entire understanding between the Parties and shall supersede all prior correspondence and understandings pertaining to the subject matter of this Agreement.

(e) Failure of either Party to enforce any provision of this Agreement or to require performance by the other Party of any of the provisions hereof, shall not be construed as a waiver of such provisions or affect the validity of this Agreement, any part hereof, or the right of either Party to thereafter enforce each and every provision.

(f) Article and Section headings used throughout this Agreement are for the convenience of the Parties only and are not to be construed as part of this Agreement.

(g) Nothing in this Agreement shall be construed as creating any relationship between the Parties other than that of independent contractor for the sale and purchase of electricity.

(h) Notwithstanding any other provision of this Agreement to the contrary, the rights and obligations of the Companies herein are several and not joint. Each of the Companies share of such rights and obligations shall be determined by the portion of its monthly

Standard Offer Service energy requirements represented as a percentage of the Companies' total Standard Offer Service requirement.

IN WITNESS WHEREOF, Supplier and the Companies have caused this Agreement to be signed by their respective duly authorized representatives as of the date first above written.

Supplier: TransCanada Power Marketing Ltd.

By: _____

On Behalf of the Companies:

Blackstone: BLACKSTONE VALLEY ELECTRIC COMPANY

By: _____

Eastern: EASTERN EDISON COMPANY

By: _____

Newport: NEWPORT ELECTRIC CORPORATION

By: _____

APPENDIX A

SCHEDULE OF SUPPLIER S SHARE of STANDARD OFFER SERVICE AND STANDARD OFFER WHOLESALE PRICE

TABLE 1

Calendar Year	Supplier's Share of Standard Offer Service In Percent	Standard Offer Wholesale Price
1999	14.4550%	3.5 cents/kWh
2000	14.4550%	3.8 cents/kWh
2001	14.4550%	3.8 cents/kWh
2002	14.4550%	4.2 cents/kWh
2003	14.4550%	4.7 cents/kWh
2004	14.4550%	5.1 cents/kWh
* 2005	14.4550%	5.5 cents/kWh
2006	14.4550%	5.9 cents/kWh
2007	14.4550%	6.3 cents/kWh
2008	14.4550%	6.7 cents/kWh
2009	14.4550%	7.1 cents/kWh

* Standard Offer Service for Eastern Edison terminates at 12:00 midnight on December 31, 2004.

Attach 3

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

THE NARRAGANSETT ELECTRIC COMPANY,

Plaintiff,

v.

TRANSCANADA POWER MARKETING LTD.,

Defendant.

CA 05 2345

C.A. No. 05-

COMPLAINT

Plaintiff, The Narragansett Electric Company, brings this action against Defendant, TransCanada Power Marketing Ltd., for breach of contract and declaratory judgment.

PARTIES AND JURISDICTION

1. Plaintiff, The Narragansett Electric Company ("Narragansett"), is a Rhode Island corporation with its principal place of business at 280 Melrose Street, Providence, Rhode Island.

2. Defendant, TransCanada Power Marketing Ltd. ("TransCanada"), is a Delaware corporation with its principal place of business at 110 Turnpike Road, Westborough, Massachusetts.

3. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1332 as the amount in controversy exceeds $75,000, exclusive of interest and costs, and Narragansett and TransCanada are citizens of different states.

FACTS COMMON TO ALL COUNTS

4. Narragansett is a retail electric distribution company that supplies and delivers electricity to 465,000 retail end-use customers in 38 communities in Rhode Island. Narragansett provides such service pursuant to retail tariffs, and at rates and under terms and conditions that the Rhode Island Public Utilities Commission (the "Rhode Island Commission") approves and regulates.

5. TransCanada is a power marketing company that sells electricity at wholesale to Narragansett.

6. Blackstone Valley Electric Company ("Blackstone") and Newport Electric Corporation ("Newport") were retail electric supply and distribution companies in Rhode Island, and were wholly-owned subsidiaries of the Eastern Utilities Associates ("EUA"), a public utility holding company. EUA also owned Eastern Edison Company ("Eastern"), a retail electric supply and distribution company in Massachusetts, and Montaup Electric Company ("Montaup"), an affiliate of, and wholesale electricity supplier to, Blackstone, Newport and Eastern.

7. The Rhode Island Commission and the Rhode Island Division of Public Utilities and Carriers possess the exclusive power and authority to supervise, regulate, and issue orders governing the conduct of companies that provide energy to the public. They safeguard the public against improper and unreasonable rates and charges by providing full, fair, and adequate administrative procedures and remedies, and by securing a judicial review to any party aggrieved by such an administrative proceeding or ruling. R.I. Gen. Laws § 39-1-1(c).

8. On April 7, 1998, TransCanada and Montaup entered into an Asset Purchase Agreement. Pursuant to the Asset Purchase Agreement, TransCanada bought certain electricity generation assets of Montaup, namely, a power purchase agreement ("PPA") between Montaup and the Ocean State Power generation station located in Burrillville, Rhode Island. The purchase was effectuated through a PPA Transfer Agreement. Also under the Asset Purchase Agreement, TransCanada agreed to provide to Blackstone, Newport and Eastern a specific percentage share of electric service that they needed to satisfy their electric supply obligations to their retail standard offer service customers. The supply obligation was effectuated through a Wholesale Standard Offer Service Agreement ("WSOS Agreement") with Blackstone, Newport, and Eastern.

9. Under the WSOS Agreement, Blackstone, Newport and Eastern are to pay to TransCanada a "Standard Offer Wholesale Price," which is defined as "the stipulated stream of prices, in cents per kilowatt-hour, that will be paid to suppliers of Standard Offer Service for Delivered Energy" as set forth in an appendix to the WSOS Agreement. WSOS Agreement, Art. 1, at 3; Appendix A, at 16. The schedule of prices rises over time and more than doubles during the ten-year term of the WSOS Agreement.

10. The WSOS Agreement also provides for the payment of a Fuel Adjustment Factor ("FAF") upon the occurrence and satisfaction of a specific condition precedent. The FAF is defined as:

> "... a cents per kilowatt-hour adder based on the incremental revenues collected, if any, attributed to the operation of the retail Rate Fuel Adjustment mechanism in the Companies' Standard Offer Service tariffs. The incremental revenues attributed to the retail Fuel Adjustment will be fully allocated to Suppliers in proportion to the Standard Offer Service energy provided by each Supplier for the applicable billing month through

> the Fuel Adjustment Factor. *The retail Fuel Adjustment, and the resulting Fuel Adjustment Factor to be paid to Supplier, will be made subject to regulatory approval and only to the extent that the Companies are allowed to collect such revenues from their retail customers taking Standard Offer Service.*"

WSOS Agreement, Art. 5, at 5-6 (emphasis added).

11. The WSOS Agreement clearly spells out, in the FAF clause, that the FAF is only payable to TransCanada upon the occurrence of the Rhode Island Commission issuing a very specific approval for Blackstone's and Newport's retail tariffs which govern the rates, terms and conditions of service to their standard offer service customers; namely, the inclusion of a Fuel Adjustment in the retail rates which allows Blackstone and Newport to collect an FAF payment from their retail customers who take service pursuant to the standard offer service tariff.

12. Blackstone's and Newport's Rhode Island Commission-approved retail standard offer service tariffs did not contain a Fuel Adjustment for 1998 and 1999 and did contain a Fuel Adjustment for each year from 2000 through 2004.

13. Effective May 1, 2000, Blackstone and Newport merged with and into Narragansett, and Eastern merged with and into Massachusetts Electric Company ("Massachusetts Electric"), a retail electric distribution company in Massachusetts. Narragansett and Massachusetts Electric are wholly owned by National Grid USA ("National Grid"), a public utility holding company.

14. Pursuant to the terms of the WSOS Agreement, TransCanada's and Massachusetts Electric's (as successor to Eastern) obligations that relate to service to Massachusetts Electric expired as of December 31, 2004. Accordingly, the only issues in

controversy are those that arise in relation to service in Rhode Island and retail rates as approved by the Rhode Island Commission.

15. The Rhode Island Commission approved the Narragansett-Blackstone and Newport merger (as well as the merger of their affiliates) in March of 2000 along with a rate settlement for the newly-merged entity and its customers. Order No. 16200, approving Third Amended Stipulation and Settlement, March 24, 2000, Docket 2930. As a result, Narragansett became the retail electric supplier and distribution company for Blackstone's and Newport's previous customers, in addition to its own existing customers.

16. On February 8, 2000, Narragansett's power supply manager informed TransCanada via letter of the merger, explained the manner in which the WSOS Agreement would be administered after the merger, and stated that the WSOS Agreement was not being modified in any way. The letter further stated that Narragansett would make FAF payments to TransCanada consistent with the Blackstone and Newport tariffs that the Rhode Island Commission had approved prior to the merger, and Eastern's approved tariffs in Massachusetts. It attached a Fuel Adjustment schedule consistent with that set forth in Blackstone's and Newport's retail standard offer service tariffs; that is, for each year from 2000 through 2004. Narragansett sent this letter to TransCanada in draft form and asked that TransCanada review it.

17. TransCanada and Narragansett's representative discussed the letter. After receiving no objection from TransCanada, on April 18, 2000, Narragansett's representative put the draft letter in final form and sent it to TransCanada.

18. In June of 2000, in a public proceeding before the Rhode Island Commission concerning Narragansett's proposed retail standard offer service rates, Narragansett stated, on the record, that the FAF for the former Blackstone and Newport wholesale standard offer service agreements ("EUA Zone wholesale standard offer service agreements") would end after 2004. Docket No. 3138. These agreements included the WSOS Agreement.

19. On May 28, 2003, in a public hearing before the Rhode Island Commission regarding Narragansett's retail standard offer service rates, Narragansett told the Rhode Island Commission that it was not obligated to make FAF payments under the EUA Zone wholesale standard offer service agreements (which included the WSOS Agreement) after 2004. Docket No. 3508.

20. In November of 2003, Narragansett made a filing with the Rhode Island Commission which included a forecast that reflected zero FAF payments under the EUA Zone wholesale standard offer service agreements after 2004. Docket No. 3571.

21. On July 1, 2004, Narragansett filed an application with the Rhode Island Commission to set its standard offer service rates effective as of October 1, 2004 based upon Narragansett's actual costs incurred through May 2004 and its estimated costs from June 1, 2004 through December 31, 2005. Consistent with the retail standard offer service tariffs that the Rhode Island Commission had approved for Blackstone and Newport, the FAF payments that Narragansett informed TransCanada it would continue to make upon the merger, and Narragansett's public statements to the Rhode Island Commission, this filing showed that Narragansett's proposed retail standard offer service rates did not include an amount for an FAF to be paid under the EUA Zone wholesale

standard offer service agreements (which include TransCanada under the WSOS Agreement).

22. The Rhode Island Commission approved Narragansett's standard offer service rates effective August 1, 2004 pursuant to an Open Meeting decision on July 26, 2004 and a written Order dated August 26, 2004. Order No. 17972, Docket No. 3571. The approved rates did not include an amount for an FAF to be paid under the EUA Zone wholesale standard offer service agreements beyond December 31, 2004.

23. Likewise, on November 10, 2004, Narragansett made another filing relating to retail standard offer service. This filing was also publicly noticed. A Bench Decision at a public hearing on December 13, 2004, which was confirmed by a written Order issued February 17, 2005, approved Narragansett's filing which was based on no FAF payments in relation to the EUA Zone wholesale standard offer service agreements (which include the WSOS Agreement).

24. Consistent with the foregoing, Narragansett did not make an FAF payment to TransCanada for the period beginning January 1, 2005.

25. Narragansett at all times provided public notice of its filings and hearing dates in accordance with the rules and regulations of the Rhode Island Commission. All members of the public, including suppliers, are invited to participate through the public comment process at the Commission. Orders of the Rhode Island Commission are publicly available. In recent years, all of Narragansett's rate filings are posted on the Rhode Island Commission's website prior to the hearings, as are all Rhode Island Commission orders shortly after their issuance.

26. On information and belief, TransCanada monitors these proceedings closely, but has never filed testimony or otherwise commented to the Rhode Island Commission or Narragansett (or its affiliates) as to whether Narragansett should request the Commission to approve an FAF after 2004.

27. On March 1, 2005, TransCanada sent a letter to Narragansett (a) claiming that Narragansett was in default of the WSOS Agreement by not providing for an FAF in its calculations; (b) asserting that Narragansett was in breach by its "[refusal] to comply with its obligations under Article V before the Rhode Island Public Utilities Commission with respect to its Standard Offer Service tariffs"; and (c) threatening to terminate the WSOS Agreement.

28. TransCanada's reference to Narragansett's lack of inclusion of an FAF in its calculations apparently refers to the calculations Narragansett performs prior to issuing payment. Narragansett's calculation was accurate because TransCanada was not entitled to a payment for an FAF: the retail standard offer service rates did not include a Fuel Adjustment in relation to the WSOS Agreement.

29. TransCanada's assertion regarding obligations under Article V (sic) appears to imply that Narragansett had an affirmative obligation to take an action before the Rhode Island Commission; however, the WSOS Agreement contains no such obligation.

30. TransCanada's threat to terminate the WSOS Agreement is without cause and would itself constitute a breach of the WSOS Agreement.

31. At no point prior to March 1, 2005 did TransCanada provide Narragansett with a written notice of a dispute as required by the WSOS Agreement. The WSOS

Agreement states: "If Supplier disputes the amount of any bill or payment, Supplier shall itemize the basis for its dispute in a written notice to Companies within fifteen days after the Due Date." WSOS Agreement, Art. 6, at 6.

32. TransCanada's purported notice of default was and is baseless and was accompanied by threats to terminate the Agreement. Its action was a pretext to enable TransCanada to avoid performing a contract that was no longer economically advantageous to TransCanada, whether or not fuel payments were made.

33. A termination by TransCanada of the WSOS Agreement would not be justified, and would constitute a material breach; however, in order to preserve the benefit of the WSOS Agreement for its customers, and to deny TransCanada its pretextual argument for termination, Narragansett has paid to TransCanada, under protest, and with a full reservation of rights, a total of $921,827.46. The payments were based upon a calculation using the FAF that had been approved by the Rhode Island Commission for recovery in rates through, but not after, December 31, 2004. The payments relate to the period of January 1 through March 31, 2005.

34. TransCanada had knowledge and notice of Narragansett's intention not to seek Commission approval for recovery of FAF payments from its customers after 2004, and it never objected at any point in time prior to early 2005. TransCanada's subsequent threat to terminate the WSOS Agreement constitutes an attempt to extort payments from Narragansett that are not due under the WSOS Agreement.

COUNT I
(BREACH OF CONTRACT)

35. Narragansett repeats and realleges paragraphs 1 through 34 as stated above.

36. TransCanada has demanded FAF payments from Narragansett to which it is not entitled under the WSOS Agreement, and has threatened to terminate the WSOS Agreement without cause, in order to avoid performing an agreement that is no longer economically advantageous to TransCanada, with or without FAF payments.

COUNT II
(DECLARATORY JUDGMENT)

37. Narragansett repeats and realleges paragraphs 1 through 36 as stated above.

38. TransCanada has threatened to terminate the WSOS Agreement even though TransCanada has no right to do so and no right to an FAF after 2004. Therefore, an actual controversy exists as to whether TransCanada has a right to terminate the WSOS Agreement.

COUNT III
(BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING)

39. Narragansett repeats and realleges paragraphs 1 through 38 as stated above.

40. TransCanada has breached its obligation of good faith and fair dealing by: (a) failing to object at any point in time prior to March of 2005 to Narragansett's stated intention to not provide in rates for collection of FAF payments from customers after 2004; (b) notifying Narragansett for the first time in early 2005 of TransCanada's expectation that Narragansett had an obligation to take an action before the Rhode Island Commission and its expectation that Narragansett was required to make such payments even absent approval to collect such costs in rates; and (c) threatening to terminate the

WSOS Agreement as a pretext in order to avoid a contract that had become economically disadvantageous to TransCanada even with fuel payments.

REQUESTS FOR RELIEF

WHEREFORE, Plaintiff The Narragansett Electric Company seeks judgment as follows:

1. Compensatory damages for all damages caused by TransCanada's breach of contract, plus interest and costs;

2. A declaration that TransCanada has breached its obligation of good faith and fair dealing;

3. A declaration, pursuant to R.I. Gen. Laws § 9-30-2, that TransCanada does not have a right to terminate the WSOS Agreement; and

5. Such other relief as the Court deems just and proper under the circumstances.

PLAINTIFF DEMANDS A TRIAL BY JURY.

NARRAGANSETT ELECTRIC COMPANY

By its Attorney,

Gerald J. Petros, Esq. (#2931)
HINCKLEY, ALLEN & SNYDER LLP
1500 Fleet Center
Providence, Rhode Island 02903
(401) 274-2000
(401) 277-9600 (FAX)

DATED: May 26, 2005.

Attach 4

ATTACHMENT 4

The Existing Agreements and Proposed Actions

The TransCanada Agreements

1. TCPM/Narragansett Agreement:

   Formal Description: Amended and Restated NECO Wholesale Standard Offer Service Agreement II, dated September 1, 1998 by and between The Narragansett Electric Company and TransCanada Power Marketing, Ltd. as successor to USGen New England, Inc.

   Coverage: 9.22% of the SO1 load; contains a fuel index.

   Action: This Agreement will be terminated.

2. TCPM/EUA Agreement:

   Formal Description: Wholesale Standard Offer Service Agreement, dated April 7, 1998 by and between The Narragansett Electric Company, as successor to Blackstone Valley Electric Company and Newport Electric Corporation and TransCanada Power Marketing, Ltd.

   Coverage: 14.455% of former EUA load; whether fuel index applies is disputed.

   Action: This Agreement will be terminated.

The Constellation Agreements

3. 2002 Constellation/Narragansett Agreement:

   Formal Description: Power Supply Agreement dated August 23, 2002 by and between The Narragansett Electric Company and Constellation Power Source, Inc.

   Coverage: 40% of the SO1 load; contains a fuel index.

   Action: This agreement will be amended to strip out the fuel index and provide that as of July 16, Constellation shall provide an additional 9.22% of the SO1 load.

4. 2001 Constellation/Narragansett Agreement:

Formal Description: Power Supply Agreement dated October 5, 2001 by and between The Narragansett Electric Company and Constellation Power Source, Inc.

Coverage: 100% of the SO2 load; contains a fuel index.

Action: This agreement will be amended to strip out the fuel index.

Note: In addition, there are two existing Constellation/EUA agreements that are not being revised pursuant to this transaction:

- Wholesale Standard Offer Service Agreement, dated December 21, 1998 by and between The Narragansett Electric Company, as successor to Blackstone Valley Electric Company and Newport Electric Corporation and Constellation Power Source.

- Wholesale Standard Offer Service Agreement, dated December 21, 1998 by and between The Narragansett Electric Company, as successor to Blackstone Valley Electric Company and Newport Electric Corporation and Constellation Power Source.

Attach 5

ATTACHMENT 5

The New Agreements

A. Wholesale Standard Offer Service Agreement: To provide 14.455% of wholesale standard offer service supply in the EUA Zone beginning July 16, 2005. This agreement provides for supply to replace the supply presently provided in the "TCPM/EUA Agreement" listed on Attachment 4, number 2. The form of the existing Constellation/EUA Agreements was used as the basis for the new agreement, with no fuel index.

B. Amended and Restated Power Supply Agreement: Amends the existing wholesale standard offer service 1 supply agreement identified as the "2002 Constellation/Narragansett Agreement" in Attachment 4, number 3 to reflect the termination of the fuel index in the original agreement as of July 1, 2005 and the addition of the 9.22% of the SO1 load formerly provided under the TCPM/Narragansett Agreement identified in Attachment 4, number 1 beginning on July 16, 2005.

C. Amended and Restated Power Supply Agreement: Amends the existing wholesale standard offer service 2 agreement identified as the "2001 Constellation/Narragansett Agreement" in Attachment 4, number 4 to reflect the termination of the fuel index as of July 1, 2005.

D. Partial Termination Agreement: Effectuates the termination of the wholesale standard offer service 1 supply agreement provisions regarding fuel adjustment payments that were contained in the "2002 Constellation/Narragansett Agreement" described in Attachment 4, number 3 as of July 1, 2005.

E. Partial Termination Agreement: Effectuates the termination of the wholesale standard offer service 2 supply agreement provisions regarding fuel adjustment payments that were contained in the "2001 Constellation/Narragansett Agreement" described in Attachment 4, number 4 as of July 1, 2005.

F. Fuel Adjustment Payment Agreement (associated with 40% of standard offer service 1 load in the Narragansett Zone). This new agreement will be effective July 1, 2005, under which Narragansett will make the fuel index payments, when applicable, that otherwise would have been required under the "2002 Constellation/Narragansett Agreement", as identified in Attachment 4, number 3.

G. Fuel Adjustment Payment Agreement (associated with 100% standard offer service 2 load.) This new agreement will be effective July 1, 2005, under which Narragansett will make the fuel index payments, when applicable, that otherwise would have been required under and the "2001 Constellation/Narragansett Agreement", as identified in Attachment 4, number 2.

H. Fuel Adjustment Payment Agreement (associated with 9.22% standard offer service 1 load in Narragansett Zone.) This new agreement will be effective July 1, 2005, under which Narragansett will make the fuel index payments, when applicable, that otherwise would have been required under and the "TCPM/Narragansett Agreement", as identified in Attachment 4, number 1.

Attach 6

Attachment 6A

EXECUTION COPY

Wholesale Standard Offer Service Agreement

between

The Narragansett Electric Company

and

Constellation Energy Commodities Group, Inc.

June 7, 2005

TABLE OF CONTENTS

WHOLESALE STANDARD OFFER SERVICE AGREEMENT

This Wholesale Standard Offer Service Agreement ("Agreement"), is made and entered into this 7th day of June, 2005, between The Narragansett Electric Company (“Narragansett”), a Rhode Island corporation, (referred to as the “Company”), on the one hand, and Constellation Energy Commodities Group, Inc., a Delaware corporation ("Supplier"), on the other hand.

WHEREAS, the Company is required to provide firm all-requirements service to any retail customer that is eligible for and is taking Standard Offer Service as defined in this Agreement; and

WHEREAS, the Company, as successor to Blackstone Valley Electric Company ("Blackstone"), and Newport Electric Corporation ("Newport"), and Supplier are parties to two Wholesale Standard Offer Service Agreements, each dated December 21, 1998, and amended effective as of March 1, 2003, pursuant to which Supplier provides the Company with a total of 55.947 percent of the Company’s Standard Offer Service requirements in the Eastern Rhode Island Zone (as defined herein); and

WHEREAS, this Agreement provides for the transfer, from the Company to Supplier of the responsibility for providing with an additional 14.455% of firm all-requirements electric service including capacity, energy, reserves, losses and other related services necessary to serve a specified share of the Company’s aggregate load of retail customers taking Standard Offer Service in the Eastern Rhode Island Zone; and

WHEREAS, by entering into this Agreement, Supplier agrees to provide and the Company agrees to receive and pay for electricity provided in accordance with the terms and conditions of this Agreement and the applicable Appendices, subject to any actions by any governmental bodies having regulatory jurisdiction over services rendered hereunder.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements contained herein, Supplier and the Company agree to the terms and conditions as set forth below:

ARTICLE 1. Definitions

Whenever used in this Agreement, the following terms shall have the following meanings. In addition, except as otherwise expressly provided, where terms used in this Agreement are defined in the Restated NEPOOL Agreement and not otherwise defined herein, such terms shall have the meanings given them in the Restated NEPOOL Agreement.

"Affiliate" shall mean any other entity (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such entity. For purposes of the foregoing the definition of "control" means the direct or indirect ownership of more than seventy percent of the outstanding capital stock or other equity interest having ordinary voting power.

"Agreement" shall mean this Agreement, including its Appendices as amended from time to time.

"Commencement Date of Service" shall have the meaning set forth in Article 2.

"Competitive Supplier Terms" means the Company's Terms and Conditions for Nonregulated Power Producers, R.I.P.U.C. No. 1124, as may be amended from time to time and approved by the RIPUC.

"Contract Year" shall mean any calendar year, or in the case of 2005, part of a calendar year, after the Commencement Date of Service in which Supplier is scheduled to provide electricity to the Company for Standard Offer Service.

"Delivered Energy" shall mean the kilowatt-hours delivered to the meters of those retail customers taking Standard Offer Service.

"Delivery Point" means the nodes, if any, and if not, the zones, representing the actual locations of the meters of the Standard Offer Service customers of the Company then being served hereunder.

"Delivery Term" means the period beginning at the top of the hour beginning 0000 Eastern prevailing time on July 16, 2005 and continuing through and including hour ending 2400 Eastern prevailing time on December 31, 2009, unless this Agreement is terminated earlier in accordance with its terms.

"Distribution Service Terms" means the Company's Terms and Conditions, R.I.P.U.C. No. 1154, as may be amended from time to time and approved by the RIPUC.

"Eastern Rhode Island Zone" shall mean the geographic area served by the former Blackstone Valley Electric Company and Newport Electric Corporation immediately prior to their merger with and into Narragansett.

"Good Utility Practice" – Any of the applicable practices, methods and acts (i) required by NEPOOL, the Northeast Power Coordinating Council, the North American Electric Reliability Council, the ISO or the successor of any of them, (ii) required by the policies and standards of the P.U.C. relating to emergency operations, or (iii) otherwise engaged in or approved by a significant portion of the electric utility industry during the relevant time period, which in each case in the exercise of reasonable judgment in light of the facts known or that should have been known at the time a decision was made, could have been expected to accomplish the desired result in a manner consistent with law, regulation, safety, environmental protection, economy, and expedition. Good utility practice is intended to be acceptable practices, methods or acts generally accepted in the region, and is not intended to be limited to the optimum practices, methods or acts to the exclusion of all others.

"ISO" shall mean ISO New England, Inc., the independent system operator established in accordance with the Restated NEPOOL Agreement, or its successor.

"LMP" or Locational Marginal Pricing means as defined in the Standard Market Design.

"NEPOOL" shall mean the New England Power Pool or its successor.

"Party" or "Parties" shall mean the Supplier and the Company and its respective successors and assigns.

"Price" shall mean the annual amount per kilowatt-hour to be paid for Delivered Energy set forth in Article 5 with no variation for time-of-use, seasonality, or any other factor except as specified in Article 5. The Company or their Standard Offer customers shall not be obligated under this Agreement for any payments for Delivered Energy in addition to the payments made pursuant to Article 5.

"PTF" shall mean the facilities categorized as Pool Transmission Facilities as defined in the Restated NEPOOL Agreement.

"P.U.C." shall mean the Rhode Island Public Utilities Commission or its successor state regulatory agency.

"Restated NEPOOL Agreement" shall mean the Second Amended and Restated New England Power Pool Agreement dated as of February 1, 2005, as amended from time to time, as it is in force at the time the action in question is taken.

"SMD" or Standard Market Design - means Market Rule 1 - NEPOOL Standard Market Design, FERC Electric Rate Schedule No. 7, as may be amended, modified or supplemented from time to time.

"Standard Offer Service" shall mean firm all-requirements electric service (minute by minute, hour by hour, day by day) including, but not limited to, the following products: energy, installed capability, operable capability, reserves, and associated losses necessary to fulfill all NEPOOL and ISO obligations as they may change from time to time associated with providing firm all requirements power to the Company's retail customers taking Standard Offer Service in the Eastern Rhode Island Zone pursuant to the Standard Offer Service Tariff. Such Standard Offer Service shall include changes in customer demand for any reason, including, but not limited to, seasonal factors, daily load fluctuations, increased or decreased usage, demand side management activities, extremes in weather, and other similar events.

"Standard Offer Service Tariff" means the Company's Tariff for Standard Offer Service, R.I.P.U.C. No. 1160, as may be amended from time to time and approved by the RIPUC.

"Standard Offer Wholesale Price" shall mean the stipulated stream of prices, in cents per kilowatt-hour, that will be paid to Supplier for Delivered Energy, as shown in Appendix A.

"Terms and Conditions for Suppliers" shall mean Competitive Supplier Terms and the Distribution Service Terms.

ARTICLE 2. Term; Required Approvals; Other Conditions

The Commencement Date of Service shall begin as of the period beginning at the top of the hour beginning 0000 Eastern prevailing time on July 16, 2005 if the Parties receive the following on or before June 30, 2005: (a) a final, non-appealable order from the P.U.C. approving the Agreement and granting full and unconditional approval of (i) this Agreement and (ii) the Company's filing dated June 7, 2005 (such approval defined herein as the "RIPUC Approval") and (b) written consent from the Division of Public Utilities and Carriers (the "Division") to terminate the two wholesale standard offer service agreements with TransCanada Power Marketing; provided however, if the Division conditions its consent only upon Narragansett's receipt of RIPUC's approvals as set forth in (i) and (ii) above (the "Division Condition"), upon receipt of such RIPUC approval satisfying a Division Condition, the full and unconditional Division Consent required hereunder shall be deemed received. This Agreement shall automatically terminate without any liability to either Party if the approvals described in (a) and (b) above is not received by the Parties on or before June 30, 2005.

ARTICLE 3. Supplier Responsibilities

[redacted]

[redacted]

ARTICLE 4. Company's Responsibilities

To meet its NEPOOL obligations, the Company shall report to the ISO Supplier's share of hourly Standard Offer Service load, including distribution and non-PTF losses. As required by NEPOOL, the Company will make all reasonable efforts to report to the ISO Supplier's hourly share of Standard Offer Service load by 12:00 noon of the second following business day. In making such reports, the Company will estimate Supplier's share of Standard Offer Service load based on the methods and procedures approved in Terms and Conditions for Suppliers on file with the P.U.C., as amended from time to time.

As described in the Terms and Conditions for Suppliers, to determine Supplier's share of Delivered Energy, at the end of each month, the Company shall aggregate Supplier's hourly Standard Offer Service loads as reported to the ISO for each hour of the month. The Supplier's aggregate share of Standard Offer Service, excluding losses, will be deemed to be the quantity of Delivered Energy that Supplier provided for that month and is the unadjusted kWh amount to be used for Billing and Payment as described in Article 6.

The Company will periodically reconcile the Delivered Energy to actual meter readings of those customers taking Standard Offer Service, as described in the Terms and Conditions for Suppliers. The Company will apply any resulting billing adjustment (debit or credit) to Supplier's account no later than the last day of the third month following the billing month.

ARTICLE 5. Price

For each kilowatt-hour of Delivered Energy that Supplier provides in each month, as determined in accordance with Article 4 and the Terms and Conditions for Suppliers, the Company shall pay Supplier the applicable Price for the month equal to the Standard Offer Wholesale Price in cents per kilowatt hour is as defined in Article 1 and shown in Appendix A.

With the exception of any sales or gross receipt taxes which are required by law to be paid by Standard Offer Service customers, the Price for Delivered Energy as set forth herein includes all local, state, and federal taxes, fees and levies applicable as of the date hereof. For any new taxes, fees and levies, assessed with respect to the services provided by Supplier after the Commencement Date of Service, the Company will fully support and pursue in good faith the recovery of any such new tax, fee and levy imposed on Supplier from the Company's Standard Offer Service customers. To the extent such new taxes, fees and levies are allowed to be recoverable by the Company from its Standard Offer Service customers, the Company shall reimburse Supplier for such generation related taxes, fees and levies paid by Supplier.

All Standard Offer Service delivered by Supplier to the Company's hereunder shall be

sales for resale, with the Company reselling such Standard Offer Service. On or before the Commencement Date of Service the Company shall obtain and provide Supplier with any resale certificates reasonably requested by Supplier to evidence that the deliveries hereunder are sales for resale.

ARTICLE 6. Billing and Payments

Until reconciled with actual metered data pursuant to the Terms and Conditions of Suppliers, computations by the Company of the charges for the purposes of billings hereunder shall be based on estimates of Supplier's Delivered Energy in accordance with Article 4 and the Price as determined in accordance with Article 5. The Company shall calculate the amount payable to Supplier for a given month on or before the twentieth (20^{th}) day of the following month. The calculation shall be provided to Supplier and shall show the total amount due and payable for the previous month. Each bill shall be subject to adjustment for any errors in arithmetic computation, estimating, reconciliation pursuant to the Terms and Conditions of Suppliers or otherwise only to the extent allowed by the terms of this Article 6.

On or before the last day of each month, the Company shall pay Supplier any amounts due and payable for the Delivered Energy provided by Supplier in the previous month ("Due Date"). Any amount remaining unpaid after the Due Date shall bear interest at a rate equal to the lesser of (a) the per annum rate of interest equal to the prime lending rate then in effect at the main office of Bank America or such other lending institution as agreed to by the Company and Supplier and (b) the maximum rate permitted by applicable law, from the Due Date to the date of payment by the Company.

If Supplier disputes the amount of any bill or payment, Supplier shall itemize the basis for its dispute in a written notice to the Company within thirty (30) days after the Due Date. Billing and payment disputes shall be handled in accordance with the provisions of Article 13 of this Agreement. Upon final resolution of the dispute, payment of any amount due to a Party under the terms of the resolution shall be made within thirty (30) days of the date thereof, together with interest from and after the original Due Date at the rate specified in this Article.

The Company may make retroactive adjustments to any billing for a period of up to one year from the date of the original billing in order to reflect differences in charges resulting from receipt of more accurate data. Supplier may dispute such adjustment in writing within thirty (30) days of receipt of the proposed adjustment.

