

# **EXHIBIT N**



Alan McBride  
Director, Transmission Services & Resource Qualification

July 8, 2020

Ms. Jennifer Chalifoux  
New England Power Company  
40 Sylvan Road  
Waltham, MA 02451

Subject: Rhode Island Area Cluster - Dry Bridge 4 Solar Project - Proposed Plan Application (PPA) – NEP-20-G04-019

Dear Ms. Jennifer Chalifoux,

This letter is to inform you that, pursuant to review under Section I.3.9 of the ISO Tariff, no significant adverse effect has been identified with regard to the following PPA:

**NEP-20-G04-019**– Generator application from New England Power on behalf of Narragansett Electric and GSRP Amsterdam LLC c/o Dry Bridge 4 LLC for the installation of a 10.000 MW Solar project interconnecting to the Wickford Junction substation via the 89T1, 34.5kV feeder. The proposed in-service date is 7/15/2021. The Reliability Committee (RC) reviewed the materials presented in support of the proposed project and did not identify a significant adverse effect on the reliability or operating characteristics of the transmission facilities of New England Power Company, the transmission facilities of another Transmission Owner or the system of any other Market Participant.

Having given due consideration to the RC review, ISO New England has determined that implementation of the plan will not have a significant adverse effect upon the reliability or operating characteristics of the Transmission Owner’s transmission facilities, the transmission facilities of another Transmission Owner, or the system of a Market Participant.

A determination under Section I.3.9 of the ISO Tariff is limited to a review of the reliability impacts of a proposed project as submitted by Participants and does not constitute an approval of a proposed project under any other provisions of the ISO Tariff.

Sincerely,

/s/ Al McBride  
Alan McBride  
Director, Transmission Services & Resource Qualification

cc: Proposed Plan Applications

# **EXHIBIT O**

**Exhibit H – Interconnection Service Agreement**

1. **Parties.** This Interconnection Service Agreement (“Agreement”), dated as of \_\_\_\_\_ (“Effective Date”) is for application number “**24926794**” and Case Number “**177529**” is entered into, by and between **The Narragansett Electric Company (doing business as National Grid)**, a Rhode Island corporation with a principal place of business at **280 Melrose St., Providence, RI 02907** (hereinafter referred to as the “Company”), and **Dry Bridge Solar 1 LLC, a Limited Liability Corporation** with a principal place of business (or residence) at **750 Park of Commerce Blvd, Suite 200 Boca Raton, Florida 33487** (“Interconnecting Customer”). (The Company and Interconnecting Customer are collectively referred to as the “Parties”). Terms used herein without definition shall have the meanings set forth in Section 1.2 of the Interconnection Tariff which is hereby incorporated by reference.
2. **Basic Understandings.** This Agreement provides for parallel operation of an Interconnecting Customer’s Facility with the Company EPS to be installed and operated by the Interconnecting Customer at **471 Dry-Bridge Road, North Kingstown, RI 02852**. A description of the Facility is located in Attachment 1. If the Interconnecting Customer is not the Customer, an Agreement between the Company and the Company’s Retail Customer, attached as Exhibit I to the Interconnection Tariff, must be signed and included as an Attachment to this Agreement.

All capitalized terms not defined in this Agreement shall have the meaning as defined in Section 1.2 of the Interconnection Tariff., including but not limited to the following terms:

“Affected System” shall mean any neighboring transmission or distribution EPS not under the control of the Company (e.g., a municipal utility, or other regulated distribution or transmission utility, which may include Affiliates, or ISO-NE, as defined herein).

“Company EPS” shall mean the electric power system owned, controlled or operated by the Company used to provide distribution service to its Customers.

“System Modifications” shall mean modifications or additions to Company facilities that are integrated with the Company EPS for the benefit of the Interconnecting Customer.

By execution of this Agreement, Interconnecting Customer agrees to the extension of all System Modification construction timelines set forth in R.I. Gen. Laws Section 39-26.3-4.1(d), such that all applicable System Modification timelines set forth in R.I. Gen. Laws Section 39-26.3-4.1(d) shall commence after receipt of all completed Affected System operator(s) studies and approvals, any modified or additional Company studies necessitated as a result of the Affected System operator requirements, execution of any necessitated amendments to this Agreement, and payment of all costs in accordance with this Agreement.

The Interconnecting Customer has the right to operate its Facility in parallel with the Company EPS immediately upon successful completion of the protective relays testing as witnessed by the Company and receipt of written notice from the Company that interconnection with the Company EPS is authorized (“Authorization Date”).

3. **Term.** This Agreement shall become effective as of the Effective Date. The Agreement shall continue in full force and effect until terminated pursuant to Section 4 of this Agreement.
4. **Termination.**
  - 4.1 This Agreement may be terminated under the following conditions.
    - 4.1.1 The Parties agree in writing to terminate the Agreement.
    - 4.1.2 The Interconnecting Customer may terminate this agreement at any time by providing sixty (60) days written notice to Company.
    - 4.1.3 The Company may terminate this Agreement upon the occurrence of an Event of Default by the Interconnecting Customer as provided in Section 18 of this Agreement.
    - 4.1.4 The Company may terminate this Agreement if the Interconnecting Customer either: (1) fails to energize the Facility within 12 months of the Authorization Date; or, (2) permanently abandons the Facility. Failure to operate the

**Exhibit H – Interconnection Service Agreement**

Facility for any consecutive 12 month period after the Authorization Date shall constitute permanent abandonment unless otherwise agreed to in writing between the Parties.

**4.1.5** The Company, upon 30 days notice, may terminate this Agreement if there are any changes in Commission regulations or state law that have a material adverse effect on the Company's ability to perform its obligations under the terms of this Agreement.

**4.2 Survival of Obligations.** The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of termination. Sections 5, 10, 12, 13, and 25 as it relates to disputes pending or for wrongful termination of this Agreement shall survive the termination of this Agreement.

**4.3 Related Agreements.** Any agreement attached to and incorporated into this Agreement shall terminate concurrently with this Agreement unless the Parties have agreed otherwise in writing.

**5. General Payment Terms.** The Interconnecting Customer shall be responsible for:

- a. the Company's System Modification costs pursuant to the Interconnection Tariff, subject to Section 5.1 below;
- b. any resulting Affected System operator(s) costs for its requirements, including, without limitation, modifications to the electric power system of the Affected System operator(s) and operation and maintenance costs;
- c. any costs for modified or additional Company studies and/or System Modifications necessitated as a result of the Affected System operator requirements.

With respect to any Affected System operator costs, the Interconnecting Customer shall be directly responsible to the Affected System operator provided, however, the Company may, in its sole discretion, elect to include the additional Affected System operator costs in the Company's agreements. Where the Company includes the Affected System operator(s) costs in its agreements, the costs will be collected by the Company and passed-through to the Affected System operator(s).

Attachments shall include additional terms and conditions associated with the Company's and, if applicable, Affected System operator costs and payment terms.

**5.1 Cost or Fee Adjustment Procedures.** The Company will, in writing, advise the Interconnecting Customer in advance of any cost increase for work to be performed up to a total amount of increase of 10% only. Any such changes to the Company's costs for the work shall be subject to the Interconnecting Customer's consent. The Interconnecting Customer shall, within thirty (30) days of the Company's notice of increase, authorize such increase and make payment in the amount up to the 10% increase cap, or the Company will suspend the work and the corresponding agreement will terminate. The foregoing cost adjustment procedures shall only apply to the Company System Modification costs in Section 5(a) above, as detailed in the Impact Study, Detailed Study as necessary and/or ISRDG completed as of the date this Agreement is issued in executable form. The Interconnecting Customer shall be responsible for the actual Affected System operator costs, including operation and maintenance costs, and any additional Company costs necessitated as a result of the Affected System operator requirements, none of which shall be subject to any cost caps or limitations.

**5.2 Final Accounting.** The Company within ninety (90) business days after completion of the construction and installation of the System Modifications described in an attached exhibit to the Interconnection Service Agreement and all Company work orders have been closed, shall provide Interconnecting Customer with a final accounting report of any difference between the (a) Interconnecting Customer's cost responsibility under the Interconnection Service Agreement for the actual cost of such System Modifications and for any Impact or Detailed Study performed by the Company, and (b) Interconnecting Customer's previous aggregate payments to the Company for such System Modifications and studies. Costs that are statutorily-based shall not be subject to either a final accounting or reconciliation under this provision (e.g. statutorily set study fees for the ISRDG), but may be reconciled at any time only if the costs exceed the statutory fee, and the Company seeks to collect actual costs in accordance with the applicable statute. To the extent that Interconnecting Customer's cost responsibility in the Interconnection Service Agreement for the System Modifications and in the Impact and/or Detailed Study Agreements (as applicable) for the studies performed by the Company exceeds Interconnecting Customer's previous aggregate payments, the Company shall invoice Interconnecting Customer and Interconnecting Customer shall make payment to the Company within forty five (45) days. To the extent that Interconnecting Customer's previous aggregate payments exceed Interconnecting Customer's cost responsibility under this applicable agreement, the Company shall refund to Interconnecting Customer an amount equal to the difference within forty five (45) days of the provision of such final accounting report.

**Exhibit H – Interconnection Service Agreement****6. Operating Requirements**

**6.1 General Operating Requirements.** Interconnecting Customer shall operate and maintain the Facility in accordance with the applicable manufacturer's recommended maintenance schedule, in compliance with all aspects of the Company's Interconnection Tariff. The Interconnecting Customer will continue to comply with all applicable laws and requirements after interconnection has occurred. In the event the Company has reason to believe that the Interconnecting Customer's installation may be the source of problems on the Company EPS, the Company has the right to install monitoring equipment at a mutually agreed upon location to determine the source of the problems. If the Facility is determined to be the source of the problems, the Company may require disconnection as outlined in Section 7.0 of the Interconnection Tariff. The cost of this testing will be borne by the Company unless the Company demonstrates that the problem or problems are caused by the Facility or if the test was performed at the request of the Interconnecting Customer.

**6.2 No Adverse Effects; Non-interference.** Company shall notify Interconnecting Customer if there is evidence that the operation of the Facility could cause disruption or deterioration of service to other Customers served from the same Company EPS or if operation of the Facility could cause damage to Company EPS or Affected Systems. The deterioration of service could be, but is not limited to, harmonic injection in excess of IEEE Standard 1547-2003, as well as voltage fluctuations caused by large step changes in loading at the Facility. Each Party will notify the other of any emergency or hazardous condition or occurrence with its equipment or facilities which could affect safe operation of the other Party's equipment or facilities. Each Party shall use reasonable efforts to provide the other Party with advance notice of such conditions.

The Company will operate the EPS in such a manner so as to not unreasonably interfere with the operation of the Facility. The Interconnecting Customer will protect itself from normal disturbances propagating through the Company EPS, and such normal disturbances shall not constitute unreasonable interference unless the Company has deviated from Good Utility Practice. Examples of such disturbances could be, but are not limited to, single-phasing events, voltage sags from remote faults on the Company EPS, and outages on the Company EPS. If the Interconnecting Customer demonstrates that the Company EPS is adversely affecting the operation of the Facility and if the adverse effect is a result of a Company deviation from Good Utility Practice, the Company shall take appropriate action to eliminate the adverse effect.

**6.3 Safe Operations and Maintenance.** Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for, the facility or facilities that it now or hereafter may own unless otherwise specified in this Agreement. Each Party shall be responsible for the maintenance, repair and condition of its respective lines and appurtenances on their respective side of the PCC. The Company and the Interconnecting Customer shall each provide equipment on its respective side of the PCC that adequately protects the Company's EPS, personnel, and other persons from damage and injury.

**6.4 Access.** The Company shall have access to the disconnect switch of the Facility at all times.

**6.4.1 Company and Interconnecting Customer Representatives.** Each Party shall provide and update as necessary the telephone number that can be used at all times to allow either Party to report an emergency.