ARTICLE 7. Security Provisions

[redacted]

ARTICLE 8. Events of Default

1) [redacted]

a) [redacted]

b) [redacted]

c) [redacted]

d) [redacted]

e) [redacted]

2) [redacted]

[redacted]

[redacted]

3) [redacted]

[redacted]

[redacted]

(4) [redacted]

ARTICLE 9. Termination

In addition to the termination rights for an Event of Default provided in Article 8, the Company may terminate this Agreement if Supplier's share of Standard Offer Service load is less than one (1) megawatt for two consecutive months.

ARTICLE 10. Force Majeure

As used in this Agreement, "Force Majeure" means any cause beyond the reasonable control of, and without the fault or negligence of, the Party claiming Force Majeure. A Force Majeure shall include, without limitation, sabotage, strikes, riots or civil disturbance, acts of God, acts of a public enemy, drought, earthquake, flood, explosion, fire, lightning, landslide, or any similar cataclysmic occurrence, or appropriation or diversion of electricity by sale or order

of any governmental authority having jurisdiction thereof, but only if and to the extent that the event adversely affects the availability of the transmission or distribution facilities of NEPOOL and/or its participants, the Company or an affiliate of the Company, and such affected facilities are necessary to deliver Standard Offer Service electricity to the Standard Offer Service customers.

An event that affects the availability or cost of operating any transmission or distribution facilities outside the NEPOOL control area, affects the availability or cost of operating a generating facility, or any event that merely causes an economic hardship to either Party shall not be deemed a Force Majeure.

If either Party is rendered wholly or partly unable to perform its obligations under this Agreement because of Force Majeure as defined above, that Party shall be excused from whatever performance is affected by the Force Majeure, to the extent so affected, provided that:

a) The non-performing Party promptly, but in no case longer than five (5) working days after the occurrence of the Force Majeure, gives the other Party written notice describing the particulars of the occurrence;

b) The suspension of performance shall be of no greater scope and of no longer duration than is reasonably required by the Force Majeure;

c) The non-performing Party uses reasonable efforts to remedy its inability to perform and expeditiously takes reasonable action to correct or cure the event or condition; and

d) The non-performing Party exercises all reasonable efforts to mitigate or limit damages to the other Party. With respect to the Supplier, this shall mean that Supplier must purchase, at its own expense, electricity from the NEPOOL market to meet its obligations under this Agreement, to the extent such electricity is available and deliverable.

ARTICLE 11. Assignment

Unless mutually agreed to by the Parties, no assignment, pledge, or transfer of this Agreement shall be made by any Party without the prior written consent of the other Party, which shall not be unreasonably withheld, provided, however, that no prior written consent shall be required for (i) the assignment, pledge or other transfer to another company or Affiliate in the same holding company system as the assignor, pledgor or transferor, provided, the assignee, pledgee or transferee expressly assumes and demonstrates, to the reasonable satisfaction of the non-assigning Party, that it can meet the obligations of the assignor, pledgor or transferor under this Agreement, or (ii) the transfer, incident to a merger or consolidation with, or transfer of all (or substantially all) of the assets of the transferor, to another person or business entity, provided, such transferee expressly assumes, and demonstrates to the reasonable satisfaction of the non-assigning party that it can meet, all the obligations of the assignor, pledgor or transferor under this Agreement and provided, however, that either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), transfer, sell, pledge, encumber or assign such Party's rights to the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements.

ARTICLE 12. Successors and Assigns

This Agreement shall be binding upon and shall inure to the benefit of the Parties and their successors and assignees.

ARTICLE 13. Resolution of Disputes

Subject to Article 8(3), all disputes between the Company and Supplier resulting from or arising out of performance under this Agreement shall be referred to a senior representative of the Company with authority to settle, designated by the Company, and a senior representative of Supplier with authority to settle, designated by Supplier, for resolution on an informal, face-to-face basis as promptly as practicable. The Parties agree that such informal discussion shall be conducted in good faith. The discussions between such representatives shall be considered "settlement talks" under Rule 403 of the Federal Rules of Evidence or analogous Massachusetts rules or practices and such discussions shall have no evidentiary value provided, however, that either Party may introduce evidence of matters discussed in such settlement talks, if the facts and documents reflecting such matters are discovered or otherwise come into a Party's possession independent of such settlement talks. In the event the designated senior representatives are unable to resolve the dispute within thirty (30) days, or such other period as the Company and the Supplier may jointly agree upon, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedure set forth herein if the Company and Supplier jointly agree to submit it to arbitration. For any dispute or claim arising out of or relating to any charges incurred under this Agreement having a value less than or equivalent to $100,000, such arbitration shall be mandatory. Nothing in this Article 13 shall prevent the Company from issuing, pursuant to Sections 1(a) and (3) of Article 8, notice of failure to comply with, observe or perform this Agreement.

The arbitration shall be conducted before a single neutral arbitrator or arbitrator panel appointed by the Parties. If the Parties agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, that arbitrator shall serve, otherwise the Company and Supplier shall each choose one arbitrator, who shall serve on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to act as chairman of the arbitration panel. If the two arbitrators are unable to select a third arbitrator, each arbitrator shall select three candidates. A list of the six candidates, along with their resumes, shall be provided in alphabetical order, with no indication of the arbitrator who selected such candidate or the Party who selected the arbitrator who selected such candidate, to the American Arbitration Association ("AAA"), who will select one candidate. If that candidate is unable or unwilling to serve, AAA shall select another candidate. This process will be repeated until a third arbitrator is selected or the list of candidates is exhausted. If the list of candidates is exhausted, the arbitrators shall submit a new list of candidates and the process set forth above shall be repeated a second time. In all cases, the arbitrator(s) shall be knowledgeable in electric utility matters, including electricity transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any Party to the arbitration or any affiliate of such Party.

Except as otherwise provided herein, the arbitrator(s), shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. There shall be no formal discovery conducted in connection with the arbitration, except as specifically authorized by a vote of the panel. The Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her, or their appointment and shall notify the Parties in writing of such decision and the reasons therefor, and shall make an award apportioning the payment of the costs and expenses of arbitration, including panel costs, among the Parties, provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to amend or modify this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards required under the Federal Arbitration Act (9 U.S.C.A. Sect. 1 et. al.) and/or The Uniform Arbitration Act, as adopted in Massachusetts (M.G.L. c. 251, Sect. 1 et seq.).

ARTICLE 14. Interpretation

The interpretation and performance of this Agreement shall be in accordance with and shall be controlled by the laws of the State of Rhode Island, without regard to Rhode Island conflict of law principles.

ARTICLE 15. Severability of Provisions

Subject to the provisions of Article 13, a holding by any court having jurisdiction that any provision of this Agreement is invalid or unenforceable shall not result in invalidation or unenforceability of the entire Agreement but all remaining terms shall remain in full force and effect.

ARTICLE 16. Accounts and Records

The Company and Supplier shall keep complete and accurate records of their operations hereunder and shall maintain such data for a period of at least two (2) years after final billing. The Company and Supplier shall have the right, during normal business hours, to examine and inspect all such records insofar as may be necessary for the purpose of ascertaining the reasonableness and accuracy of all relevant data, estimates or statement of charges associated with service hereunder.

ARTICLE 17. Limitations on Liability and Indemnification

Each Party agrees to indemnify, defend, and hold the other Party (including the other Party's Affiliates, trustees, directors, board members, officers, employees, and agents) harmless from and against any and all damages, costs, claims, liabilities, actions or proceedings arising from or claimed to have arisen from the wrongful acts or omissions of the indemnifying Party's employees or agents, unless caused by an act of negligence or willful misconduct by the indemnified Party (including the Party's Affiliates, trustees, directors, board members, officers, employees or agents).

The Parties hereby waive and release the other Parties as well as each of the other Party's Affiliates, trustees, directors, officers, employees, and agents from any liability, claim, or action arising from damage to its property due to the performance of this Agreement.

To the fullest extent permissible by law, neither the Company nor Seller, nor their respective officers, directors, agents, employees, parent or Affiliates, successors 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 attorneys' fees or litigation costs) connected with or resulting from performance or non-performance of the 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 17 shall apply regardless of fault and shall survive termination, cancellation, suspension, completion or expiration of this Agreement.

ARTICLE 18. Regulation

1) [redacted]

2) [redacted]

3) [redacted]

ARTICLE 19. Notices

Any notice, demand, or request permitted or required under this Agreement shall be delivered in person or mailed by certified mail, postage prepaid, return receipt requested, or otherwise confirmed receipt, to a Party at the applicable address set forth below:

To the Company:

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

and

Notices concerning Article 8 shall also be sent to:

General Counsel
National Grid USA Service Company, Inc.
25 Research Drive
Westborough, MA 01582
Phone No.: (508) 389-9000
FAX No.: (508) 389-2605

To Supplier:

Constellation Energy Commodities Group, Inc.
111 Market Place, Suite 500
Baltimore, Maryland 21202
Attn: Operations Dept. with a copy to General Counsel
FAX No.: (410) 468-3499
Phone No.: (410) 468-3500

Such addresses may be changed from time to time by written notice by either Party to the other Party.

ARTICLE 20. Miscellaneous:

1) Each Party shall prepare, execute and deliver to the other Party any documents reasonably required to implement any provision hereof.

2) Each Party represents to the others as follows:

(i) It is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and is duly qualified to do business in all jurisdictions where such qualification is required.

(ii) It has full power and authority to enter this Agreement and perform its obligations hereunder (except as to Narragansett, subject to the receipt of the RIPUC Approval.) The execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action and do not and will not contravene its organizational documents or conflict with, result in a breach of, or entitle any party (with due notice or lapse of time or both) to terminate, accelerate or declare a default under, any agreement or instrument to which it is a party or by which it is bound. The execution, delivery and performance by it of this Agreement will not result in any violation by it of any law, rule or regulation applicable to it. It is not a party to, nor subject to or bound by, any judgment, injunction or decree of any court or other governmental entity which may restrict or interfere with the performance of this Agreement by it. This Agreement is its valid and binding obligation, enforceable against it in accordance with its terms, except as (i) such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) the remedy of specific performance and injunctive relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(iii) No consent, waiver, order, approval, authorization or order of, or registration, qualification or filing with, any court or other governmental agency or authority is required for the execution, delivery and performance by such Party of this Agreement and the consummation by such Party of the transactions contemplated hereby. No consent or waiver of any party to any contract to which such Party is a party or by which it is bound is required for the execution, delivery and performance by such Party of this Agreement.

(iv) There is no action, suit, grievance, arbitration or proceeding pending or, to the knowledge of such Party, threatened against or affecting such Party at law or in equity, before any federal, state, municipal or other governmental court, department, commission, board, arbitrator, bureau, agency or instrumentality which prohibits its ability to execute and deliver this Agreement or which prohibits or materially impairs its ability to consummate any of the transactions contemplated hereby. Such Party has not received written notice of any such pending or threatened investigation, inquiry or review by any governmental entity.

3) Any number of counterparts to this Agreement may be executed and each shall have the same force and effect as the original.

4) This Agreement shall constitute the entire understanding between the Parties and shall supersede all prior correspondence and understandings pertaining to the subject matter of this Agreement.

5) Failure of either Party to enforce any provision of this Agreement or to require performance by the other Party of any of the provisions hereof, shall not be construed as a waiver of such provisions or affect the validity of this Agreement, any part hereof, or the right of either Party to thereafter enforce each and every provision.

6) Article and Section headings used throughout this Agreement are for the convenience of the Parties only and are not to be construed as part of this Agreement.

7) Nothing in this Agreement shall be construed as creating any relationship between the Parties other than that of independent contractor for the sale and purchase of electricity at wholesale.

8) Each of the Parties each agree not to disclose to any Person and to keep confidential, and to cause and instruct its Affiliates, officers, directors, employees, members and representatives not to disclose to any Person and to keep confidential, any and all of the following information: (i) Articles 3, 7, 8 and 18 of this Agreement and Appendix B hereto (ii) any financial or supply quantity relating to the Standard Offer Service to be supplied by Supplier hereunder; (iii) any information that is clearly marked "Confidential;" and (iv) any oral communication that is subsequently reduced to writing and marked "Confidential." Notwithstanding the foregoing, any such information may be disclosed (A) to the extent required by applicable laws and regulations or by any subpoena or similar legal process of any court or agency of federal, state or local government so long as the receiving Party gives the disclosing Party written notice as soon as practicable prior to such disclosure; (B) to lenders, advisors and accountants of such Parties; (C) to the extent the non-disclosing Party shall have consented in writing prior to any such disclosure; and (D) to the extent any confidential information is available from public non-confidential sources or has been independently developed by the receiving Party prior to its receipt from the disclosing Party. This Section 20(8) shall supersede any prior confidentiality agreement among the Parties. Information of a confidential nature which (i) has become public other than as a result of a breach of this Section 20(8); or (ii) was received by the disclosing Party from another source who in turn disclosed the information without violating legal restrictions shall not be subject to this Section 20(8). The Parties shall consult with each other prior to issuing any public announcement, statement or other disclosure with respect to this Agreement or the transactions contemplated hereby and shall not issue any such public announcement, statement or other disclosure without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Notwithstanding any provision to the contrary herein, the Company may provide copies or information regarding this Agreement to any regulatory agency requesting and/or requiring such information; provided, that any such disclosure includes a request for confidential treatment of the Agreement and/or the redaction of terms considered commercially sensitive by the Supplier from the copies of the Agreement which are placed in the public record or otherwise made available to third parties.

IN WITNESS WHEREOF, Supplier and the Company have caused this Agreement to be signed by their respective duly authorized representatives as of the date first above written.

Supplier: CONSTELLATION ENERGY COMMODITIES GROUP, INC.

By:_____
Name:
Title:

Company: THE NARRAGANSETT ELECTRIC COMPANY

By:_____
Name:
Title: Vice President

APPENDIX A

SCHEDULE OF SUPPLIER'S SHARE of STANDARD OFFER SERVICE
AND
STANDARD OFFER WHOLESALE PRICE

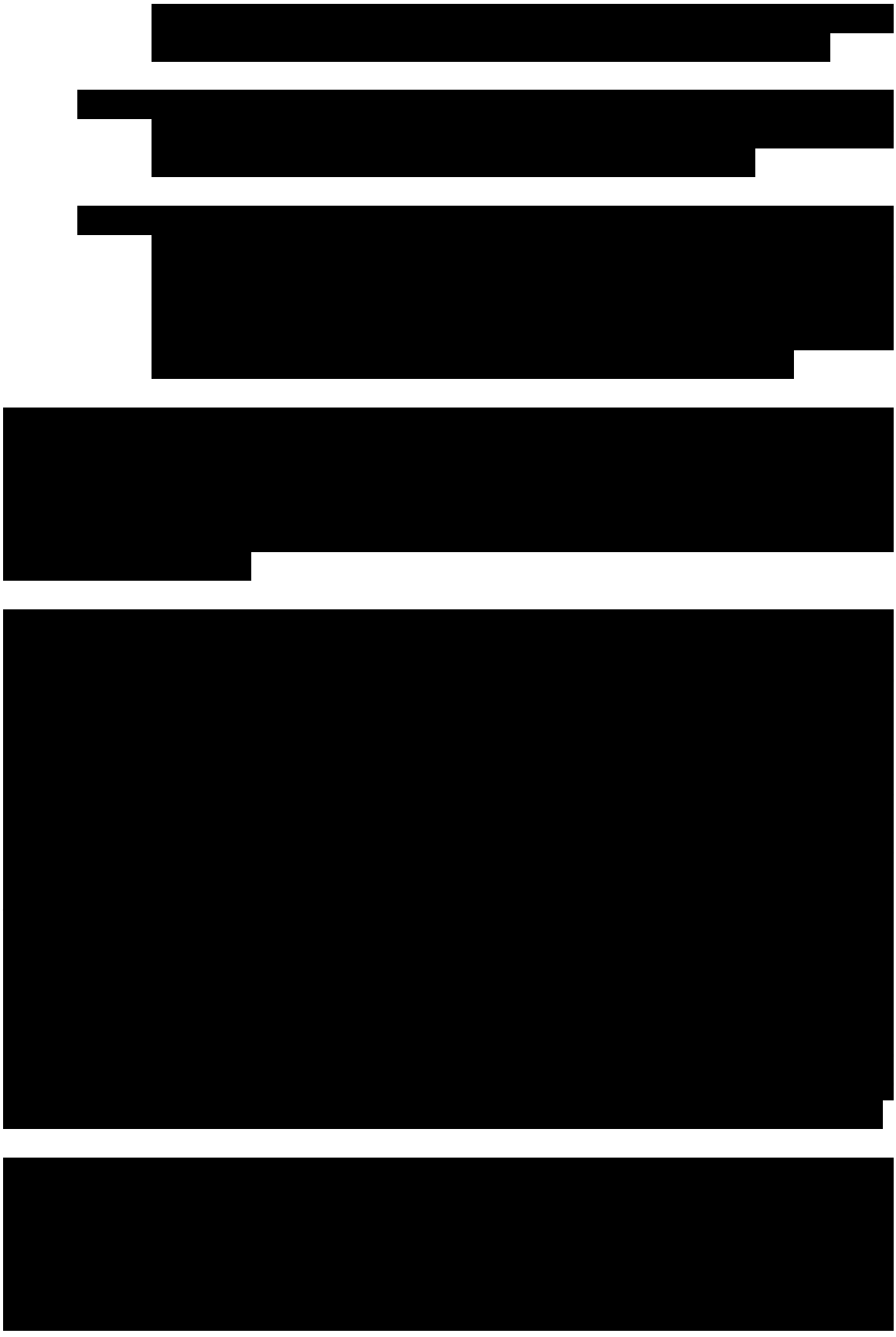
TABLE 1

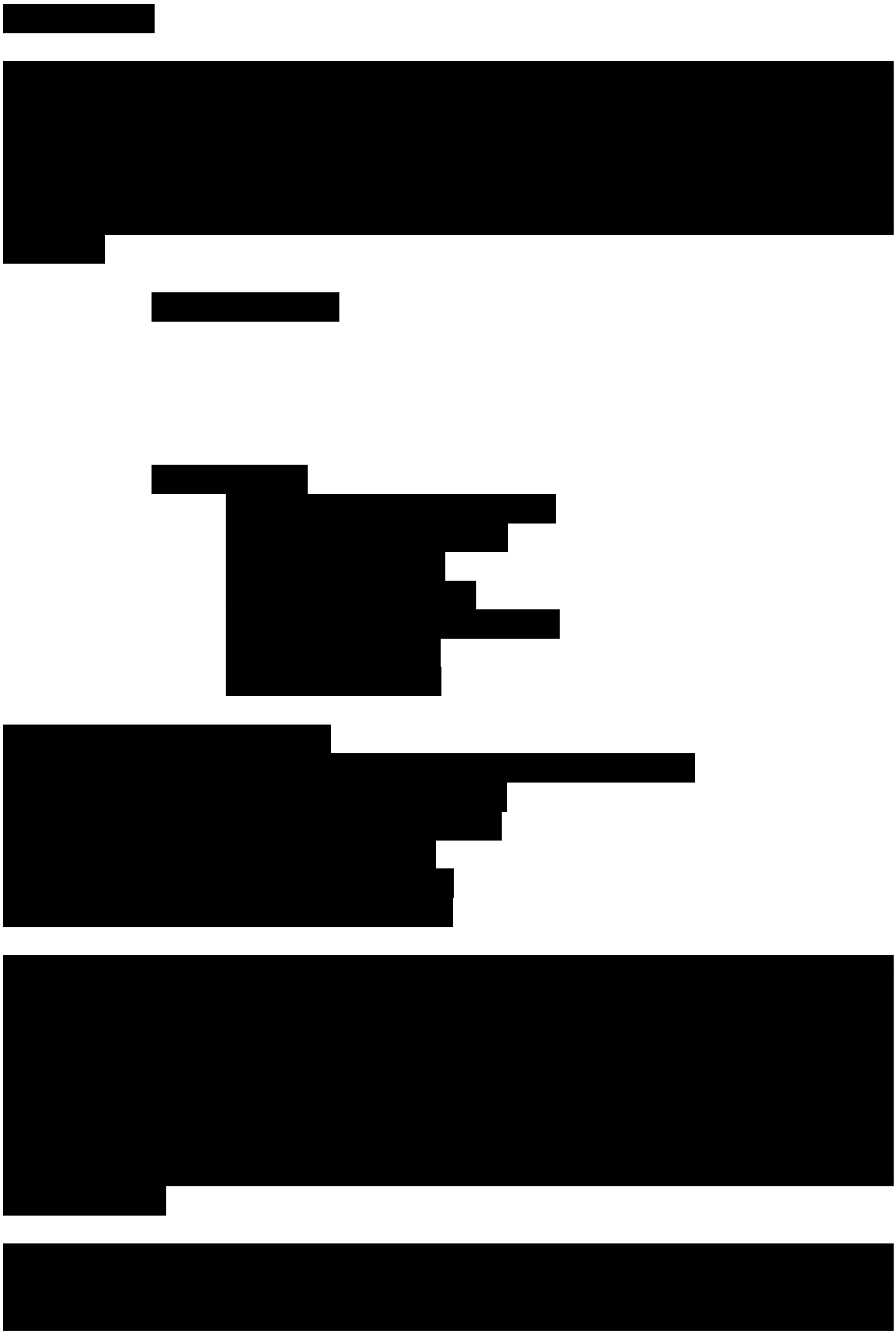
Calendar Year	Supplier's Share of Standard Offer Service In Percent	Standard Offer Wholesale Price
2005	14.455%	5.5 cents/kWh
2006	14.455%	5.9 cents/kWh
2007	14.455%	6.3 cents/kWh
2008	14.455%	6.7 cents/kWh
2009	14.455%	7.1 cents/kWh

APPENDIX B

FORM OF GUARANTY

[redacted]





[redacted]

[redacted]

11. [redacted]

12. [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

(c) [redacted]

Attachment 6B

EXECUTION COPY

AMENDED AND RESTATED POWER SUPPLY AGREEMENT

This **AMENDED AND RESTATED POWER SUPPLY AGREEMENT** ("Agreement") is dated as of June 7, 2005 and is by and between THE NARRAGANSETT ELECTRIC COMPANY, a Rhode Island corporation (the "Company"), and CONSTELLATION ENERGY COMMODITIES GROUP, INC., a Delaware corporation (f/k/a Constellation Power Source, Inc.) ("Seller") (the Company and Seller, each a "Party" and collectively, the "Parties"). This Agreement provides for the sale by Seller to the Company of Wholesale Standard Offer 1 Service, as defined herein.

ARTICLE 1. BASIC UNDERSTANDINGS

Seller and the Company are parties to that certain Power Supply Agreement, dated as of August 23, 2002, as amended by a First Amendment, dated as of June 12, 2003 (collectively, the "Original SOS Agreement"), whereby Seller supplies forty percent (40%) of the Company's total Standard Offer 1 supply requirements. Seller and the Company entered into a Partial Termination Agreement, dated as of the date hereof (the "Termination Agreement"), whereby certain obligations were terminated by eliminating provisions of the Original SOS Agreement as of 2359 Eastern prevailing time on June 30, 2005. In order to provide a complete and accurate version of the current contract between the Parties, taking into account the obligations terminated and related provisions eliminated pursuant to the Termination Agreement, the Parties have agreed to enter into this Amended and Restated Power Supply Agreement.

In addition to their respective obligations under the Original SOS Agreement, as amended in accordance with the Termination Agreement, beginning as of the top of the hour 0000 on July 16, 2005, Seller desires to provide the Company and the Company desires to accept from Seller, an additional 9.22% of the Company's total Standard Offer Service 1 supply requirements.

In accordance with the foregoing and in consideration of the mutual promises, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties enter into this Agreement.

ARTICLE 2. DEFINITIONS

The following words and terms shall be understood to have the following meanings when used in this Agreement. In addition, except as otherwise expressly provided, where terms used in this Agreement with initial capitalization are not defined herein but are defined in the NEPOOL Rules, either currently or in the future, the definition thereof in the NEPOOL Rules is expressly incorporated into this Agreement by reference.

Affiliate –With respect to the Company, any company that is a subsidiary (direct or indirect) of National Grid, USA, Inc. and its successors and with respect to Seller, any company that is a subsidiary (direct or indirect) of Constellation Energy Group, Inc. and its successors.

Bankrupt - With respect to any entity, such entity (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any

bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) as contemplated by applicable bankruptcy law, is generally unable to pay its debts as they fall due, unless such debts are the subject of a bona fide dispute.

Billing Energy – Prior to the end of the Hour Ending 2400 on July 15, 2005, forty percent (40%), and as of and after the top of the hour beginning 0000 on July 16, 2005, forty-nine and twenty-two-one-hundredths percent (49.22%), of the quantity of energy, expressed in kilowatt-hours, provided by the Company to the meters of its retail customers taking Standard Offer 1 Service. This quantity shall be equal to the Delivered Energy less any transmission and distribution losses as determined in Section 6.2.

Business Day - Any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant Party's principal place of business. The relevant Party, in each instance unless otherwise specified, shall be the Party to whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

Company's Service Territory – The geographic area served by the Company as of August 23, 2002 and not including any additional service territories acquired by the Company through merger, acquisition or otherwise.

Competitive Supplier Terms - The Company's Terms and Conditions for Nonregulated Power Producers, R.I.P.U.C. No. 1124, as may be amended from time to time and approved by the RIPUC.

Credit Rating - With respect to an entity, means the rating then assigned to such entity's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) by S&P, Moody's or any other rating agency agreed by the Parties, or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by S&P, Moody's or any other rating agency agreed by the Parties.

Delivered Energy - The quantity of energy, expressed in megawatt-hours, provided by Seller pursuant to this Agreement. This quantity shall be the aggregate quantity of energy reported to the ISO by the Company and/or its agent for each Load Asset identified in Section 6.4 with such quantity being determined in accordance with Section 6.3 hereof.

Delivery Point - Delivery Point means (i) prior to the implementation of SMD and LMP, any point or points on the NEPOOL PTF system; and (ii) after implementation of SMD and LMP, the nodes, if any, and if not, the zones, representing the actual locations of the meters of the Standard Offer 1 Service customers of the Company then being served hereunder.

Delivery Term - The period beginning at HE 0100 EPT on September 1, 2002 (except as the commencement date may be extended pursuant to Section 3.1) in respect of forty percent (40%) Wholesale Standard Offer 1 Service, and as of and after the top of the hour beginning 0000 on July 16, 2005, in respect of an additional nine and twenty-two-one-hundredths percent (9.22%)

Wholesale Standard Offer 1 Service, and in each case continuing through and including HE 2400 EPT on December 31, 2009.

Distribution Service Terms – The Company's Terms and Conditions, R.I.P.U.C. No. 1154, as may be amended from time to time and approved by the RIPUC.

Eastern Rhode Island Zone - the geographic area served by the former Blackstone Valley Electric Company and Newport Electric Corporation immediately prior to their merger with and into the Company.

EBT Standards – The most recently revised version of the Rhode Island Electronic Business Transactions Standards prepared by the Company.

FERC - The Federal Energy Regulatory Commission or such successor federal regulatory agency as may have jurisdiction over this Agreement.

Investment Grade - means (i) with respect to a Credit Rating assigned by S&P, a Credit Rating equal to or better than "BBB-"; or (ii) with respect to a Credit Rating assigned by Moody's, a Credit Rating equal to or better than "Baa3".

ISO - The Independent System Operator established in accordance with the NEPOOL Rules, or its successor.

kWh - Kilowatt-hour.

Last Resort Service - The electric service provided by the Company pursuant to Section 39-1-27.3(f) of Rhode Island General Laws.

LMP or **Locational Marginal Pricing** means as defined in the Standard Market Design.

MMBtu - One Million British thermal units.

Moody's - Moody's Investor Services, Inc., or its successor.

MWh - Megawatt hour.

Narragansett Zone - The geographic area served by Company immediately prior to Blackstone Valley Electric Company and Newport Electric Company's merger with and into the Company.

NEPOOL - The New England Power Pool, or its successor.

NEPOOL Rules - All rules, operating procedures, agreements, manuals, protocols and tariffs adopted by NEPOOL and/or the ISO as accepted and/or approved by FERC, as such rules may be amended, modified or superceded and in effect from time to time.

Net Worth - means total assets, exclusive of intangible assets, less total liabilities as reflected on the applicable Party's most recent annual audited or quarterly unaudited financial statements, as the case may be, which financial statements shall be prepared in accordance with generally accepted accounting principles consistently applied.

Price - shall have the meaning set forth in Section 5.1 below.

Prime Rate - The prime (or comparable) rate announced from time to time as its prime rate by Bank of America or its successor, which rate may differ from the rate offered to its more substantial and creditworthy customers.

PTF - Facilities categorized as Pool Transmission Facilities under the NEPOOL Rules.

Retail Access Date – January 1, 1998.

RIPUC – Rhode Island Public Utilities Commission or any successor regulatory agency.

S&P - means Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or its successor.

SMD or **Standard Market Design** - means Market Rule 1 - NEPOOL Standard Market Design, FERC Electric Rate Schedule No. 7, as may be amended, modified or supplemented from time to time.

Standard Offer 1 Service - The electric service provided by the Company pursuant to Section 39-1-27.3(d) of Rhode Island General Laws from the Retail Access Date through December 31, 2009 in the Narragansett Zone, as more specifically described in Appendix D attached hereto and made a part hereof, which shall not include Standard Offer 2 Service or Last Resort Service.

Standard Offer 2 Service - The electric service provided by the Company pursuant to Section 39-1-27.3(d) of Rhode Island General Laws from the Retail Access Date through December 31, 2009, to any "new customers" in the Narragansett Zone who request Standard Offer Service after the Retail Access Date and pursuant to the Standard Offer Service Tariff. "New customers" shall be any customers who were not taking service from the Company prior to the Retail Access Date and are not being supplied by: (i) Last Resort Service or (ii) from a competitive supplier; and shall include, without limitation, all customers taking service after the Retail Access Date, as more specifically described in Appendix D attached hereto and made a part hereof.

Standard Offer Service Tariff – The Company's Tariff for Standard Offer Service, R.I.P.U.C. No. 1160, as may be amended from time to time and approved by the RIPUC.

Wholesale Standard Offer 1 Service - Prior to the end of the Hour Ending 2400 on July 15, 2005, the supply, delivery and sale of electricity by Seller to the Company for resale by the Company to meet forty percent (40%), and for the period beginning at the top of the hour beginning 0000 on July 16, 2005, the supply, delivery and sale of electricity by Seller to the Company for resale by the Company to meet forty-nine and twenty-two-one-hundredths percent (49.22%), of: (i) the metered requirements of the Company's ultimate customers taking Standard Offer 1 Service in the Narragansett Zone plus (ii) the requirements of unmetered facilities of the Company's ultimate customers taking Standard Offer 1 Service in the Narragansett Zone for which reasonable estimates of kWh usage are available; as more particularly described in Article 6 hereof. Such customers shall not include, nor shall Seller be responsible for the provision of Wholesale Standard Offer 1 Service to the Company for any customer taking Last Resort Service or Standard Offer 2 Service or any customers who are receiving electric supply from a retail provider.

VAN – Shall have the meaning set forth in Section 3.7 below.

ARTICLE 3. TERM, REGULATORY APPROVALS, SERVICE PROVISIONS AND REGISTRATION REQUIREMENTS

Section 3.1. Term

The Effective Date of this Amended and Restated Power Supply Agreement shall be the same date on which the Termination Agreement becomes effective under its terms and is expressly subject to the Company's receipt of the RIPUC approval and Division Consent as set forth on Schedule 8.1(b). If the Effective Date occurs, the term of this Agreement shall commence on at the top of the hour beginning 0100 Eastern prevailing time on July 1, 2005 and shall extend through and including the date on which final payment is made between the Company and Seller hereunder, unless this Agreement is sooner terminated in accordance with the provisions hereof. If the Termination Agreement does not become effective in accordance with Section 1 of the Termination Agreement, this Agreement shall be null and void. At the expiration of the term, the Parties shall no longer be bound by the terms and provisions hereof, except (i) to the extent necessary to enforce the rights and the obligations of the Parties arising under this Agreement before such expiration or termination and (ii) the obligations of the Parties hereunder with respect to confidentiality, indemnification and audit rights shall survive the expiration or termination of this Agreement and shall continue for a period of two (2) calendar years following such termination.

Section 3.2. Commencement Date of Supply to Retail Customers

The Company shall, via electronic file transfer in accordance with Section 3.7 hereof, provide Seller a notice of commencement either (A) concurrently with the provision of any 814-5 Customer Drops Supplier or receipt of any 814-6 Supplier Drops Customer transaction notice (as such are contemplated by the EBT Working Group Report) by the Company or (B) in the event none of the transaction notices contemplated in (A) applies, as soon as practicable following the commencement of receipt of Standard Offer 1 Service by an ultimate customer of the Company. For each notice of commencement, the Company shall provide Seller with the account number, commencement date of service and rate class of each customer.

Seller may only dispute and/or challenge any notice it receives from the Company that a customer will commence service pursuant to the Standard Offer Service Tariff if Seller has a good-faith basis to claim that such customer was erroneously classified and such dispute and/or challenge is made in accordance with the provisions of Article 16 hereof. The pendency of such dispute shall not affect the provision of Standard Offer 1 Service to such customer.