**6.4.2 Company Right to Access Company-Owned Facilities and Equipment.** If necessary for the purposes of the Interconnection Tariff and in the manner it describes, the Interconnecting Customer shall allow the Company access to the Company's equipment and the Company's facilities located on the Interconnecting Customer's or Customer's premises. To the extent that the Interconnecting Customer does not own all or any part of the property on which the Company is required to locate its equipment or facilities to serve the Interconnecting Customer under the Interconnection Tariff, the Interconnecting Customer shall secure and provide in favor of the Company the necessary rights to obtain access to such equipment or facilities, including easements if the circumstances so require.

**6.4.3 Right to Review Information.** The Company shall have the right to review and obtain copies of Interconnecting Customer's operations and maintenance records, logs, or other information such as, unit availability, maintenance outages, circuit breaker operation requiring manual reset, relay targets and unusual events pertaining to Interconnecting Customer's Facility or its interconnection with the Company EPS. This information will be treated as customer-confidential and only used for the purposes of meeting the requirements of Section 4.2.4 in the Interconnection Tariff.

**7. Disconnection****7.1 Temporary Disconnection**

**Exhibit H – Interconnection Service Agreement**

**7.1.1 Emergency Conditions.** Company shall have the right to immediately and temporarily disconnect the Facility without prior notification in cases where, in the reasonable judgment of Company, continuance of such service to Interconnecting Customer is imminently likely to (i) endanger persons or damage property or (ii) cause a material adverse effect on the integrity or security of, or damage to, Company EPS or to the electric systems of others to which the Company EPS is directly connected. Company shall notify Interconnecting Customer promptly of the emergency condition. Interconnecting Customer shall notify Company promptly when it becomes aware of an emergency condition that affects the Facility that may reasonably be expected to affect the Company EPS. To the extent information is known, the notification shall describe the emergency condition, the extent of the damage or deficiency, or the expected effect on the operation of both Parties' facilities and operations, its anticipated duration and the necessary corrective action.

**7.1.2 Routine Maintenance, Construction and Repair.** Company shall have the right to disconnect the Facility from the Company EPS when necessary for routine maintenance, construction and repairs on the Company EPS. The Company shall provide the Interconnecting Customer with a minimum of seven (7) calendar days planned outage notification consistent with the Company's planned outage notification protocols. If the Interconnecting Customer requests disconnection by the Company at the PCC, the Interconnecting Customer will provide a minimum of seven (7) days notice to the Company. Any additional notification requirements will be specified by mutual agreement in the Interconnection Service Agreement. Company shall make an effort to schedule such curtailment or temporary disconnection with Interconnecting Customer.

**7.1.3 Forced Outages.** During any forced outage, Company shall have the right to suspend interconnection service to effect immediate repairs on the Company EPS; provided, however, Company shall use reasonable efforts to provide the Interconnecting Customer with prior notice. Where circumstances do not permit such prior notice to Interconnecting Customer, Company may interrupt Interconnection Service and disconnect the Facility from the Company EPS without such notice.

**7.1.4 Non-Emergency Adverse Operating Effects.** The Company may disconnect the Facility if the Facility is having an adverse operating effect on the Company EPS or other customers that is not an emergency, and the Interconnecting Customer fails to correct such adverse operating effect after written notice has been provided and a maximum of forty five (45) days to correct such adverse operating effect has elapsed.

**7.1.5 Modification of the Facility.** Company shall notify Interconnecting Customer if there is evidence of a material modification to the Facility and shall have the right to immediately suspend interconnection service in cases where such material modification has been implemented without prior written authorization from the Company.

**7.1.6 Re-connection.** Any curtailment, reduction or disconnection shall continue only for so long as reasonably necessary. The Interconnecting Customer and the Company shall cooperate with each other to restore the Facility and the Company EPS, respectively, to their normal operating state as soon as reasonably practicable following the cessation or remedy of the event that led to the temporary disconnection.

**7.2 Permanent Disconnection.** The Interconnecting Customer has the right to permanently disconnect at any time with 30 days written notice to the Company.

**7.2.1** The Company may permanently disconnect the Facility upon termination of the Interconnection Service Agreement in accordance with the terms thereof.

**8. Metering.** Metering of the output from the Facility shall be conducted pursuant to the terms of the Interconnection Tariff.

**9. Assignment.** Except as provided herein, Interconnecting Customer shall not voluntarily assign its rights or obligations, in whole or in part, under this Agreement without Company's written consent. Any assignment Interconnecting Customer purports to make without Company's written consent shall not be valid. Company shall not unreasonably withhold or delay its consent to Interconnecting Customer's assignment of this Agreement. Notwithstanding the above, Company's consent will not be required for any assignment made by Interconnecting Customer to an Affiliate or as collateral security in connection with a financing transaction. In all events, the Interconnecting Customer will not be relieved of its obligations under this Agreement unless, and until the assignee assumes in writing all obligations of this Agreement and notifies the Company of such assumption.

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**10. Confidentiality.** Company shall maintain confidentiality of all Interconnecting Customer confidential and proprietary information except as otherwise required by applicable laws and regulations, the Interconnection Tariff, or as approved by the Interconnecting Customer in the Simplified or Expedited/Standard Application form or otherwise.

**11. Insurance Requirements.****11.1 General Liability.**

- 11.1(a) In connection with Interconnecting Customer's performance of its duties and obligations under the Interconnection Service Agreement, Interconnecting Customer shall maintain, during the term of the Agreement, general liability insurance with a combined single limit of not less than:
- i. Five million dollars (\$5,000,000) for each occurrence and in the aggregate if the Gross Nameplate Rating of Interconnecting Customer's Facility is greater than five (5) MW.
  - ii. Two million dollars (\$2,000,000) for each occurrence and five million dollars (\$5,000,000) in the aggregate if the Gross Nameplate Rating of Interconnecting Customer's Facility is greater than one (1) MW and less than or equal to five (5) MW;
  - iii. One million dollars (\$1,000,000) for each occurrence and in the aggregate if the Gross Nameplate Rating of Interconnecting Customer's Facility is greater than one hundred (100) kW and less than or equal to one (1) MW;
  - iv. Five hundred thousand dollars (\$500,000) for each occurrence and in the aggregate if the Gross Nameplate Rating of Interconnecting Customer's Facility is greater than ten (10) kW and less than or equal to one hundred (100) kW, except for eligible net metered customers which are exempt from insurance requirements.
- 11.1(b) No insurance is required for a Facility with a Gross Nameplate Rating less than or equal to 50 kW that is eligible for net metering. However, the Company recommends that the Interconnecting Customer obtain adequate insurance to cover potential liabilities.
- 11.1(c) Any combination of General Liability and Umbrella/Excess Liability policy limits can be used to satisfy the limit requirements stated above.
- 11.1(d) The general liability insurance required to be purchased in this Section may be purchased for the direct benefit of the Company and shall respond to third party claims asserted against the Company (hereinafter known as "Owners Protective Liability"). Should this option be chosen, the requirement of Section 11.2(a) will not apply but the Owners Protective Liability policy will be purchased for the direct benefit of the Company and the Company will be designated as the primary and "Named Insured" under the policy.
- 11.1(e) The insurance hereunder is intended to provide coverage for the Company solely with respect to claims made by third parties against the Company.
- 11.1(f) In the event the State of Rhode Island and the Providence Plantations, or any other governmental subdivision thereof subject to the claims limits of R.I.G.L. Chapter 9-31 (hereinafter referred to as the "Governmental Entity") is the Interconnecting Customer, any insurance maintained by the Governmental Entity shall contain an endorsement that strictly prohibits the applicable insurance company from interposing the claims limits of R.I.G.L. Chapter 9-31 as a defense in either the adjustment of any claim, or in the defense of any lawsuit directly asserted against the insurer by the Company. Nothing herein is intended to constitute a waiver or indication of an intent to waive the protections of R.I.G.L. Chapter 9-31 by the Governmental Entity.

**11.2 Insurer Requirements and Endorsements.** All required insurance shall be carried by reputable insurers qualified to underwrite insurance in RI having a Best Rating of "A-". In addition, all insurance shall, (a) include Company as an additional insured; (b) contain a severability of interest clause or cross-liability clause; (c) provide that Company shall not incur liability to the insurance carrier for payment of premium for such insurance; and (d) provide for thirty (30) calendar days' written notice to



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Company prior to cancellation, termination, or material change of such insurance; provided that to the extent the Interconnecting Customer is satisfying the requirements of subpart (e) of this paragraph by means of a presently existing insurance policy, the Interconnecting Customer shall only be required to make good faith efforts to satisfy that requirement and will assume the responsibility for notifying the Company as required above.

**11.3 Evidence of Insurance.** Evidence of the insurance required shall state that coverage provided is primary and is not in excess to or contributing with any insurance or self-insurance maintained by Interconnecting Customer.

The Interconnecting Customer is responsible for providing the Company with evidence of insurance in compliance with the Interconnection Tariff on an annual basis.

Prior to the Company commencing work on System Modifications and annually thereafter, the Interconnecting Customer shall have its insurer furnish to the Company certificates of insurance evidencing the insurance coverage required above. The Interconnecting Customer shall notify and send to the Company a certificate of insurance for any policy written on a "claims-made" basis. The Interconnecting Customer will maintain extended reporting coverage for three (3) years on all policies written on a "claims-made" basis.

In the event that an Owners Protective Liability policy is provided, the original policy shall be provided to the Company.

**11.4** All insurance certificates, statements of self insurance, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued, updated and submitted yearly to the following:

**National Grid**  
Attention: **Risk Management**  
**300 Erie Blvd West**  
**Syracuse, NY 13202**

- 12. Indemnification.** Except as precluded by the laws of the State of Rhode Island and the Providence Plantations, Interconnecting Customer and Company shall each indemnify, defend and hold the other, its directors, officers, employees and agents (including but not limited to, Affiliates and contractors and their employees), harmless from and against all liabilities, damages, losses, penalties, claims, demands, suits and proceedings of any nature whatsoever for personal injury (including death) or property damages to unaffiliated third parties that arise out of or are in any manner connected with the performance of this Agreement by that Party except to the extent that such injury or damages to unaffiliated third parties may be attributable to the negligence or willful misconduct of the Party seeking indemnification.
- 13. Limitation of Liability.** Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including court costs and reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage or liability actually incurred. In no event shall either Party be liable to the other Party for any indirect, incidental, special, consequential, or punitive damages of any kind whatsoever. The Interconnecting Customer further understands and acknowledges that, consistent with Section 3.4(c) of the Interconnection Tariff, the Company will coordinate with the Affected System operator(s) to facilitate the interconnection of the Facility to the Company's EPS, however the Company does not represent the Affected System operator(s) and is not responsible for any action or inaction on the part of the Affected System operator(s). The Affected System operator(s) are not parties to this Agreement even though the Company may incorporate some Affected System operator(s) requirements herein. The Company disclaims any and all responsibility and liability in connection with any Affected System Operator(s) studies and upgrades and the Interconnecting Customer hereby waives recourse against and releases the Company, its directors, officers, employees and agents from any and all losses, penalties, claims, demands, fees, damages or other liabilities arising from or attributable to, either directly or indirectly, such Affected System Operator(s) studies and upgrades.
- 14. Amendments and Modifications.** No amendment or modification of this Agreement shall be binding unless in writing and duly executed by both Parties.
- 15. Permits and Approvals.** Interconnecting Customer shall obtain all environmental and other permits lawfully required by governmental authorities for the construction and operation of the Facility. Prior to the construction of System Modifications the Interconnecting Customer will notify the Company that it has initiated the permitting process. Prior to the commercial operation of the Facility, the Customer will notify the Company that it has obtained all permits necessary. Upon request, the Interconnecting Customer shall provide copies of one or more of the necessary permits to the Company.

**Exhibit H – Interconnection Service Agreement**

**16. Force Majeure.** For purposes of this Agreement, “Force Majeure Event” means any event:

- a. that is beyond the reasonable control of the affected Party; and
- b. that the affected Party is unable to prevent or provide against by exercising commercially reasonable efforts, including the following events or circumstances, but only to the extent they satisfy the preceding requirements: acts of war or terrorism, public disorder, insurrection, or rebellion; floods, hurricanes, earthquakes, lighting, storms, and other natural calamities; explosions or fire; strikes, work stoppages, or labor disputes; embargoes; and sabotage. If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, such Party will promptly notify the other Party in writing, and will keep the other Party informed on a continuing basis of the scope and duration of the Force Majeure Event. The affected Party will specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the affected Party is taking to mitigate the effects of the event on its performance. The affected Party will be entitled to suspend or modify its performance of obligations under this Agreement, other than the obligation to make payments then due or becoming due under this Agreement, but only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of reasonable efforts. The affected Party will use reasonable efforts to resume its performance as soon as possible. In no event will the unavailability or inability to obtain funds constitute a Force Majeure Event.