Section 3.3. Termination Date of Supply to Retail Customers

The Company shall provide Seller with a notice of termination via electronic file transfer in accordance with Section 3.7 hereof concurrently with (i) the provision of any 814-2 Successful Enrollment transaction notice (as such are contemplated by the EBT Working Group Report) sent by the Company or (ii) in the event that such a transaction notice as contemplated in (i) does not apply, as soon as practicable following the termination of receipt of Standard Offer 1 Service during the Delivery Term by an ultimate customer of the Company. For each notice of termination, the Company shall provide Seller with the account number, termination date of service and rate class of each customer. The Company will not provide notice of termination for customers who remain on Standard Offer 1 Service as of the expiration of the Delivery Term.

Seller may only dispute and/or challenge any notice it receives from the Company that a customer will terminate Standard Offer 1 Service pursuant to the Standard Offer Service Tariff if Seller has a good-faith basis to claim that such customer was erroneously terminated and such dispute and/or challenge is made in accordance with the provisions of Article 15 hereof. The pendency of such dispute shall not effect the termination of the provision of Standard Offer 1 Service to such customer.

Section 3.4. Service Disconnection Procedures

The Company may discontinue service to any customer taking Standard Offer 1 Service pursuant to the Standard Offer Service Tariff in accordance with the provisions of the Distribution Service Terms. If Seller has established an account on the VAN in accordance with Section 3.7, the Company shall provide electronic notification to Seller of any customer taking Standard Offer 1 Service pursuant to the Standard Offer Service Tariff which receives a final bill as a result of disconnection. The electronic file shall be transmitted using the VAN. The cost of using the VAN shall be borne by Seller.

Seller may not disconnect or request disconnection of any customer taking Standard Offer 1 Service pursuant to the Standard Offer Service Tariff.

Section 3.5. Distribution Service Interruptions

Interruptions in distribution service, if any, to customers taking Standard Offer 1 Service pursuant to the Standard Offer Service Tariff, shall be made in accordance with the provisions of the Distribution Service Terms and the Competitive Supplier Terms.

Section 3.6. Release of Customer Information

The Company 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

In order to receive electronic file transfers as provided for in Section 3.2, Section 3.3 and Section 3.4 hereof, Seller shall establish an account on the Advantis Value Added Network ("VAN") and verify its ability to transfer and receive files with the Company at least fourteen (14) days prior to the day on which Seller desires to commence receipt of such transfers. All costs of establishing an account and using the VAN shall be born by Seller. If Seller fails to pay any or all of the VAN costs attributable to the performance by the Parties of this Agreement when such costs are due and payable, the Company may discontinue distribution of electronic file transfers to Seller.

Section 3.8. Notification of Competitive Supplier Promotions and Programs

The Company shall provide Seller with advance written notice of any contemplated programs, promotions, or initiatives that shall be sponsored or supported by the Company that are designed to encourage customers receiving service under the Standard Offer Service Tariff to leave Standard Offer Service for any reason ("Programs"). Such notification shall be provided as soon as practicable after the Company knows with reasonable certainty that any such Program or

Programs will be implemented, but, in any event, no later than thirty (30) days prior to implementation of any such Program or Programs.

Section 3.9. Uniform Disclosure Requirements

Upon request of the Company, Seller shall provide the Company information pertaining to power plant emissions, fuel types, labor information and any other information required by the Company to comply with applicable disclosure regulations as of the date hereof and which may be imposed upon the Company during the term of this Agreement, as such disclosure requirements apply to the services provided by Seller pursuant to this Agreement. Except for the foregoing, Seller shall have no responsibility or liability to the Company or otherwise associated with any such regulations or any other such requirements of the RIPUC, including any such renewable resource or portfolio requirements as may be imposed from time to time.

Section 3.10. Affiliate Businesses.

Nothing contained herein shall prohibit Affiliates of Seller from engaging in the business of being a competitive supplier or otherwise serving electrical load in the Company's Service Territory. Each Party shall comply in all material respects with applicable laws, rules, regulations and codes of conduct governing the relationship between such Party and any of its Affiliates.

Section 3.11. Compliance with Standard Offer Service Tariff and Distribution Service Terms.

The Company shall not be liable to Seller for any of Seller's revenue losses as a result of any disconnection, termination, commencement of service or change in consumption of or by a Standard Offer 1 Service customer; provided, that any actions or inactions taken by the Company are not inconsistent with or in violation of the Standard Offer Service Tariff and/or the provisions of the Distribution Service Terms.

ARTICLE 4. SALE AND PURCHASE

Seller shall sell and deliver to the Delivery Point and the Company shall purchase and receive Wholesale Standard Offer 1 Service during the Delivery Term. Title to and risk of loss related to the energy so sold and delivered shall transfer from Seller to the Company at the Delivery Point, except as provided for in Sections 6.1 and 6.2 with respect to transmission and distribution losses.

ARTICLE 5. PRICE AND BILLING

Section 5.1. Price

The Price payable by the Company to Seller shall be:

Period	**Price in Cents per kWh**
2002	4.2 Cents

2003	4.7 Cents
2004	5.1 Cents
2005	5.5 Cents
2006	5.9 Cents
2007	6.3 Cents
2008	6.7 Cents
2009	7.1 Cents

Section 5.2. Billing and Payment

(a) On or before the tenth (10th) day of each month during the term of this Agreement, the Company shall calculate the amount due and payable to Seller pursuant to this Article 5 with respect to the preceding month. The amount payable shall be calculated by multiplying the Price specified in the first paragraph of Section 5.1 above, for the applicable month, by the Billing Energy in the applicable month. Because Billing Energy quantities are based upon estimates, subject to a reconciliation process described in Section 6.3(c), quantities used in calculations under this paragraph (a) shall be subject to adjustment, whether positive or negative, in subsequent months' calculations, to reflect that reconciliation process, and any adjusted quantities shall be applied to the Price applicable for the month to which the quantities being adjusted relate.

(b) Seller shall submit an invoice with such calculation as provided in paragraph (a) and the respective amounts due under the terms of this Agreement to the Company not later than ten (10) days after the Company provides the calculation to Seller. Such invoice shall be delivered to the Company by express mail, courier, facsimile or by electronic means and all such invoices shall be due and payable as specified in paragraph (c).

(c) The Company shall pay Seller on the twenty-fifth (25th) day after the date a calculation is made pursuant to paragraph (a) any amount due and payable. In the event any of these days are not Business Days, then payment shall be made on the immediately succeeding Business Day. If all or any part of any amount due and payable pursuant to paragraph (a) shall remain unpaid thereafter, interest shall thereafter accrue and be payable to Seller on such unpaid amount at a rate per annum equal to two percent (2%) above the Prime Rate in effect on the date of such invoice; provided, however, no interest shall accrue in favor of Seller or the Company on amounts that are added to or credited against a calculation due to the adjustment of estimated quantities in accordance with paragraph (a) and Section 6.3.

Section 5.3. Disputed Invoices

A Party may, in good faith, dispute the correctness of any invoice or any adjustment to an invoice rendered under this Agreement or adjust any invoice for any arithmetic, computational or other error within twenty-four (24) months of the date the invoice or adjustment to an invoice

was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due, with notice of the objection given to the other Party. Any billing dispute or billing adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with interest accrued at the Prime Rate plus two percent (2%) from and including the due date to but excluding the date paid. With respect to any error in a calculation (whether the amount is paid or not), any overpayment, underpayment, or reconciliation adjustment will be refunded or paid up, as appropriate. Inadvertent overpayments shall be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with interest accrued at the Prime Rate plus 2% from and including the date of such overpayment to but excluding the date repaid or deducted by the Party receiving such overpayment. Any dispute with respect to an invoice is waived unless the other Party is notified in accordance with this Section 5.3 within twenty-four (24) months after the invoice is rendered or any specific adjustment to the invoice is made. If an invoice is not rendered within twenty-four (24) months after the close of the month during which performance occurred, the right to payment for such performance is waived.

Section 5.4. Taxes, Fees and Levies

(a) Seller shall pay or cause to be paid all present and future taxes, fees and levies imposed by any governmental authority on or with respect to the Wholesale Standard Offer 1 Service or any transaction arising out of or related to this Agreement prior to the Delivery Point. To the extent such taxes, fees and levies are allowed as of the date hereof under the Company's Tariffs to be, and are actually, recovered by the Company from its customers, the Company shall reimburse Seller for any such taxes, fees, and levies paid by Seller. The Company shall pay or cause to be paid all present and future taxes, fees and levies imposed by any governmental authority on or with respect to the Wholesale Standard Offer 1 Service or any transaction arising out of or related to this Agreement at and from the Delivery Point. Nothing shall obligate or cause a Party to pay or be liable to pay any taxes, fees and levies imposed by any governmental authority for which it is exempt under the law.

(b) All electricity delivered by Seller to the Company hereunder shall be sales for resale, with the Company reselling such electricity to the Company's ultimate customers. The Company shall provide Seller with any certificate reasonably required by Seller to evidence such sales for resale.

ARTICLE 6. DELIVERY, LOSSES, AND DETERMINATION AND REPORTING OF HOURLY LOADS

Section 6.1. [redacted]

[redacted]

(a) [redacted]

[redacted]

(b) [redacted]

(c) [redacted]

(d) [redacted]

(e) [redacted]

Section 6.2. Losses

Seller shall be responsible for all transmission and distribution losses associated with the delivery of electricity supplied under this Agreement to the meters of the Company's ultimate customers taking Standard Offer 1 Service; provided, however, that losses do not include service to unmetered facilities for which reasonable estimates of kWh use are available and provided, further, that Seller shall not be responsible for unmetered use or consumption of electricity by the Company or its Affiliates. Seller shall provide the Company at the Delivery Point with additional quantities of electricity and ancillary services to cover such losses from the Delivery Point to the meters of such customers. The quantities required for this purpose in each hour of a billing period shall be determined in accordance with NEPOOL's and the Company's procedures for loss determination. Seller shall be responsible for any PTF losses allocated by the ISO which are associated with the provision of Standard Offer 1 Service pursuant to this Agreement.

Section 6.3. Determination and Reporting of Hourly Loads

(a) The Company or its agent shall estimate the total hourly load responsibility for each of the services provided by Seller pursuant to this Agreement based upon average load profiles developed for each of the Company's customer classes and each of the Company's actual total hourly load. Appendix A, attached and incorporated herein by reference, provides a general description of the estimation process that the Company or its agent shall employ (the "Estimation Process"). The Company hereby reserves the right to modify the Estimation Process in the future; provided, that any such modification shall be designed with the objective of improving the accuracy and precision of the Estimation Process. The Company or its agent shall report to the ISO and to Seller the hourly load responsibility of Seller for Standard Offer 1 Service.

(b) The Company or its agent shall use all reasonable efforts to report to the ISO and to Seller Seller's hourly adjusted Standard Offer 1 Service loads by 1:00 P.M. of the second following business day.

(c) To refine the estimates of Seller's monthly load developed by the Estimation Process, a monthly calculation will be performed by the Company to reconcile the original estimate of Seller's loads to actual customer usage based on meter reads. The Company or its agent will normally notify the ISO of any resulting billing adjustment (debit or credit) to Seller's account no later than the last day of the third month following the billing month. Appendix A, attached and incorporated herein by reference, also provides a general description of this reconciliation process.

Section 6.4. NEPOOL Market System Implementation

The Loads for this service will be represented in the NEPOOL Market System as Load Asset 1251, or such other Load Asset designation as may be established during the term of this Agreement for the Load.

As soon as possible prior to the start of the Delivery Term, the Company shall enter into the NEPOOL Market System Load Asset Contracts for Electrical Load and Installed Capability for Load Asset 1251. The Load Asset Contracts shall be effective throughout the Delivery Term and shall designate the Company as seller and Seller as buyer.

As soon as practicable following the Company's entry of the Load Asset Contracts and at least seventy-two (72) hours prior to the start of the Delivery Term, Seller shall submit Load Asset Contract acknowledgment forms to the ISO and to the Company for each of the Load Asset Contracts submitted by the Company.

As soon as possible prior to the start of the Delivery Term, Seller shall establish a new Load Asset within the NEPOOL Market System, with Seller as owner, to represent the Wholesale Standard Offer 1 Service loads served by the Company in the Company's Service Territory.

The Load Asset designations identified above may be changed from time to time during the term of this Agreement, consistent with the definitions of Wholesale Standard Offer 1 Service and other terms hereof. To the extent such designations change, the Company and Seller will work together to put into effect the necessary NEPOOL Market System contracts that are needed to implement the new designations and terminate the prior designations

ARTICLE 7. DEFAULT, TERMINATION AND SECURITY

Section 7.1. [redacted]

(a) [redacted]

[redacted]

(ii) [redacted]

[redacted]

[redacted]

(b) [redacted]

[redacted]

(ii) [redacted]

(iii) [redacted]

(1) [redacted]

(2) [redacted]

(3) [redacted]

(4) [redacted]

(5) [redacted]

[redacted]

[redacted]

(c) [redacted]

(d) [redacted]

Section 7.2. [redacted]

(a) [redacted]

(b) [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Section 7.3. [redacted]

[redacted]

Section 7.4. [redacted]

[redacted]

Section 7.5. [redacted]

[redacted]

Section 7.6. [redacted]

(a) [redacted]

(b) [redacted]

(i) [redacted]

(ii) [redacted]

(iii) [redacted]

(c) [redacted]

Section 7.7. [redacted]

[redacted]

ARTICLE 8. REPRESENTATIONS AND WARRANTIES

Section 8.1. Representations and Warranties.

As a material inducement to enter into this Agreement, the respective Parties represent and warrant for the benefit of the other Party, throughout the term of this Agreement, as follows:

(a) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and is qualified to conduct its business in those jurisdictions necessary to perform this Agreement.

(b) With the receipt of the approval and consent as set forth on Schedule 8.1(b) prior to the Effective Date, it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement and no consents of any other party and no act of any other governmental authority is required in connection with the execution, delivery and performance of this Agreement.

(c) The execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms or conditions in its governing documents or any contract to which it is a Party or any law, rule, regulation, order, writ, judgment, decree or other legal or regulatory determination applicable to it.

(d) This Agreement constitutes a legal, valid and binding obligation of such Party enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws affecting creditor's rights generally, and with regard to equitable remedies, to the discretion of the court before which proceedings to obtain same may be pending.

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

(f) There are no suits, proceedings, judgments, rulings or orders by or before any court or any governmental authority that materially adversely affect its ability to perform this Agreement.

(g) It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party hereto in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement.

ARTICLE 9. NOTICES, REPRESENTATIVES OF THE PARTIES

Section 9.1. 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 (confirmed by telephone), courier, personally delivered or mailed, postage prepaid, to the representative of the other Party designated in this Article 9. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile confirmed by telephone, (ii) when actually received if

delivered by courier or personal delivery or (iii) three (3) days after deposit in the United States mail, if sent by first class mail.

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

Mr. Michael J. Hager
Director, Energy Supply New England
National Grid USA Service Company, Inc.
55 Bearfoot Road
Northboro, MA 01532
(508) 421-7350 (tel)
(508) 421-7335 (fax)

Notices concerning Article 7 shall also be sent to:

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

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

Constellation Energy Commodities Group, Inc.
111 Market Place, Suite 500
Baltimore, MD 21202
Attn: Head of Operations with a copy to General Counsel
(410) 468-3500 (tel)
(410) 468-3499 (fax)

Any Party may change its representative by written notice to the others.

Section 9.2. Authority of Representative

The Parties' respective representatives designated in Section 9.1 shall have full authority to act for their respective principals in all matters relating to the performance of this Agreement. They shall not, however, have the authority to amend, modify, or waive any provision of this Agreement unless they are authorized officers of their respective entities and such amendment, modification or waiver is made pursuant to Article 18.

ARTICLE 10. LIABILITY, INDEMNIFICATION, AND RELATIONSHIP OF PARTIES

Section 10.1. Limitation on Consequential, Incidental and Indirect Damages

TO THE FULLEST EXTENT PERMISSIBLE BY LAW, NEITHER THE COMPANY NOR SELLER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUPPLIERS, PARENT, SUBSIDIARIES, AFFILIATES, SUCCESSOR OR

ASSIGNS SHALL BE LIABLE TO THE OTHER PARTY OR ITS OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUPPLIERS, PARENT, SUBSIDIARIES, AFFILIATES, SUCCESSORS OR ASSIGNS FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE, CONSEQUENTIAL DAMAGES (INCLUDING ATTORNEY'S FEES OR LITIGATION COSTS ASSOCIATED THEREWITH) OR LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES 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 10.1 SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT, BUT SHALL NOT BE CONSTRUED SO AS TO INVALIDATE ALL OR ANY PART OF THE EXPRESS MEASURES OF DAMAGES SET FORTH IN CONNECTION WITH THE CALCULATION OF AN EARLY TERMINATION PAYMENT AS PROVIDED IN SECTION 7.2(B).

Section 10.2. Indemnification

(a) Seller agrees to defend, indemnify and save the Company, its officers, directors, agents, employees, suppliers, parent, subsidiaries, Affiliates, successors or assigns harmless from and against any and all third-party claims, suits, actions or causes of action and the resulting losses, damages, expenses, attorneys' fees and court costs, 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, arising from or out of any event, circumstance, act or incident first occurring or existing during the period when control and title to Wholesale Standard Offer 1 Service is vested in Seller as provided in Article 4, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, supplier, parent, subsidiary, successor, assign or Affiliate of the Company.

(b) The Company agrees to defend, indemnify and save Seller, its officers, directors, agents, employees, suppliers, parent, subsidiaries, affiliates, successor or assigns harmless from and against any and all third-party claims, suits, actions or causes of action and the resulting losses, damages, expenses, attorneys' fees and court costs, 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, arising from or out of any event, circumstance, act or incident first occurring or existing during the period when control and title to Wholesale Standard Offer 1 Service is vested in the Company as provided in Article 4, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, supplier, parent, subsidiary, successor, assign or affiliate of Seller.

(c) If any Party intends to seek indemnification under this Section 10.2 from the other Party with respect to any third-party action or claim, the Party seeking indemnification shall give the other Party written notice of such claim or action within fifteen (15) days of the commencement of, or actual knowledge of, such claim or action. Such 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 written consent of the other Party, which consent shall not be unreasonably withheld.

Section 10.3. Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between the Company and Seller other than that of independent contractors.

ARTICLE 11. ASSIGNMENT

Section 11.1. General Prohibition Against Assignments

Except as provided in Section 11.2 below, 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 11.2. Exceptions to Prohibition Against Assignments

(a) Seller may, without the Company's prior written consent, collaterally assign this Agreement in connection with financing arrangements. Seller must, however, provide the Company with at least (5) days' advance written notice of such collateral assignment.

(b) Either Party may, without the other Party's prior written consent, (i) assign all or a portion of its rights and obligations under this Agreement to any Affiliate or (ii) assign its rights and obligations hereunder, or transfer such rights and obligations by operation of law, to any corporation or other 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 assignee agrees to be bound by the terms thereof and provided, further, that such assignee comply with the credit support requirements set forth in Section 7.6 hereof and such Party is not relieved of any obligation or liability hereunder as a result of such assignment.

ARTICLE 12. SUCCESSORS AND ASSIGNS

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

ARTICLE 13. FORCE MAJEURE

Section 13.1. Force Majeure Standard

The Parties shall be excused from performing their respective obligations hereunder and shall not be liable in damages or otherwise, if and only to the extent that they are unable to so perform or are prevented from performing by an event of Force Majeure.

Section 13.2. Force Majeure Definition

An event of Force Majeure includes, without limitation, storm, flood, lightning, drought, earthquake, fire, explosion, equipment failure, civil disturbance, labor dispute, act of God or the public enemy, action of a court or public authority (so long as the claiming Party has not applied

for or assisted in the application for, and has opposed where and to the extent reasonable, such action), or any other cause beyond a Party's reasonable control (and not a 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, but in each case only if and to the extent that the event directly affects the availability of the transmission or distribution facilities of NEPOOL, the Company or an Affiliate of the Company necessary to provide service to the Company's customers which are taking Standard Offer 1 Service. Events affecting the availability or cost of operating any generating facility shall not be events of Force Majeure. Force Majeure shall not include a Party's decision that the terms of this Agreement are no longer economically favorable to said Party.

Section 13.3. Obligation to Diligently Cure Force Majeure

If any Party shall rely on the occurrence of an event or condition described in Section 13.2, above, as a basis for being excused from performance of its obligations under this Agreement, then the Party relying on the event or condition shall:

1. provide written notice to the other Party as soon as practicable but no longer than five (5) days from the occurrence of the event or condition giving an estimation of its expected duration and the probable impact on the performance of its obligations hereunder;

2. exercise all reasonable efforts to continue to perform its obligations hereunder;

3. expeditiously take action to correct or cure the event or condition excusing performance; provided that settlement of strikes or other labor disputes shall be completely within the sole discretion of the Party affected by such strike or labor dispute;

4. exercise all reasonable efforts to mitigate or limit damages to the other Party to the extent such action will not adversely affect its own interests; and

5. provide prompt notice to the other Party of the cessation of the event or condition giving rise to its excuse from performance.

Section 13.4. Neither Party shall be required to pay for any obligation the performance of which is excused by Force Majeure. No obligations of either party which arose before the Force Majeure occurrence causing the suspension of performance are excused as a result of the occurrence.

ARTICLE 14. WAIVERS

The failure of either Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights under this Agreement shall not be construed as a general waiver of any such provision or the relinquishment of any such right, but the same shall continue and remain in full force and effect, except with respect to the particular instance or instances.

ARTICLE 15. REGULATION

Section 15.1. [redacted]

(a) [redacted]

(b) [redacted]

(c) [redacted]

Section 15.2. [redacted]

[redacted]

ARTICLE 16. INTERPRETATION, DISPUTE RESOLUTION

Section 16.1. Interpretation

The interpretation and performance of this Agreement shall be in accordance with and controlled by the laws of Rhode Island. The Parties acknowledge 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.

Section 16.2. Dispute Resolution

Any dispute between the Company and Seller arising under or in connection with or relating in any way to this Agreement shall be referred to a senior representative of the Seller designated by the Seller and a senior representative of the Company designated by the Company for resolution on an informal basis as promptly as practicable. In the event the designated senior representatives are unable to resolve the dispute within ten (10) days, or such other period as the Parties may jointly agree upon, to the extent a reasonable estimate of the amount in dispute does not exceed two hundred fifty thousand dollars ($250,000.00), such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedure set forth in this Section 16.2. The arbitration shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, the Seller and the Company 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 in electric utility matters, including wholesale power transactions and power market issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration. The arbitrator(s) shall afford each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. There shall be no formal discovery conducted in connection with the arbitration; provided, however, that the Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and the reasons therefore, and shall make an award apportioning the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. Unless the Parties otherwise agree, and except as otherwise provided herein, where a reasonable estimate of the amount in dispute is in excess of two hundred fifty thousand dollars ($250,000), such dispute shall not be submitted to arbitration under this provision, and the Parties shall be free to pursue their rights with respect thereto in judicial proceedings or as otherwise may be provided for under applicable law.

ARTICLE 17. SEVERABILITY

Except to the extent provided in Section 15.2, any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining provisions and lawful obligations that

arise under this Agreement. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision or circumstances shall not be affected by such invalidity or unenforceability.

ARTICLE 18. MODIFICATIONS

No modification to this Agreement will be binding on any Party unless it is in writing and signed by all Parties.

ARTICLE 19. SUPERSESSION

This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and its execution supersedes any other agreements, written or oral, between the Parties concerning such subject matter.

ARTICLE 20. COUNTERPARTS; FURTHER ASSURANCES

Section 20.1. Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

Section 20.2. Further Assurances

Each Party shall prepare, execute and deliver to the other Party upon request any documents reasonably required to implement any provision hereof.

ARTICLE 21. HEADINGS

Article and Section headings used throughout this Agreement are for the convenience of the Parties only and are not to be construed as part of this Agreement.

ARTICLE 22. AUDIT RIGHTS

Each Party or any third party representative of a Party shall have the right, at its sole expense, to examine the records of the other Party pertaining to this Agreement during normal business hours upon reasonable notice. Any information gathered during such examination shall be kept confidential by the discovering Party and/or its third party representative unless and to the extent such Party is required to disclose such information by action of a court or other government authority or only to those of its employees, consultants, authorized representatives, and attorneys having a "need to know" such information to carry out their functions in connection with this Agreement who have agreed to keep such information confidential. Audit rights shall extend for a period of twenty-four (24) months after the end of the calendar month in question, or until any dispute regarding such records is resolved. The Party being audited shall fully cooperate with any such audit. If any such examination shall reveal, or if either Party discovers any error or inaccuracy in its own or in the other Party’s statements, invoices, payments, calculations or determinations, then adjustments and corrections shall be made as

promptly as practicable thereafter. Each Party shall keep such records stored and maintained for the period provided in this Article 22 for audit rights.

ARTICLE 23. CONFIDENTIALITY

Neither Seller nor the Company shall provide copies of any of the information contained in Section 6.1, Articles 7 and 15 and Appendix C hereto (collectively, the "Confidential Terms"), to any Third Party without the prior written consent of the other party; provided, however, that either Party, or any of its affiliates, may provide copies or information regarding this Agreement without limitation to any regulatory agency requesting and/or requiring such information and Seller may provide copies or information regarding this Agreement to its suppliers; provided, further, that any such disclosure must include a request for confidential treatment of the Agreement and/or the redaction of the Confidential Terms from the copies of the Agreement which are placed in the public record or otherwise made available to third parties or Seller's suppliers. Notwithstanding any law or regulation to the contrary, a party may disclose this Agreement to its Affiliates as necessary to effectuate and implement its terms.

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

THE NARRAGANSETT ELECTRIC COMPANY

_____

By:
Its:

CONSTELLATION ENERGY COMMODITIES GROUP, INC.

_____

By:
Its:

APPENDIX A
ESTIMATION OF SELLER'S HOURLY LOADS

Overview

Generating units operated by suppliers are dispatched by the ISO 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 are net sellers of electricity to the ISO, while other suppliers are purchasing power from the ISO 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 Company will estimate Seller's Wholesale Standard Offer 1 Service load obligations within the Company's service territories 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 of the Company's ultimate customers that 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 are available, they 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 shall match the total load delivered into the distribution system. A description of the estimation process follows.

Daily Estimation of Suppliers' Own Load

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

- Select a proxy date from the previous year with characteristics which best match the day for which the hourly demand estimates are being produced. Extract class load shapes for the selected proxy date from the load research database.

- Scale the class load shapes appropriately for each individual customer based on the usage level of the customer relative to the class average usage level.

- Calculate a factor for each customer which reflects their relative usage level and includes an adjustment for losses ("load adjustment factor"). Aggregate the load adjustment factors across the customers served by each supplier in each class.

- Produce a preliminary estimate of each supplier's hourly loads by combining the proxy day class load shapes with the supplier's total load adjustment factors. Aggregate the loads across the classes for each supplier.

- Adjust the preliminary hourly supplier estimates so that their sum is equal to the Company'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.
- Submit the hourly loads to the ISO.

After the Company 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 sum of the resulting loads over the days in the month is reported and used by the ISO as the basis for a monthly adjustment.

APPENDIX B
[INTENTIONALLY OMITTED]

APPENDIX C
GUARANTY

[redacted]

[redacted]

[redacted]

IN WITNESS WHEREOF, Guarantor has duly executed this Guaranty on this _____day of _____, 2005.

Guarantor:

By: _____
Name: _____
Title: _____

APPENDIX D

IDENTIFICATION OF CUSTOMERS

Standard Offer 1 Service Customers:

Customers receiving service from the Company as of the Retail Access Date pursuant to Section 39-1-27.3(d) of Rhode Island General Laws. Additionally, Customers who establish accounts within the Narragansett Zone after the Retail Access will be supplied pursuant to the Standard Offer 1 Service supply contracts if:

a. The customer relocates within the Narragansett Zone and was supplied pursuant to the Standard Offer 1 Service supply contracts at its prior location.

b. The customer is a trustee, receiver, or debtor in possession in bankruptcy and the bankrupt entity was supplied pursuant to the Standard Offer 1 Service supply contracts.

c. The customer is making a new request for service and their prior service was disrupted or turned off as a result of fire, flood, or other damage to the Customer's facility or residence that caused a temporary dislocation, if the customer was supplied pursuant to the Standard Offer 1 Service supply contracts prior to the dislocation.

d. The customer, after having been terminated at the same address within the past six months for nonpayment of electricity bills, is making a new request for service and if the customer was supplied pursuant to the Standard Offer 1 Service supply contracts prior to the termination.

e. The customer is making a new request for service for a seasonal account, if the Customer responsible for the seasonal account has not changed and the Customer was supplied pursuant to the Standard Offer 1 Service supply contracts at the account location.

f. The customer establishing the account at a residence was a resident at the location and the prior Customer at the location was supplied pursuant to the Standard Offer 1 Service supply contracts.

g. Whenever the change in service, reclassification of the account, or reconfiguration of the metering arrangement is done for the convenience of Narragansett.

Standard Offer 2 Service Customers:

For purposes of this Agreement, "new customers" or customers eligible for Standard Offer 2 Service shall be:

1. Customers who were not customers of record as of the Retail Access Date who establish an account within the Narragansett Zone after the Retail Access Date.

2. Customers within the Eastern Rhode Island Zone who are taking service pursuant to the Standard Offer Service Tariff and who relocate to the Narragansett Zone.

Customers who are provided Standard Offer 2 Service within the Narragansett Zone who relocate to the Eastern Rhode Island Zone will no longer be provided Standard Offer 2 Service at the new location.

Schedule 8.1(b)

Consents and Approvals

A. Of the Company:

1. Full and unconditional consent and approval from RIPUC of this Agreement and its filing submitted on June 7, 2005.

2. Written consent of the Division of Public Utilities and Carriers (the "Division") to terminate the two wholesale standard offer service agreements with TransCanada Power Marketing ("Division Consent"); provided, however, if the Division conditions its consent only upon the Company's receipt of RIPUC's approvals as set forth in 1. above (the "Division Conditions"), upon receipt of such RIPUC approval satisfying a Division Condition, the full and unconditional Division Consent required hereunder shall be deemed received.

Attachment 6C

EXECUTION COPY

AMENDED AND RESTATED POWER SUPPLY AGREEMENT

This **AMENDED AND RESTATED POWER SUPPLY AGREEMENT** ("Agreement") is dated as of June 7, 2005 and is by and between THE NARRAGANSETT ELECTRIC COMPANY, a Rhode Island corporation ("Narragansett" or the "Company"), and CONSTELLATION ENERGY COMMODITIES GROUP, INC., a Delaware corporation (f/k/a Constellation Power Source, Inc.) ("Seller")(each a "Party" and collectively, the "Parties"). This Agreement provides for the sale by Seller of Wholesale Standard Offer 2 Service, as defined herein, to Narragansett.

ARTICLE 1. BASIC UNDERSTANDINGS

Seller and the Company are parties to that certain Power Supply Agreement, dated as of October 5, 2001 (the "Original SOS Agreement"), whereby Seller supplies one hundred percent (100%) of the Company's total Standard Offer 2 Service requirements. Seller and the Company entered into a Partial Termination Agreement, dated as of the date hereof (the "Termination Agreement"), whereby certain obligations were terminated by eliminating provisions of the Original SOS Agreement as of 2359 Eastern prevailing time on June 30, 2005. In order to provide a complete and accurate statement of the current contract between the Parties, taking into account the obligations and related provisions eliminated pursuant to the Termination Agreement, the Parties have agreed to enter into this Amended and Restated Power Supply Agreement.

In accordance with the foregoing and in consideration of the mutual promises, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby enter into this Agreement.

ARTICLE 2. DEFINITIONS

The following words and terms shall be understood to have the following meanings when used in this Agreement, or in any associated documents entered into in conjunction with this Agreement. In addition, except as otherwise expressly provided, where terms used in this Agreement are defined in the NEPOOL Agreement, such definitions are expressly incorporated into this Agreement by reference.

Affiliate of Narragansett - Any company that is a subsidiary of National Grid USA.

Bankrupt - With respect to any entity, such entity (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) as contemplated by applicable bankruptcy law, is generally unable to pay its debts as they fall due, unless such debts are the subject of a bona fide dispute.

Billing Energy – The quantity of energy, expressed in kilowatt-hours, provided by Narragansett to the meters of its retail customers taking Standard Offer 2 Service. This quantity shall be equal to the Delivered Energy less any transmission and distribution losses as determined in Article 6, Section 6.2.

Commission - Federal Energy Regulatory Commission.

Competitive Supplier Terms - Narragansett's Terms and Conditions for Nonregulated Power Producers, R.I.P.U.C. No. 1124, as may be amended from time to time and approved by the RIPUC.

Credit Rating - with respect to an entity, means the rating then assigned to such entity's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) by S&P, Moody's or any other rating agency agreed by the Parties, or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by S&P, Moody's or any other rating agency agreed by the Parties.

Delivered Energy - The quantity of energy, expressed in megawatt-hours, provided by Seller pursuant to this Agreement. This quantity shall be the sum of the quantity of energy reported to the ISO by Narragansett and/or its agent for each Load Asset with such quantity being determined in accordance with Article 6, Section 6.3 hereof.