**17. Notices.**

**17.1** Any written notice, demand, or request required or authorized in connection with this Agreement (“Notice”) shall be deemed properly given on the date actually delivered in person or five (5) business days after being sent by certified mail, e-mail or fax with confirmation of receipt and original follow-up by mail, or any nationally-recognized delivery service with proof of delivery, postage prepaid, to the person specified below:

If to Company:	<p><b>The Narragansett Electric Company</b>  <b>Attention: Distributed Generation</b>  <b>40 Sylvan Road</b>  <b>Waltham, MA 02451-1120</b>  <b>E-mail: distributed.generation@nationalgrid.com</b></p>
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If to Interconnecting Customer:	<p><b>Dry Bridge Solar 1 LLC</b>  <b>Attention: Brian Demaio</b>  <b>750 Park of Commerce Blvd, Suite 200</b>  <b>Boca Raton, Florida 33487</b>  <b>Phone: 561-650-2628</b>  <b>E-mail: Brian.DeMaio@gs.com</b></p>
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**17.2** A Party may change its address for Notices at any time by providing the other Party Notice of the change in accordance with Section 17.1.

**17.3** The Parties may also designate operating representatives to conduct the daily communications, which may be necessary or convenient for the administration of this Agreement. Such designations, including names, addresses, and phone numbers may be communicated or revised by one Party’s Notice to the other.

**18. Default and Remedies**

**18.1 Defaults.** Any one of the following shall constitute “An Event of Default.”

- (i) One of the Parties shall fail to pay any undisputed bill for charges incurred under this Agreement or other amounts which one Party owes the other Party as and when due, any such failure shall continue for a period of thirty (30) days after written notice of nonpayment from the affected Party to the defaulting Party, or
- (ii) One of the Parties fails to comply with any other provision of this Agreement or breaches any representation or warranty in any material respect and fails to cure or remedy that default or breach within sixty (60) days after notice and written demand by the affected Party to cure the same or such longer period reasonably required to cure (not to exceed an additional 90 days unless otherwise mutually agreed upon), provided that the defaulting Party diligently continues to cure until such failure is fully cured.

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**18.2 Remedies.** Upon the occurrence of an Event of Default, the affected Party may at its option, in addition to any remedies available under any other provision herein, do any, or any combination, as appropriate, of the following:

- a. Continue to perform and enforce this Agreement;
- b. Recover damages from the defaulting Party except as limited by this Agreement;
- c. By written notice to the defaulting Party terminate this Agreement;
- d. Pursue any other remedies it may have under this Agreement or under applicable law or in equity.

**19. Entire Agreement.** This Agreement, including any attachments or appendices, is entered into pursuant to the Interconnection Tariff. Together the Agreement and the Interconnection Tariff represent the entire understanding between the Parties, their agents, and employees as to the subject matter of this Agreement. Each Party also represents that in entering into this Agreement, it has not relied on any promise, inducement, representation, warranty, agreement or other statement not set forth in this Agreement or in the Company’s Interconnection Tariff.

**20. Supercedence.** In the event of a conflict between this Agreement, the Interconnection Tariff, or the terms of any other tariff, Exhibit or Attachment incorporated by reference, the terms of the Interconnection Tariff, as the same may be amended from time to time, shall control. In the event that the Company files a revised tariff related to interconnection for Commission approval after the effective date of this Agreement, the Company shall, not later than the date of such filing, notify the signatories of this Agreement and provide them a copy of said filing.

**21. Governing Law.** This Agreement shall be interpreted, governed, and construed under the laws of the State of Rhode Island and the Providence Plantations without giving effect to choice of law provisions that might apply to the law of a different jurisdiction.

**22. Non-waiver.** None of the provisions of this Agreement shall be considered waived by a Party unless such waiver is given in writing. The failure of a 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 hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

**23. Counterparts.** This Agreement may be signed in counterparts.

**24. No Third Party Beneficiaries.** This Agreement is made solely for the benefit of the Parties hereto. Nothing in the Agreement shall be construed to create any rights in or duty to, or standard of care with respect to, or any liability to, any person not a party to this Agreement.

**25. Dispute Resolution.** Unless otherwise agreed by the Parties, all disputes arising under this Agreement shall be resolved pursuant to the Dispute Resolution Process set forth in the Interconnection Tariff.

**26. Severability.** If any clause, provision, or section of this Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision, or section, shall not affect any of the remaining provisions herein.

**27. Signatures.** IN WITNESS WHEREOF, the Parties hereto have caused two (2) originals of this Agreement to be executed under seal by their duly authorized representatives.

Dry Bridge Solar 1 LLC:

The Narragansett Electric Company (d/b/a National Grid):

Name: \_\_\_\_\_

Name: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

**Exhibit H – Interconnection Service Agreement****Attachment 1: Description of Facilities, including demarcation of Point of Common Coupling**

Dry Bridge Solar 1 LLC, is requesting the interconnection of 10,000 kW (AC) inverter Based PV Facility, (“the facility”), to National Grid’s 34.5 kV distribution system, (“the Project”). This application is one of a group of five projects studied together (RI-24926794, RI-24926796, RI-24926798, RI-24926805, RI-26012283). The systems will export power beyond the PCC onto the Company’s Electric Power System (“EPS”) as this system is proposed to be ‘stand-alone’ Facility. Four 10,000 kW projects (RI-24926794, RI-24926796, RI-24926798, RI-24926805) will be located at 471 Dry-Bridge Road, North Kingstown RI 02852 and will interconnect to National Grid’s Wickford Substation, 8089T1, 34.5 kV distribution circuit. For this Project, the PCC is defined as Pole #13-53-2.

**a. Description of proposed design/configuration:**

- Four (4) Customer owned, SG3150U-MV 3,150-EV-US inverters factory limited to 2,500 kW / kVA inverters @ 35°Celsius (C) (10,000 kW / kVA total)
- Four (4) Customer owned 3,150 kVA, 34.5 kV wye-grounded primary, with a fully insulated and isolated neutral bushing, 630 V wye secondary, Z of 5.75%, X/R of 8
- One (1) Customer owned grounding transformer 1000kVA, 34.5 kV wyegrounded primary, 480 V delta secondary, Z of 5.75%, X/R of 4
- One (1) Customer owned 35 kV pad-mount G&W Viper switchgear and SEL 651R relay assembly
- One (1) Customer owned, S & C Omni-rupter, Model #147513, 35 kV gangoperated airbreak switch, with visible blades accessible to utility

**c. Metering:** The company will install one (1) pole-mounted primary meters, please refer to ESB 750 and ESB 756 Appendix D for service installation and primary meter installations.

**d. PCC:** The Company’s Design Personnel will determine the exact location of the Company’s facilities and the Customer’s gang operated disconnect. The Customer’s gang operated disconnect must be accessible by the Company’s personnel at all times, and be capable of being locked open and tagged by Company personnel. The Point of Common Coupling (PCC) will be designated as the Customer’s side of the Company’s primary meter of the Company’s service transformer. The Interconnecting Customer must install their Facilities up to the Company revenue meter. The Interconnecting Customer must provide sufficient conductor to allow the Company to make final connections at the meter pole. The Company will provide final connection of the Interconnecting Customer conductors to the Company meter.

**Exhibit H – Interconnection Service Agreement**

**Attachment 2a: Description of System Modifications (Distribution)**

National Grid System Modifications required for the interconnection of 10,000 kW (AC) as identified in the impact studies are as follows:

**On the Customer’s property:**

- Install one (1) loadbreak switch on proposed Pole #13-51.
- Install one (1) recloser on proposed Pole #13-52.
- Install one (1) three-phase disconnect switch on proposed Pole #13-53-1.
- Install one (1) primary meter on proposed Pole #13-53-2.
- Install ~150’ circuit feet of three phase overhead 795 ACSR from Pole #13-50 to proposed Pole #13-53 and 100’ of 1/0 AAAC from Pole #13-53 to proposed Pole #13-53-2.

**On the Company’s distribution system:**

- Installation of 8,000 circuit feet of two (2) sets of underground 3-1/C 1000 SCUEPR cable from pole #9121 in the right-of-way outside Wickford Substation to man hole located at the intersection of South County Trail and Ten Rod Road. Customer is responsible for installation of man hole and duct civil work.
- Install 7,800 circuit feet of 3-795 ACSR overhead conductors from existing Pole #5 South County Trail to proposed Pole # 13-50 Dry Bridge Road. The proposed overhead line extension will overbuild an existing 15 kV class circuit.

**At the Company’s Distribution Substation:**

- Installation of two (2) 33/44/55 MVA Wye-Wye transformer
- Installation of two (2) 34.5kV feeders with protection and control, including but not limited to site work, grounding, conduits, fencing and driveway from the street.

**Exhibit H – Interconnection Service Agreement****Attachment 2b: Description and specific requirements of ASO (Affected System Operator) upgrades (transmission)**

- Installation of 115kV loop tap off the L190 to new Wickford Substation, consisting of breaking the L190 line at structure #143 and installing two new spans of wire between the existing transmission line and the substation busses.
- Installation of new steel three pole structures on concrete caisson foundation
- Structure #123 on the adjacent 34.5kV, 3311 line will need to be replaced to support the L190 construction.
- Installation of 115kV four (4) breaker ring bus including breakers, disconnect switches, bus, bus insulators and wave trap; and associated site-work, grounding, foundations, structures, and associated protection and control.

It will be the responsibility of the Interconnecting Customer, at its sole cost and expense, to secure and obtain in favor of itself and the Company, the following: any and all rights, consents, permits, approvals, and easements (free and clear from any encumbrances), as are required for the Company's System Modifications on any Interconnecting Customer-owned property or any third-party owned property ("Third Party Rights and Approvals"). The Interconnecting Customer shall use the Company's standard form when obtaining all Third Party Rights and Approval, as applicable. The Company will seek to obtain, at the Interconnecting Customer's sole cost and expense, any and all rights, consents, permits, approvals, and easements for the System Modifications on any Company owned property or within any public roadway as the Company determines necessary in its sole discretion ("Other Rights and Approvals"; together with Third Party Rights and Approvals referred to as "System Modification Required Approvals"). The Interconnecting Customer will fully cooperate with the Company in obtaining the Other Rights and Approvals. The Company shall not be required to accept any System Modification Required Approvals that are not in form or on terms satisfactory to the Company in its sole discretion, or that impose additional liabilities or costs on the Company. The Company shall not be required to appeal or challenge the denial of any System Modification Required Approvals or the imposition of any unsatisfactory term or condition. The Company shall not be obligated to commence the construction of the System Modifications unless and until it has received all System Modification Required Approvals in accordance with this provision, and Sections 5 and 15 of this Agreement, above, and the Company's Terms and Conditions for Distribution Service, tariff R.I.P.U.C No. 2180, as amended from time to time.

**Exhibit H – Interconnection Service Agreement****Attachment 3a: Costs of System Modifications Re-Study and Cost-Allocation, , Third Party Costs, and Payment Terms (Distribution)**

This application consists of one of five projects that were studied together with total system size of 50,000 kW. The Interconnecting Customer understands and agrees that, not with standing the costs detailed in this Agreement, if one of the applications (RI-24926794, RI-24926796, RI-24926798, RI-24926805, RI-26012283) does not move forward with the interconnection of a facility to the Company’s electric power system, the total common modification costs will be re-estimated and reallocated among the remaining facilities, as determined by the Company in its sole discretion. Note the Company will not proceed with construction unless it has received adequate payment from all applicable customers within the group.

At present, Total System Modification Costs associated with these projects (RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283) is **\$8,853,660.00** +/-25%.

At Present, the total system modification costs associated with this application are: **\$1,895,719.00**

- Cost for the required common system modifications on the Company’s Distribution system as mentioned in attachment 2 is **\$1,831,484.00** (includes capital, removal, and O&M costs). The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805, RI-26012283. **RI-24926794** will be responsible for: **\$366,297.00**
- Cost for the required common system modifications on the Company’s Distribution Substation as mentioned in attachment 2 is **\$3,611,479.00** (includes capital, removal, and O&M costs). The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805, RI-26012283. **RI-24926794** will be responsible for: **\$722,295.00**
- Cost for the required facility specific modifications on the Company’s Distribution system as mentioned in attachment 2 is **\$1,887,884.00** (includes capital, removal, and O&M costs). The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805. **RI-24926794** will be responsible for: **\$471,971.00**
- Total cost of facility specific system modifications on the Interconnecting Customer’s (or other private) property as mentioned in Attachment 2 above: **\$370,108.00** (includes capital, removal, and O&M costs). The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805. **RI-24926794** will be responsible for: **\$92,527.00**
- Witness Testing & EMS Integration is **\$30,000**. The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805. **RI-24926794** will be responsible for: **\$7,500.00**
- The estimated taxes associated with the donated property for this project, which includes the manhole and duct system is **\$270,352**. The tax amount is the 2020 rate of 11.08%. **RI-24926794** will be responsible for: **\$54,070.00**.
- Tax gross-up adder on capital costs is or **\$844,854.00**. **RI-24926794** will be responsible for: **\$181,059.00**. *(A 2020 tax rate of 11.08% is expected to apply to contributions in aid of construction (“CIAC”) payments received by The Narragansett Electric Company from the Interconnecting Customer, and a 2020 tax rate of 11.08% is expected to apply to CIAC payments associated with substation modifications for interconnections. The calculation of the tax gross-up adder is included in this cost estimate on the basis of tax guidance published by the Internal Revenue Service, but tax rates and decisions are ultimately subject to IRS discretion. By signing this agreement, the Interconnecting Customer understands and agrees that the tax has been estimated for convenience and that the Interconnecting Customer remains liable for all tax due on CIAC payments, payable upon the Company’s demand.*

**Re-Study and Cost Re-Allocation**

The Interconnecting Customer understands and agrees that, notwithstanding the costs detailed in this Agreement, if the other Facility does not move forward with its interconnection to the Company’s electric power system, the Facility’s interconnection may need to be restudied, and the System Modification costs will be re-estimated for both Facilities as described in attachment 1 above as determined by the Company in its sole discretion. In such a case, the Interconnecting Customer shall be responsible for the full amount of any study costs and increase in the costs in order to continue with the Facility’s interconnection under this Agreement, including its pro-rata share of any re-estimated and re-allocated costs.

The System Modification costs were developed by the Company with a general understanding of the project and based upon information provided by the Interconnecting Customer in writing and/or collected in the field. The cost estimates were prepared using historical cost data, data from similar projects, and other assumptions, and while they are presumed valid for 60 business

**Exhibit H – Interconnection Service Agreement**

days from the date of the Impact /Group Study, the Company reserves the right to adjust those estimated costs as authorized under this Agreement, the Tariff, or by law and to require the Interconnecting Customer to pay any such additional costs.

**Other Requirements Costs**

It will be the responsibility of the Interconnecting Customer, at its sole cost and expense, to secure and obtain in favor of itself and the Company, the following: any and all rights, consents, permits, approvals, and easements (free and clear from any encumbrances), as are required for the Company's System Modifications on any Interconnecting Customer-owned property or any third-party owned property ("Third Party Rights and Approvals"). The Interconnecting Customer shall use the Company's standard form when obtaining all Third Party Rights and Approval, as applicable. The Company will seek to obtain, at the Interconnecting Customer's sole cost and expense, any and all rights, consents, permits, approvals, and easements for the System Modifications on any Company owned property or within any public roadway as the Company determines necessary in its sole discretion ("Other Rights and Approvals"; together with Third Party Rights and Approvals referred to as "System Modification Required Approvals"). The Interconnecting Customer will fully cooperate with the Company in obtaining the Other Rights and Approvals. The Company shall not be required to accept any System Modification Required Approvals that are not in form or on terms satisfactory to the Company in its sole discretion, or that impose additional liabilities or costs on the Company. The Company shall not be required to appeal or challenge the denial of any System Modification Required Approvals or the imposition of any unsatisfactory term or condition. The Company shall not be obligated to commence the construction of the System Modifications unless and until it has received all System Modification Required Approvals in accordance with this provision, and Sections 5 and 15 of this Agreement, above, and the Company's Standards for Connecting Distributed Generation, R.I.P.U.C No. 2180, as amended from time to time.

The total cost of common System Modifications and the Facility's System Modification costs do not include any costs for third party rights and approvals, including without limitation any Verizon costs and charges (and fees for services related thereto), for which the Interconnecting Customer may be directly responsible. Additional costs may be involved if the required pole work takes place in Verizon's maintenance areas. These costs will be billed directly to the Interconnecting Customer by Verizon.

Third party costs, to the extent applicable, are in addition to the total common System Modifications costs and the Facility's System Modification Costs and must be paid directly by the Interconnecting Customer to the appropriate third party.

**Payment Terms:**

Note: a Letter of Credit is required to be in place for second, third, and fourth payments. It will be required to be in place until the project has been fully reconciled.

System Modifications Costs may be paid in full if less than \$25,000, or if greater than \$25,000 in scheduled payments (per Section 5.5 of R.I.P.U.C No. 2180):

- The first payment (5%) of **\$94,788.00** was due when the Exhibit H-Interconnection Service Agreement was returned to the Company with Interconnecting Customer signature. The first payment in the amount of \$94,788.00 was processed on November 11, 2019.
- The second payment (20%) of **\$379,142.00** allowed for the completion of final engineering and procurement of long lead material items. The second payment in the amount of \$379,142.00 was processed on May 4, 2020.
- The third payment (40%) of **\$758,287.60** is due within 15 business days from the receipt of the third payment invoice. This payment will allow construction to proceed to RFL (Ready for Load) date of December 2021 An invoice, including payment instructions, will be sent to the Interconnecting Customer and must be received by October 1, 2020. Proof of payment is required.
- The fourth and final payment (35%) of **\$663,501.65** (is due within 15 business days from the receipt of the fourth and final payment invoice. This payment will allow construction to proceed to RFL (Ready for Load) date of December 2021 An invoice, including payment instructions, will be sent to the Interconnecting Customer and must be received prior to January 15, 2021. Proof of payment is required. If the design of the System Modifications changes during the design as a result of permitting or access issues, the company reserves the right to adjust the cost of the Systems Modifications prior to issuing the fourth and final invoice.



**Exhibit H – Interconnection Service Agreement**

**Attachment 3b: Cost of ASO Upgrades and DAF Charges (Transmission), Ongoing Cost Security, ISO-NE Study and Operating Requirements:**

This application is one of five projects studied together with total system size of 50,000 kW. The Interconnecting Customer understands and agrees that, notwithstanding the costs detailed in this Agreement, if one of the applications (RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283) does not move forward with the interconnection of a facility to the Company’s electric power system, the total common modification costs will be re-estimated and reallocated among the remaining facilities, as determined by the Company in its sole discretion. Note the Company will not proceed with construction unless it has received adequate payment from all applicable customers within the group. All ASO upgrade costs are fully reconcilable.

At present, the ASO upgrades associated with these projects (RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283) is estimated to be **\$18,189,040.00**

At present, ASO upgrades associated with this application are: **\$3,637,808.00** +/- 25% and itemized as follows:

- Total cost of common line upgrades at the transmission side of the NEW Substation as mentioned in Attachment 2b above is **\$1,819,463.00** (includes capital, removal, and O&M costs). The cost for this upgrade will be shared on a pro-rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283. **RI-24926794** will be responsible for 20% or **\$363,892.60**
- Total cost of common upgrades at the substation site of the NEW Substation as mentioned in Attachment 2b above is **\$14,221,031.00** (includes capital, removal, and O&M costs). The cost for this upgrade will be shared on a pro-rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283. **RI-24926794** will be responsible for 20% or **\$2,844,206.20**.
- Tax gross-up adder on capital costs is or **\$429,709.00** (A 2020 tax rate of 13.43% is expected to apply to contributions in aid of construction (“CIAC”) payments received by the Company, on behalf of the ASO, from the Interconnecting Customer. The calculation of the tax gross-up adder is included in this cost estimate on the basis of tax guidance published by the Internal Revenue Service, but tax rates and decisions are ultimately subject to IRS discretion. By signing this agreement, the Interconnecting Customer understands and agrees that the tax has been estimated for convenience and that the Interconnecting Customer remains liable for all tax due on CIAC payments, payable upon the Company’s demand.).

**Direct Assignment Facility (DAF) Charges**

In addition to the payment for the initial construction of the ASO upgrades, this application will be assessed on a monthly basis for the carrying charges for the actual costs of the ASO upgrades. These charges are calculated and charged to the Company by the ASO in accordance with Schedule 21-NEP, Attachment DAF, to the ISO-NE Open Access Transmission Tariff (“DAF Charges”). DAF Charges are calculated by multiplying actual total ASO Gross Plant Investment by the Annual Transmission Carrying Charge rate that is in effect at the time (adjusted annually). The Annual Transmission Carrying Charge rate shown below is provided for illustrative purposes only.

The estimated calculation for the DAF Charge is detailed below and will be recalculated based on the actual reconciled costs:

<b>Estimated Total ASO Gross Plant Investment</b>	<b>\$16,031,871.00</b>
<b>ASO (NEP) Carrying Charge</b>	<b>5.21% (this is an annual charge, and is subject to change over time)</b>
<b>Annual Transmission Carrying Charge</b>	<b>\$835,260.00</b>
<b>Estimated Monthly billing</b>	<b>\$69,605.00</b>
<b>This application’s pro-rata share</b>	<b>\$13,921.00</b>

**Exhibit H – Interconnection Service Agreement****Ongoing Costs Security**

On or before the date on which Interconnecting Customer pays the Company's final invoice, Interconnecting Customer shall deliver to the Company, at the Interconnecting Customer's election, cash equal to the sum of the total of four (4) months of the DAF Charges for which Interconnecting Customer is responsible under this Agreement or a letter of credit, in form and substance complying with the requirements of this Attachment 3b and also acceptable to the Company, such acceptance not to be unreasonably withheld or delayed, having a face amount at least equal to the sum of the total of four (4) months of the DAF Charges for which Interconnecting Customer is responsible under this Agreement.

Following the date as of which the Interconnecting Customer is no longer obligated to pay any DAF Charges pursuant to or in connection with this Agreement, Interconnecting Customer may cause a one-time reduction in the face amount of the Ongoing Costs Security by an amount equal to the DAF Charges. Interconnecting Customer shall maintain the Ongoing Costs Security, any revisions, modification or amendment thereof, and any replacement for such Ongoing Costs Security, in full force and effect at all times, provided, however, that Interconnecting Customer may terminate the Ongoing Costs Security, any revisions, modification or amendment thereof, and any replacement for such Ongoing Costs Security, only from and after the date as of which Interconnecting Customer is no longer obligated to pay any DAF Charges pursuant to or in connection with this Agreement. The Company shall have the right to draw upon the Ongoing Costs Security provided under this Agreement, any revisions, modification or amendment thereof, and any replacement for such Ongoing Costs Security, from time to time, in the event that the Interconnecting Customer fails to timely meet any of its obligations under this Agreement, including, without limitation, with respect to payment of DAF Charges, as well as any interest and penalties.