Delivery Points - Any point or points on the NEPOOL PTF system.

Delivery Term - The period beginning at HE 0100 EPT on December 1, 2001 and continuing through and including HE 2400 EPT on December 31, 2009.

Distribution Service Terms – Narragansett's Terms and Conditions, R.I.P.U.C. No. 1154, as may be amended from time to time and approved by the RIPUC.

Eastern Rhode Island Zone - the geographic area served by the former Blackstone Valley Electric Company and Newport Electric Corporation prior to their merger with and into Narragansett.

Investment Grade - means (i) with respect to a Credit Rating assigned by S&P, a Credit Rating equal to or better than "BBB-"; or (ii) with respect to a Credit Rating assigned by Moody's, a Credit Rating equal to or better than "Baa3".

ISO - The Independent System Operator established in accordance with the NEPOOL Agreement and the Interim Independent System Operator Agreement as amended, superseded or restated from time to time.

kWh - Kilowatt-hour.

Last Resort Service - The electric service provided by Narragansett pursuant to Section 39-1-27.3(f) of Rhode Island General Laws.

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

Narragansett's Service Territory – The geographic area served by The Narragansett Electric Company including the service territory formerly served by the Blackstone Valley Electric Company and the Newport Electric Company which has been merged with and into The Narragansett Electric Company

Narragansett's System - The electrical system of Narragansett and/or the electrical system of any affiliate of Narragansett.

Narragansett Zone - The geographic area served by Narragansett prior to Blackstone Valley Electric Company and Newport Electric Company's merger with and into Narragansett.

NEPOOL - The New England Power Pool.

NEPOOL Agreement - The New England Power Pool Agreement dated as of September 1, 1971, as amended and as may be amended or restated from time to time.

Net Worth - means total assets, exclusive of intangible assets, less total liabilities as reflected on a balance sheet prepared in accordance with generally accepted accounting principles consistently applied.

Price - shall have the meaning set forth in Section 5.1(b) below.

Prime Rate - The prime (or comparable) rate announced from time to time as its prime rate by the Bank of America or its successor, which rate may differ from the rate offered to its more substantial and creditworthy customers.

PTF - Facilities categorized as Pool Transmission Facilities under the NEPOOL Agreement.

Retail Access Date – January 1, 1998.

RIPUC – Rhode Island Public Utilities Commission.

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

Standard Offer 1 Supply Contracts - The Second Amended and Restated Wholesale Standard Offer Service Agreement, dated as of September 1, 1998, by and between Narragansett and USGen New England, Inc., and the Amended and Restated NECO Wholesale Standard Offer Service Agreement II, dated as of September 1, 1998, by and between Narragansett and USGen New England, Inc.

Standard Offer 2 Service - The electric service provided by Narragansett pursuant to Section 39-1-27.3(d) of Rhode Island General Laws from the Retail Access Date through December 31, 2009, to any "new customers" in the Narragansett Zone who request Standard Offer Service after the Retail Access Date and pursuant to the Standard Offer Service Tariff. "New customers" shall be any customers who were not taking service from Narragansett prior to the Retail Access Date and are not

being supplied: (i) pursuant to the Standard Offer 1 Supply Contracts or (ii) from Last Resort Service or (iii) from a competitive supplier; and shall include, without limitation, all customers taking service after the Retail Access Date, as more specifically described in Appendix D attached hereto and made a part hereof.

Standard Offer 2 Service Customers – has the meaning set forth in Appendix D.

Standard Offer Service Tariff – Narragansett's Tariff for Standard Offer Service, R.I.P.U.C. No. 1160, as may be amended from time to time and approved by the RIPUC.

Wholesale Standard Offer 2 Service - The sale of electricity by Seller to Narragansett to meet the needs of Narragansett's ultimate customers taking Standard Offer 2 Service and pursuant to the Standard Offer Service Tariff. Such customers shall not include, nor shall Seller be responsible for the provision of Standard Offer Service 2 to, any Last Resort Service or Standard Offer Service 1 customers or any customers who enter the Standard Offer 2 Service class during the term hereof as a result of a merger, acquisition or divestiture by Narragansett or any Affiliate of Narragansett. It shall include generation and/or market purchase and delivery, to any location on the NEPOOL PTF system, of the portion of the electric capacity, energy and ancillary services required to meet the needs of ultimate customers taking Standard Offer 2 Service. Seller, as the supplier of Standard Offer 2 Service, will be responsible for all present or future requirements and associated costs for Installed Capability, Energy, Operating Reserves, Automatic Generation Control, losses, uplift costs and any congestion charges to the extent such charges are not imposed on Narragansett as a transmission charge by NEPOOL or the ISO associated with Standard Offer 2 Service and any other requirements, market products, expenses or charges imposed on Seller by NEPOOL or the ISO, as they may be in effect from time to time. Seller will be responsible for all transmission and distribution losses associated with delivery of the electricity to the customer's meter.

Narragansett shall make arrangements for NEPOOL Regional Network Service, which provides for transmission over the PTF, and local network service from any applicable local transmission provider(s), which provides for transmission over non-PTF. Narragansett shall be billed by NEPOOL and the applicable local transmission provider(s) for these services. Narragansett shall pay these bills and collect the costs, along with Narragansett's distribution costs, from its customers through its retail distribution tariffs. Any other transmission or distribution costs prior to the Delivery Point will be the Seller's responsibility.

The Loads for this service will be represented in the NEPOOL Market System as Load Asset 736, or such other Load Asset designation as may be established during the term of this Agreement for Load within the Narragansett Zone.

ARTICLE 3. TERM, REGULATORY APPROVALS, SERVICE PROVISIONS AND REGISTRATION REQUIREMENTS

Section 3.1 Term

This Amended and Restated Power Supply Agreement shall become effective on the same date on which the Termination Agreement becomes effective under its terms with such effectiveness expressly subject to the Company's receipt of the RIPUC approval and Division Consent as set forth on Schedule 7A.2, and shall extend through and including the date on which final payment is made between Narragansett and Seller hereunder, unless this Agreement is sooner terminated in accordance with the provisions hereof. If the Termination Agreement does not become effective in accordance with Section 1 thereof, this Agreement shall be null and void.

Section 3.2 Commencement Date of Supply to Retail Customers

Service from Narragansett to individual customers taking Standard Offer 2 Service pursuant to the Standard Offer Service Tariff as of the commencement date of the Delivery Term, shall continue as of the commencement date of the Delivery Term.

Service from Narragansett to individual customers not taking service pursuant to the Standard Offer Service Tariff as of the commencement date of the Delivery Term and commence taking service pursuant to the Standard Offer Service Tariff during the term of this Agreement shall begin on the initiation date as determined in accordance with the Standard Offer Service Tariff.

Narragansett shall provide Seller with a notice of commencement via electronic file transfer, in accordance with Article 3, Section 3.7 hereof. For each notice of commencement, Narragansett shall provide Seller with the account number, commencement date of service and rate class of each customer.

Narragansett's customer enrollment process allows a competitive supplier to dispute and/or challenge any notice it receives from Narragansett that a customer will be enrolled in the service provided by such competitive provider. However, Seller may only dispute and/or challenge any notice it receives from Narragansett that a customer will commence service pursuant to the Standard Offer Service Tariff if Seller has a good-faith basis to claim that such customer was erroneously classified as a "new customer" (as such is defined in Appendix D hereto) and such dispute and/or challenge is made in accordance with the provisions of Article 15 hereof. The pendency of such dispute resolution process shall not effect the provision of service to such customer.

Section 3.3 Termination Date of Supply to Retail Customers

Service from Narragansett to individual customers taking Standard Offer 2 Service pursuant to the Standard Offer Service Tariff shall terminate on the termination date as determined in accordance with the Standard Offer Service Tariff.

Narragansett shall provide Seller with a notice of termination via electronic file transfer in accordance with Article 3, Section 3.7 hereof. For each notice of termination, Narragansett shall provide Seller with the account number, termination date of service and rate class of each customer.

Narragansett will not provide notice of termination for customers who remain on Standard Offer 2 Service as of December 31, 2009, such date being the date upon which Seller's obligation to provide Wholesale Standard Offer 2 Service shall terminate, unless this Agreement shall be terminated earlier pursuant to its terms.

Narragansett's customer enrollment process allows a competitive supplier to dispute and/or challenge any notice it receives from Narragansett that a customer will be terminated from the service provided by such competitive provider. However, Seller may only dispute and/or challenge any notice it receives from Narragansett that a customer will terminate Standard Offer 2 Service pursuant to the Standard Offer Service Tariff if Seller has a good-faith basis to claim that such customer was erroneously terminated and such dispute and/or challenge is made in accordance with the provisions of Article 15 hereof. The pendency of such dispute resolution process shall not effect the termination of service to such customer.

Section 3.4 Service Disconnection Procedures

Narragansett may discontinue service to any customer taking Standard Offer 2 Service pursuant to the Standard Offer Service Tariff in accordance with the provisions of the Distribution Service Terms. If Seller has established an account on the VAN, Narragansett shall provide electronic notification to Seller of any customer taking Standard Offer 2 Service pursuant to the Standard Offer Service Tariff which receives a final bill as a result of disconnection. The electronic file shall be transmitted using the VAN. The cost of using the VAN shall be borne by Seller.

Narragansett shall not be liable for any and all revenue losses to Seller as a result of any disconnection.

Seller may not disconnect or request disconnection of any customer taking Standard Offer 2 Service pursuant to the Standard Offer Service Tariff.

Section 3.5 Distribution Service Interruptions

Interruptions in distribution service, if any, to customers taking Standard Offer 2 Service pursuant to the Standard Offer Service Tariff, shall be made in accordance with the provisions of the Competitive Supplier Terms.

Section 3.6 Release of Customer Information

Narragansett 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

In order to receive electronic file transfers as provided for in Article 3, Section 3.2, Section 3.3 and Section 3.4 hereof, Seller shall establish an account on the Advantis Value Added Network ("VAN") and verify its ability to transfer and receive files with Narragansett at least fourteen (14) days prior to the day on which Seller desires to commence receipt of such transfers. All costs of establishing an account and using the VAN shall be born by Seller. If Seller fails to pay any or all of

its VAN costs when due and payable, Narragansett may discontinue distribution of electronic file transfers to Seller.

Section 3.8 Notification of Competitive Supplier Promotions and Programs

Narragansett shall provide Seller with advance written notice of any contemplated programs, promotions, or initiatives that shall be sponsored or supported by Narragansett that are designed to encourage Narragansett's Standard Offer 2 Service customers to leave Standard Offer 2 Service for any reason ("Programs"). Such notification shall be provided as soon as practicable after Narragansett knows with reasonable certainty that any such Program or Programs will be implemented, but, in any event, no later than thirty (30) days prior to implementation of any such Program or Programs.

ARTICLE 4. SALE AND PURCHASE

Seller shall sell and deliver to the Delivery Points and Narragansett shall purchase and receive one hundred percent (100%) of the Standard Offer 2 Service requirements for all of Narragansett's customers taking Standard Offer 2 Service pursuant to the Standard Offer Service Tariff during the Delivery Term.

ARTICLE 5. PRICE AND BILLING

Section 5.1 Price

(a) [redacted]

(b) The Price payable by Narragansett to Seller shall be:

Period	Price in Cents per kWh
2001	3.8 Cents
2002	4.2 Cents
2003	4.7 Cents
2004	5.1 Cents
2005	5.5 Cents
2006	5.9 Cents
2007	6.3 Cents
2008	6.7 Cents
2009	7.1 Cents

Section 5.2 Billing and Payment

(a) On or before the tenth (10th) day of each month during the term of this Agreement, Narragansett shall calculate the amount due and payable to Seller pursuant to this Article 5 with respect to the preceding month. The amount payable shall be calculated by multiplying the Price specified in the first paragraph of Article 5, Section 5.1(b) above, for the applicable month, by the Billing Energy in the applicable month. Because Billing Energy quantities are based upon estimates, subject to a reconciliation process described in Section 6.3(c), quantities used in calculations under this paragraph (a) shall be subject to adjustment, whether positive or negative, in subsequent months' calculations, to reflect that reconciliation process, and any adjusted quantities shall be applied to the Price applicable during the month of the calculation being adjusted.

(b) Seller shall submit an invoice with such calculation as provided in paragraph (a) and the respective amounts due under the terms of this Agreement to Narragansett not later than ten (10) days after Narragansett provides the calculation to Seller; (ii) such invoice shall be delivered to Narragansett by express mail, courier, facsimile or by electronic means; and (iii) all such invoices shall be due and payable as specified in paragraph (c).

(c) Narragansett shall pay Seller any amounts due and payable on or before the last day of the calendar month in which it receives an invoice. If all or any part of any amount due and payable pursuant to paragraph (a) shall remain unpaid thereafter, interest shall thereafter accrue and be payable to Seller on such unpaid amount at a rate per annum equal to two percent (2%) above the Prime Rate in effect on the date of such bill; provided, however, no interest shall accrue in favor of Seller or Narragansett on amounts that are added to or credited against a calculation due to the adjustment of estimated quantities in accordance with paragraph (a) and Article 6, Section 6.3.

(d) With respect to any error in a calculation (whether the amount is paid or not), any overpayment, underpayment, or reconciliation adjustment will be refunded or paid up, as appropriate. Interest shall accrue from the date of the error on the unpaid or overpaid amount finally determined to be due and shall be calculated pursuant the prevailing prime rate provided for refunds under the Commission's regulations (i.e., 18 C.F.R. Section 35.19a or any successor thereto).

Section 5.3 Disputed Invoices

Each invoice shall be subject to adjustment for any errors in arithmetic, computation, estimating, or otherwise. The Parties shall use good faith efforts to resolve disputes promptly. If after such good faith negotiations, the Parties are unable to resolve the dispute, the Parties may: (i) by mutual agreement, submit the dispute to binding arbitration pursuant to Section 15.2 hereof (or such other alternative dispute resolution rules and procedures to which both Parties agree); or (ii) pursue any legal or equitable remedies that may be available. Unless otherwise agreed, in case of a dispute regarding any portion of any invoice, as long as the power has been delivered to the Delivery Point, the amount in dispute shall be deposited into an interest bearing escrow account by the Party that disputes the amount to be paid until such dispute shall be resolved. Unless otherwise agreed, upon final determination of the correct invoice amount, any necessary billing adjustments and payment shall be made within three (3) days of such final determination date resolving said dispute,

together with interest from the due date for payment of the invoice, calculated at the rate provided under aforementioned FERC regulations (i.e., 18 C.F.R. Section 35.19a or any successor thereto). Narragansett's payment of an invoice (whether or not under protest) shall not affect any legal or equitable rights a Party shall have to challenge the correctness of the invoice within the time limitations established in Section 5.4 below.

Section 5.4 Challenge to Invoices

Unless otherwise agreed: (i) either Party may challenge, in writing, the correctness of any invoice or billing adjustment no later than twenty-four (24) months after the date payment of such invoice or billing adjustment is due; (ii) if a Party does not challenge the correctness of an invoice or billing adjustment within such twenty-four (24) month period, such invoice or billing adjustment shall be binding upon that Party and shall not be subject to challenge; and (iii) where it is determined as a result of a billing challenge that an adjustment to an invoice or billing adjustment is appropriate, such adjustment shall include interest accrued at the rate provided under aforementioned FERC regulations (i.e., 18 C.F.R. Section 35.19a and any successor thereto), and shall be made in the month following such determinations.

Section 5.5 Taxes, Fees and Levies

(a) Seller shall be obligated to pay all present and future taxes, fees and levies which may be assessed on Seller by any entity upon the sale of electricity to Narragansett covered by the Agreement. To the extent such taxes, fees, and levies are allowed to be, and are actually, recovered by Narragansett from their customers, Narragansett shall reimburse Seller for such taxes, fees, and levies paid by Seller.

(b) All electricity delivered by Seller to Narragansett hereunder shall be sales for resale, with Narragansett reselling such electricity. Narragansett shall provide Seller with any certificate reasonably required by Seller to evidence such sales for resale.

ARTICLE 6. DELIVERY, LOSSES, AND DETERMINATION AND REPORTING OF HOURLY LOADS

[redacted]

[redacted]

Section 6.2 Losses

Seller shall be responsible for all transmission and distribution losses associated with the delivery of electricity supplied under this Agreement to the meters of ultimate customers of Narragansett taking service pursuant to the Standard Offer 2 Service Tariff. Seller shall provide Narragansett at the Delivery Points with additional quantities of electricity and ancillary services to cover such losses from the Delivery Points to the meters of retail customers. The quantities required for this purpose in each hour of a billing period shall be determined in accordance with NEPOOL's and Narragansett's procedures for loss determination. Seller shall be responsible for any PTF losses allocated by the ISO which are associated with the provision of Standard Offer 2 Service pursuant to this Agreement.

Section 6.3 Determination and Reporting of Hourly Loads

(a) Narragansett or its agent shall estimate the total hourly load responsibility for each of the services provided by Seller pursuant to this Agreement based upon average load profiles developed for each of Narragansett's customer classes and each of Narragansett's actual total hourly load. Appendix A, attached and incorporated herein by reference, provides a general description of the estimation process that Narragansett or its agent shall employ (the "Estimation Process"). Narragansett hereby reserves the right to modify the Estimation Process in the future; provided that any such modification shall be designed to improve the Estimation Process. Narragansett or its agent shall report to the ISO and to Seller the hourly load responsibility of Seller for Standard Offer 2 Service.

(b) Narragansett or its agent shall use all reasonable efforts to report to the ISO and to Seller Seller's hourly adjusted Standard Offer 2 Service loads by 1:00 P.M. of the second following business day.

(c) To refine the estimates of Seller's monthly load developed by the Estimation Process, a monthly calculation will be performed to reconcile the original estimate of Seller's loads to actual customer usage based on meter reads. Narragansett or its agent will normally notify the ISO of any resulting billing adjustment (debit or credit) to Seller's account no later than the last day of the third month following the billing month. Appendix A, attached and incorporated herein by reference, also provides a general description of this reconciliation process.

Section 6.4 NEPOOL Market System Implementation

As soon as possible prior to the start of the Delivery Term, Narragansett shall enter into the NEPOOL Market System Load Asset Contracts for Electrical Load and Installed Capability for Load

Asset 736. The Load Asset Contracts shall be effective throughout the Delivery Term and shall have Narragansett as seller and Seller as buyer.

As soon as practicable following Narragansett's entry of the Load Asset Contracts and at least seventy-two (72) hours prior to the start of the Delivery Term, Seller shall submit Load Asset Contract acknowledgment forms to the ISO and to Narragansett for each of the Load Asset Contracts submitted by Narragansett.

ARTICLE 7. DEFAULT, TERMINATION AND SECURITY

[redacted]

[redacted]

[redacted]

[redacted]

ARTICLE 7A. REPRESENTATIONS AND WARRANTIES

As a material inducement to enter into this Agreement, the respective Parties represent and warrant for the benefit of the other Party, throughout the term of this Agreement, as follows:

7A.1 Each Party represents and warrants that is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and is qualified to conduct its business in those jurisdictions necessary to perform this Agreement.

7A.2 With the receipt of the approval and consent as set forth on Schedule 7A.2 prior to the Effective Date, each Party represents and warrants that it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement and no consents of any other Party and no act of any other governmental authority is required in connection with the execution, delivery and performance of this Agreement.

7A.3 Each Party represents and warrants that the execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms or conditions in its governing documents or any contract to which it is a Party or any law, rule, regulation, order, writ, judgment, decree or other legal or regulatory determination applicable to it.

7A.4 Each Party represents and warrants that this Agreement constitutes a legal, valid and binding obligation of such Party enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws affecting creditor's rights generally, and with regard to equitable remedies, to the discretion of the court before which proceedings to obtain same may be pending.

7A.5 Each Party represents and warrants that there are no bankruptcy, insolvency, reorganization, receivership or other proceedings pending or being contemplated by it, or of its knowledge threatened against it.

7A.6 Each Party represents and warrants that there are no suits, proceedings, judgments, rulings or orders by or before any court or any governmental authority that materially adversely affect its ability to perform this Agreement.

7A.7 Each Party represents and warrants that it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or

recommendations of the other Party hereto is so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement.

7A.8 Each Party represents and warrants that it is a "forward contract merchant" within the meaning of the United States Bankruptcy Code.

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 (confirmed by telephone), courier, personally delivered or mailed, postage prepaid, to the representative of the other Party designated in this Article 8. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile confirmed by telephone, (ii) when actually received if delivered by courier or personal delivery or (iii) three (3) days after deposit in the United States mail, if sent by first class mail.

Notices and other communications by Seller to Narragansett shall be addressed to:

Mr. Michael J. Hager
Manager, Distribution Energy Services
National Grid USA Service Company, Inc.
55 Bearfoot Road
Northboro, MA 01532
(508) 421-7350
(508) 421-7335 (fax)

and, if a notice under Article 7, also to:

General Counsel
National Grid USA Service Company, Inc.
25 Research Drive
Westborough, MA 01582
Phone No.: (508) 389-9000
FAX No.: (508) 389-2605

Notices and other communications by Narragansett to Seller shall be addressed to:

Constellation Energy Commodities Group, Inc.
111 Market Place, Suite 500
Baltimore, MD 21202
Attn: Head of Operations with a copy to General Counsel
(410) 468-3500
(410) 468-3499 (fax)

Any Party may change its representative by written notice to the others.

Section 8.2 Authority of Representative

The Parties' respective representatives designated in Article 8, Section 8.1 shall have full authority to act for their respective principals in all technical matters relating to the performance of this Agreement. They shall not, however, have the authority to amend, modify, or waive any provision of this Agreement unless they are authorized officers of their respective entities and such amendment, modification or waiver is made pursuant to Article 17.

ARTICLE 9. LIABILITY, INDEMNIFICATION, AND RELATIONSHIP OF PARTIES

Section 9.1 Limitation on Consequential, Incidental and Indirect Damages

To the fullest extent permissible by law, neither Narragansett nor Seller, nor their respective officers, directors, agents, employees, suppliers, parent, subsidiaries, affiliates, successor or assigns shall be liable to the other Party or its officers, directors, agents, employees, suppliers, parent, subsidiaries, affiliates, successor or assigns for claims, suits, actions or causes of action for incidental, indirect, special, punitive, multiple, consequential damages (including attorney's fees or litigation costs) or lost profits or other business interruption damages 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 9.1 shall apply regardless of fault and shall survive termination, cancellation, suspension, completion or expiration of this Agreement.

Section 9.2 Recovery of Direct Damages Permitted

Notwithstanding the provisions of Article 9, Section 9.1, subject to the duty to mitigate damages as provided under common law of damages recovery, both Narragansett and Seller shall be entitled to recover their actual, direct damages (i) incurred as a result of the other Party's breach of this Agreement or (ii) incurred as a result of any other claim arising out of any action undertaken in connection with or related to this Agreement. For purposes of avoiding any disputes about the difference between direct damages and consequential damages, the Parties agree as follows:

(a) (1) To the extent that Narragansett is found to be in breach of this Agreement or liable under another cause of action; and

(2) as a direct result of such breach or event giving rise to the cause of action, Seller suffers loss of profits that Seller reasonably expected to have received from payments to be made by Narragansett under this Agreement had Narragansett performed under this Agreement; then

(3) Seller shall be entitled to recover such lost profits that would have been received from such payments that Seller can demonstrate it lost or will

lose as a result thereof, subject to the duty to mitigate.

(b) (1) To the extent that Seller fails to provide Narragansett Wholesale Standard Offer 2 Service power pursuant to the terms of this Agreement; and

(2) as a result, Seller is found to be in material breach of this Agreement; and

(3) subject to the duty to mitigate, Narragansett purchases (as a result of Seller's failure) power from a third party at a price that is higher than what Narragansett would have paid under the terms of this Agreement, Narragansett may recover the difference between the price Narragansett paid to such third party and the Price it would have paid had Seller performed; provided, however, Seller shall not be liable to Narragansett for lost profits associated with any expected revenue streams from the sale of power to third parties or lost profits from any other contracts or sales.

(c) Except as provided in paragraphs (a) and (b) above, neither Narragansett nor Seller shall be liable to the other for lost profits arising out of performance, or non-performance of this Agreement, whether such lost profits may be categorized as direct, incidental, indirect, or consequential damages and irrespective of whether such claims are based upon warranty, tort, strict liability, contract, statute, operation of law or otherwise.

Section 9.3 Indemnification

(a) Seller agrees to defend, indemnify and save Narragansett, its officers, directors, agents, employees, suppliers, parent, subsidiaries, affiliates, successor or assigns harmless from and against any and all third-party claims, suits, actions or causes of action for damage by reason of bodily injury, death, or damage to property caused by Seller, its officers, directors, agents, employees, suppliers, parent, subsidiaries, affiliates, successor or assigns or caused by or sustained on its facilities, arising from or in connection with this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, supplier, parent, subsidiary, successor, assign or Affiliate of Narragansett.

(b) Narragansett agrees to defend, indemnify and save Seller, its officers, directors, agents, employees, suppliers, parent, subsidiaries, affiliates, successor or assigns harmless from and against any and all third-party claims, suits, actions or causes of action for damage by reason of bodily injury, death, or damage to property caused by Narragansett, its officers, directors, agents, employees, suppliers, parent, subsidiaries, affiliates, successor or assigns or caused by or sustained on its facilities, arising from or in connection with this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, supplier, parent, subsidiary, successor, assign or affiliate of Seller.

(c) If any Party intends to seek indemnification under this Article 9, Section 9.2 from the other Party with respect to any third-party action or claim, the Party seeking indemnification shall give the other Party written notice of such claim or action within fifteen (15) days of the commencement of, or actual knowledge of, such claim or action. Such 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 written consent of the other Party, which consent shall not be unreasonably withheld.

Section 9.4 Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between Narragansett and Seller other than that of independent contractors.

ARTICLE 10. ASSIGNMENT

Section 10.1 General Prohibition Against Assignments

Except as provided in Article 10, Section 10.2 below, neither Party shall assign, pledge or otherwise transfer this Agreement or any right or obligation under this Agreement without first obtaining the other Party's written consent, which consent shall not be unreasonably withheld.

Section 10.2 Exceptions to Prohibition Against Assignments

(a) Seller may, without Narragansett's prior written consent, collaterally assign this Agreement in connection with financing arrangements. Seller must, however, provide Narragansett with at least (5) days' advance written notice of such collateral assignment.

(b) Either Party may, without the other Party's prior written consent, (i) assign all or a portion of its rights and obligations under this Agreement to any Affiliate of Narragansett or affiliate of Seller, as the case may be, or (ii) assign its rights and obligations hereunder, or transfer such rights and obligations by operation of law, to any corporation or other 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 assignee agrees to be bound by the terms thereof and provided, further, that such assignee's creditworthiness is comparable to or higher than that of such Party 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 permitted successors and assigns.

ARTICLE 12. FORCE MAJEURE

Section 12.1 Force Majeure Standard

The Parties shall be excused from performing their respective obligations hereunder and shall not be liable in damages or otherwise, if and only to the extent that they are unable to so perform or are prevented from performing by an event of force majeure.

Section 12.2 Force Majeure Definition

An event of force majeure includes, without limitation, storm, flood, lightning, drought, earthquake, fire, explosion, equipment failure, civil disturbance, labor dispute, act of God or the public enemy, action of a court or public authority, or any other cause beyond a Party's reasonable control, but only if and to the extent that the event directly affects the availability of the transmission or distribution facilities of NEPOOL, Narragansett or an Affiliate of Narragansett necessary to provide service to Narragansett's customers which are taking Standard Offer 2 Service pursuant to the Standard Offer Service Tariff. Events affecting the availability or cost of operating any generating facility shall not be events of force majeure. Force majeure shall not include a Party's decision that the terms of this Agreement are no longer economically favorable to said Party.

Section 12.3 Obligation to Diligently Cure Force Majeure

If any Party shall rely on the occurrence of an event or condition described in Article 12, Section 12.2, above, as a basis for being excused from performance of its obligations under this Agreement, then the Party relying on the event or condition shall:

1. provide written notice to the other Party within five (5) days of the occurrence of the event or condition giving an estimation of its expected duration and the probable impact on the performance of its obligations hereunder;

2. exercise all reasonable efforts to continue to perform its obligations hereunder;

3. expeditiously take action to correct or cure the event or condition excusing performance; provided that settlement of strikes or other labor disputes shall be completely within the sole discretion of the Party affected by such strike or labor dispute;

4. exercise all reasonable efforts to mitigate or limit damages to the other Party to the extent such action will not adversely affect its own interests; and

5. provide prompt notice to the other Party of the cessation of the event or condition giving rise to its excuse from performance.

ARTICLE 13. WAIVERS

The failure of either Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights under this Agreement shall not be construed as a general waiver of any such provision or the relinquishment of any such right, but the same shall continue and remain in full force and effect, except with respect to the particular instance or instances.

ARTICLE 14. REGULATION

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

ARTICLE 15. INTERPRETATION, DISPUTE RESOLUTION

Section 15.1 Interpretation

The interpretation and performance of this Agreement shall be in accordance with and controlled by the laws of the Commonwealth of Massachusetts.

Section 15.2 Dispute Resolution

Any dispute between Narragansett and Seller involving service under this Agreement shall be referred to a senior representative of the Seller designated by the Seller and a senior representative of Narragansett designated by Narragansett for resolution on an informal basis as promptly as practicable. In the event the designated senior representatives are unable to resolve the dispute within ten (10) days, or such other period as the Parties may jointly agree upon, to the extent such dispute does not exceed two hundred fifty thousand dollars ($250,000.00), such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedure set forth in this Article 15, Section 15.2. The arbitration shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, the Seller and Narragansett 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 in electric utility matters, including wholesale power transactions and power market issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration. The arbitrator(s) shall afford each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. There shall be no formal discovery conducted in connection with the arbitration; provided, however, that the Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and the reasons therefore, and shall make an award apportioning the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act.

ARTICLE 16. SEVERABILITY

If any provision or provisions of this Agreement shall be held invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

ARTICLE 17. MODIFICATIONS

No modification to this Agreement will be binding on any Party unless it is in writing and signed by all parties.

ARTICLE 18. SUPERSESSION

This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and its execution supersedes any other agreements, written or oral, between the Parties concerning such subject matter.

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. HEADINGS

Article and Section headings used throughout this Agreement are for the convenience of the Parties only and are not to be construed as part of this Agreement.

ARTICLE 21. AUDIT RIGHTS

Each Party or any third party representative of a Party shall have the right, at its sole expense, to examine the records of the other Party during normal business hours upon reasonable notice. Any information gathered during such examination shall be kept confidential by the discovering Party and/or its third party representative party unless and to the extent such Party is required to disclose such information by action of a court or other government authority or only to those of its employees, consultants, authorized representative, and attorneys having a "need to know" such information to carry out their functions in connection with this Agreement and have agreed to keep such information confidential.

ARTICLE 22. CONFIDENTIALITY

Narragansett, nor any of its affiliates or agents, shall not disclose Seller's identity prior to December 1, 2001. In addition, neither Seller nor Narragansett shall provide copies of the information contained in Section 5.1(a), Section 6.1, Articles 7 and 14 and Appendix C hereto (collectively, the "Confidential Terms"), to any third party without the prior written consent of the other party; provided, however, that either Party, or any of its affiliates, may provide copies or information regarding this Agreement to any regulatory agency requesting and/or requiring such information and Seller may provide copies or information regarding this Agreement to its suppliers; provided, further, that any such disclosure must include a request for confidential treatment of the Agreement and/or the redaction of the Confidential Terms from the copies of the Agreement which are placed in the public record or otherwise made available to third parties or Seller's suppliers.

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

THE NARRAGANSETT ELECTRIC COMPANY

BY:

Its

CONSTELLATION ENERGY COMMODITIES GROUP, INC.

BY:

Its

APPENDIX A
ESTIMATION OF SUPPLIER 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 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. Narragansett will estimate Seller's Standard Offer 2 Service load obligations within Narragansett's service territories 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 are available, they 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 shall match the total load delivered into the distribution system. A description of the estimation process follows.

Daily Estimation of Suppliers' Own Load

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

- Select a proxy date from the previous year with characteristics which best match the day for which the hourly demand estimates are being produced. Extract class load shapes for the selected proxy date from the load research database.

- Scale the class load shapes appropriately for each individual customer based on the usage level of the customer relative to the class average usage level.

- Calculate a factor for each customer which reflects their relative usage level and includes an adjustment for losses ("load adjustment factor"). Aggregate the load adjustment factors across the customers served by each supplier in each class.

- Produce a preliminary estimate of each supplier's hourly loads by combining the proxy day class load shapes with the supplier's total load adjustment factors. Aggregate the loads across the classes for each supplier.

- Adjust the preliminary hourly supplier estimates so that their sum is equal to Narragansett'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.

- Submit the hourly loads to the ISO.

After Narragansett 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 sum of the resulting KWh over the days in the month is reported and used by the ISO as the basis for a monthly adjustment.

APPENDIX B

[INTENTIONALLY OMITTED]

APPENDIX C

FORM OF GUARANTY

[redacted]

[redacted]

APPENDIX D

IDENTIFICATION OF STANDARD OFFER 2 SERVICE CUSTOMERS

For purposes of this Agreement, “new customers” or customers eligible for Standard Offer 2 Service shall be:

1. Customers who were not customers of record as of the Retail Access Date who establish an account within the Narragansett Zone after the Retail Access Date.