The Interconnecting Customer shall be solely responsible for all costs associated with each letter of credit (each, a "Letter of Credit") provided pursuant to this Agreement, including, without limitation, the costs of obtaining, maintaining and replacing such Letter of Credit and reimbursement of each Letter of Credit Bank (as such terms are defined below). Each Letter of Credit shall be in a form and substance complying with the requirements of this Agreement and also acceptable to the Company, such acceptance not to be unreasonably withheld or delayed. Each Letter of Credit shall be an irrevocable, unconditional, and transferable standby letter of credit issued by a U.S. commercial bank or a U.S. branch of a foreign bank (the "Letter of Credit Bank") provided that the Interconnecting Customer is not an affiliate of the Letter of Credit Bank, the Letter of Credit Bank has at least ten billion dollars (\$10,000,000,000) in assets and the Letter of Credit Bank's lowest credit rating is at least A2 from Moody's Investors Service or A from Standard and Poor's Ratings Services ("Letter of Credit Bank Requirement(s)"). If at any time (i) the Letter of Credit Bank fails to satisfy any Letter of Credit Bank Requirement, or (ii) the Letter of Credit Bank advises that it will not renew the applicable Letter of Credit beyond its current expiration date ("Notice of Cancellation"), then, the Interconnecting Customer shall deliver a replacement letter of credit from a bank meeting the Letter of Credit Bank Requirements and the other requirements of this Agreement. Such replacement letter of credit shall be delivered to the Company promptly but in no event later than ten (10) Calendar Days following the date on which the Company notifies the Interconnecting Customer that the Letter of Credit Bank first fails to satisfy any Letter of Credit Bank Requirement or, in the case of a Notice of Cancellation, thirty (30) Calendar Days prior to the current expiration date of the applicable Letter of Credit. If Interconnecting Customer fails to provide such replacement Letter of Credit by the applicable date contemplated by this Agreement, the Company shall have the immediate right to draw the full amount remaining under the applicable existing Letter of Credit.

Any Letter of Credit delivered pursuant to this Agreement, as such Letter of Credit may be replaced, revised, modified, or amended, from time to time, as contemplated above, shall serve as security for Interconnecting Customer's obligations under this Agreement, including, without limitation and as applicable, capital cost payment responsibilities and obligations relating to design and installation of ASO upgrades and DAF Charge payment obligations.

Interconnecting Customer shall maintain each Letter of Credit provided under this Agreement, any revisions, modification or amendment thereof, and any replacement for such Letter of Credit, in full force and effect at all times; provided, however, that any Letter of Credit, any revision, modification or amendment thereof, and any replacement for such Letter of Credit, may be terminated only if and when termination of the applicable Letter of Credit is expressly permitted by the terms of this Agreement. The Company shall have the right to draw upon each Letter of Credit provided under this Agreement, any revisions, modification or amendment thereof, and any replacement for such Letter of Credit, from time to time, in the event the Interconnecting Customer fails to timely and fully meet any of its obligations under this Agreement or as otherwise permitted or contemplated by this Agreement.

If Interconnecting Customer fails to make any payments required under this Agreement or fails to provide and maintain the security contemplated above, each in the form, amounts, and at the times, required, the Company may exercise any rights, and pursue any remedies, available to it under this Agreement or the Interconnection Tariff. If any payment date or other due date specified in this Agreement falls on a weekend or a federal bank holiday, then such payment or due date shall be deemed to be the next business day. The face amount of any Letter of Credit represents an estimate only; the actual amount for which the Interconnecting Customer is responsible under this Agreement may be different than such estimates. For the avoidance of doubt, Interconnecting Customer shall be

**Exhibit H – Interconnection Service Agreement**

responsible for any tax obligations the Company may incur in drawing upon any Letter of Credit.

**ISO-NE Operating Requirement**

This is part of a group of generating Facilities within close proximity, as determined by ISO-NE, which equals or exceeds an aggregate of 5MW / [This is a Facility whose export equals or exceeds 5 MW] and will be required to comply with ISO-NE's requirements, including Operating Procedure No. 14. Prior to the Company providing Authorization to Interconnect, the Interconnecting Customer will be required to provide evidence that it has complied with all applicable ISO-NE registration requirements. Additionally, ISO-NE may determine that there are additional ASO upgrade costs.

**Payment Terms:**

ASO upgrade costs:

- The first payment (5%) of **\$181,890.40** was due when the Exhibit H-Interconnection Service Agreement was returned to the Company with Interconnecting Customer signature. We are in receipt of the first payment in the amount of \$176,022.00 which was processed on November 11, 2019. The remaining balance of \$5,868.35 will be split between the 3<sup>rd</sup> and 4<sup>th</sup> payments.
- The second payment (20%) of **\$727,561.60** allowed for the completion of final engineering and procurement of long lead material items. The second payment in the amount of \$704,089.00 was processed on May 4, 2020. The remaining balance of \$23,473.40 will be split between the 3<sup>rd</sup> and 4<sup>th</sup> payments.
- The third payment (40%) of **\$1,469,794.07** is due within 15 business days from the receipt of the third payment invoice. This payment will allow construction to proceed to RFL (Ready for Load) date of December 2021 An invoice, including payment instructions, will be sent to the Interconnecting Customer and must be received by October 1, 2020. Proof of payment is required.
- The fourth and final payment (35%) of **\$1,287,903.67** (is due within 15 business days from the receipt of the fourth and final payment invoice. This payment will allow construction to proceed to RFL (Ready for Load) date of December 2021 An invoice, including payment instructions, will be sent to the Interconnecting Customer and must be received prior to January 15, 2021. Proof of payment is required. If the design of the System Modifications changes during the design as a result of permitting or access issues, the company reserves the right to adjust the cost of the Systems Modifications prior to issuing the fourth and final invoice.

DAF carrying charge:

- The initial 4 months of DAF payments is required 30 days prior to the in-service date and is anticipated February 2022 and is required in the form of a letter of credit

**Exhibit H – Interconnection Service Agreement****Attachment 4: Special Operating Requirements, if any**

The generating system may only normally generate onto the 8089T1 feeder and National Grid's Regional Control Center must first give permission to the Interconnecting Customer to allow the operation of their system. The generator may not be allowed to operate with the local electrical power system (EPS) in an abnormal state. To ensure the safe and reliable operation of National Grid's EPS, National Grid may choose to disconnect the customer at the PCC when abnormal system conditions develop and/or circuit reconfiguration takes place on the EPS.

1. The Interconnecting Customer is required to adhere to the following standards which are incorporated in their entirety by reference:
  - a. National Grid's Standards for Interconnecting Distributed Generation (R.I.P.U.C. 2180), available at: [http://www.nationalgridus.com/non\\_html/RI\\_DG\\_Interconnection\\_Tariff.pdf](http://www.nationalgridus.com/non_html/RI_DG_Interconnection_Tariff.pdf)
  - b. Electric System Bulletin 750 "Specifications for Electrical Installations". ESB 750, available at: [http://www.nationalgridus.com/non\\_html/shared\\_constr\\_esb750.pdf](http://www.nationalgridus.com/non_html/shared_constr_esb750.pdf)
  - c. Electric System Bulletin 756 "Requirements for Parallel Generation Connected to a National Grid-Owned EPS". ESB756D, available at: [www.nationalgridus.com/non\\_html/shared\\_constr\\_esb756.pdf](http://www.nationalgridus.com/non_html/shared_constr_esb756.pdf)
2. The Interconnecting Customer is required to address any outstanding requirements (that are not explicitly addressed herein), which are described in the most recent application review memo and/or study report (which is hereby incorporated in its entirety) provided by the Company on or prior to the Effective Date of this Interconnection Service Agreement.
  - a. If the Effective Date of this Interconnection Service Agreement precedes the issuance of a required Detailed Study by the Company, the Interconnecting Customer is also required to address any outstanding requirements described in the Detailed Study Report upon its issuance.
3. Interconnecting Customer shall adhere to the requirements identified in the Impact Study dated 11/06/2018.
4. Interconnecting Customer shall provide Compliance Documentation, including photographs, as requested by, and to the satisfaction of, the Company.
5. Interconnecting Customer may not be allowed to operate with the local EPS in an abnormal state. To ensure the safe and reliable operation of National Grid's EPS, National Grid may disconnect the Customer at the PCC when abnormal system conditions develop and/or circuit reconfiguration takes place on the EPS.
6. Per section 6.4 of this agreement, Interconnecting Customer shall provide an external AC UTILITY DISCONNECT, accessible at all times by National Grid personnel.
7. Interconnecting Customer's AC UTILITY DISCONNECT switch shall be labeled "AC UTILITY DISCONNECT".
8. The AC UTILITY DISCONNECT shall be gang operated, have a visible break when open, be rated to interrupt the maximum generator output and be capable of being locked open, tagged and grounded on the Company side by Company personnel. The visible break requirement can be met by opening the enclosure to observe the contact separation. The Company shall have the right to open this disconnect switch in accordance with the Interconnection Tariff. The switch has to be installed at the DR output on the current carrying lines. Shunt mechanisms are not permitted.
9. If the AC UTILITY DISCONNECT switch is not adjacent to the meter and/or PCC, Interconnecting Customer shall provide a permanent plaque locating the switch.
10. All plaques as described in NEC 705.10, 705.12 (7), 690.56, 692.4 and 705.70 shall be installed, as applicable.
11. All Interconnecting Customer-Owned meters shall be labeled "CUSTOMER-OWNED METER"
12. Interconnecting Customer shall install a permanent plaque or directory at the revenue meter and at the PCC with a warning about the generator(s) installed.

**Exhibit H – Interconnection Service Agreement**

13. Interconnecting Customer shall be responsible for providing necessary easements and/or environmental and/or municipal permits, as requested by the Company.
14. For systems greater than 25kW, Interconnecting Customer shall provide a means of communication to the National Grid revenue meter. This may be accomplished with an analog/POTS (Plain Old Telephone Service) phone line (capable of direct inward dial without human intervention or interference from other devices such as fax machines, etc.), or – in locations with suitable wireless service, a wireless meter. Feasibility of wireless service must be demonstrated by Interconnecting Customer, to the satisfaction of National Grid. If approved, a wireless-enabled meter will be installed, at the customer's expense. If and when National Grid's retail tariff provides a mechanism for monthly billing for this service, the customer agrees to the addition of this charge to their monthly electric bill. Interconnecting Customer shall have the option to have this charge removed, if and when a POTS phone line to National Grid's revenue meter is provided.
15. For systems with redundant relaying, Company witness testing will be required. Customer shall develop, and provide for approval, a functional test procedure, including settings for relaying scheme. Witness test plan must be approved by Company prior to scheduling Company personnel for witness test.
16. Interconnecting Customer may only generate onto the feeder referenced in the Impact Study. National Grid's Regional Control Center must first give permission to the customer to allow the operation of their system.
17. Interconnecting Customer's protection scheme submitted for review must meet National Grid's specific protection requirements. Interconnecting Customer shall submit a PE stamped one-line, including relay settings, that meets the requirements specified within this document to National Grid for review and approval, before a Witness Test plan can be reviewed. Please refer to "Expedited/Standard Process Completion Documentation Checklist", per Company's website for additional required documentation.
18. In order to minimize the impact of the proposed generation on the EPS and area customers, National Grid will require that the reactive contribution of the PV interconnection be maintained between a 99% leading and lagging power factor at the PCC during the normal operation of the PV array. In addition, The PV interconnection shall not contribute to greater than a 3.0% change in voltage on the National Grid EPS under any conditions.
19. The Customer shall be responsible for obtaining all easements and permits required for any line extension not on public way in accordance with the Company's requirements. The Customer shall provide unencumbered direct access to the Company's facilities along an accessible plowed driveway or road, where the equipment is not behind the Customer's locked gate. In those cases where Company equipment is required to be behind the Customer's locked gate, double locking, with both the Company's and Customer's locks shall be employed.
20. The Interconnecting Customer is responsible for coordinating with Verizon for any Verizon work. These costs will be billed directly to the customer from Verizon. It will be the responsibility of the customer to obtain any and all easements and required permitting for work that takes place on private property.

**Attachment 5: Agreement between the Company and the Company's Retail Customer**

If the Company's Retail Customer (account holder) is not the owner (and/or operator) of the Facility, then Exhibit I - Agreement Between the Company and the Company's Retail Customer - shall be signed by the Company's Retail Customer and executed by the Company, and shall be considered part of this Interconnection Service Agreement. It shall be the responsibility of the Interconnecting Customer to notify the Company if the Exhibit I associated with this application changes.

**Exhibit H – Interconnection Service Agreement**

**Attachment 6: System Modifications Construction Schedule**

Below is an estimated construction schedule. This schedule is conceptual, and shows the duration of the facility’s milestones from a “start-date” to an “in-service” date, in calendar days. This conceptual schedule is based upon assumptions and knowledge regarding the project, the site, and activities as of the date of the impact study. These estimations of construction time frames and total duration do not include any time that the Company’s performance is on hold, delayed, or interrupted, including, without limitation, while waiting on information or on the performance of obligations by the Interconnecting Customer and/or third parties (including, without limitation, Verizon, ISO-NE, Railroad), as a result of unknown environmental and/or permitting issues, events of force majeure, and/or as a result of required transmission outages.

The start-date for this construction schedule is deemed to have occurred once : (1) the Interconnection Service Agreement (“ISA”) has been executed (i.e., signed) by both National Grid (“Company”) and the Interconnecting Customer (“Customer”); and (2) the first payment has been submitted by the Customer to the Company, provided , however, that the Company shall not be required to provide any services or order any equipment without receiving adequate payment therefore from the Interconnecting Customer nor will it be required to initiate any construction before it has received full payment from the Interconnecting Customer.

**Attachment 6 - Appendix A: System Modifications Construction Schedule**

Total Duration for Construction: 108 weeks

Milestone	Estimated Duration	Responsible Party
First Payment	Start	Customer
Distribution System Modification Design	6 weeks	National Grid
Substation System Modification Design and Outage Planning	28weeks	National Grid
Secure Required Permits/Easements and Petition for National Grid Work	16 weeks	National Grid and Customer
(Before Construction Begins)	Customer & National Grid	
Submit Final Payment	As per ISA	
(Before Construction Begins)	Customer	
Distribution System Schedule Coordination and Construction	12 weeks	National Grid
Substation System Schedule Coordination and Construction	52 weeks	National Grid
Witness Test Scheduled and Approved and Completion Documentation Approved	3 weeks	National Grid and Customer
Meter Installation and Authority to Interconnect	1 week	National Grid

\* Milestones may be contingent on Verizon schedule and/or ISO-NE approval of outages. Customer is responsible to coordinate directly with Verizon. This schedule does not include any Design or Construction Time required by Verizon.

# **EXHIBIT P**

**Exhibit H – Interconnection Service Agreement**

1. **Parties.** This Interconnection Service Agreement (“Agreement”), dated as of \_\_\_\_\_ (“Effective Date”) is for application number “**24926796**” and Case Number “**177530**” is entered into, by and between **The Narragansett Electric Company (doing business as National Grid)**, a Rhode Island corporation with a principal place of business at **280 Melrose St., Providence, RI 02907** (hereinafter referred to as the “Company”), and **Dry Bridge Solar 2 LLC**, a **Limited Liability Corporation** with a principal place of business (or residence) at **750 Park of Commerce Blvd, Suite 200 Boca Raton, Florida 33487** (“Interconnecting Customer”). (The Company and Interconnecting Customer are collectively referred to as the “Parties”). Terms used herein without definition shall have the meanings set forth in Section 1.2 of the Interconnection Tariff which is hereby incorporated by reference.
2. **Basic Understandings.** This Agreement provides for parallel operation of an Interconnecting Customer’s Facility with the Company EPS to be installed and operated by the Interconnecting Customer at **471 Dry-Bridge Road, North Kingstown, RI 02852**. A description of the Facility is located in Attachment 1. If the Interconnecting Customer is not the Customer, an Agreement between the Company and the Company’s Retail Customer, attached as Exhibit I to the Interconnection Tariff, must be signed and included as an Attachment to this Agreement.

All capitalized terms not defined in this Agreement shall have the meaning as defined in Section 1.2 of the Interconnection Tariff., including but not limited to the following terms:

“Affected System” shall mean any neighboring transmission or distribution EPS not under the control of the Company (e.g., a municipal utility, or other regulated distribution or transmission utility, which may include Affiliates, or ISO-NE, as defined herein).

“Company EPS” shall mean the electric power system owned, controlled or operated by the Company used to provide distribution service to its Customers.

“System Modifications” shall mean modifications or additions to Company facilities that are integrated with the Company EPS for the benefit of the Interconnecting Customer.

By execution of this Agreement, Interconnecting Customer agrees to the extension of all System Modification construction timelines set forth in R.I. Gen. Laws Section 39-26.3-4.1(d), such that all applicable System Modification timelines set forth in R.I. Gen. Laws Section 39-26.3-4.1(d) shall commence after receipt of all completed Affected System operator(s) studies and approvals, any modified or additional Company studies necessitated as a result of the Affected System operator requirements, execution of any necessitated amendments to this Agreement, and payment of all costs in accordance with this Agreement.

The Interconnecting Customer has the right to operate its Facility in parallel with the Company EPS immediately upon successful completion of the protective relays testing as witnessed by the Company and receipt of written notice from the Company that interconnection with the Company EPS is authorized (“Authorization Date”).

3. **Term.** This Agreement shall become effective as of the Effective Date. The Agreement shall continue in full force and effect until terminated pursuant to Section 4 of this Agreement.
4. **Termination.**
  - 4.1 This Agreement may be terminated under the following conditions.
    - 4.1.1 The Parties agree in writing to terminate the Agreement.
    - 4.1.2 The Interconnecting Customer may terminate this agreement at any time by providing sixty (60) days written notice to Company.
    - 4.1.3 The Company may terminate this Agreement upon the occurrence of an Event of Default by the Interconnecting Customer as provided in Section 18 of this Agreement.



## **Exhibit H – Interconnection Service Agreement**

**4.1.4** The Company may terminate this Agreement if the Interconnecting Customer either: (1) fails to energize the Facility within 12 months of the Authorization Date; or, (2) permanently abandons the Facility. Failure to operate the Facility for any consecutive 12 month period after the Authorization Date shall constitute permanent abandonment unless otherwise agreed to in writing between the Parties.

**4.1.5** The Company, upon 30 days notice, may terminate this Agreement if there are any changes in Commission regulations or state law that have a material adverse effect on the Company's ability to perform its obligations under the terms of this Agreement.

**4.2 Survival of Obligations.** The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of termination. Sections 5, 10, 12, 13, and 25 as it relates to disputes pending or for wrongful termination of this Agreement shall survive the termination of this Agreement.

**4.3 Related Agreements.** Any agreement attached to and incorporated into this Agreement shall terminate concurrently with this Agreement unless the Parties have agreed otherwise in writing.

**5.General Payment Terms.** The Interconnecting Customer shall be responsible for:

- a. the Company's System Modification costs pursuant to the Interconnection Tariff, subject to Section 5.1 below;
- b. any resulting Affected System operator(s) costs for its requirements, including, without limitation, modifications to the electric power system of the Affected System operator(s) and operation and maintenance costs;
- c. any costs for modified or additional Company studies and/or System Modifications necessitated as a result of the Affected System operator requirements.

With respect to any Affected System operator costs, the Interconnecting Customer shall be directly responsible to the Affected System operator provided, however, the Company may, in its sole discretion, elect to include the additional Affected System operator costs in the Company's agreements. Where the Company includes the Affected System operator(s) costs in its agreements, the costs will be collected by the Company and passed-through to the Affected System operator(s).

Attachments shall include additional terms and conditions associated with the Company's and, if applicable, Affected System operator costs and payment terms.

**5.1 Cost or Fee Adjustment Procedures.** The Company will, in writing, advise the Interconnecting Customer in advance of any cost increase for work to be performed up to a total amount of increase of 10% only. Any such changes to the Company's costs for the work shall be subject to the Interconnecting Customer's consent. The Interconnecting Customer shall, within thirty (30) days of the Company's notice of increase, authorize such increase and make payment in the amount up to the 10% increase cap, or the Company will suspend the work and the corresponding agreement will terminate. The foregoing cost adjustment procedures shall only apply to the Company System Modification costs in Section 5(a) above, as detailed in the Impact Study, Detailed Study as necessary and/or ISRDG completed as of the date this Agreement is issued in executable form. The Interconnecting Customer shall be responsible for the actual Affected System operator costs, including operation and maintenance costs, and any additional Company costs necessitated as a result of the Affected System operator requirements, none of which shall be subject to any cost caps or limitations.

**5.2 Final Accounting.** The Company within ninety (90) business days after completion of the construction and installation of the System Modifications described in an attached exhibit to the Interconnection Service Agreement and all Company work orders have been closed, shall provide Interconnecting Customer with a final accounting report of any difference between the (a) Interconnecting Customer's cost responsibility under the Interconnection Service Agreement for the actual cost of such System Modifications and for any Impact or Detailed Study performed by the Company, and (b) Interconnecting Customer's previous aggregate payments to the Company for such System Modifications and studies. Costs that are statutorily-based shall not be subject to either a final accounting or reconciliation under this provision (e.g. statutorily set study fees for the ISRDG), but may be reconciled at any time only if the costs exceed the statutory fee, and the Company seeks to collect actual costs in accordance with the applicable statute. To the extent that Interconnecting Customer's cost responsibility in the Interconnection Service Agreement for the System Modifications and in the Impact and/or Detailed Study Agreements (as applicable) for the studies performed by the Company exceeds Interconnecting Customer's previous aggregate payments, the Company shall invoice Interconnecting Customer and Interconnecting Customer shall make payment to the Company within forty five (45) days. To the

**Exhibit H – Interconnection Service Agreement**

extent that Interconnecting Customer's previous aggregate payments exceed Interconnecting Customer's cost responsibility under this applicable agreement, the Company shall refund to Interconnecting Customer an amount equal to the difference within forty five (45) days of the provision of such final accounting report.

**6. Operating Requirements**

**6.1 General Operating Requirements.** Interconnecting Customer shall operate and maintain the Facility in accordance with the applicable manufacturer's recommended maintenance schedule, in compliance with all aspects of the Company's Interconnection Tariff. The Interconnecting Customer will continue to comply with all applicable laws and requirements after interconnection has occurred. In the event the Company has reason to believe that the Interconnecting Customer's installation may be the source of problems on the Company EPS, the Company has the right to install monitoring equipment at a mutually agreed upon location to determine the source of the problems. If the Facility is determined to be the source of the problems, the Company may require disconnection as outlined in Section 7.0 of the Interconnection Tariff. The cost of this testing will be borne by the Company unless the Company demonstrates that the problem or problems are caused by the Facility or if the test was performed at the request of the Interconnecting Customer.

**6.2 No Adverse Effects; Non-interference.** Company shall notify Interconnecting Customer if there is evidence that the operation of the Facility could cause disruption or deterioration of service to other Customers served from the same Company EPS or if operation of the Facility could cause damage to Company EPS or Affected Systems. The deterioration of service could be, but is not limited to, harmonic injection in excess of IEEE Standard 1547-2003, as well as voltage fluctuations caused by large step changes in loading at the Facility. Each Party will notify the other of any emergency or hazardous condition or occurrence with its equipment or facilities which could affect safe operation of the other Party's equipment or facilities. Each Party shall use reasonable efforts to provide the other Party with advance notice of such conditions.

The Company will operate the EPS in such a manner so as to not unreasonably interfere with the operation of the Facility. The Interconnecting Customer will protect itself from normal disturbances propagating through the Company EPS, and such normal disturbances shall not constitute unreasonable interference unless the Company has deviated from Good Utility Practice. Examples of such disturbances could be, but are not limited to, single-phasing events, voltage sags from remote faults on the Company EPS, and outages on the Company EPS. If the Interconnecting Customer demonstrates that the Company EPS is adversely affecting the operation of the Facility and if the adverse effect is a result of a Company deviation from Good Utility Practice, the Company shall take appropriate action to eliminate the adverse effect.

**6.3 Safe Operations and Maintenance.** Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for, the facility or facilities that it now or hereafter may own unless otherwise specified in this Agreement. Each Party shall be responsible for the maintenance, repair and condition of its respective lines and appurtenances on their respective side of the PCC. The Company and the Interconnecting Customer shall each provide equipment on its respective side of the PCC that adequately protects the Company's EPS, personnel, and other persons from damage and injury.

**6.4 Access.** The Company shall have access to the disconnect switch of the Facility at all times.

**6.4.1 Company and Interconnecting Customer Representatives.** Each Party shall provide and update as necessary the telephone number that can be used at all times to allow either Party to report an emergency.