2. Customers within the Eastern Rhode Island Zone who are taking service pursuant to the Standard Offer Service Tariff and who relocate to the Narragansett Zone.

Customers who are provided Standard Offer 2 Service within the Narragansett Zone who relocate to the Eastern Rhode Island Zone will no longer be provided Standard Offer 2 Service at the new location.

Customers who establish accounts within the Narragansett Zone after the retail access will be supplied pursuant to the Standard Offer 1 Supply Contracts, rather than be classified as "new customers" if:

1. The customer relocates within the Narragansett Zone and was supplied pursuant to the Standard Offer 1 Supply Contracts at its prior location.

2. The customer is a trustee, receiver, or debtor in possession in bankruptcy and the bankrupt entity was supplied pursuant to the Standard Offer 1 Supply Contracts.

3. The customer is making a new request for service and their prior service was disrupted or turned off as a result of fire, flood, or other damage to the Customer's facility or residence that caused a temporary dislocation, if the customer was supplied pursuant to the Standard Offer 1 Supply Contracts prior to the dislocation.

4. The customer, after having been terminated at the same address within the past six months for nonpayment of electricity bills, is making a new request for service and if the customer was supplied pursuant to the Standard Offer 1 Supply Contracts prior to the termination.

5. The customer is making a new request for service for service for a seasonal account, if the Customer responsible for the seasonal account has not changed and the Customer was supplied pursuant to the Standard Offer 1 Supply Contracts at the account location.

6. The customer establishing the account at a residence was a resident at the location and the prior Customer at the location was supplied pursuant to the Standard Offer 1 Supply Contracts.

7. Whenever the change in service, reclassification of the account, or reconfiguration of the metering arrangement is done for the convenience of Narragansett.

Schedule 7A.2

Consents and Approvals

A. Of the Company:

1. Full and unconditional consent and approval by RIPUC of this Agreement and its filing submitted on June 7, 2005.

2. Written consent of the Division of Public Utilities and Carriers (the "Division") to terminate the two wholesale standard offer service agreements with TransCanada Power Marketing ("Division Consent"); provided, however, if the Division conditions its consent only upon the Company's receipt of RIPUC's approvals as set forth in 1 above (the "Division Conditions"), upon receipt of such RIPUC approval satisfying a Division Condition, the full and unconditional Division Consent required hereunder shall be deemed received.

Attachment 6D

EXECUTION COPY

PARTIAL TERMINATION AGREEMENT

This PARTIAL TERMINATION AGREEMENT, dated as of June 7, 2005 (this "Termination Agreement"), is entered into between NARRAGANSETT ELECTRIC COMPANY, a Rhode Island corporation (the "Company"), and CONSTELLATION ENERGY COMMODITIES GROUP, INC., a Delaware corporation ("Seller") (each of the Company and Seller, a "Party" and collectively, the "Parties").

WHEREAS, the Parties to this Agreement are Parties to that certain Power Supply Agreement, dated August 23, 2002 (the "SO1 Agreement");

WHEREAS, the Parties have agreed, subject to the occurrence of the Effective Date (as defined herein), to terminate certain provisions and thereby eliminate certain performance obligations under the SO1 Agreement as of 2359 Eastern prevailing time on June 30, 2005; and

WHEREAS, the Parties have agreed to enter into an agreement to set forth the Parties' obligations in relation to the Standard Offer Fuel Adjustment Provisions (as defined in the SO1 Agreement) as of and after the top of the hour beginning 0000 Eastern prevailing time on July 1, 2005 and such agreement specifically states that performance thereof is not related to, or dependent or conditioned upon, performance of the SO1 Agreement, including as it is amended by this Partial Termination Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which we hereby acknowledged, the Parties agree as follows:

1. This Termination Agreement shall be effective upon the Company's receipt of (a) a final non-appealable order from the Rhode Island Public Utilities Commission (the "RIPUC") (i) granting full and unconditional approval of the agreements set forth on the attached Appendix A, and (ii) approving the Company's filing dated June 7, 2005, and (b) written consent of the Division of Public Utilities and Carriers (the "Division") to terminate the two wholesale standard offer service agreements with TransCanada Power Marketing; provided, however, if the Division conditions its consent only upon the Company's receipt of RIPUC's approval set forth in (a) of this Article 1 (the "Division Condition"), upon receipt of such RIPUC approval satisfying the Division Condition, the full and unconditional Division consent required hereunder shall be deemed received. ((a) and (b) shall be referred to herein collectively as the "RIPUC Approval"). Notwithstanding the foregoing provisions of this Section 1, if the Parties have not obtained the RIPUC Approval on or prior to June 30, 2005, this Termination Agreement shall automatically terminate without any liability by one Party to the other Party. The date upon which the RIPUC Approval is received shall be the "Effective Date."

2. Subject to the occurrence of the Effective Date, the second paragraph of Section 5.1 of the SO1 Agreement and Appendix B thereto are hereby deleted, and all

references to the "Standard Offer Fuel Adjustment Provisions" (as such term is defined therein) and all obligations related to such provisions in the SO1 Agreement (the "FAP Obligations") are hereby eliminated and rendered null and void as of 2359 Eastern prevailing time on June 30, 2005. Other than as set forth in this Section 2, the SO1 Agreement shall remain in full force and effect; provided however, as of and after the top of the hour beginning 0000 Eastern prevailing time on July 1, 2005, the Parties rights and obligations under the SO1 Agreement shall be governed by the Amended and Restated Power Supply Agreement of even date herewith between the Parties.

3. Subject to the occurrence of the Effective Date and except for any reconciliation payments owed under the SO1 Agreement for FAP Obligations arising prior to July 1, 2005, each Party hereby absolutely and unconditionally releases, remises, acquits, covenants not to sue and forever discharges the other Party and its respective directors, managers, officers, employees, agents, affiliates, representatives, predecessors, successors and assigns (collectively, the "Releasees") from any and all claims, demands, agreements, promises, losses, debts, damages, liabilities, obligations, costs, expenses, disputes, actions and causes of action of every nature and any kind, whether at law or in equity, whether in contract, tort, by statute, or otherwise, whether known or unknown, suspected or unsuspected, vested or unvested, matured or unmatured, claimed or unclaimed, asserted or unasserted, which such party may have against the Releasees relating to the FAP Obligations which would arise from and after July 1, 2005.

4. Each Party hereto represents and warrants to the other Party hereto that it has all requisite power and authority to execute and perform this Termination Agreement, and that this Termination Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

5. This Termination Agreement shall be binding upon the Parties and their respective successors, assigns, heirs, beneficiaries and legal representatives.

6. This Termination Agreement may be executed by the Parties in separate counterparts, each of which when so executed shall be an original, but all such counterparts shall constitute one and the same instrument.

7. This Termination Agreement shall be governed by and construed in accordance with the laws of the State of Rhode Island without giving effect to the conflicts of laws principles thereof.

Signature Page Follows.

IN WITNESS WHEREOF, the Parties have caused this Termination Agreement to be duly executed and delivered as of the date first above written.

NARRAGANSETT ELECTRIC COMPANY	CONSTELLATION ENERGY COMMODITIES GROUP, INC.
By: _____	
Name:	By: _____
Title:	Name:
	Title:

Appendix A

List of Approved Contracts

1. This Termination Agreement.

2. The Partial Termination Agreement of even date herewith between the Parties relating to the termination of certain obligations under that certain Power Supply Agreement, dated October 5, 2001, between the Parties (the "SO2 Agreement").

3. The Amended and Restated Power Supply Agreement of even date herewith between the Parties, relating to Seller's load serving obligations under the SO1 Agreement.

4. The Amended and Restated Power Supply Agreement of even date herewith between the Parties, relating to Seller's load serving obligations under the SO2 Agreement.

5. Two separate Fuel Adjustment Payment Agreements, each of even date herewith between the Parties, relating to certain payment obligations associated with the amount of Standard Offer 1 Service provided by the Company.

6. The Fuel Adjustment Payment Agreement of even date herewith between the Parties, relating to certain payment obligations associated with the amount of Standard Offer 2 Service provided by the Company.

7. The Wholesale Standard Offer Service Agreement of even date herewith, between the Company and Seller for the EUA Zone (as defined therein.)

Attachment 6E

EXECUTION COPY

PARTIAL TERMINATION AGREEMENT

This PARTIAL TERMINATION AGREEMENT, dated as of June 7, 2005 (this "Termination Agreement"), is entered into between NARRAGANSETT ELECTRIC COMPANY, a Rhode Island corporation (the "Company"), and CONSTELLATION ENERGY COMMODITIES GROUP, INC., a Delaware corporation ("Seller") (each of the Company and Seller, a "Party" and collectively, the "Parties").

WHEREAS, the Parties to this Agreement are Parties to that certain Power Supply Agreement, dated October 5, 2001 (the "SO2 Agreement");

WHEREAS, the Parties have agreed, subject to the occurrence of the Effective Date (as defined herein), to terminate certain provisions and thereby eliminate certain performance obligations under the SO2 Agreement as of 2359 Eastern prevailing time on June 30, 2005; and

WHEREAS, the Parties have agreed to enter into an agreement to set forth the Parties' obligations in relation to the Standard Offer Fuel Adjustment Provisions (as defined in the SO2 Agreement) as of and after the top of the hour beginning 0000 Eastern prevailing time on July 1, 2005 and such agreement specifically states that performance thereof is not related to, or dependent or conditioned upon, performance of the SO2 Agreement, including as it is amended by this Partial Termination Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which we hereby acknowledged, the Parties agree as follows:

1. This Termination Agreement shall be effective upon the Company's receipt of (a) a final non-appealable order from the Rhode Island Public Utilities Commission (the "RIPUC") (i) granting full and unconditional approval of the agreements set forth on the attached Appendix A, and (ii) approving the Company's filing dated June 7, 2005, and (b) written consent of the Division of Public Utilities and Carriers (the "Division") to terminate the two wholesale standard offer service agreements with TransCanada Power Marketing; provided, however, if the Division conditions its consent only upon the Company's receipt of RIPUC's approval set forth in (a) of this Article 1 (the "Division Condition"), upon receipt of such RIPUC approval satisfying the Division Condition, the full and unconditional Division consent required hereunder shall be deemed received. ((a) and (b) shall be referred to herein collectively as the "RIPUC Approval"). Notwithstanding the foregoing provisions of this Section 1, if the Parties have not obtained the RIPUC Approval on or prior to June 30, 2005, this Termination Agreement shall automatically terminate without any liability by one Party to the other Party. The date upon which the RIPUC Approval is received shall be the "Effective Date."

2. Subject to the occurrence of the Effective Date, the second paragraph of Section 5.1 of the SO2 Agreement and Appendix B thereto are hereby deleted, and all

references to the "Standard Offer Fuel Adjustment Provisions" (as such term is defined therein) and all obligations related to such provisions in the SO2 Agreement (the "FAP Obligations") are hereby eliminated and rendered null and void as of 2359 Eastern prevailing time on June 30, 2005. Other than as set forth in this Section 2, the SO2 Agreement shall remain in full force and effect; provided however, as of and after the top of the hour beginning 0000 Eastern prevailing time on July 1, 2005, the Parties rights and obligations under the SO2 Agreement shall be governed by the Amended and Restated Power Supply Agreement of even date herewith between the Parties.

3. Subject to the occurrence of the Effective Date and except for any reconciliation payments owed under the SO2 Agreement for FAP Obligations arising prior to July 1, 2005, each Party hereby absolutely and unconditionally releases, remises, acquits, covenants not to sue and forever discharges the other Party and its respective directors, managers, officers, employees, agents, affiliates, representatives, predecessors, successors and assigns (collectively, the "Releasees") from any and all claims, demands, agreements, promises, losses, debts, damages, liabilities, obligations, costs, expenses, disputes, actions and causes of action of every nature and any kind, whether at law or in equity, whether in contract, tort, by statute, or otherwise, whether known or unknown, suspected or unsuspected, vested or unvested, matured or unmatured, claimed or unclaimed, asserted or unasserted, which such party may have against the Releasees relating to the FAP Obligations which would arise from and after July 1, 2005.

4. Each Party hereto represents and warrants to the other Party hereto that it has all requisite power and authority to execute and perform this Termination Agreement, and that this Termination Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

5. This Termination Agreement shall be binding upon the Parties and their respective successors, assigns, heirs, beneficiaries and legal representatives.

6. This Termination Agreement may be executed by the Parties in separate counterparts, each of which when so executed shall be an original, but all such counterparts shall constitute one and the same instrument.

7. This Termination Agreement shall be governed by and construed in accordance with the laws of the State of Rhode Island without giving effect to the conflicts of laws principles thereof.

Signature Page Follows.

IN WITNESS WHEREOF, the Parties have caused this Termination Agreement to be duly executed and delivered as of the date first above written.

NARRAGANSETT ELECTRIC COMPANY	CONSTELLATION ENERGY COMMODITIES GROUP, INC.
By: _____	
Name:	By: _____
Title:	Name:
	Title:

Appendix A

List of Approved Contracts

1. This Termination Agreement.

2. The Partial Termination Agreement of even date herewith between the Parties relating to the termination of certain obligations under that certain Power Supply Agreement, dated August 23, 2002, between the Parties (the "SO1 Agreement").

3. The Amended and Restated Power Supply Agreement of even date herewith between the Parties, relating to Seller's load serving obligations under the SO2 Agreement.

4. The Amended and Restated Power Supply Agreement of even date herewith between the Parties, relating to Seller's load serving obligations under the SO1 Agreement.

5. Two separate Fuel Adjustment Payment Agreements, each of even date herewith between the Parties, relating to certain payment obligations associated with the amount of Standard Offer 1 Service provided by the Company.

6. The Fuel Adjustment Payment Agreement of even date herewith between the Parties, relating to certain payment obligations associated with the amount of Standard Offer 2 Service provided by the Company.

7. The Wholesale Standard Offer Service Agreement of even date herewith, between the Company and Seller for the EUA Zone (as defined therein.)

Attachment 6F

EXECUTION COPY

FUEL ADJUSTMENT PAYMENT AGREEMENT

This FUEL ADJUSTMENT PAYMENT AGREEMENT ("Agreement") is dated as of June 7, 2005 and is by and between THE NARRAGANSETT ELECTRIC COMPANY, a Rhode Island corporation (the "Company"), and CONSTELLATION ENERGY COMMODITIES GROUP, INC., a Delaware corporation ("Seller") (the Company and Seller, each a "Party" and collectively, the "Parties").

ARTICLE 1. BASIC UNDERSTANDINGS

The Parties were parties to that certain Power Supply Agreement, dated August 23, 2002, as amended (the "Original Power Supply Agreement"). Certain obligations under the Original Power Supply Agreement were eliminated as of and after even date of the Effective Date hereof (as such date is defined in Section 3.1) pursuant to that certain Partial Termination Agreement of even date herewith (the "Termination Agreement"). Simultaneously with the execution of the Termination Agreement, the Parties amended and restated the Original Power Supply Agreement by entering into that certain Amended and Restated Power Supply Agreement of even date herewith (such agreement, as may be amended, supplemented or modified from time to time, the "Current Power Supply Agreement"). The Parties desire to enter into this Agreement to memorialize the Parties' understanding of the Company's obligation to pay the Seller the Fuel Adjustment Amount, as defined herein. Although the Parties have entered into this Agreement in connection with their amendment and restatement of the Original Power Supply Agreement, and adequate consideration has been transferred between the Parties, performance of this Agreement is not related to, or dependent or conditioned upon, performance of the Current Power Supply Agreement. This Agreement does not provide for the sale of power and is independent of any agreement for the sale of power.

In accordance with the foregoing and in consideration of the mutual promises, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby enter into this Agreement.

ARTICLE 2. DEFINITIONS

The following words and terms shall be understood to have the following meanings when used in this Agreement. In addition, except as otherwise expressly provided, where terms used in this Agreement with initial capitalization are not defined herein but are defined in the NEPOOL Rules, either currently or in the future, the definition thereof in the NEPOOL Rules is expressly incorporated into this Agreement by reference.

Affiliate –With respect to the Company, any company that is a subsidiary (direct or indirect) of National Grid, USA, Inc. and its successors and, with respect to Seller, any company that controls, is controlled by or under common control with Seller.

Bankrupt - With respect to any entity, such entity (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or

commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) as contemplated by applicable bankruptcy law, is generally unable to pay its debts as they fall due, unless such debts are the subject of a bona fide dispute.

Billing Energy – Forty percent (40%) of the quantity of energy, expressed in kilowatt-hours, provided by the Company (without regard to the source of supply) to the meters of its retail customers taking Standard Offer 1 Service.

Business Day - Any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant Party's principal place of business. The relevant Party, in each instance unless otherwise specified, shall be the Party to whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

Competitive Supplier Terms - The Company's Terms and Conditions for Nonregulated Power Producers, R.I.P.U.C. No. 1124, as may be amended from time to time and approved by the RIPUC.

Costs – has the meaning set forth in Section 5.2(b).

Credit Rating - With respect to an entity, means the rating then assigned to such entity's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) by S&P, Moody's or any other rating agency agreed by the Parties, or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by S&P, Moody's or any other rating agency agreed by the Parties.

Credit Requirements – has the meaning set forth in Section 5.6 (a).

Downgraded Party – has the meaning set forth in Section 5.6 (b).

Distribution Service Terms – The Company's Terms and Conditions, R.I.P.U.C. No. 1154, as may be amended from time to time and approved by the RIPUC.

Eastern Rhode Island Zone - the geographic area served by the former Blackstone Valley Electric Company and Newport Electric Corporation immediately prior to their merger with and into the Company.

Effective Date – has the meaning set forth in Section 3.1.

Estimation Process – has the meaning set forth in Section 4.4 (a).

Event of Default – has the meaning set forth in Section 5.1 (a).

FERC - The Federal Energy Regulatory Commission or such successor federal regulatory agency as may have jurisdiction over this Agreement.

Fuel Adjustment Amount – has the meaning set forth in Section 4.1(b) of this Agreement.

Fuel Adjustment Multiplier – has the meaning set forth in Appendix B.

Investment Grade - means (i) with respect to a Credit Rating assigned by S&P, a Credit Rating equal to or better than "BBB-"; or (ii) with respect to a Credit Rating assigned by Moody's, a Credit Rating equal to or better than "Baa3".

Gains – has the meaning set forth in Section 5.2(b).

ISO - The Independent System Operator established in accordance with the NEPOOL Rules, or its successor.

kWh - Kilowatt-hour.

Last Resort Service - The electric service provided by the Company pursuant to Section 39-1-27.3(f) of Rhode Island General Laws.

Losses – has the meaning set forth in Section 5.2(b).

MMBtu - One Million British thermal units.

Moody's - Moody's Investor Services, Inc., or its successor.

MWh - Megawatt hour.

Narragansett Zone - The geographic area served by Company immediately prior to Blackstone Valley Electric Company and Newport Electric Company's merger with and into the Company.

NEPOOL - The New England Power Pool, or its successor.

NEPOOL Rules - All rules, operating procedures, agreements, manuals, protocols and tariffs adopted by NEPOOL and/or the ISO as accepted and/or approved by FERC, as such rules may be amended, modified or superseded and in effect from time to time.

Net Worth - means total assets, exclusive of intangible assets, less total liabilities as reflected on the applicable Party's most recent annual audited or quarterly unaudited financial statements, as the case may be, which financial statements shall be prepared in accordance with generally accepted accounting principles consistently applied.

Payment Term has the meaning set forth in Article 4.

Prime Rate - The prime (or comparable) rate announced from time to time as its prime rate by Bank of America or its successor, which rate may differ from the rate offered to its more substantial and creditworthy customers.

Qualified Assignee – an assignee of Seller's rights and obligations under this Agreement as defined in Article 9.

Retail Access Date – January 1, 1998.

RIPUC – Rhode Island Public Utilities Commission or any successor regulatory agency.

S&P - means Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or its successor.

Settlement Amount – has the meaning set forth in Section 5.2(b).

Standard Offer 1 Service - The electric service provided by the Company pursuant to Section 39-1-27.3(d) of Rhode Island General Laws from the Retail Access Date through December 31, 2009 in the Narragansett Zone, as more specifically described in Appendix D attached hereto and made a part hereof, which shall not include Standard Offer 2 Service or Last Resort Service.

Standard Offer 1 Service Customer – has the meaning set forth in Appendix D.

Standard Offer 2 Service - The electric service provided by the Company pursuant to Section 39-1-27.3(d) of Rhode Island General Laws from the Retail Access Date through December 31, 2009, to any "new customers" in the Narragansett Zone who request Standard Offer Service after the Retail Access Date and pursuant to the Standard Offer Service Tariff. "New customers" shall be any customers who were not taking service from the Company prior to the Retail Access Date and are not being supplied by: (i) Last Resort Service or (ii) from a competitive supplier; and shall include, without limitation, all customers taking service after the Retail Access Date, as more specifically described in Appendix D attached hereto and made a part hereof.

Standard Offer Service Fuel Adjustment Provision – shall mean Appendix B hereto.

Standard Offer Service Tariff – The Company's Tariff for Standard Offer Service, R.I.P.U.C. No. 1160, as may be amended from time to time and approved by the RIPUC.

Stipulated Price – has the meaning set forth in Appendix B.

Term has the meaning set forth in Section 3.1 of this Agreement.

Termination Quantity – has the meaning set forth in Section 5.2(b).

ARTICLE 3. TERM AND NOTIFICATION REQUIREMENTS

Section 3.1. Term

The Effective Date of this Agreement shall be the date on which the Termination Agreement becomes effective under its terms and is subject to the RIPUC approval and Division Consent described in Schedule 6.1(b). The Term of this Agreement shall commence on the Effective Date and shall extend through and including the date on which final payment is made between the Company and Seller hereunder, unless this Agreement is sooner terminated in accordance with the provisions hereof. At the expiration of the Term, the Parties shall no longer be bound by the terms and provisions hereof, except (i) to the extent necessary to enforce the rights and the obligations of the Parties arising under this Agreement before such expiration or termination and (ii) the obligations of the Parties hereunder with respect to confidentiality, indemnification and audit rights shall survive the expiration or termination of this Agreement and shall continue for a period of two (2) calendar years following such termination.

Section 3.2. Distribution Service Interruptions

Interruptions in distribution service, if any, to customers taking Standard Offer 1 Service pursuant to the Standard Offer Service Tariff, shall be made in accordance with the provisions of the Distribution Service Terms and the Competitive Supplier Terms.

Section 3.3. Notification of Competitive Supplier Promotions and Programs

The Company shall provide Seller with advance written notice of any contemplated programs, promotions, or initiatives that shall be sponsored or supported by the Company that are designed to encourage customers receiving service under the Standard Offer Service Tariff to leave Standard Offer 1 Service or Standard Offer 2 Service for any reason ("Programs"). Such notification shall be provided as soon as practicable after the Company knows with reasonable certainty that any such Program or Programs will be implemented, but, in any event, no later than thirty (30) days prior to implementation of any such Program or Programs.

Section 3.4. Affiliate Businesses.

Nothing contained herein shall prohibit Affiliates of Seller from engaging in the business of being a competitive supplier or otherwise serving electrical load in the Company's Service Territory. Each Party shall comply in all material respects with applicable laws, rules, regulations and codes of conduct governing the relationship between such Party and any of its Affiliates.

Section 3.5. Compliance with Standard Offer Service Tariff and Distribution Service Terms.

The Company shall not be liable to Seller for any of Seller's revenue losses as a result of any disconnection, termination, commencement of service or change in consumption of or by a Standard Offer 1 Service Customer; provided, that any actions or inactions taken by the Company are not inconsistent with or in violation of the Standard Offer Service Tariff and/or the provisions of the Distribution Service Terms.

ARTICLE 4. PAYMENT OBLIGATION

Section 4.1. Billing and Payment

(a) The Company shall pay Seller the sum equal to the calculation set forth in Section 4.1(b) and in accordance with this Article 4 for each calendar month from and after July 1, 2005 through December 31, 2009 (the “Payment Term”), even if the invoicing and reconciliation processes (set forth in this Article 4) covering such calendar month is after the end of the Payment Term.

(b) On or before the tenth (10th) day of each month during the Term, the Company shall calculate the Fuel Adjustment Amount, if any, due and payable to Seller hereunder with respect to the preceding calendar month in the Payment Term and provide the same to Seller along with the estimated amount of Billing Energy used in the calculation. The Fuel Adjustment Amount payable hereunder shall be calculated for each month using this formula:

((Fuel Adjustment Multiplier * Stipulated Price) – Stipulated Price) * Billing Energy

Because Billing Energy quantities are based upon estimates, subject to a reconciliation process described in Section 4.4, quantities used in calculations under this paragraph (a) shall be subject to adjustment, whether positive or negative, in subsequent months' calculations, to reflect that reconciliation process.

The Parties acknowledge and agree that if Billing Energy and/or the Fuel Adjustment Amount for a given month equals zero, the Company shall have no obligation to pay Seller for that given month (but that such quantity or calculation shall have no effect on Fuel Adjustment Amounts and payments required to be made in prior or future months.)

(c) The Company's monthly obligation to pay the Fuel Adjustment Amount to Seller is absolute and unconditional in all respects. Further, the performance, manner of performance, default or breach (or allegation thereof) by the Company or "Seller" under the Original Power Supply Agreement, the Current Power Supply Agreement, or any other agreement between the Company and any person or entity providing for the supply of power to all or any portion of the Standard Offer 1 Service Customers shall not afford the Company any right to be excused from its obligations under this Agreement, including, without limitation, the obligation to pay the full amount of the Fuel Adjustment Amount each month as provided herein, nor shall any of the foregoing afford either Party any different, further or additional rights or obligations hereunder.

(d) Seller shall submit an invoice with such calculation as provided in paragraph (a) and the respective amounts due under the terms of this Agreement to the Company not later than ten (10) days after the Company provides the calculation to Seller. Such invoice shall be delivered to the Company by express mail, courier, facsimile or by electronic means and all such invoices shall be due and payable as specified in paragraph (c).

(e) Each invoice provided by Seller hereunder shall be due and payable by the Company in immediately payable funds no later than twenty-five (25) days after the Company's receipt of such invoice.

Section 4.2. Disputed Invoices

A Party may, in good faith, dispute the correctness of any invoice or any adjustment to an invoice rendered under this Agreement or adjust any invoice for any arithmetic, computational or other error within twenty-four (24) months of the date the invoice or adjustment to an invoice was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due, with notice of the objection given to the other Party. Any billing dispute or billing adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with interest accrued at the Prime Rate plus two percent (2%) from and including the due date to but excluding the date paid. With respect to any error in a calculation (whether the amount is paid or not), any overpayment, underpayment, or reconciliation adjustment will be refunded or paid up, as appropriate. Inadvertent overpayments shall be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with interest accrued at the Prime Rate plus 2% from and including the date of such overpayment to but excluding the date repaid or deducted by the Party receiving such overpayment. Any dispute with respect to an invoice is waived unless the other Party is notified

in accordance with this Section 4.2 within twenty-four (24) months after the invoice is rendered or any specific adjustment to the invoice is made. If an invoice is not rendered within twenty-four (24) months after the close of the month during which performance occurred, the right to payment for such performance is waived.

Section 4.3. Losses

The quantities used to calculate the estimated amount of Billing Energy under the Estimation Process set forth in this Agreement in each hour of a billing period shall be determined in accordance with NEPOOL's and the Company's procedures for loss determination; that is, such estimated quantities shall reflect the subtraction of transmission and distribution losses. In no circumstance whatsoever shall Billing Energy (whether estimated or actual) include transmission and distribution losses.

Section 4.4. Reconciliation of Estimated Loads

(a) The Company or its agent shall estimate the Billing Energy based upon average load profiles developed for each of the Company's customer classes and each of the Company's actual total hourly load. Appendix A, attached and incorporated herein by reference, provides a general description of the estimation process that the Company or its agent shall employ (the "Estimation Process"). The Company hereby reserves the right to modify the Estimation Process in the future; provided, that any such modification shall be designed with the objective of improving the accuracy and precision of the Estimation Process. The Company or its agent shall report to Seller the Billing Energy amount.

(b) The Company or its agent shall use all reasonable efforts to report to Seller the Billing Energy amount by 1:00 P.M. of the second following business day.

(c) To refine the estimates of the Billing Energy amount developed by the Estimation Process, a monthly calculation will be performed by the Company to reconcile the original estimate of such loads to actual customer usage based on meter reads. The Company or its agent will reasonably describe any resulting billing adjustment (debit or credit) in a written statement to Seller no later than the last day of the third month following the applicable billing month. Appendix A, attached and incorporated herein by reference, also provides a general description of this reconciliation process.

ARTICLE 5. DEFAULT, TERMINATION AND SECURITY

Section 5.1. [redacted]

(a) [redacted]

[redacted]

(ii) [redacted]

(iii) [redacted]

(1) [redacted]

(2) [redacted]

(3) [redacted]

(4) [redacted]

(5) [redacted]

[redacted]

(iv) [redacted]

(b) [redacted]

(c) [redacted]

(d) [redacted]

Section 5.2. [redacted]

(a) [redacted]

(b) [redacted]

[redacted]

[redacted]

Section 5.3. [redacted]

[redacted]

Section 5.4. [redacted]

[redacted]

Section 5.5. [redacted]

[redacted]

Section 5.6. [redacted]

(a) [redacted]

[redacted]

(b) [redacted]

(i) [redacted]

(ii) [redacted]

(iii) [redacted]

(c) [redacted]

Section 5.7. [redacted]

[redacted]

ARTICLE 6. REPRESENTATIONS AND WARRANTIES

Section 6.1. Representations and Warranties.

As a material inducement to enter into this Agreement, the respective Parties represent and warrant for the benefit of the other Party, throughout the Term of this Agreement, as follows:

(a) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and is qualified to conduct its business in those jurisdictions necessary to perform this Agreement.

(b) With the receipt of the approval and consent as set forth on Schedule 6.1(b) prior to the Effective Date, it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement and no consents of any other party and no act of any other governmental authority is required in connection with the execution, delivery and performance of this Agreement.

(c) The execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms or conditions in its governing documents or any contract to which it is a Party or any law, rule, regulation, order, writ, judgment, decree or other legal or regulatory determination applicable to it.

(d) This Agreement constitutes a legal, valid and binding obligation of such Party enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws affecting creditor's rights generally, and with regard to equitable remedies, to the discretion of the court before which proceedings to obtain same may be pending.

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

(f) There are no suits, proceedings, judgments, rulings or orders by or before any court or any governmental authority that materially adversely affect its ability to perform this Agreement.

(g) It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party hereto in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement.

ARTICLE 7. NOTICES, REPRESENTATIVES OF THE PARTIES

Section 7.1. 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 (confirmed by

telephone), courier, personally delivered or mailed, postage prepaid, to the representative of the other Party designated in this Article 7. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile confirmed by telephone, (ii) when actually received if delivered by courier or personal delivery or (iii) three (3) days after deposit in the United States mail, if sent by first class mail.

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

Mr. Michael J. Hager
Director, Energy Supply New England
National Grid USA Service Company, Inc.
55 Bearfoot Road
Northboro, MA 01532
(508) 421-7350
(508) 421-7335 (fax)

And notices concerning Article 5 shall also be sent to:

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

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

Constellation Energy Commodities Group, Inc.
111 Market Place, Suite 500
Baltimore, MD 21202
Attn: Head of Operations with a copy to General Counsel
(410) 468-3500
(410) 468-3499 (fax)

Any Party may change its representative by written notice to the others.

Section 7.2. Authority of Representative

The Parties' respective representatives designated in Section 7.1 shall have full authority to act for their respective principals in all matters relating to the performance of this Agreement. They shall not, however, have the authority to amend, modify, or waive any provision of this Agreement unless they are authorized officers of their respective entities and such amendment, modification or waiver is made pursuant to Article 15.

ARTICLE 8. LIABILITY, INDEMNIFICATION, AND RELATIONSHIP OF PARTIES

Section 8.1. Limitation on Consequential, Incidental and Indirect Damages

TO THE FULLEST EXTENT PERMISSIBLE BY LAW, NEITHER THE COMPANY NOR SELLER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUPPLIERS, PARENT, SUBSIDIARIES, AFFILIATES, SUCCESSOR OR ASSIGNS SHALL BE LIABLE TO THE OTHER PARTY OR ITS OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUPPLIERS, PARENT, SUBSIDIARIES, AFFILIATES, SUCCESSORS OR ASSIGNS FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE, CONSEQUENTIAL DAMAGES (INCLUDING ATTORNEY'S FEES OR LITIGATION COSTS ASSOCIATED THEREWITH) OR LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES 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 8.1 SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT, BUT SHALL NOT BE CONSTRUED SO AS TO INVALIDATE ALL OR ANY PART OF THE EXPRESS MEASURES OF DAMAGES SET FORTH IN CONNECTION WITH THE CALCULATION OF AN EARLY TERMINATION PAYMENT AS PROVIDED IN SECTION 5.2(B).