**6.4.2 Company Right to Access Company-Owned Facilities and Equipment.** If necessary for the purposes of the Interconnection Tariff and in the manner it describes, the Interconnecting Customer shall allow the Company access to the Company's equipment and the Company's facilities located on the Interconnecting Customer's or Customer's premises. To the extent that the Interconnecting Customer does not own all or any part of the property on which the Company is required to locate its equipment or facilities to serve the Interconnecting Customer under the Interconnection Tariff, the Interconnecting Customer shall secure and provide in favor of the Company the necessary rights to obtain access to such equipment or facilities, including easements if the circumstances so require.

**6.4.3 Right to Review Information.** The Company shall have the right to review and obtain copies of Interconnecting Customer's operations and maintenance records, logs, or other information such as, unit availability, maintenance outages, circuit breaker operation requiring manual reset, relay targets and unusual events pertaining to Interconnecting Customer's Facility or its interconnection with the Company EPS. This information will be treated as customer-confidential and only used for the purposes of meeting the requirements of Section 4.2.4 in the Interconnection Tariff.

**Exhibit H – Interconnection Service Agreement****7. Disconnection****7.1 Temporary Disconnection**

**7.1.1 Emergency Conditions.** Company shall have the right to immediately and temporarily disconnect the Facility without prior notification in cases where, in the reasonable judgment of Company, continuance of such service to Interconnecting Customer is imminently likely to (i) endanger persons or damage property or (ii) cause a material adverse effect on the integrity or security of, or damage to, Company EPS or to the electric systems of others to which the Company EPS is directly connected. Company shall notify Interconnecting Customer promptly of the emergency condition. Interconnecting Customer shall notify Company promptly when it becomes aware of an emergency condition that affects the Facility that may reasonably be expected to affect the Company EPS. To the extent information is known, the notification shall describe the emergency condition, the extent of the damage or deficiency, or the expected effect on the operation of both Parties' facilities and operations, its anticipated duration and the necessary corrective action.

**7.1.2 Routine Maintenance, Construction and Repair.** Company shall have the right to disconnect the Facility from the Company EPS when necessary for routine maintenance, construction and repairs on the Company EPS. The Company shall provide the Interconnecting Customer with a minimum of seven (7) calendar days planned outage notification consistent with the Company's planned outage notification protocols. If the Interconnecting Customer requests disconnection by the Company at the PCC, the Interconnecting Customer will provide a minimum of seven (7) days notice to the Company. Any additional notification requirements will be specified by mutual agreement in the Interconnection Service Agreement. Company shall make an effort to schedule such curtailment or temporary disconnection with Interconnecting Customer.

**7.1.3 Forced Outages.** During any forced outage, Company shall have the right to suspend interconnection service to effect immediate repairs on the Company EPS; provided, however, Company shall use reasonable efforts to provide the Interconnecting Customer with prior notice. Where circumstances do not permit such prior notice to Interconnecting Customer, Company may interrupt Interconnection Service and disconnect the Facility from the Company EPS without such notice.

**7.1.4 Non-Emergency Adverse Operating Effects.** The Company may disconnect the Facility if the Facility is having an adverse operating effect on the Company EPS or other customers that is not an emergency, and the Interconnecting Customer fails to correct such adverse operating effect after written notice has been provided and a maximum of forty five (45) days to correct such adverse operating effect has elapsed.

**7.1.5 Modification of the Facility.** Company shall notify Interconnecting Customer if there is evidence of a material modification to the Facility and shall have the right to immediately suspend interconnection service in cases where such material modification has been implemented without prior written authorization from the Company.

**7.1.6 Re-connection.** Any curtailment, reduction or disconnection shall continue only for so long as reasonably necessary. The Interconnecting Customer and the Company shall cooperate with each other to restore the Facility and the Company EPS, respectively, to their normal operating state as soon as reasonably practicable following the cessation or remedy of the event that led to the temporary disconnection.

**7.2 Permanent Disconnection.** The Interconnecting Customer has the right to permanently disconnect at any time with 30 days written notice to the Company.

**7.2.1** The Company may permanently disconnect the Facility upon termination of the Interconnection Service Agreement in accordance with the terms thereof.

**8. Metering.** Metering of the output from the Facility shall be conducted pursuant to the terms of the Interconnection Tariff.

**9. Assignment.** Except as provided herein, Interconnecting Customer shall not voluntarily assign its rights or obligations, in whole or in part, under this Agreement without Company's written consent. Any assignment Interconnecting Customer purports to make without Company's written consent shall not be valid. Company shall not unreasonably withhold or delay

## **Exhibit H – Interconnection Service Agreement**

its consent to Interconnecting Customer's assignment of this Agreement. Notwithstanding the above, Company's consent will not be required for any assignment made by Interconnecting Customer to an Affiliate or as collateral security in connection with a financing transaction. In all events, the Interconnecting Customer will not be relieved of its obligations under this Agreement unless, and until the assignee assumes in writing all obligations of this Agreement and notifies the Company of such assumption.

**10. Confidentiality.** Company shall maintain confidentiality of all Interconnecting Customer confidential and proprietary information except as otherwise required by applicable laws and regulations, the Interconnection Tariff, or as approved by the Interconnecting Customer in the Simplified or Expedited/Standard Application form or otherwise.

### **11. Insurance Requirements.**

#### **11.1 General Liability.**

- 11.1(a) In connection with Interconnecting Customer's performance of its duties and obligations under the Interconnection Service Agreement, Interconnecting Customer shall maintain, during the term of the Agreement, general liability insurance with a combined single limit of not less than:
- i. Five million dollars (\$5,000,000) for each occurrence and in the aggregate if the Gross Nameplate Rating of Interconnecting Customer's Facility is greater than five (5) MW.
  - ii. Two million dollars (\$2,000,000) for each occurrence and five million dollars (\$5,000,000) in the aggregate if the Gross Nameplate Rating of Interconnecting Customer's Facility is greater than one (1) MW and less than or equal to five (5) MW;
  - iii. One million dollars (\$1,000,000) for each occurrence and in the aggregate if the Gross Nameplate Rating of Interconnecting Customer's Facility is greater than one hundred (100) kW and less than or equal to one (1) MW;
  - iv. Five hundred thousand dollars (\$500,000) for each occurrence and in the aggregate if the Gross Nameplate Rating of Interconnecting Customer's Facility is greater than ten (10) kW and less than or equal to one hundred (100) kW, except for eligible net metered customers which are exempt from insurance requirements.
- 11.1(b) No insurance is required for a Facility with a Gross Nameplate Rating less than or equal to 50 kW that is eligible for net metering. However, the Company recommends that the Interconnecting Customer obtain adequate insurance to cover potential liabilities.
- 11.1(c) Any combination of General Liability and Umbrella/Excess Liability policy limits can be used to satisfy the limit requirements stated above.
- 11.1(d) The general liability insurance required to be purchased in this Section may be purchased for the direct benefit of the Company and shall respond to third party claims asserted against the Company (hereinafter known as "Owners Protective Liability"). Should this option be chosen, the requirement of Section 11.2(a) will not apply but the Owners Protective Liability policy will be purchased for the direct benefit of the Company and the Company will be designated as the primary and "Named Insured" under the policy.
- 11.1(e) The insurance hereunder is intended to provide coverage for the Company solely with respect to claims made by third parties against the Company.
- 11.1(f) In the event the State of Rhode Island and the Providence Plantations, or any other governmental subdivision thereof subject to the claims limits of R.I.G.L. Chapter 9-31 (hereinafter referred to as the "Governmental Entity") is the Interconnecting Customer, any insurance maintained by the Governmental Entity shall contain an endorsement that strictly prohibits the applicable insurance company from interposing the claims limits of R.I.G.L. Chapter 9-31 as a defense in either the adjustment of any claim, or in the defense of any lawsuit directly asserted against the insurer by

**Exhibit H – Interconnection Service Agreement**

the Company. Nothing herein is intended to constitute a waiver or indication of an intent to waive the protections of R.I.G.L. Chapter 9-31 by the Governmental Entity.

**11.2 Insurer Requirements and Endorsements.** All required insurance shall be carried by reputable insurers qualified to underwrite insurance in RI having a Best Rating of “A-”. In addition, all insurance shall, (a) include Company as an additional insured; (b) contain a severability of interest clause or cross-liability clause; (c) provide that Company shall not incur liability to the insurance carrier for payment of premium for such insurance; and (d) provide for thirty (30) calendar days’ written notice to Company prior to cancellation, termination, or material change of such insurance; provided that to the extent the Interconnecting Customer is satisfying the requirements of subpart (e) of this paragraph by means of a presently existing insurance policy, the Interconnecting Customer shall only be required to make good faith efforts to satisfy that requirement and will assume the responsibility for notifying the Company as required above.

**11.3 Evidence of Insurance.** Evidence of the insurance required shall state that coverage provided is primary and is not in excess to or contributing with any insurance or self-insurance maintained by Interconnecting Customer.

The Interconnecting Customer is responsible for providing the Company with evidence of insurance in compliance with the Interconnection Tariff on an annual basis.

Prior to the Company commencing work on System Modifications and annually thereafter, the Interconnecting Customer shall have its insurer furnish to the Company certificates of insurance evidencing the insurance coverage required above. The Interconnecting Customer shall notify and send to the Company a certificate of insurance for any policy written on a "claims-made" basis. The Interconnecting Customer will maintain extended reporting coverage for three (3) years on all policies written on a "claims-made" basis.

In the event that an Owners Protective Liability policy is provided, the original policy shall be provided to the Company.

**11.4** All insurance certificates, statements of self insurance, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued, updated and submitted yearly to the following:

**National Grid**

Attention: **Risk Management**  
**300 Erie Blvd West**  
**Syracuse, NY 13202**

**12. Indemnification.** Except as precluded by the laws of the State of Rhode Island and the Providence Plantations, Interconnecting Customer and Company shall each indemnify, defend and hold the other, its directors, officers, employees and agents (including, but not limited to, Affiliates and contractors and their employees), harmless from and against all liabilities, damages, losses, penalties, claims, demands, suits and proceedings of any nature whatsoever for personal injury (including death) or property damages to unaffiliated third parties that arise out of or are in any manner connected with the performance of this Agreement by that Party except to the extent that such injury or damages to unaffiliated third parties may be attributable to the negligence or willful misconduct of the Party seeking indemnification.

**13. Limitation of Liability.** Each Party’s liability to the other Party for any loss, cost, claim, injury, liability, or expense, including court costs and reasonable attorney’s fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage or liability actually incurred. In no event shall either Party be liable to the other Party for any indirect, incidental, special, consequential, or punitive damages of any kind whatsoever. The Interconnecting Customer further understands and acknowledges that, consistent with Section 3.4(c) of the Interconnection Tariff, the Company will coordinate with the Affected System operator(s) to facilitate the interconnection of the Facility to the Company’s EPS, however the Company does not represent the Affected System operator(s) and is not responsible for any action or inaction on the part of the Affected System operator(s). The Affected System operator(s) are not parties to this Agreement even though the Company may incorporate some Affected System operator(s) requirements herein. The Company disclaims any and all responsibility and liability in connection with any Affected System Operator(s) studies and upgrades and the Interconnecting Customer hereby waives recourse against and releases the Company, its directors, officers, employees and agents from any and all losses, penalties, claims, demands, fees, damages or other liabilities arising from or attributable to, either directly or indirectly, such Affected System Operator(s) studies and upgrades.

**Exhibit H – Interconnection Service Agreement**

**14. Amendments and Modifications.** No amendment or modification of this Agreement shall be binding unless in writing and duly executed by both Parties.

**15. Permits and Approvals.** Interconnecting Customer shall obtain all environmental and other permits lawfully required by governmental authorities for the construction and operation of the Facility. Prior to the construction of System Modifications the Interconnecting Customer will notify the Company that it has initiated the permitting process. Prior to the commercial operation of the Facility, the Customer will notify the Company that it has obtained all permits necessary. Upon request, the Interconnecting Customer shall provide copies of one or more of the necessary permits to the Company.