Section 8.2. Indemnification

(a) Seller agrees to defend, indemnify and save the Company, its officers, directors, agents, employees, suppliers, parent, subsidiaries, Affiliates, successors or assigns harmless from and against any and all third-party claims, suits, actions or causes of action and the resulting losses, damages, expenses, attorneys' fees and court costs, 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, arising from or out of any event, circumstance, act or incident first occurring or existing due to Seller's actions or omissions with respect to this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, supplier, parent, subsidiary, successor, assign or Affiliate of the Company.

(b) The Company agrees to defend, indemnify and save Seller, its officers, directors, agents, employees, suppliers, parent, subsidiaries, Affiliates, successors or assigns harmless from and against any and all third-party claims, suits, actions or causes of action and the resulting losses, damages, expenses, attorneys' fees and court costs, 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, arising from or out of any event, circumstance, act or incident first occurring or existing due to the Company's actions or omissions with respect to this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an

officer, director, agent, employee, supplier, parent, subsidiary, successor, assign or Affiliate of the Seller.

(c) If either Party intends to seek indemnification under this Section 8.2 from the other Party with respect to any third-party action or claim, the Party seeking indemnification shall give the other Party written notice of such claim or action within fifteen (15) days of the commencement of, or actual knowledge of, such claim or action. Such Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such claim or action. Such Party seeking indemnification shall not compromise or settle any such claim or action without the prior written consent of the Company, which consent shall not be unreasonably withheld.

Section 8.3. Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between the Company and Seller other than that of independent contractors.

ARTICLE 9. ASSIGNMENT

Section 9.1. [redacted]

Section 9.2. [redacted]

(a) [redacted]

(b) [redacted]

[redacted]

(c) [redacted]

(d) [redacted]

(e) [redacted]

ARTICLE 10. SUCCESSORS AND ASSIGNS

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

ARTICLE 11. WAIVERS

The failure of either Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights under this Agreement shall not be construed as a general waiver of any such provision or the relinquishment of any such right, but the same shall continue and remain in full force and effect, except with respect to the particular instance or instances.

ARTICLE 12. CHANGE IN LAW OR MARKET RULES

[redacted]

[redacted]

ARTICLE 13. INTERPRETATION, DISPUTE RESOLUTION

Section 13.1. Interpretation

The interpretation and performance of this Agreement shall be in accordance with and controlled by the laws of Rhode Island. The Parties acknowledge 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.

Section 13.2. Dispute Resolution

Any dispute between the Company and Seller arising under or in connection with or relating in any way to this Agreement shall be referred to a senior representative of the Seller designated by the Seller and a senior representative of the Company designated by the Company for resolution on an informal basis as promptly as practicable. In the event the designated senior representatives are unable to resolve the dispute within ten (10) days, or such other period as the Parties may jointly agree upon, to the extent a reasonable estimate of the amount in dispute does not exceed two hundred fifty thousand dollars ($250,000.00), such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedure set forth in this Section 13.2. The arbitration shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, the Seller and the Company 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 in electric utility matters, including wholesale power transactions and power market issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration. The arbitrator(s) shall afford each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. There shall be no formal discovery conducted in connection with the arbitration; provided, however, that the Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and the reasons therefore, and shall make an award apportioning the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated

the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. Unless the Parties otherwise agree, and except as otherwise provided herein, where a reasonable estimate of the amount in dispute is in excess of two hundred fifty thousand dollars ($250,000), such dispute shall not be submitted to arbitration under this provision, and the Parties shall be free to pursue their rights with respect thereto in judicial proceedings or as otherwise may be provided for under applicable law.

ARTICLE 14. SEVERABILITY

Except to the extent provided in Article 12, any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining provisions and lawful obligations that arise under this Agreement. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision or circumstances shall not be affected by such invalidity or unenforceability.

ARTICLE 15. MODIFICATIONS

No modification to this Agreement will be binding on any Party unless it is in writing and signed by all Parties.

ARTICLE 16. SUPERSESSION

This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and its execution supersedes any other agreements, written or oral, between the Parties concerning such subject matter.

ARTICLE 17. COUNTERPARTS; FURTHER ASSURANCES

Section 17.1. Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

Section 17.2. Further Assurances

Each Party shall prepare, execute and deliver to the other Party upon request any documents reasonably required to implement any provision hereof.

ARTICLE 18. HEADINGS

Article and Section headings used throughout this Agreement are for the convenience of the Parties only and are not to be construed as part of this Agreement.

ARTICLE 19. AUDIT RIGHTS

Each Party or any third party representative of a Party shall have the right, at its sole expense, to examine the records of the other Party pertaining to this Agreement during normal business hours upon reasonable notice. Any information gathered during such examination shall be kept confidential by the discovering Party and/or its third party representative unless and to the extent such Party is required to disclose such information by action of a court or other government authority or only to those of its employees, consultants, authorized representatives, and attorneys having a "need to know" such information to carry out their functions in connection with this Agreement who have agreed to keep such information confidential. Audit rights shall extend for a period of twenty-four (24) months after the end of the calendar month in question, or until any dispute regarding such records is resolved. The Party being audited shall fully cooperate with any such audit. If any such examination shall reveal, or if either Party discovers any error or inaccuracy in its own or in the other Party's statements, invoices, payments, calculations or determinations, then adjustments and corrections shall be made as promptly as practicable thereafter. Each Party shall keep such records stored and maintained for the period provided in this Article 19 for audit rights.

ARTICLE 20. CONFIDENTIALITY

Neither Seller nor the Company shall provide copies of the information contained in Articles 5, 9 and 12 and Appendix C hereto (collectively, the "Confidential Terms"), to any third party without the prior written consent of the other Party; provided, however, that either Party, or any of its affiliates, may provide copies or information regarding this Agreement without limitation to any regulatory agency requesting and/or requiring such information and either Party may provide copies or information regarding this Agreement to its bankers, accountants, attorneys, financial advisors and other agents (collectively, "Representatives")**;** provided, further, that any such disclosure must include a request for confidential treatment of the Agreement and/or the redaction of the Confidential Terms from the copies of the Agreement which are placed in the public record or otherwise made available to third parties or Representatives; provided, further, that Seller may provide copies of this entire Agreement to a prospective assignee without the Company's prior consent so long as such prospective assignee executes a confidentiality agreement restricting such party's disclosure and use of the Agreement. Notwithstanding any law or regulation to the contrary, a Party may disclose this Agreement to its Affiliates as necessary to effectuate and implement its terms.

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

THE NARRAGANSETT ELECTRIC COMPANY

_____

By:
Its:

CONSTELLATION ENERGY COMMODITIES GROUP, INC.

_____

By:
Its:

APPENDIX A
ESTIMATION OF SELLER'S HOURLY LOADS

Overview

Generating units operated by suppliers are dispatched by the ISO 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 are net sellers of electricity to the ISO, while other suppliers are purchasing power from the ISO 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 Company will estimate Standard Offer 1 Service load obligations within the Company's service territories 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 of the Company's ultimate customers that 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 are available, they 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 shall match the total load delivered into the distribution system. A description of the estimation process follows.

Daily Estimation of Suppliers' Own Load

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

- Select a proxy date from the previous year with characteristics which best match the day for which the hourly demand estimates are being produced. Extract class load shapes for the selected proxy date from the load research database.

- Scale the class load shapes appropriately for each individual customer based on the usage level of the customer relative to the class average usage level.

- Calculate a factor for each customer which reflects their relative usage level and includes an adjustment for losses ("load adjustment factor"). Aggregate the load adjustment factors across the customers served by each supplier in each class.

- Produce a preliminary estimate of each supplier's hourly loads by combining the proxy day class load shapes with the supplier's total load adjustment factors. Aggregate the loads across the classes for each supplier.

- Adjust the preliminary hourly supplier estimates so that their sum is equal to the Company'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.
- Submit the hourly loads to the ISO.

After the Company 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 sum of the resulting loads over the days in the month is reported and used by the ISO as the basis for a monthly adjustment.

APPENDIX B
STANDARD OFFER SERVICE FUEL ADJUSTMENT PROVISION

The Stipulated Price is the following predetermined, flat rate for Billing Energy:

Calendar Year	Price per Kilowatt hour
2005	5.5 cents
2006	5.9 cents
2007	6.3 cents
2008	6.7 cents
2009	7.1 cents

For the purpose of calculating the Fuel Adjustment Multiplier, the following terms have the following meanings:

Market Gas Price is the average of the values of "Gas Index" for the most recent available twelve months, where:

Gas Index is the average of the daily settlement prices for the last three days that the NYMEX Contract (as defined below) for the month of delivery trades as reported in the "Wall Street Journal", expressed in dollars per MMBtu. NYMEX Contract shall mean the New York Mercantile Exchange Natural Gas Futures Contract as approved by the Commodity Futures Trading Commission for the purchase and sale of natural gas at Henry Hub;

Market Oil Price is the average of the values of "Oil Index" for the most recent available twelve months, where:

Oil Index is the average for the month of the daily low quotations for cargo delivery of 1.0% sulfur No. 6 residual fuel oil into New York harbor, as reported in "Platt's Oilgram U.S. Marketscan" in dollars per barrel and converted to dollars per MMBtu by dividing by 6.3; and

If any of the indices referred to above are discontinued or reconstituted in such a manner as to render them unusable for the purposes intended by the Parties, the Parties shall meet and negotiate in good faith so as to agree upon an alternate index that most closely reflects the intent of the Parties in the selection and use of the original index; provided, that in the event the Parties shall have failed to agree on such an alternate index within thirty (30) days of the commencement of such negotiations, either Party may submit the matter to arbitration under the terms of Section 13.2 (regardless of the amount, if any, in controversy) and seek a resolution resulting in the selection of an index or proxy that most closely reflects the intent of the Parties in the selection of the original index.

Fuel Trigger Point is the following amounts, expressed in dollars per MMBtu, applicable for all months in the specified calendar year:

2005	$ 8.48
2006	$ 9.22
2007	$ 9.95
2008	$10.69
2009	$11.42

In the event that the “Market Gas Price" plus "Market Oil Price" for the billing month is less than or equal to the Fuel Trigger Point, then the Fuel Adjustment Multiplier for the billing month shall equal 1.0.

In the event that the “Market Gas Price" plus "Market Oil Price" for the billing month exceeds the "Fuel Trigger Point", the Fuel Adjustment Multiplier for the billing month is determined based according to the following formula:

$$\text{Fuel Adjustment Multiplier} = \frac{(\text{Market Gas Price} + \$.60/\text{MMBtu}) + (\text{Market Oil Price} + \$.04/\text{MMBtu})}{\text{Fuel Trigger Point} + \$.60 + \$.04/\text{MMBtu}}$$

Where:

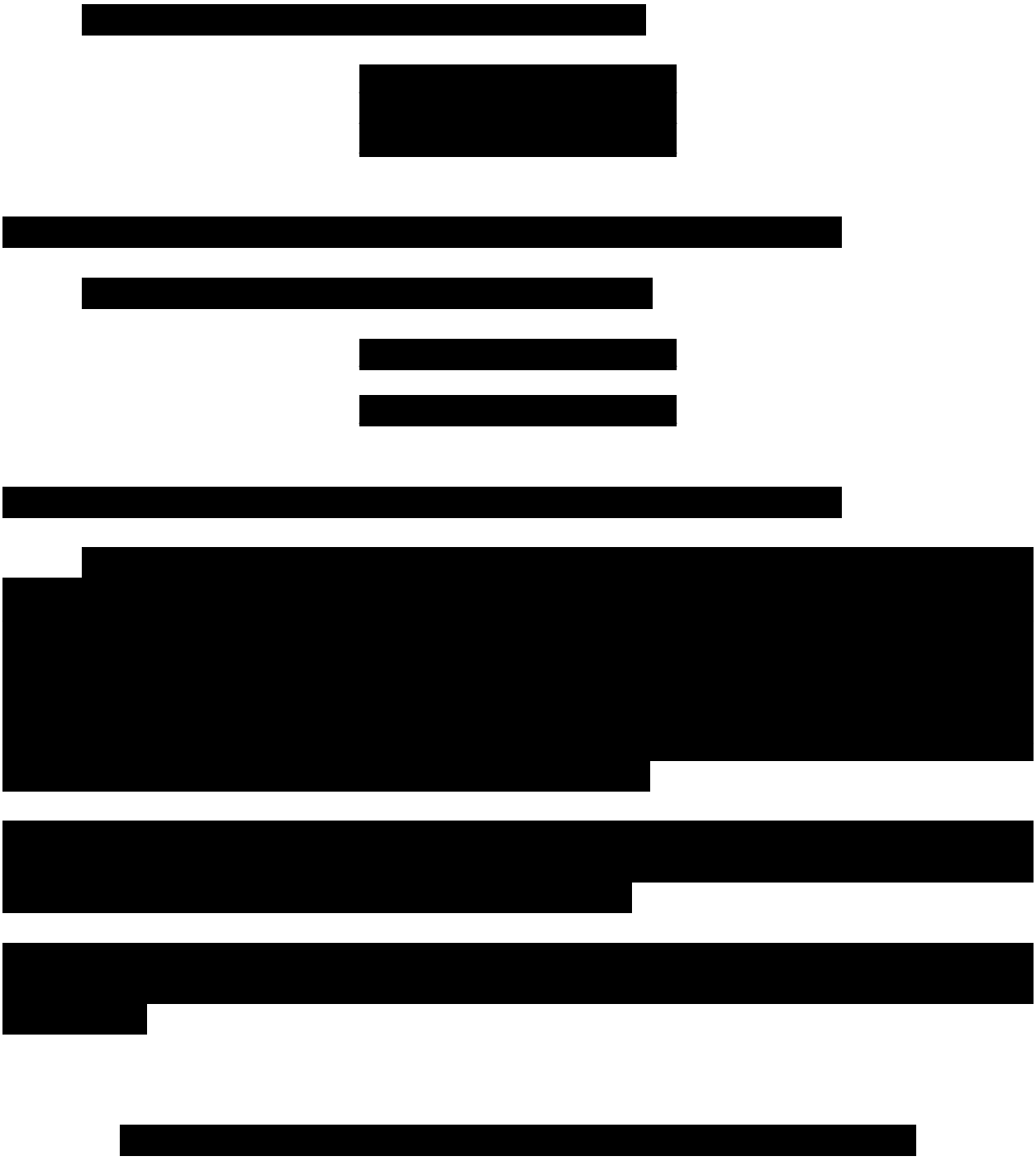
Market Gas Price, Market Oil Price and Fuel Trigger Point are as defined above. The values of $.60 and $.04/MMBtu represent for gas and oil respectively, estimated basis differentials or market costs of transportation from the point where the index is calculated to a proxy power plant in the New England market.

APPENDIX C

GUARANTY

[redacted]

[redacted]



IN WITNESS WHEREOF, Guarantor has duly executed this Guaranty on this _____day of _____, 2005.

Guarantor:

By: _____
Name: _____
Title: _____

APPENDIX D

IDENTIFICATION OF CUSTOMERS

Standard Offer 1 Service Customers:

Customers receiving service from the Company as of the Retail Access Date pursuant to Section 39-1-27.3(d) of Rhode Island General Laws. Additionally, Customers who establish accounts within the Narragansett Zone after the Retail Access will be supplied pursuant to the Standard Offer 1 Service supply contracts if:

a. The customer relocates within the Narragansett Zone and was supplied pursuant to the Standard Offer 1 Service supply contracts at its prior location.

b. The customer is a trustee, receiver, or debtor in possession in bankruptcy and the bankrupt entity was supplied pursuant to the Standard Offer 1 Service supply contracts.

c. The customer is making a new request for service and their prior service was disrupted or turned off as a result of fire, flood, or other damage to the Customer's facility or residence that caused a temporary dislocation, if the customer was supplied pursuant to the Standard Offer 1 Service supply contracts prior to the dislocation.

d. The customer, after having been terminated at the same address within the past six months for nonpayment of electricity bills, is making a new request for service and if the customer was supplied pursuant to the Standard Offer 1 Service supply contracts prior to the termination.

e. The customer is making a new request for service for service for a seasonal account, if the Customer responsible for the seasonal account has not changed and the Customer was supplied pursuant to the Standard Offer 1 Service supply contracts at the account location.

f. The customer establishing the account at a residence was a resident at the location and the prior Customer at the location was supplied pursuant to the Standard Offer 1 Service supply contracts.

g. Whenever the change in service, reclassification of the account, or reconfiguration of the metering arrangement is done for the convenience of Narragansett.

Standard Offer 2 Service Customers:

For purposes of this Agreement, "new customers" or customers eligible for Standard Offer 2 Service shall be:

1. Customers who were not customers of record as of the Retail Access Date who establish an account within the Narragansett Zone after the Retail Access Date.

2. Customers within the Eastern Rhode Island Zone who are taking service pursuant to the Standard Offer Service Tariff and who relocate to the Narragansett Zone.

Customers who are provided Standard Offer 2 Service within the Narragansett Zone who relocate to the Eastern Rhode Island Zone will no longer be provided Standard Offer 2 Service at the new location.

APPENDIX E

NARRAGANSETT REPRESENTATIONS AND WARRANTIES TO QUALIFIED ASSIGNEE

Representations and Warranties of Narragansett to Qualified Assignee on the date of the assignment in accordance with Section 9.2 (the "Qualified Assignment"):

1. The Assignee satisfies the qualifications of a Qualified Assignee.

2. Narragansett acknowledges and agrees that, as between Narragansett and the Qualified Assignee, an assumption by the Qualified Assignee from Constellation of the Fuel Adjustment Payment Agreement (the "FAP Agreement") does not constitute the assumption of Constellation's rights, duties and obligations under the Current Power Supply Agreement.

3. From and after the effective date of the Qualified Assignment (the "Effective Assignment Date"), Constellation shall have absolutely no liability or responsibility under the terms of the FAP Agreement except for liabilities and responsibilities that arose, were incurred, or accrued prior to the Effective Assignment Date.

4. Fuel Adjustment Amount Payments for any invoicing period as of and after the Effective Assignment Date (and reconciliations for such periods) payable by Narragansett shall be payable to Assignee, and reconciliations for such periods payable to Narragansett shall be payable by Assignee, all such payments in accordance with the terms of the FAP Agreement. Fuel Adjustment Amount Payments for any invoicing period prior to the Effective Date (and reconciliations for such periods) payable by Narragansett shall be payable to Constellation, and reconciliations for such periods payable to Narragansett shall be payable by Constellation, all such payments in accordance with the terms of the FAP Agreement.

5. Narragansett hereby reaffirms its representations and warranties set forth in the FAP Agreement.

6. **[Narragansett shall be required to provide the representations and warranties set forth in this paragraph (6) only to the extent that the following accurately describes its contractual relationship with Constellation under the FAP Agreement at the time of the execution of the Consent.]**

(a) The FAP Agreement is in full force and effect.

(b) Narragansett is not and, to Narragansett's knowledge after due inquiry, Constellation is not in breach or default of any obligation or payment under the FAP Agreement, or the Current Power Supply Agreement, that gives either party thereto the right to terminate or suspend performance thereunder.

(c) There are no existing disputes or, to Narragansett's knowledge after due inquiry, threatened disputes under or with respect to the FAP Agreement, or with respect to the Current Power Supply Agreement..

(d) Narragansett has not received a notice of default from Constellation as to the FAP Agreement or as to the Current Power Supply Agreement.

(e) Narragansett has not delivered a notice of default to Constellation pursuant to the terms of the FAP Agreement or the Current Power Supply Agreement.

(f) To Narragansett's knowledge after due inquiry, Constellation is not currently in breach of any of the material terms of the FAP Agreement or of the Current Power Supply Agreement.

(g) The FAP Agreement constitutes the entire agreement between Constellation and Narragansett pertaining to the subject matter thereof.

7. Narragansett has the power and authority to execute and deliver this Consent. This Consent has been duly authorized, executed and delivered by Narragansett, and assuming that the Qualified Assignment, the assignment and assumption agreement, and documentation executed in relation to effectuating the Qualified Assignment, together with the FAP Agreement, constitute a valid and binding agreement of Constellation and the Qualified Assignee (to the extent it is a party to such documentation and agreement) and are enforceable against the parties thereto, this Consent constitutes the valid, legal and binding obligation of Narragansett enforceable against Narragansett in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy or similar laws respecting creditor's rights generally.

Schedule 6.1(b)

Consents and Approvals

A. Of the Company:

1. A final non-appealable order from the RIPUC granting full and unconditional approval of this Agreement and its filing submitted on June 7, 2005 by the RIPUC to the satisfaction of the Company.

2. Written consent ("Division Consent") of the Division of Public Utilities and Carriers (the "Division") to terminate the two wholesale standard offer service agreements with TransCanada Power Marketing; provided, however, if the Division conditions its consent only upon Narragansett's receipt of RIPUC's approval set forth in the first paragraph of this Section, (the "Division Condition"), upon receipt of such RIPUC approval satisfying the Division Condition, the full and unconditional Division Consent required hereunder shall be deemed received.

[Remainder of Page Intentionally Left Blank]

Attachment 6G

EXECUTION COPY

FUEL ADJUSTMENT PAYMENT AGREEMENT

This FUEL ADJUSTMENT PAYMENT AGREEMENT ("Agreement") is dated as of June 7, 2005 and is by and between THE NARRAGANSETT ELECTRIC COMPANY, a Rhode Island corporation (the "Company"), and CONSTELLATION ENERGY COMMODITIES GROUP, INC., a Delaware corporation ("Seller") (the Company and Seller, each a "Party" and collectively, the "Parties").

ARTICLE 1. BASIC UNDERSTANDINGS

The Parties were parties to that certain Power Supply Agreement, dated October 5, 2001 (the "Original Power Supply Agreement"). Certain obligations under the Original Power Supply Agreement were eliminated as of and after even date of the Effective Date hereof (as such date is defined in Section 3.1) pursuant to that certain Partial Termination Agreement of even date herewith (the "Termination Agreement"). Simultaneously with the execution of the Termination Agreement, the Parties amended and restated the Original Power Supply Agreement by entering into that certain Amended and Restated Power Supply Agreement of even date herewith (such agreement, as may be amended, supplemented or modified from time to time, the "Current Power Supply Agreement"). The Parties desire to enter into this Agreement to memorialize the Parties' understanding of the Company's obligation to pay the Seller the Fuel Adjustment Amount, as defined herein. Although the Parties have entered into this Agreement in connection with their amendment and restatement of the Original Power Supply Agreement, and adequate consideration has been transferred between the Parties, performance of this Agreement is not related to, or dependent or conditioned upon, performance of the Current Power Supply Agreement**.** This Agreement does not provide for the sale of power and is independent of any agreement for the sale of power.

In accordance with the foregoing and in consideration of the mutual promises, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby enter into this Agreement.

ARTICLE 2. DEFINITIONS

The following words and terms shall be understood to have the following meanings when used in this Agreement. In addition, except as otherwise expressly provided, where terms used in this Agreement with initial capitalization are not defined herein but are defined in the NEPOOL Rules, either currently or in the future, the definition thereof in the NEPOOL Rules is expressly incorporated into this Agreement by reference.

Affiliate –With respect to the Company, any company that is a subsidiary (direct or indirect) of National Grid, USA, Inc. and its successors and, with respect to Seller, any company that controls, is controlled by or under common control with Seller.

Bankrupt - With respect to any entity, such entity (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any

bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) as contemplated by applicable bankruptcy law, is generally unable to pay its debts as they fall due, unless such debts are the subject of a bona fide dispute.

Billing Energy – One hundred percent (100%) of the quantity of energy, expressed in kilowatt-hours, provided by the Company (without regard to the source of supply) to the meters of its retail customers taking Standard Offer 2 Service.

Business Day - Any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant Party's principal place of business. The relevant Party, in each instance unless otherwise specified, shall be the Party to whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

Competitive Supplier Terms - The Company's Terms and Conditions for Nonregulated Power Producers, R.I.P.U.C. No. 1124, as may be amended from time to time and approved by the RIPUC.

Costs – has the meaning set forth in Section 5.2(b).

Credit Rating - With respect to an entity, means the rating then assigned to such entity's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) by S&P, Moody's or any other rating agency agreed by the Parties, or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by S&P, Moody's or any other rating agency agreed by the Parties.

Credit Requirements – has the meaning set forth in Section 5.6 (a).

Downgraded Party – has the meaning set forth in Section 5.6 (b).

Distribution Service Terms – The Company's Terms and Conditions, R.I.P.U.C. No. 1154, as may be amended from time to time and approved by the RIPUC.

Eastern Rhode Island Zone - the geographic area served by the former Blackstone Valley Electric Company and Newport Electric Corporation immediately prior to their merger with and into the Company.

Effective Date – has the meaning set forth in Section 3.1.

Estimation Process – has the meaning set forth in Section 4.4 (a).

Event of Default – has the meaning set forth in Section 5.1 (a).

FERC - The Federal Energy Regulatory Commission or such successor federal regulatory agency as may have jurisdiction over this Agreement.

Fuel Adjustment Amount – has the meaning set forth in Section 4.1(b) of this Agreement.

Fuel Adjustment Multiplier – has the meaning set forth in Appendix B.

Gains – has the meaning set forth in Section 5.2(b).

Investment Grade - means (i) with respect to a Credit Rating assigned by S&P, a Credit Rating equal to or better than "BBB-"; or (ii) with respect to a Credit Rating assigned by Moody's, a Credit Rating equal to or better than "Baa3".

ISO - The Independent System Operator established in accordance with the NEPOOL Rules, or its successor.

kWh - Kilowatt-hour.

Last Resort Service - The electric service provided by the Company pursuant to Section 39-1-27.3(f) of Rhode Island General Laws.

Losses – has the meaning set forth in Section 5.2(b).

MMBtu - One Million British thermal units.

Moody's - Moody's Investor Services, Inc., or its successor.

MWh - Megawatt hour.

Narragansett Zone - The geographic area served by Company immediately prior to Blackstone Valley Electric Company and Newport Electric Company's merger with and into the Company.

NEPOOL - The New England Power Pool, or its successor.

NEPOOL Rules - All rules, operating procedures, agreements, manuals, protocols and tariffs adopted by NEPOOL and/or the ISO as accepted and/or approved by FERC, as such rules may be amended, modified or superceded and in effect from time to time.

Net Worth - means total assets, exclusive of intangible assets, less total liabilities as reflected on the applicable Party's most recent annual audited or quarterly unaudited financial statements, as the case may be, which financial statements shall be prepared in accordance with generally accepted accounting principles consistently applied.

Payment Term has the meaning set forth in Article 4.

Prime Rate - The prime (or comparable) rate announced from time to time as its prime rate by Bank of America or its successor, which rate may differ from the rate offered to its more substantial and creditworthy customers.

Qualified Assignee – an assignee of Seller's rights and obligations under this Agreement as defined in Article 9.

Retail Access Date – January 1, 1998.

RIPUC – Rhode Island Public Utilities Commission or any successor regulatory agency.

S&P - means Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or its successor.

Settlement Amount – has the meaning set forth in Section 5.2(b).

Standard Offer 1 Service - The electric service provided by the Company pursuant to Section 39-1-27.3(d) of Rhode Island General Laws from the Retail Access Date through December 31, 2009 in the Narragansett Zone, as more specifically described in Appendix D attached hereto and made a part hereof, which shall not include Standard Offer 2 Service or Last Resort Service.

Standard Offer 1 Service Customer – has the meaning set forth in Appendix D.

Standard Offer 2 Service - The electric service provided by the Company pursuant to Section 39-1-27.3(d) of Rhode Island General Laws from the Retail Access Date through December 31, 2009, to any "new customers" in the Narragansett Zone who request Standard Offer Service after the Retail Access Date and pursuant to the Standard Offer Service Tariff. "New customers" shall be any customers who were not taking service from the Company prior to the Retail Access Date and are not being supplied by: (i) Last Resort Service or (ii) from a competitive supplier; and shall include, without limitation, all customers taking service after the Retail Access Date, as more specifically described in Appendix D attached hereto and made a part hereof.

Standard Offer 2 Service Customer – has the meaning set forth in Appendix D.

Standard Offer Service Fuel Adjustment Provision – shall mean Appendix B hereto.

Standard Offer Service Tariff – The Company's Tariff for Standard Offer Service, R.I.P.U.C. No. 1160, as may be amended from time to time and approved by the RIPUC.

Stipulated Price – has the meaning set forth in Appendix B.

Term has the meaning set forth in Section 3.1 of this Agreement.

Termination Quantity – has the meaning set forth in Section 5.2(b).

ARTICLE 3. TERM AND NOTIFICATION REQUIREMENTS

Section 3.1. Term

The Effective Date of this Agreement shall be the date on which the Termination Agreement becomes effective under its terms and is subject to the RIPUC approval and Division Consent described in Schedule 6.1(b). The Term of this Agreement shall commence on the Effective Date and shall extend through and including the date on which final payment is made between the Company and Seller hereunder, unless this Agreement is sooner terminated in accordance with the provisions hereof. At the expiration of the Term, the Parties shall no longer

be bound by the terms and provisions hereof, except (i) to the extent necessary to enforce the rights and the obligations of the Parties arising under this Agreement before such expiration or termination and (ii) the obligations of the Parties hereunder with respect to confidentiality, indemnification and audit rights shall survive the expiration or termination of this Agreement and shall continue for a period of two (2) calendar years following such termination.

Section 3.2. Distribution Service Interruptions

Interruptions in distribution service, if any, to customers taking Standard Offer 2 Service pursuant to the Standard Offer Service Tariff, shall be made in accordance with the provisions of the Distribution Service Terms and the Competitive Supplier Terms.

Section 3.3. Notification of Competitive Supplier Promotions and Programs

The Company shall provide Seller with advance written notice of any contemplated programs, promotions, or initiatives that shall be sponsored or supported by the Company that are designed to encourage customers receiving service under the Standard Offer Service Tariff to leave Standard Offer 1 Service or Standard Offer 2 Service for any reason ("Programs"). Such notification shall be provided as soon as practicable after the Company knows with reasonable certainty that any such Program or Programs will be implemented, but, in any event, no later than thirty (30) days prior to implementation of any such Program or Programs.

Section 3.4. Affiliate Businesses.

Nothing contained herein shall prohibit Affiliates of Seller from engaging in the business of being a competitive supplier or otherwise serving electrical load in the Company's Service Territory. Each Party shall comply in all material respects with applicable laws, rules, regulations and codes of conduct governing the relationship between such Party and any of its Affiliates.

Section 3.5. Compliance with Standard Offer Service Tariff and Distribution Service Terms.

The Company shall not be liable to Seller for any of Seller's revenue losses as a result of any disconnection, termination, commencement of service or change in consumption of or by a Standard Offer 2 Service Customer; provided, that any actions or inactions taken by the Company are not inconsistent with or in violation of the Standard Offer Service Tariff and/or the provisions of the Distribution Service Terms.

ARTICLE 4. PAYMENT OBLIGATION

Section 4.1. Billing and Payment

(a) The Company shall pay Seller the sum equal to the calculation set forth in Section 4.1(b) and in accordance with this Article 4 for each calendar month from and after July 1, 2005 through December 31, 2009 (the “Payment Term”), even if the invoicing and reconciliation processes (set forth in this Article 4) covering such calendar month is after the end of the Payment Term.

(b) On or before the tenth (10th) day of each month during the Term, the Company shall calculate the Fuel Adjustment Amount, if any, due and payable to Seller hereunder with respect to the preceding calendar month in the Payment Term and provide the same to Seller along with the estimated amount of Billing Energy used in the calculation. The Fuel Adjustment Amount payable hereunder shall be calculated for each month using this formula:

((Fuel Adjustment Multiplier * Stipulated Price) – Stipulated Price) * Billing Energy

Because Billing Energy quantities are based upon estimates, subject to a reconciliation process described in Section 4.4, quantities used in calculations under this paragraph (a) shall be subject to adjustment, whether positive or negative, in subsequent months' calculations, to reflect that reconciliation process.

The Parties acknowledge and agree that if Billing Energy and/or the Fuel Adjustment Amount for a given month equals zero, the Company shall have no obligation to pay Seller for that given month (but that such quantity or calculation shall have no effect on Fuel Adjustment Amounts and payments required to be made in prior or future months.)

(c) The Company's monthly obligation to pay the Fuel Adjustment Amount to Seller is absolute and unconditional in all respects. Further, the performance, manner of performance, default or breach (or allegation thereof) by the Company or "Seller" under the Original Power Supply Agreement, the Current Power Supply Agreement, or any other agreement between the Company and any person or entity providing for the supply of power to all or any portion of the Standard Offer 2 Service Customers shall not afford the Company any right to be excused from its obligations under this Agreement, including, without limitation, the obligation to pay the full amount of the Fuel Adjustment Amount each month as provided herein, nor shall any of the foregoing afford either Party any different, further or additional rights or obligations hereunder.

(d) Seller shall submit an invoice with such calculation as provided in paragraph (a) and the respective amounts due under the terms of this Agreement to the Company not later than ten (10) days after the Company provides the calculation to Seller. Such invoice shall be delivered to the Company by express mail, courier, facsimile or by electronic means and all such invoices shall be due and payable as specified in paragraph (c).

(e) Each invoice provided by Seller hereunder shall be due and payable by the Company in immediately payable funds no later than twenty-five (25) days after the Company's receipt of such invoice.

Section 4.2. Disputed Invoices

A Party may, in good faith, dispute the correctness of any invoice or any adjustment to an invoice rendered under this Agreement or adjust any invoice for any arithmetic, computational or other error within twenty-four (24) months of the date the invoice or adjustment to an invoice was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due, with notice of the objection given to the other Party. Any billing dispute or billing adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon

resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with interest accrued at the Prime Rate plus two percent (2%) from and including the due date to but excluding the date paid. With respect to any error in a calculation (whether the amount is paid or not), any overpayment, underpayment, or reconciliation adjustment will be refunded or paid up, as appropriate. Inadvertent overpayments shall be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with interest accrued at the Prime Rate plus 2% from and including the date of such overpayment to but excluding the date repaid or deducted by the Party receiving such overpayment. Any dispute with respect to an invoice is waived unless the other Party is notified in accordance with this Section 4.2 within twenty-four (24) months after the invoice is rendered or any specific adjustment to the invoice is made. If an invoice is not rendered within twenty-four (24) months after the close of the month during which performance occurred, the right to payment for such performance is waived.

Section 4.3. Losses

The quantities used to calculate the estimated amount of Billing Energy under the Estimation Process set forth in this Agreement in each hour of a billing period shall be determined in accordance with NEPOOL's and the Company's procedures for loss determination; that is, such estimated quantities shall reflect the subtraction of transmission and distribution losses. In no circumstance whatsoever shall Billing Energy (whether estimated or actual) include transmission and distribution losses.

Section 4.4. Reconciliation of Estimated Loads

(a) The Company or its agent shall estimate the Billing Energy based upon average load profiles developed for each of the Company's customer classes and each of the Company's actual total hourly load. Appendix A, attached and incorporated herein by reference, provides a general description of the estimation process that the Company or its agent shall employ (the "Estimation Process"). The Company hereby reserves the right to modify the Estimation Process in the future; provided, that any such modification shall be designed with the objective of improving the accuracy and precision of the Estimation Process. The Company or its agent shall report to Seller the Billing Energy amount.

(b) The Company or its agent shall use all reasonable efforts to report to Seller the Billing Energy amount by 1:00 P.M. of the second following business day.

(c) To refine the estimates of the Billing Energy amount developed by the Estimation Process, a monthly calculation will be performed by the Company to reconcile the original estimate of such loads to actual customer usage based on meter reads. The Company or its agent will reasonably describe any resulting billing adjustment (debit or credit) in a written statement to Seller no later than the last day of the third month following the applicable billing month. Appendix A, attached and incorporated herein by reference, also provides a general description of this reconciliation process.

ARTICLE 5. DEFAULT, TERMINATION AND SECURITY

Section 5.1. [redacted]

(a) [redacted]

[redacted]

(ii) [redacted]

(iii) [redacted]

(1) [redacted]

(2) [redacted]

(3) [redacted]

(4) [redacted]

(5) [redacted]

[redacted]

(iv) [redacted]

(b) [redacted]

(c) [redacted]

(d) [redacted]

Section 5.2. [redacted]

(a) [redacted]

(b) [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Section 5.3. [redacted]

[redacted]

Section 5.4. [redacted]

[redacted]

Section 5.5. [redacted]

[redacted]

Section 5.6. [redacted]

(a) [redacted]

(b) [redacted]

(i) [redacted]

(ii) [redacted]

(iii) [redacted]

[redacted]

(c) [redacted]

Section 5.7. [redacted]

[redacted]

ARTICLE 6. REPRESENTATIONS AND WARRANTIES

Section 6.1. Representations and Warranties.

As a material inducement to enter into this Agreement, the respective Parties represent and warrant for the benefit of the other Party, throughout the Term of this Agreement, as follows:

(a) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and is qualified to conduct its business in those jurisdictions necessary to perform this Agreement.

(b) With the receipt of the approval and consent as set forth on Schedule 6.1(b) prior to the Effective Date, it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement and no consents of any other party and no act of any other governmental authority is required in connection with the execution, delivery and performance of this Agreement.

(c) The execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms or conditions in its governing documents or any contract to which it is a Party or any law, rule, regulation, order, writ, judgment, decree or other legal or regulatory determination applicable to it.

(d) This Agreement constitutes a legal, valid and binding obligation of such Party enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws affecting creditor's rights generally, and with regard to equitable remedies, to the discretion of the court before which proceedings to obtain same may be pending.

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

(f) There are no suits, proceedings, judgments, rulings or orders by or before any court or any governmental authority that materially adversely affect its ability to perform this Agreement.

(g) It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party hereto in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement.

ARTICLE 7. NOTICES, REPRESENTATIVES OF THE PARTIES

Section 7.1. 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 (confirmed by telephone), courier, personally delivered or mailed, postage prepaid, to the representative of the other Party designated in this Article 7. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile confirmed by telephone, (ii) when actually received if delivered by courier or personal delivery or (iii) three (3) days after deposit in the United States mail, if sent by first class mail.

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

Mr. Michael J. Hager
Director, Energy Supply New England
National Grid USA Service Company, Inc.
55 Bearfoot Road
Northboro, MA 01532
(508) 421-7350
(508) 421-7335 (fax)

And notices concerning Article 5 shall also be sent to:

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

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

Constellation Energy Commodities Group, Inc.
111 Market Place, Suite 500
Baltimore, MD 21202

Attn: Head of Operations with a copy to General Counsel
(410) 468-3500
(410) 468-3499 (fax)

Any Party may change its representative by written notice to the others.

Section 7.2. Authority of Representative

The Parties' respective representatives designated in Section 7.1 shall have full authority to act for their respective principals in all matters relating to the performance of this Agreement. They shall not, however, have the authority to amend, modify, or waive any provision of this Agreement unless they are authorized officers of their respective entities and such amendment, modification or waiver is made pursuant to Article 15.

ARTICLE 8. LIABILITY, INDEMNIFICATION, AND RELATIONSHIP OF PARTIES

Section 8.1. Limitation on Consequential, Incidental and Indirect Damages

TO THE FULLEST EXTENT PERMISSIBLE BY LAW, NEITHER THE COMPANY NOR SELLER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUPPLIERS, PARENT, SUBSIDIARIES, AFFILIATES, SUCCESSOR OR ASSIGNS SHALL BE LIABLE TO THE OTHER PARTY OR ITS OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUPPLIERS, PARENT, SUBSIDIARIES, AFFILIATES, SUCCESSORS OR ASSIGNS FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE, CONSEQUENTIAL DAMAGES (INCLUDING ATTORNEY'S FEES OR LITIGATION COSTS ASSOCIATED THEREWITH) OR LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES 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 8.1 SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT, BUT SHALL NOT BE CONSTRUED SO AS TO INVALIDATE ALL OR ANY PART OF THE EXPRESS MEASURES OF DAMAGES SET FORTH IN CONNECTION WITH THE CALCULATION OF AN EARLY TERMINATION PAYMENT AS PROVIDED IN SECTION 5.2(B).

Section 8.2. Indemnification

(a) Seller agrees to defend, indemnify and save the Company, its officers, directors, agents, employees, suppliers, parent, subsidiaries, Affiliates, successors or assigns harmless from and against any and all third-party claims, suits, actions or causes of action and the resulting losses, damages, expenses, attorneys' fees and court costs, 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, arising from or out of any event, circumstance, act or incident first occurring or existing due to Seller's actions or omissions with respect to this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, supplier, parent, subsidiary, successor, assign or Affiliate of the Company.

(b) The Company agrees to defend, indemnify and save Seller, its officers, directors, agents, employees, suppliers, parent, subsidiaries, Affiliates, successors or assigns harmless from and against any and all third-party claims, suits, actions or causes of action and the resulting losses, damages, expenses, attorneys' fees and court costs, 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, arising from or out of any event, circumstance, act or incident first occurring or existing due to the Company's actions or omissions with respect to this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, supplier, parent, subsidiary, successor, assign or Affiliate of the Seller.

(c) If either Party intends to seek indemnification under this Section 8.2 from the other Party with respect to any third-party action or claim, the Party seeking indemnification shall give the other Party written notice of such claim or action within fifteen (15) days of the commencement of, or actual knowledge of, such claim or action. Such Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such claim or action. Such Party seeking indemnification shall not compromise or settle any such claim or action without the prior written consent of the Company, which consent shall not be unreasonably withheld.

Section 8.3. Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between the Company and Seller other than that of independent contractors.

ARTICLE 9. ASSIGNMENT

Section 9.1. [redacted]

Section 9.2. [redacted]

(a) [redacted]

(b) [redacted]

(c) [redacted]

(d) [redacted]

(e) [redacted]

ARTICLE 10. SUCCESSORS AND ASSIGNS

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

ARTICLE 11. WAIVERS

The failure of either Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights under this Agreement shall not be construed as a general waiver of any such provision or the relinquishment of any such right, but the same shall continue and remain in full force and effect, except with respect to the particular instance or instances.

ARTICLE 12. CHANGE IN LAW OR MARKET RULES

ARTICLE 13. INTERPRETATION, DISPUTE RESOLUTION

Section 13.1. Interpretation

The interpretation and performance of this Agreement shall be in accordance with and controlled by the laws of Rhode Island. The Parties acknowledge 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.

Section 13.2. Dispute Resolution

Any dispute between the Company and Seller arising under or in connection with or relating in any way to this Agreement shall be referred to a senior representative of the Seller designated by the Seller and a senior representative of the Company designated by the Company for resolution on an informal basis as promptly as practicable. In the event the designated senior representatives are unable to resolve the dispute within ten (10) days, or such other period as the Parties may jointly agree upon, to the extent a reasonable estimate of the amount in dispute does not exceed two hundred fifty thousand dollars ($250,000.00), such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedure set forth in this Section 13.2. The arbitration shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of

the dispute to arbitration, the Seller and the Company 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 in electric utility matters, including wholesale power transactions and power market issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration. The arbitrator(s) shall afford each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. There shall be no formal discovery conducted in connection with the arbitration; provided, however, that the Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and the reasons therefore, and shall make an award apportioning the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. Unless the Parties otherwise agree, and except as otherwise provided herein, where a reasonable estimate of the amount in dispute is in excess of two hundred fifty thousand dollars ($250,000), such dispute shall not be submitted to arbitration under this provision, and the Parties shall be free to pursue their rights with respect thereto in judicial proceedings or as otherwise may be provided for under applicable law.

ARTICLE 14. SEVERABILITY

Except to the extent provided in Article 12, any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining provisions and lawful obligations that arise under this Agreement. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision or circumstances shall not be affected by such invalidity or unenforceability.

ARTICLE 15. MODIFICATIONS

No modification to this Agreement will be binding on any Party unless it is in writing and signed by all Parties.

ARTICLE 16. SUPERSESSION

This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and its execution supersedes any other agreements, written or oral, between the Parties concerning such subject matter.

ARTICLE 17. COUNTERPARTS; FURTHER ASSURANCES

Section 17.1. Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

Section 17.2. Further Assurances

Each Party shall prepare, execute and deliver to the other Party upon request any documents reasonably required to implement any provision hereof.

ARTICLE 18. HEADINGS

Article and Section headings used throughout this Agreement are for the convenience of the Parties only and are not to be construed as part of this Agreement.

ARTICLE 19. AUDIT RIGHTS

Each Party or any third party representative of a Party shall have the right, at its sole expense, to examine the records of the other Party pertaining to this Agreement during normal business hours upon reasonable notice. Any information gathered during such examination shall be kept confidential by the discovering Party and/or its third party representative unless and to the extent such Party is required to disclose such information by action of a court or other government authority or only to those of its employees, consultants, authorized representatives, and attorneys having a "need to know" such information to carry out their functions in connection with this Agreement who have agreed to keep such information confidential. Audit rights shall extend for a period of twenty-four (24) months after the end of the calendar month in question, or until any dispute regarding such records is resolved. The Party being audited shall fully cooperate with any such audit. If any such examination shall reveal, or if either Party discovers any error or inaccuracy in its own or in the other Party's statements, invoices, payments, calculations or determinations, then adjustments and corrections shall be made as promptly as practicable thereafter. Each Party shall keep such records stored and maintained for the period provided in this Article 19 for audit rights.

ARTICLE 20. CONFIDENTIALITY

Neither Seller nor the Company shall provide copies of the information contained in Articles 5, 9 and 12 and Appendix C hereto (collectively, the "Confidential Terms"), to any third party without the prior written consent of the other Party; provided, however, that either Party, or any of its affiliates, may provide copies or information regarding this Agreement without limitation to any regulatory agency requesting and/or requiring such information and either Party may provide copies or information regarding this Agreement to its bankers, accountants,

attorneys, financial advisors and other agents (collectively, "Representatives")**;** provided, further, that any such disclosure must include a request for confidential treatment of the Agreement and/or the redaction of the Confidential Terms from the copies of the Agreement which are placed in the public record or otherwise made available to third parties or Representatives; provided, further, that Seller may provide copies of this entire Agreement to a prospective assignee without the Company's prior consent so long as such prospective assignee executes a confidentiality agreement restricting such party's disclosure and use of the Agreement. Notwithstanding any law or regulation to the contrary, a Party may disclose this Agreement to its Affiliates as necessary to effectuate and implement its terms.

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

THE NARRAGANSETT ELECTRIC COMPANY

_____

By:
Its:

CONSTELLATION ENERGY COMMODITIES GROUP, INC.

_____

By:
Its:

APPENDIX A
ESTIMATION OF SELLER'S HOURLY LOADS

Overview

Generating units operated by suppliers are dispatched by the ISO 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 are net sellers of electricity to the ISO, while other suppliers are purchasing power from the ISO 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 Company will estimate Standard Offer 2 Service load obligations within the Company's service territories 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 of the Company's ultimate customers that 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 are available, they 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 shall match the total load delivered into the distribution system. A description of the estimation process follows.

Daily Estimation of Suppliers' Own Load

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

- Select a proxy date from the previous year with characteristics which best match the day for which the hourly demand estimates are being produced. Extract class load shapes for the selected proxy date from the load research database.

- Scale the class load shapes appropriately for each individual customer based on the usage level of the customer relative to the class average usage level.

- Calculate a factor for each customer which reflects their relative usage level and includes an adjustment for losses ("load adjustment factor"). Aggregate the load adjustment factors across the customers served by each supplier in each class.

- Produce a preliminary estimate of each supplier's hourly loads by combining the proxy day class load shapes with the supplier's total load adjustment factors. Aggregate the loads across the classes for each supplier.

- Adjust the preliminary hourly supplier estimates so that their sum is equal to the Company'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.
- Submit the hourly loads to the ISO.

After the Company 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 sum of the resulting loads over the days in the month is reported and used by the ISO as the basis for a monthly adjustment.

APPENDIX B
STANDARD OFFER SERVICE FUEL ADJUSTMENT PROVISION

The Stipulated Price is the following predetermined, flat rate for Billing Energy:

Calendar Year	Price per Kilowatt hour
2005	5.5 cents
2006	5.9 cents
2007	6.3 cents
2008	6.7 cents
2009	7.1 cents

For the purpose of calculating the Fuel Adjustment Multiplier, the following terms have the following meanings:

Market Gas Price is the average of the values of "Gas Index" for the most recent available twelve months, where:

Gas Index is the average of the daily settlement prices for the last three days that the NYMEX Contract (as defined below) for the month of delivery trades as reported in the "Wall Street Journal", expressed in dollars per MMBtu. NYMEX Contract shall mean the New York Mercantile Exchange Natural Gas Futures Contract as approved by the Commodity Futures Trading Commission for the purchase and sale of natural gas at Henry Hub;

Market Oil Price is the average of the values of "Oil Index" for the most recent available twelve months, where:

Oil Index is the average for the month of the daily low quotations for cargo delivery of 1.0% sulfur No. 6 residual fuel oil into New York harbor, as reported in "Platt's Oilgram U.S. Marketscan" in dollars per barrel and converted to dollars per MMBtu by dividing by 6.3; and

If any of the indices referred to above are discontinued or reconstituted in such a manner as to render them unusable for the purposes intended by the Parties, the Parties shall meet and negotiate in good faith so as to agree upon an alternate index that most closely reflects the intent of the Parties in the selection and use of the original index; provided, that in the event the Parties shall have failed to agree on such an alternate index within thirty (30) days of the commencement of such negotiations, either Party may submit the matter to arbitration under the terms of Section 13.2 (regardless of the amount, if any, in controversy) and seek a resolution resulting in the selection of an index or proxy that most closely reflects the intent of the Parties in the selection of the original index.

Fuel Trigger Point is the following amounts, expressed in dollars per MMBtu, applicable for all months in the specified calendar year:

2005	$ 8.48
2006	$ 9.22
2007	$ 9.95
2008	$10.69
2009	$11.42

In the event that the “Market Gas Price" plus "Market Oil Price" for the billing month is less than or equal to the Fuel Trigger Point, then the Fuel Adjustment Multiplier for the billing month shall equal 1.0.

In the event that the “Market Gas Price" plus "Market Oil Price" for the billing month exceeds the "Fuel Trigger Point", the Fuel Adjustment Multiplier for the billing month is determined based according to the following formula:

$$\text{Fuel Adjustment Multiplier} = \frac{(\text{Market Gas Price} + \$.60/\text{MMBtu}) + (\text{Market Oil Price} + \$.04/\text{MMBtu})}{\text{Fuel Trigger Point} + \$.60 + \$.04/\text{MMBtu}}$$

Where:

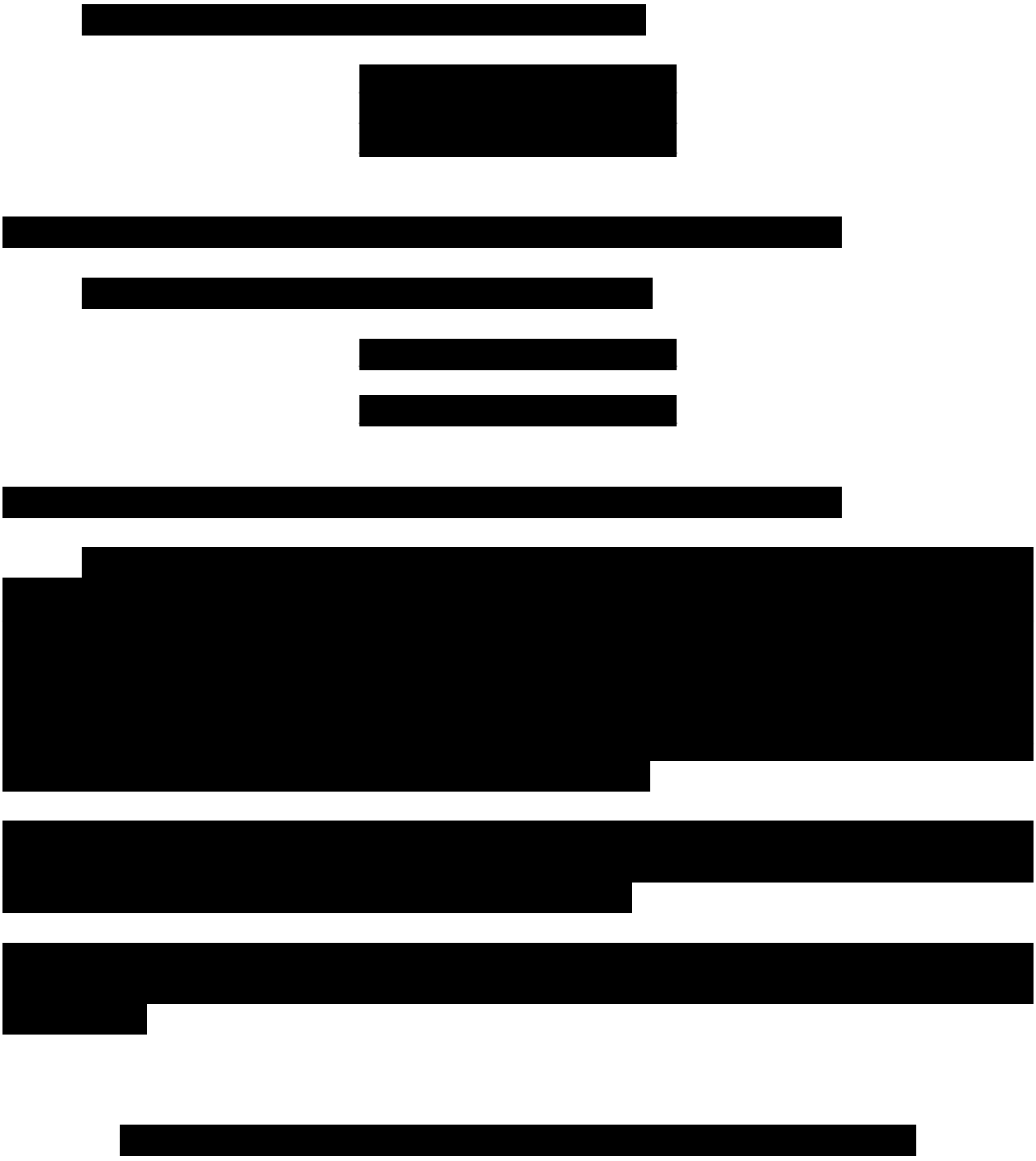
Market Gas Price, Market Oil Price and Fuel Trigger Point are as defined above. The values of $.60 and $.04/MMBtu represent for gas and oil respectively, estimated basis differentials or market costs of transportation from the point where the index is calculated to a proxy power plant in the New England market.

APPENDIX C

GUARANTY

[redacted]

[redacted]



[redacted]

APPENDIX D

IDENTIFICATION OF CUSTOMERS

Standard Offer 1 Service Customers:

Customers receiving service from the Company as of the Retail Access Date pursuant to Section 39-1-27.3(d) of Rhode Island General Laws. Additionally, Customers who establish accounts within the Narragansett Zone after the Retail Access will be supplied pursuant to the Standard Offer 1 Service supply contracts if:

a. The customer relocates within the Narragansett Zone and was supplied pursuant to the Standard Offer 1 Service supply contracts at its prior location.

b. The customer is a trustee, receiver, or debtor in possession in bankruptcy and the bankrupt entity was supplied pursuant to the Standard Offer 1 Service supply contracts.

c. The customer is making a new request for service and their prior service was disrupted or turned off as a result of fire, flood, or other damage to the Customer's facility or residence that caused a temporary dislocation, if the customer was supplied pursuant to the Standard Offer 1 Service supply contracts prior to the dislocation.

d. The customer, after having been terminated at the same address within the past six months for nonpayment of electricity bills, is making a new request for service and if the customer was supplied pursuant to the Standard Offer 1 Service supply contracts prior to the termination.

e. The customer is making a new request for service for service for a seasonal account, if the Customer responsible for the seasonal account has not changed and the Customer was supplied pursuant to the Standard Offer 1 Service supply contracts at the account location.

f. The customer establishing the account at a residence was a resident at the location and the prior Customer at the location was supplied pursuant to the Standard Offer 1 Service supply contracts.

g. Whenever the change in service, reclassification of the account, or reconfiguration of the metering arrangement is done for the convenience of Narragansett.

Standard Offer 2 Service Customers:

For purposes of this Agreement, "new customers" or customers eligible for Standard Offer 2 Service shall be:

1. Customers who were not customers of record as of the Retail Access Date who establish an account within the Narragansett Zone after the Retail Access Date.

2. Customers within the Eastern Rhode Island Zone who are taking service pursuant to the Standard Offer Service Tariff and who relocate to the Narragansett Zone.

Customers who are provided Standard Offer 2 Service within the Narragansett Zone who relocate to the Eastern Rhode Island Zone will no longer be provided Standard Offer 2 Service at the new location.

APPENDIX E

NARRAGANSETT REPRESENTATIONS AND WARRANTIES TO QUALIFIED ASSIGNEE

Representations and Warranties of Narragansett to Qualified Assignee on the date of the assignment in accordance with Section 9.2 (the "Qualified Assignment"):

1. The Assignee satisfies the qualifications of a Qualified Assignee.

2. Narragansett acknowledges and agrees that, as between Narragansett and the Qualified Assignee, an assumption by the Qualified Assignee from Constellation of the Fuel Adjustment Payment Agreement (the "FAP Agreement") does not constitute the assumption of Constellation's rights, duties and obligations under the Current Power Supply Agreement.

3. From and after the effective date of the Qualified Assignment (the "Effective Assignment Date"), Constellation shall have absolutely no liability or responsibility under the terms of the FAP Agreement except for liabilities and responsibilities that arose, were incurred, or accrued prior to the Effective Assignment Date.

4. Fuel Adjustment Amount Payments for any invoicing period as of and after the Effective Assignment Date (and reconciliations for such periods) payable by Narragansett shall be payable to Assignee, and reconciliations for such periods payable to Narragansett shall be payable by Assignee, all such payments in accordance with the terms of the FAP Agreement. Fuel Adjustment Amount Payments for any invoicing period prior to the Effective Date (and reconciliations for such periods) payable by Narragansett shall be payable to Constellation, and reconciliations for such periods payable to Narragansett shall be payable by Constellation, all such payments in accordance with the terms of the FAP Agreement.

5. Narragansett hereby reaffirms its representations and warranties set forth in the FAP Agreement.

6. **[Narragansett shall be required to provide the representations and warranties set forth in this paragraph (6) only to the extent that the following accurately describes its contractual relationship with Constellation under the FAP Agreement at the time of the execution of the Consent.]**

(a) The FAP Agreement is in full force and effect.

(b) Narragansett is not and, to Narragansett's knowledge after due inquiry, Constellation is not in breach or default of any obligation or payment under the FAP Agreement, or the Current Power Supply Agreement, that gives either party thereto the right to terminate or suspend performance thereunder.

(c) There are no existing disputes or, to Narragansett's knowledge after due inquiry, threatened disputes under or with respect to the FAP Agreement, or with respect to the Current Power Supply Agreement..

(d) Narragansett has not received a notice of default from Constellation as to the FAP Agreement or as to the Current Power Supply Agreement.

(e) Narragansett has not delivered a notice of default to Constellation pursuant to the terms of the FAP Agreement or the Current Power Supply Agreement.

(f) To Narragansett's knowledge after due inquiry, Constellation is not currently in breach of any of the material terms of the FAP Agreement or of the Current Power Supply Agreement.

(g) The FAP Agreement constitutes the entire agreement between Constellation and Narragansett pertaining to the subject matter thereof.

7. Narragansett has the power and authority to execute and deliver this Consent. This Consent has been duly authorized, executed and delivered by Narragansett, and assuming that the Qualified Assignment, the assignment and assumption agreement, and documentation executed in relation to effectuating the Qualified Assignment, together with the FAP Agreement, constitute a valid and binding agreement of Constellation and the Qualified Assignee (to the extent it is a party to such documentation and agreement) and are enforceable against the parties thereto, this Consent constitutes the valid, legal and binding obligation of Narragansett enforceable against Narragansett in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy or similar laws respecting creditor's rights generally.

Schedule 6.1(b)

Consents and Approvals

A. Of the Company:

1. A final non-appealable order from the RIPUC granting full and unconditional approval of this Agreement and its filing submitted on June 7, 2005 by the RIPUC to the satisfaction of the Company.

2. Written consent ("Division Consent") of the Division of Public Utilities and Carriers (the "Division") to terminate the two wholesale standard offer service agreements with TransCanada Power Marketing; provided, however, if the Division conditions its consent only upon Narragansett's receipt of RIPUC's approval set forth in the first paragraph of this Section, (the "Division Condition"), upon receipt of such RIPUC approval satisfying the Division Condition, the full and unconditional Division Consent required hereunder shall be deemed received.

Attachment 6H

EXECUTION COPY

FUEL ADJUSTMENT PAYMENT AGREEMENT

This FUEL ADJUSTMENT PAYMENT AGREEMENT ("Agreement") is dated as of June 7, 2005 and is by and between THE NARRAGANSETT ELECTRIC COMPANY, a Rhode Island corporation (the "Company"), and CONSTELLATION ENERGY COMMODITIES GROUP, INC., a Delaware corporation ("Seller") (the Company and Seller, each a "Party" and collectively, the "Parties").

ARTICLE 1. BASIC UNDERSTANDINGS

The Parties were parties to that certain Power Supply Agreement, dated August 23, 2002, as amended (the "Original Power Supply Agreement") and on even date herewith, the Parties amended and restated the Original Power Supply Agreement by entering into that certain Amended and Restated Power Supply Agreement of even date herewith (such agreement, as may be amended, supplemented or modified from time to time, the "Current Power Supply Agreement") to, among other provisions, terminate certain obligations and to increase the obligation to provide wholesale standard offer service by 9.22%. The Parties desire to enter into this Agreement to memorialize the Parties' understanding of the Company's obligation to pay the Seller the Fuel Adjustment Amount, as defined herein. Although the Parties have entered into this Agreement in connection with their amendment and restatement of the Original Power Supply Agreement, and adequate consideration has been transferred between the Parties, performance of this Agreement is not related to, or dependent or conditioned upon, performance of the Current Power Supply Agreement. This Agreement does not provide for the sale of power and is independent of any agreement for the sale of power.

In accordance with the foregoing and in consideration of the mutual promises, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby enter into this Agreement.

ARTICLE 2. DEFINITIONS

The following words and terms shall be understood to have the following meanings when used in this Agreement. In addition, except as otherwise expressly provided, where terms used in this Agreement with initial capitalization are not defined herein but are defined in the NEPOOL Rules, either currently or in the future, the definition thereof in the NEPOOL Rules is expressly incorporated into this Agreement by reference.

Affiliate –With respect to the Company, any company that is a subsidiary (direct or indirect) of National Grid, USA, Inc. and its successors and, with respect to Seller, any company that controls, is controlled by or under common control with Seller.

Bankrupt - With respect to any entity, such entity (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a

liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) as contemplated by applicable bankruptcy law, is generally unable to pay its debts as they fall due, unless such debts are the subject of a bona fide dispute.

Billing Energy – Nine and twenty-two one hundredths percent (9.22%) of the quantity of energy, expressed in kilowatt-hours, provided by the Company (without regard to the source of supply) to the meters of its retail customers taking Standard Offer 1 Service.

Business Day - Any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant Party's principal place of business. The relevant Party, in each instance unless otherwise specified, shall be the Party to whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

Competitive Supplier Terms - The Company's Terms and Conditions for Nonregulated Power Producers, R.I.P.U.C. No. 1124, as may be amended from time to time and approved by the RIPUC.

Costs – has the meaning set forth in Section 5.6(b).

Credit Rating - With respect to an entity, means the rating then assigned to such entity's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) by S&P, Moody's or any other rating agency agreed by the Parties, or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by S&P, Moody's or any other rating agency agreed by the Parties.

Credit Requirements – has the meaning set forth in Section 5.6 (a).

Downgraded Party – has the meaning set forth in Section 5.6 (b).

Distribution Service Terms – The Company's Terms and Conditions, R.I.P.U.C. No. 1154, as may be amended from time to time and approved by the RIPUC.

Eastern Rhode Island Zone - the geographic area served by the former Blackstone Valley Electric Company and Newport Electric Corporation immediately prior to their merger with and into the Company.

Effective Date – has the meaning set forth in Section 3.1.

Estimation Process – has the meaning set forth in Section 4.4 (a).

Event of Default – has the meaning set forth in Section 5.1 (a).

FERC - The Federal Energy Regulatory Commission or such successor federal regulatory agency as may have jurisdiction over this Agreement.

Fuel Adjustment Amount – has the meaning set forth in Section 4.1(b) of this Agreement.

Fuel Adjustment Multiplier – has the meaning set forth in Appendix B.

Investment Grade - means (i) with respect to a Credit Rating assigned by S&P, a Credit Rating equal to or better than "BBB-"; or (ii) with respect to a Credit Rating assigned by Moody's, a Credit Rating equal to or better than "Baa3".

Gains – has the meaning set forth in Section 5.6(b).

ISO - The Independent System Operator established in accordance with the NEPOOL Rules, or its successor.

kWh - Kilowatt-hour.

Last Resort Service - The electric service provided by the Company pursuant to Section 39-1-27.3(f) of Rhode Island General Laws.

Losses – has the meaning set forth in Section 5.6(b).

MMBtu - One Million British thermal units.

Moody's - Moody's Investor Services, Inc., or its successor.

MWh - Megawatt hour.

Narragansett Zone - The geographic area served by Company immediately prior to Blackstone Valley Electric Company and Newport Electric Company's merger with and into the Company.

NEPOOL - The New England Power Pool, or its successor.

NEPOOL Rules - All rules, operating procedures, agreements, manuals, protocols and tariffs adopted by NEPOOL and/or the ISO as accepted and/or approved by FERC, as such rules may be amended, modified or superseded and in effect from time to time.

Net Worth - means total assets, exclusive of intangible assets, less total liabilities as reflected on the applicable Party's most recent annual audited or quarterly unaudited financial statements, as the case may be, which financial statements shall be prepared in accordance with generally accepted accounting principles consistently applied.

Payment Term has the meaning set forth in Article 4.

Prime Rate - The prime (or comparable) rate announced from time to time as its prime rate by Bank of America or its successor, which rate may differ from the rate offered to its more substantial and creditworthy customers.

Qualified Assignee – an assignee of Seller's rights and obligations under this Agreement as defined in Article 9.

Retail Access Date – January 1, 1998.

RIPUC – Rhode Island Public Utilities Commission or any successor regulatory agency.

S&P - means Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or its successor.

Settlement Amount – has the meaning set forth in Section 5.6(b).

Standard Offer 1 Service - The electric service provided by the Company pursuant to Section 39-1-27.3(d) of Rhode Island General Laws from the Retail Access Date through December 31, 2009 in the Narragansett Zone, as more specifically described in Appendix D attached hereto and made a part hereof, which shall not include Standard Offer 2 Service or Last Resort Service.

Standard Offer 1 Service Customer – has the meaning set forth in Appendix D.

Standard Offer 2 Service - The electric service provided by the Company pursuant to Section 39-1-27.3(d) of Rhode Island General Laws from the Retail Access Date through December 31, 2009, to any "new customers" in the Narragansett Zone who request Standard Offer Service after the Retail Access Date and pursuant to the Standard Offer Service Tariff. "New customers" shall be any customers who were not taking service from the Company prior to the Retail Access Date and are not being supplied by: (i) Last Resort Service or (ii) from a competitive supplier; and shall include, without limitation, all customers taking service after the Retail Access Date, as more specifically described in Appendix D attached hereto and made a part hereof.

Standard Offer Service Fuel Adjustment Provision – shall mean Appendix B hereto.

Standard Offer Service Tariff – The Company's Tariff for Standard Offer Service, R.I.P.U.C. No. 1160, as may be amended from time to time and approved by the RIPUC.

Stipulated Price – has the meaning set forth in Appendix B.

Term has the meaning set forth in Section 3.1 of this Agreement.

Termination Quantity – has the meaning set forth in Section 5.6(b).

ARTICLE 3. TERM AND NOTIFICATION REQUIREMENTS

Section 3.1. Term

The Effective Date of this Agreement shall be the date on which the Termination Agreement becomes effective under its terms and is subject to the RIPUC approval and Division Consent described in Schedule 6.1(b). The Term of this Agreement shall commence on the Effective Date and shall extend through and including the date on which final payment is made between the Company and Seller hereunder, unless this Agreement is sooner terminated in accordance with the provisions hereof. At the expiration of the Term, the Parties shall no longer be bound by the terms and provisions hereof, except (i) to the extent necessary to enforce the rights and the obligations of the Parties arising under this Agreement before such expiration or termination and (ii) the obligations of the Parties hereunder with respect to confidentiality, indemnification and audit rights shall survive the expiration or termination of this Agreement and shall continue for a period of two (2) calendar years following such termination.

Section 3.2. Distribution Service Interruptions

Interruptions in distribution service, if any, to customers taking Standard Offer 1 Service pursuant to the Standard Offer Service Tariff, shall be made in accordance with the provisions of the Distribution Service Terms and the Competitive Supplier Terms.

Section 3.3. Notification of Competitive Supplier Promotions and Programs

The Company shall provide Seller with advance written notice of any contemplated programs, promotions, or initiatives that shall be sponsored or supported by the Company that are designed to encourage customers receiving service under the Standard Offer Service Tariff to leave Standard Offer 1 Service or Standard Offer 2 Service for any reason ("Programs"). Such notification shall be provided as soon as practicable after the Company knows with reasonable certainty that any such Program or Programs will be implemented, but, in any event, no later than thirty (30) days prior to implementation of any such Program or Programs.

Section 3.4. Affiliate Businesses.

Nothing contained herein shall prohibit Affiliates of Seller from engaging in the business of being a competitive supplier or otherwise serving electrical load in the Company's Service Territory. Each Party shall comply in all material respects with applicable laws, rules, regulations and codes of conduct governing the relationship between such Party and any of its Affiliates.

Section 3.5. Compliance with Standard Offer Service Tariff and Distribution Service Terms.

The Company shall not be liable to Seller for any of Seller's revenue losses as a result of any disconnection, termination, commencement of service or change in consumption of or by a Standard Offer 1 Service Customer; provided, that any actions or inactions taken by the Company are not inconsistent with or in violation of the Standard Offer Service Tariff and/or the provisions of the Distribution Service Terms.

ARTICLE 4. PAYMENT OBLIGATION

Section 4.1. Billing and Payment

(a) The Company shall pay Seller the sum equal to the calculation set forth in Section 4.1(b) and in accordance with this Article 4 for the partial calendar month beginning on July 16, 2005 and, thereafter, for each calendar month from and after August 1, 2005 through December 31, 2009 (the "Payment Term"), even if the invoicing and reconciliation processes (set forth in this Article 4) covering such calendar month is after the end of the Payment Term.

(b) On or before the tenth (10th) day of each month during the Term, the Company shall calculate the Fuel Adjustment Amount, if any, due and payable to Seller hereunder with respect to the preceding calendar month in the Payment Term and provide the same to Seller along with the estimated amount of Billing Energy used in the calculation. The Fuel Adjustment Amount payable hereunder shall be calculated for each month using this formula:

((Fuel Adjustment Multiplier * Stipulated Price) – Stipulated Price) * Billing Energy

Because Billing Energy quantities are based upon estimates, subject to a reconciliation process described in Section 4.4, quantities used in calculations under this paragraph (a) shall be subject to adjustment, whether positive or negative, in subsequent months' calculations, to reflect that reconciliation process.

The Parties acknowledge and agree that if Billing Energy and/or the Fuel Adjustment Amount for a given month equals zero, the Company shall have no obligation to pay Seller for that given month (but that such quantity or calculation shall have no effect on Fuel Adjustment Amounts and payments required to be made in prior or future months.)

(c) The Company's monthly obligation to pay the Fuel Adjustment Amount to Seller is absolute and unconditional in all respects.

(d) Seller shall submit an invoice with such calculation as provided in paragraph (a) and the respective amounts due under the terms of this Agreement to the Company not later than ten (10) days after the Company provides the calculation to Seller. Such invoice shall be delivered to the Company by express mail, courier, facsimile or by electronic means and all such invoices shall be due and payable as specified in paragraph (c).

(e) Each invoice provided by Seller hereunder shall be due and payable by the Company in immediately payable funds no later than twenty-five (25) days after the Company's receipt of such invoice.

Section 4.2. Disputed Invoices

A Party may, in good faith, dispute the correctness of any invoice or any adjustment to an invoice rendered under this Agreement or adjust any invoice for any arithmetic, computational or other error within twenty-four (24) months of the date the invoice or adjustment to an invoice was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due, with notice of the objection given to the other Party. Any billing dispute or billing adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with interest accrued at the Prime Rate plus two percent (2%) from and including the due date to but excluding the date paid. With respect to any error in a calculation (whether the amount is paid or not), any overpayment, underpayment, or reconciliation adjustment will be refunded or paid up, as appropriate. Inadvertent overpayments shall be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with interest accrued at the Prime Rate plus 2% from and including the date of such overpayment to but excluding the date repaid or deducted by the Party receiving such overpayment. Any dispute with respect to an invoice is waived unless the other Party is notified in accordance with this Section 4.2 within twenty-four (24) months after the invoice is rendered or any specific adjustment to the invoice is made. If an invoice is not rendered within twenty-four (24) months after the close of the month during which performance occurred, the right to payment for such performance is waived.

Section 4.3. Losses

The quantities used to calculate the estimated amount of Billing Energy under the Estimation Process set forth in this Agreement in each hour of a billing period shall be determined in accordance with NEPOOL's and the Company's procedures for loss determination; that is, such estimated quantities shall reflect the subtraction of transmission and distribution losses. In no circumstance whatsoever shall Billing Energy (whether estimated or actual) include transmission and distribution losses.

Section 4.4. Reconciliation of Estimated Loads

(a) The Company or its agent shall estimate the Billing Energy based upon average load profiles developed for each of the Company's customer classes and each of the Company's actual total hourly load. Appendix A, attached and incorporated herein by reference, provides a general description of the estimation process that the Company or its agent shall employ (the "Estimation Process"). The Company hereby reserves the right to modify the Estimation Process in the future; provided, that any such modification shall be designed with the objective of improving the accuracy and precision of the Estimation Process. The Company or its agent shall report to Seller the Billing Energy amount.

(b) The Company or its agent shall use all reasonable efforts to report to Seller the Billing Energy amount by 1:00 P.M. of the second following business day.

(c) To refine the estimates of the Billing Energy amount developed by the Estimation Process, a monthly calculation will be performed by the Company to reconcile the original estimate of such loads to actual customer usage based on meter reads. The Company or its agent will reasonably describe any resulting billing adjustment (debit or credit) in a written statement to Seller no later than the last day of the third month following the applicable billing month. Appendix A, attached and incorporated herein by reference, also provides a general description of this reconciliation process.

ARTICLE 5. DEFAULT, TERMINATION AND SECURITY

Section 5.1. [redacted]

(a) [redacted]

(ii) [redacted]

(iii) [redacted]

(1) [redacted]

(2) [redacted]

(3) [redacted]

(4) [redacted]

(5) [redacted]

[redacted]

(iv) [redacted]

(b) [redacted]

(c) [redacted]

[redacted]

(d) [redacted]

Section 5.2. [redacted]

(a) [redacted]

(b) [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Section 5.3. [redacted]

[redacted]

Section 5.4. [redacted]

[redacted]

Section 5.5. [redacted]

[redacted]

Section 5.6. [redacted]

(a) [redacted]

[redacted]

(b) [redacted]

(i) [redacted]

(ii) [redacted]

(iii) [redacted]

(c) [redacted]

Section 5.7. [redacted]

[redacted]

ARTICLE 6. REPRESENTATIONS AND WARRANTIES

Section 6.1. Representations and Warranties.

As a material inducement to enter into this Agreement, the respective Parties represent and warrant for the benefit of the other Party, throughout the Term of this Agreement, as follows:

(a) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and is qualified to conduct its business in those jurisdictions necessary to perform this Agreement.

(b) With the receipt of the approval and consent as set forth on Schedule 6.1(b) prior to the Effective Date, it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement and no consents of any other party and no act of any other governmental authority is required in connection with the execution, delivery and performance of this Agreement.

(c) The execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms or conditions in its governing documents or any contract to which it is a Party or any law, rule, regulation, order, writ, judgment, decree or other legal or regulatory determination applicable to it.

(d) This Agreement constitutes a legal, valid and binding obligation of such Party enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws affecting creditor's rights generally, and with regard to equitable remedies, to the discretion of the court before which proceedings to obtain same may be pending.

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

(f) There are no suits, proceedings, judgments, rulings or orders by or before any court or any governmental authority that materially adversely affect its ability to perform this Agreement.

(g) It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party hereto in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement.

ARTICLE 7. NOTICES, REPRESENTATIVES OF THE PARTIES

Section 7.1. 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 (confirmed by telephone), courier, personally delivered or mailed, postage prepaid, to the representative of the other Party designated in this Article 7. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile confirmed by telephone, (ii) when actually received if

delivered by courier or personal delivery or (iii) three (3) days after deposit in the United States mail, if sent by first class mail.

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

Mr. Michael J. Hager
Director, Energy Supply New England
National Grid USA Service Company, Inc.
55 Bearfoot Road
Northboro, MA 01532
(508) 421-7350
(508) 421-7335 (fax)

And notices concerning Article 5 shall also be sent to:

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

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

Constellation Energy Commodities Group, Inc.
111 Market Place, Suite 500
Baltimore, MD 21202
Attn: Head of Operations with a copy to General Counsel
(410) 468-3500
(410) 468-3499 (fax)

Any Party may change its representative by written notice to the others.

Section 7.2. Authority of Representative

The Parties' respective representatives designated in Section 7.1 shall have full authority to act for their respective principals in all matters relating to the performance of this Agreement. They shall not, however, have the authority to amend, modify, or waive any provision of this Agreement unless they are authorized officers of their respective entities and such amendment, modification or waiver is made pursuant to Article 15.

ARTICLE 8. LIABILITY, INDEMNIFICATION, AND RELATIONSHIP OF PARTIES

Section 8.1. Limitation on Consequential, Incidental and Indirect Damages

TO THE FULLEST EXTENT PERMISSIBLE BY LAW, NEITHER THE COMPANY NOR SELLER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUPPLIERS, PARENT, SUBSIDIARIES, AFFILIATES, SUCCESSOR OR ASSIGNS SHALL BE LIABLE TO THE OTHER PARTY OR ITS OFFICERS, DIRECTORS,

AGENTS, EMPLOYEES, SUPPLIERS, PARENT, SUBSIDIARIES, AFFILIATES, SUCCESSORS OR ASSIGNS FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE, CONSEQUENTIAL DAMAGES (INCLUDING ATTORNEY'S FEES OR LITIGATION COSTS ASSOCIATED THEREWITH) OR LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES 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 8.1 SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT, BUT SHALL NOT BE CONSTRUED SO AS TO INVALIDATE ALL OR ANY PART OF THE EXPRESS MEASURES OF DAMAGES SET FORTH IN CONNECTION WITH THE CALCULATION OF AN EARLY TERMINATION PAYMENT AS PROVIDED IN SECTION 5.2(B).

Section 8.2. Indemnification

(a) Seller agrees to defend, indemnify and save the Company, its officers, directors, agents, employees, suppliers, parent, subsidiaries, Affiliates, successors or assigns harmless from and against any and all third-party claims, suits, actions or causes of action and the resulting losses, damages, expenses, attorneys' fees and court costs, 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, arising from or out of any event, circumstance, act or incident first occurring or existing due to Seller's actions or omissions with respect to this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, supplier, parent, subsidiary, successor, assign or Affiliate of the Company.

(b) The Company agrees to defend, indemnify and save Seller, its officers, directors, agents, employees, suppliers, parent, subsidiaries, Affiliates, successors or assigns harmless from and against any and all third-party claims, suits, actions or causes of action and the resulting losses, damages, expenses, attorneys' fees and court costs, 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, arising from or out of any event, circumstance, act or incident first occurring or existing due to the Company's actions or omissions with respect to this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, supplier, parent, subsidiary, successor, assign or Affiliate of the Seller.

(c) If either Party intends to seek indemnification under this Section 8.2 from the other Party with respect to any third-party action or claim, the Party seeking indemnification shall give the other Party written notice of such claim or action within fifteen (15) days of the commencement of, or actual knowledge of, such claim or action. Such Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such claim or action. Such Party seeking indemnification shall not compromise or settle any

such claim or action without the prior written consent of the Company, which consent shall not be unreasonably withheld.

Section 8.3. Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between the Company and Seller other than that of independent contractors.

ARTICLE 9. ASSIGNMENT

Section 9.1. [redacted]

Section 9.2. [redacted]

(a) [redacted]

(b) [redacted]

(c) [redacted]

(d) [redacted]

(e) [redacted]

ARTICLE 10. SUCCESSORS AND ASSIGNS

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

ARTICLE 11. WAIVERS

The failure of either Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights under this Agreement shall not be construed as a general waiver of any such provision or the relinquishment of any such right, but the same shall continue and remain in full force and effect, except with respect to the particular instance or instances.

ARTICLE 12. CHANGE IN LAW OR MARKET RULES

[redacted]

ARTICLE 13. INTERPRETATION, DISPUTE RESOLUTION

Section 13.1. Interpretation

The interpretation and performance of this Agreement shall be in accordance with and controlled by the laws of Rhode Island. The Parties acknowledge 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.

Section 13.2. Dispute Resolution

Any dispute between the Company and Seller arising under or in connection with or relating in any way to this Agreement shall be referred to a senior representative of the Seller designated by the Seller and a senior representative of the Company designated by the Company for resolution on an informal basis as promptly as practicable. In the event the designated senior representatives are unable to resolve the dispute within ten (10) days, or such other period as the Parties may jointly agree upon, to the extent a reasonable estimate of the amount in dispute does not exceed two hundred fifty thousand dollars ($250,000.00), such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedure set forth in this Section 13.2. The arbitration shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, the Seller and the Company 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 in electric utility matters, including wholesale power transactions and power market issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration. The arbitrator(s) shall afford each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. There shall be no formal discovery conducted in connection with the arbitration; provided, however, that the Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and the reasons therefore, and shall make an award apportioning the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. Unless the Parties otherwise agree, and except as otherwise provided herein, where a reasonable estimate of the amount in dispute is in excess of two hundred fifty thousand dollars ($250,000), such dispute shall not be submitted to arbitration under this provision, and the Parties shall be free to pursue their rights with respect thereto in judicial proceedings or as otherwise may be provided for under applicable law.

ARTICLE 14. SEVERABILITY

Except to the extent provided in Article 12, any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining provisions and lawful obligations that arise under this Agreement. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision or circumstances shall not be affected by such invalidity or unenforceability.

ARTICLE 15. MODIFICATIONS

No modification to this Agreement will be binding on any Party unless it is in writing and signed by all Parties.

ARTICLE 16. SUPERSESSION

This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and its execution supersedes any other agreements, written or oral, between the Parties concerning such subject matter.

ARTICLE 17. COUNTERPARTS; FURTHER ASSURANCES

Section 17.1. Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

Section 17.2. Further Assurances

Each Party shall prepare, execute and deliver to the other Party upon request any documents reasonably required to implement any provision hereof.

ARTICLE 18. HEADINGS

Article and Section headings used throughout this Agreement are for the convenience of the Parties only and are not to be construed as part of this Agreement.

ARTICLE 19. AUDIT RIGHTS

Each Party or any third party representative of a Party shall have the right, at its sole expense, to examine the records of the other Party pertaining to this Agreement during normal business hours upon reasonable notice. Any information gathered during such examination shall be kept confidential by the discovering Party and/or its third party representative unless and to the extent such Party is required to disclose such information by action of a court or other government authority or only to those of its employees, consultants, authorized representatives, and attorneys having a "need to know" such information to carry out their functions in connection with this Agreement who have agreed to keep such information confidential. Audit

rights shall extend for a period of twenty-four (24) months after the end of the calendar month in question, or until any dispute regarding such records is resolved. The Party being audited shall fully cooperate with any such audit. If any such examination shall reveal, or if either Party discovers any error or inaccuracy in its own or in the other Party's statements, invoices, payments, calculations or determinations, then adjustments and corrections shall be made as promptly as practicable thereafter. Each Party shall keep such records stored and maintained for the period provided in this Article 19 for audit rights.

ARTICLE 20. CONFIDENTIALITY

Neither Seller nor the Company shall provide copies of the information contained in Articles 5, 9 and 12 and Appendix C hereto (collectively, the "Confidential Terms"), to any third party without the prior written consent of the other Party; provided, however, that either Party, or any of its affiliates, may provide copies or information regarding this Agreement without limitation to any regulatory agency requesting and/or requiring such information and either Party may provide copies or information regarding this Agreement to its bankers, accountants, attorneys, financial advisors and other agents (collectively, "Representatives"); provided, further, that any such disclosure must include a request for confidential treatment of the Agreement and/or the redaction of the Confidential Terms from the copies of the Agreement which are placed in the public record or otherwise made available to third parties or Representatives; provided, further, that Seller may provide copies of this entire Agreement to a prospective assignee without the Company's prior consent so long as such prospective assignee executes a confidentiality agreement restricting such party's disclosure and use of the Agreement. Notwithstanding any law or regulation to the contrary, a Party may disclose this Agreement to its Affiliates as necessary to effectuate and implement its terms.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY BLANK

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

THE NARRAGANSETT ELECTRIC COMPANY

_____

By:
Its:

CONSTELLATION ENERGY COMMODITIES GROUP, INC.

_____

By:
Its:

APPENDIX A
ESTIMATION OF SELLER'S HOURLY LOADS

Overview

Generating units operated by suppliers are dispatched by the ISO 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 are net sellers of electricity to the ISO, while other suppliers are purchasing power from the ISO 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 Company will estimate Standard Offer 1 Service load obligations within the Company's service territories 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 of the Company's ultimate customers that 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 are available, they 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 shall match the total load delivered into the distribution system. A description of the estimation process follows.

Daily Estimation of Suppliers' Own Load

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

- Select a proxy date from the previous year with characteristics which best match the day for which the hourly demand estimates are being produced. Extract class load shapes for the selected proxy date from the load research database.

- Scale the class load shapes appropriately for each individual customer based on the usage level of the customer relative to the class average usage level.

- Calculate a factor for each customer which reflects their relative usage level and includes an adjustment for losses ("load adjustment factor"). Aggregate the load adjustment factors across the customers served by each supplier in each class.

- Produce a preliminary estimate of each supplier's hourly loads by combining the proxy day class load shapes with the supplier's total load adjustment factors. Aggregate the loads across the classes for each supplier.

- Adjust the preliminary hourly supplier estimates so that their sum is equal to the Company'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.
- Submit the hourly loads to the ISO.

After the Company 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 sum of the resulting loads over the days in the month is reported and used by the ISO as the basis for a monthly adjustment.

APPENDIX B
STANDARD OFFER SERVICE FUEL ADJUSTMENT PROVISION

The Stipulated Price is the following predetermined, flat rate for Billing Energy:

Calendar Year	Price per Kilowatt hour
2005	5.5 cents
2006	5.9 cents
2007	6.3 cents
2008	6.7 cents
2009	7.1 cents

For the purpose of calculating the Fuel Adjustment Multiplier, the following terms have the following meanings:

Market Gas Price is the average of the values of "Gas Index" for the most recent available twelve months, where:

Gas Index is the average of the daily settlement prices for the last three days that the NYMEX Contract (as defined below) for the month of delivery trades as reported in the "Wall Street Journal", expressed in dollars per MMBtu. NYMEX Contract shall mean the New York Mercantile Exchange Natural Gas Futures Contract as approved by the Commodity Futures Trading Commission for the purchase and sale of natural gas at Henry Hub;

Market Oil Price is the average of the values of "Oil Index" for the most recent available twelve months, where:

Oil Index is the average for the month of the daily low quotations for cargo delivery of 1.0% sulfur No. 6 residual fuel oil into New York harbor, as reported in "Platt's Oilgram U.S. Marketscan" in dollars per barrel and converted to dollars per MMBtu by dividing by 6.3; and

If any of the indices referred to above are discontinued or reconstituted in such a manner as to render them unusable for the purposes intended by the Parties, the Parties shall meet and negotiate in good faith so as to agree upon an alternate index that most closely reflects the intent of the Parties in the selection and use of the original index; provided, that in the event the Parties shall have failed to agree on such an alternate index within thirty (30) days of the commencement of such negotiations, either Party may submit the matter to arbitration under the terms of Section 13.2 (regardless of the amount, if any, in controversy) and seek a resolution resulting in the selection of an index or proxy that most closely reflects the intent of the Parties in the selection of the original index.

Fuel Trigger Point is the following amounts, expressed in dollars per MMBtu, applicable for all months in the specified calendar year:

2005	$ 8.48
2006	$ 9.22
2007	$ 9.95
2008	$10.69
2009	$11.42

In the event that the “Market Gas Price" plus "Market Oil Price" for the billing month is less than or equal to the Fuel Trigger Point, then the Fuel Adjustment Multiplier for the billing month shall equal 1.0.

In the event that the “Market Gas Price" plus "Market Oil Price" for the billing month exceeds the "Fuel Trigger Point", the Fuel Adjustment Multiplier for the billing month is determined based according to the following formula:

$$\text{Fuel Adjustment Multiplier} = \frac{(\text{Market Gas Price} + \$.60/\text{MMBtu}) + (\text{Market Oil Price} + \$.04/\text{MMBtu})}{\text{Fuel Trigger Point} + \$.60 + \$.04/\text{MMBtu}}$$

Where:

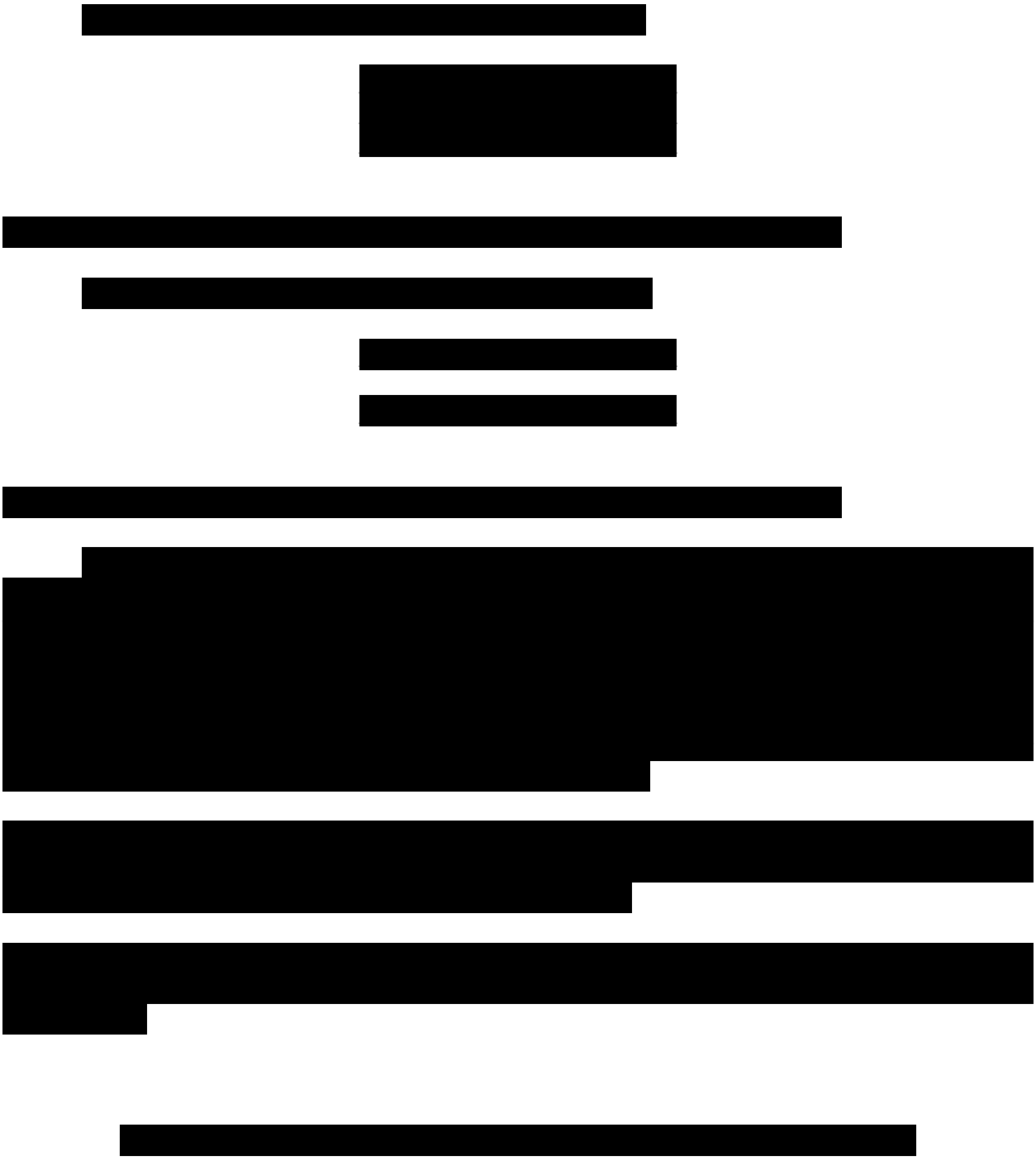
Market Gas Price, Market Oil Price and Fuel Trigger Point are as defined above. The values of $.60 and $.04/MMBtu represent for gas and oil respectively, estimated basis differentials or market costs of transportation from the point where the index is calculated to a proxy power plant in the New England market.

APPENDIX C

GUARANTY

[redacted]

[redacted]



[redacted]

APPENDIX D

IDENTIFICATION OF CUSTOMERS

Standard Offer 1 Service Customers:

Customers receiving service from the Company as of the Retail Access Date pursuant to Section 39-1-27.3(d) of Rhode Island General Laws. Additionally, Customers who establish accounts within the Narragansett Zone after the Retail Access will be supplied pursuant to the Standard Offer 1 Service supply contracts if:

a. The customer relocates within the Narragansett Zone and was supplied pursuant to the Standard Offer 1 Service supply contracts at its prior location.

b. The customer is a trustee, receiver, or debtor in possession in bankruptcy and the bankrupt entity was supplied pursuant to the Standard Offer 1 Service supply contracts.

c. The customer is making a new request for service and their prior service was disrupted or turned off as a result of fire, flood, or other damage to the Customer's facility or residence that caused a temporary dislocation, if the customer was supplied pursuant to the Standard Offer 1 Service supply contracts prior to the dislocation.

d. The customer, after having been terminated at the same address within the past six months for nonpayment of electricity bills, is making a new request for service and if the customer was supplied pursuant to the Standard Offer 1 Service supply contracts prior to the termination.

e. The customer is making a new request for service for service for a seasonal account, if the Customer responsible for the seasonal account has not changed and the Customer was supplied pursuant to the Standard Offer 1 Service supply contracts at the account location.

f. The customer establishing the account at a residence was a resident at the location and the prior Customer at the location was supplied pursuant to the Standard Offer 1 Service supply contracts.

g. Whenever the change in service, reclassification of the account, or reconfiguration of the metering arrangement is done for the convenience of Narragansett.

Standard Offer 2 Service Customers:

For purposes of this Agreement, "new customers" or customers eligible for Standard Offer 2 Service shall be:

1. Customers who were not customers of record as of the Retail Access Date who establish an account within the Narragansett Zone after the Retail Access Date.

2. Customers within the Eastern Rhode Island Zone who are taking service pursuant to the Standard Offer Service Tariff and who relocate to the Narragansett Zone.

Customers who are provided Standard Offer 2 Service within the Narragansett Zone who relocate to the Eastern Rhode Island Zone will no longer be provided Standard Offer 2 Service at the new location.

APPENDIX E

NARRAGANSETT REPRESENTATIONS AND WARRANTIES TO QUALIFIED ASSIGNEE

Representations and Warranties of Narragansett to Qualified Assignee on the date of the assignment in accordance with Section 9.2 (the "Qualified Assignment"):

1. The Assignee satisfies the qualifications of a Qualified Assignee.

2. Narragansett acknowledges and agrees that, as between Narragansett and the Qualified Assignee, an assumption by the Qualified Assignee from Constellation of the Fuel Adjustment Payment Agreement (the "FAP Agreement") does not constitute the assumption of Constellation's rights, duties and obligations under the Current Power Supply Agreement.

3. From and after the effective date of the Qualified Assignment (the "Effective Assignment Date"), Constellation shall have absolutely no liability or responsibility under the terms of the FAP Agreement except for liabilities and responsibilities that arose, were incurred, or accrued prior to the Effective Assignment Date.

4. Fuel Adjustment Amount Payments for any invoicing period as of and after the Effective Assignment Date (and reconciliations for such periods) payable by Narragansett shall be payable to Assignee, and reconciliations for such periods payable to Narragansett shall be payable by Assignee, all such payments in accordance with the terms of the FAP Agreement. Fuel Adjustment Amount Payments for any invoicing period prior to the Effective Date (and reconciliations for such periods) payable by Narragansett shall be payable to Constellation, and reconciliations for such periods payable to Narragansett shall be payable by Constellation, all such payments in accordance with the terms of the FAP Agreement.

5. Narragansett hereby reaffirms its representations and warranties set forth in the FAP Agreement.

6. **[Narragansett shall be required to provide the representations and warranties set forth in this paragraph (6) only to the extent that the following accurately describes its contractual relationship with Constellation under the FAP Agreement at the time of the execution of the Consent.]**

(a) The FAP Agreement is in full force and effect.

(b) Narragansett is not and, to Narragansett's knowledge after due inquiry, Constellation is not in breach or default of any obligation or payment under the FAP Agreement, or the Current Power Supply Agreement, that gives either party thereto the right to terminate or suspend performance thereunder.

(c) There are no existing disputes or, to Narragansett's knowledge after due inquiry, threatened disputes under or with respect to the FAP Agreement, or with respect to the Current Power Supply Agreement..

(d) Narragansett has not received a notice of default from Constellation as to the FAP Agreement or as to the Current Power Supply Agreement.

(e) Narragansett has not delivered a notice of default to Constellation pursuant to the terms of the FAP Agreement or the Current Power Supply Agreement.

(f) To Narragansett's knowledge after due inquiry, Constellation is not currently in breach of any of the material terms of the FAP Agreement or of the Current Power Supply Agreement.

(g) The FAP Agreement constitutes the entire agreement between Constellation and Narragansett pertaining to the subject matter thereof.

7. Narragansett has the power and authority to execute and deliver this Consent. This Consent has been duly authorized, executed and delivered by Narragansett, and assuming that the Qualified Assignment, the assignment and assumption agreement, and documentation executed in relation to effectuating the Qualified Assignment, together with the FAP Agreement, constitute a valid and binding agreement of Constellation and the Qualified Assignee (to the extent it is a party to such documentation and agreement) and are enforceable against the parties thereto, this Consent constitutes the valid, legal and binding obligation of Narragansett enforceable against Narragansett in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy or similar laws respecting creditor's rights generally.

Schedule 6.1(b)

Consents and Approvals

A. Of the Company:

1. A final non-appealable order from the RIPUC granting full and unconditional approval of this Agreement and its filing submitted on June 7, 2005 by the RIPUC to the satisfaction of the Company.

2. Written consent ("Division Consent") of the Division of Public Utilities and Carriers (the "Division") to terminate the two wholesale standard offer service agreements with TransCanada Power Marketing; provided, however, if the Division conditions its consent only upon Narragansett's receipt of RIPUC's approval set forth in the first paragraph of this Section, (the "Division Condition"), upon receipt of such RIPUC approval satisfying the Division Condition, the full and unconditional Division Consent required hereunder shall be deemed received.

[Remainder of Page Intentionally Left Blank]