**16. Force Majeure.** For purposes of this Agreement, “Force Majeure Event” means any event:

- a. that is beyond the reasonable control of the affected Party; and
- b. that the affected Party is unable to prevent or provide against by exercising commercially reasonable efforts, including the following events or circumstances, but only to the extent they satisfy the preceding requirements: acts of war or terrorism, public disorder, insurrection, or rebellion; floods, hurricanes, earthquakes, lighting, storms, and other natural calamities; explosions or fire; strikes, work stoppages, or labor disputes; embargoes; and sabotage. If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, such Party will promptly notify the other Party in writing, and will keep the other Party informed on a continuing basis of the scope and duration of the Force Majeure Event. The affected Party will specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the affected Party is taking to mitigate the effects of the event on its performance. The affected Party will be entitled to suspend or modify its performance of obligations under this Agreement, other than the obligation to make payments then due or becoming due under this Agreement, but only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of reasonable efforts. The affected Party will use reasonable efforts to resume its performance as soon as possible. In no event will the unavailability or inability to obtain funds constitute a Force Majeure Event.

**17. Notices.**

**17.1** Any written notice, demand, or request required or authorized in connection with this Agreement (“Notice”) shall be deemed properly given on the date actually delivered in person or five (5) business days after being sent by certified mail, e-mail or fax with confirmation of receipt and original follow-up by mail, or any nationally-recognized delivery service with proof of delivery, postage prepaid, to the person specified below:

If to Company:	<b>The Narragansett Electric Company</b> Attention: <b>Distributed Generation</b> <b>40 Sylvan Road</b> <b>Waltham, MA 02451-1120</b> E-mail: <b>distributed.generation@nationalgrid.com</b>
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If to Interconnecting Customer:	<b>Dry Bridge Solar 2 LLC</b> Attention: <b>Brian Demaio</b> <b>750 Park of Commerce Blvd, Suite 200</b> <b>Boca Raton, Florida 33487</b> Phone: <b>561-650-2628</b> E-mail: <b>Brian.DeMaio@gs.com</b>
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**17.2** A Party may change its address for Notices at any time by providing the other Party Notice of the change in accordance with Section 17.1.

**17.3** The Parties may also designate operating representatives to conduct the daily communications, which may be necessary or convenient for the administration of this Agreement. Such designations, including names, addresses, and phone numbers may be communicated or revised by one Party’s Notice to the other.

**18. Default and Remedies**

**18.1 Defaults.** Any one of the following shall constitute “An Event of Default.”

**Exhibit H – Interconnection Service Agreement**

- (i) One of the Parties shall fail to pay any undisputed bill for charges incurred under this Agreement or other amounts which one Party owes the other Party as and when due, any such failure shall continue for a period of thirty (30) days after written notice of nonpayment from the affected Party to the defaulting Party, or
- (ii) One of the Parties fails to comply with any other provision of this Agreement or breaches any representation or warranty in any material respect and fails to cure or remedy that default or breach within sixty (60) days after notice and written demand by the affected Party to cure the same or such longer period reasonably required to cure (not to exceed an additional 90 days unless otherwise mutually agreed upon), provided that the defaulting Party diligently continues to cure until such failure is fully cured.

**18.2 Remedies.** Upon the occurrence of an Event of Default, the affected Party may at its option, in addition to any remedies available under any other provision herein, do any, or any combination, as appropriate, of the following:

- a. Continue to perform and enforce this Agreement;
- b. Recover damages from the defaulting Party except as limited by this Agreement;
- c. By written notice to the defaulting Party terminate this Agreement;
- d. Pursue any other remedies it may have under this Agreement or under applicable law or in equity.

**19. Entire Agreement.** This Agreement, including any attachments or appendices, is entered into pursuant to the Interconnection Tariff. Together the Agreement and the Interconnection Tariff represent the entire understanding between the Parties, their agents, and employees as to the subject matter of this Agreement. Each Party also represents that in entering into this Agreement, it has not relied on any promise, inducement, representation, warranty, agreement or other statement not set forth in this Agreement or in the Company's Interconnection Tariff.

**20. Supercedence.** In the event of a conflict between this Agreement, the Interconnection Tariff, or the terms of any other tariff, Exhibit or Attachment incorporated by reference, the terms of the Interconnection Tariff, as the same may be amended from time to time, shall control. In the event that the Company files a revised tariff related to interconnection for Commission approval after the effective date of this Agreement, the Company shall, not later than the date of such filing, notify the signatories of this Agreement and provide them a copy of said filing.

**21. Governing Law.** This Agreement shall be interpreted, governed, and construed under the laws of the State of Rhode Island and the Providence Plantations without giving effect to choice of law provisions that might apply to the law of a different jurisdiction.

**22. Non-waiver.** None of the provisions of this Agreement shall be considered waived by a Party unless such waiver is given in writing. The failure of a 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 hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

**23. Counterparts.** This Agreement may be signed in counterparts.

**24. No Third Party Beneficiaries.** This Agreement is made solely for the benefit of the Parties hereto. Nothing in the Agreement shall be construed to create any rights in or duty to, or standard of care with respect to, or any liability to, any person not a party to this Agreement.

**25. Dispute Resolution.** Unless otherwise agreed by the Parties, all disputes arising under this Agreement shall be resolved pursuant to the Dispute Resolution Process set forth in the Interconnection Tariff.

**26. Severability.** If any clause, provision, or section of this Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision, or section, shall not affect any of the remaining provisions herein.

**27. Signatures.** IN WITNESS WHEREOF, the Parties hereto have caused two (2) originals of this Agreement to be executed under seal by their duly authorized representatives.

**Exhibit H – Interconnection Service Agreement**

Dry Bridge Solar 2 LLC:

The Narragansett Electric Company (d/b/a National Grid):

Name: \_\_\_\_\_

Name: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_



**Exhibit H – Interconnection Service Agreement****Attachment 1: Description of Facilities, including demarcation of Point of Common Coupling**

Dry Bridge Solar 2 LLC, is requesting the interconnection of 10,000 kW (AC) inverter Based PV Facility, (“the facility”), to National Grid’s 34.5 kV distribution system, (“the Project”). This application is one of a group of five projects studied together (RI-24926794, RI-24926796, RI-24926798, RI-24926805, RI-26012283). The systems will export power beyond the PCC onto the Company’s Electric Power System (“EPS”) as this system is proposed to be ‘stand-alone’ Facility. Four 10,000 kW projects (RI-24926794, RI-24926796, RI-24926798, RI-24926805) will be located at 471 Dry-Bridge Road, North Kingstown RI 02852 and will interconnect to National Grid’s Wickford Substation, 8089T1, 34.5 kV distribution circuit. For this Project, the PCC is defined as Pole #13-54-2.

**a. Description of proposed design/configuration:**

- Four (4) Customer owned, SG3150U-MV 3,150-EV-US inverters factory limited to 2,500 kW / kVA inverters @ 35°Celsius (C) (10,000 kW / kVA total)
- Four (4) Customer owned 3,150 kVA, 34.5 kV wye-grounded primary, with a fully insulated and isolated neutral bushing, 630 V wye secondary, Z of 5.75%, X/R of 8
- One (1) Customer owned grounding transformer 1000kVA, 34.5 kV wyegrounded primary, 480 V delta secondary, Z of 5.75%, X/R of 4
- One (1) Customer owned 35 kV pad-mount G&W Viper switchgear and SEL 651R relay assembly
- One (1) Customer owned, S & C Omni-rupter, Model #147513, 35 kV gangoperated airbreak switch, with visible blades accessible to utility

**c. Metering:** The company will install one (1) pole-mounted primary meters, please refer to ESB 750 and ESB 756 Appendix D for service installation and primary meter installations.

**d. PCC:** The Company’s Design Personnel will determine the exact location of the Company’s facilities and the Customer’s gang operated disconnect. The Customer’s gang operated disconnect must be accessible by the Company’s personnel at all times, and be capable of being locked open and tagged by Company personnel. The Point of Common Coupling (PCC) will be designated as the Customer’s side of the Company’s primary meter of the Company’s service transformer. The Interconnecting Customer must install their Facilities up to the Company revenue meter. The Interconnecting Customer must provide sufficient conductor to allow the Company to make final connections at the meter pole. The Company will provide final connection of the Interconnecting Customer conductors to the Company meter.

**Exhibit H – Interconnection Service Agreement**

**Attachment 2a: Description of System Modifications (Distribution)**

National Grid System Modifications required for the interconnection of 10,000 kW (AC) as identified in the impact studies are as follows:

**On the Customer’s property:**

- Install one (1) loadbreak switch on proposed Pole #13-51.
- Install one (1) recloser on proposed Pole #13-52.
- Install one (1) three-phase disconnect switch on proposed Pole #13-54-1.
- Install one (1) primary meter on proposed Pole #13-54-2.
- Install ~150’ circuit feet of three phase overhead 795 ACSR from Pole #13-50 to proposed Pole #13-53 and 100’ of 1/0 AAAC from Pole #13-54 to proposed Pole #13-54-2.

**On the Company’s distribution system:**

- Installation of 8,000 circuit feet of two (2) sets of underground 3-1/C 1000 SCUEPR cable from pole #9121 in the right-of-way outside Wickford Substation to man hole located at the intersection of South County Trail and Ten Rod Road. Customer is responsible for installation of man hole and duct civil work.
- Install 7,800 circuit feet of 3-795 ACSR overhead conductors from existing Pole #5 South County Trail to proposed Pole # 13-50 Dry Bridge Road. The proposed overhead line extension will overbuild an existing 15 kV class circuit.

**At the Company’s Distribution Substation:**

- Installation of two (2) 33/44/55 MVA Wye-Wye transformer
- Installation of two (2) 34.5kV feeders with protection and control, including but not limited to site work, grounding, conduits, fencing and driveway from the street.

**Exhibit H – Interconnection Service Agreement****Attachment 2b: Description and specific requirements of ASO (Affected System Operator) upgrades (transmission)**

- Installation of 115kV loop tap off the L190 to new Wickford Substation, consisting of breaking the L190 line at structure #143 and installing two new spans of wire between the existing transmission line and the substation busses.
- Installation of new steel three pole structures on concrete caisson foundation
- Structure #123 on the adjacent 34.5kV, 3311 line will need to be replaced to support the L190 construction.
- Installation of 115kV four (4) breaker ring bus including breakers, disconnect switches, bus, bus insulators and wave trap; and associated site-work, grounding, foundations, structures, and associated protection and control.

It will be the responsibility of the Interconnecting Customer, at its sole cost and expense, to secure and obtain in favor of itself and the Company, the following: any and all rights, consents, permits, approvals, and easements (free and clear from any encumbrances), as are required for the Company's System Modifications on any Interconnecting Customer-owned property or any third-party owned property ("Third Party Rights and Approvals"). The Interconnecting Customer shall use the Company's standard form when obtaining all Third Party Rights and Approval, as applicable. The Company will seek to obtain, at the Interconnecting Customer's sole cost and expense, any and all rights, consents, permits, approvals, and easements for the System Modifications on any Company owned property or within any public roadway as the Company determines necessary in its sole discretion ("Other Rights and Approvals"; together with Third Party Rights and Approvals referred to as "System Modification Required Approvals"). The Interconnecting Customer will fully cooperate with the Company in obtaining the Other Rights and Approvals. The Company shall not be required to accept any System Modification Required Approvals that are not in form or on terms satisfactory to the Company in its sole discretion, or that impose additional liabilities or costs on the Company. The Company shall not be required to appeal or challenge the denial of any System Modification Required Approvals or the imposition of any unsatisfactory term or condition. The Company shall not be obligated to commence the construction of the System Modifications unless and until it has received all System Modification Required Approvals in accordance with this provision, and Sections 5 and 15 of this Agreement, above, and the Company's Terms and Conditions for Distribution Service, tariff R.I.P.U.C No. 2180, as amended from time to time.

**Exhibit H – Interconnection Service Agreement****Attachment 3a: Costs of System Modifications Re-Study and Cost-Allocation, , Third Party Costs, and Payment Terms (Distribution)**

This application consists of one of five projects that were studied together with total system size of 50,000 kW. The Interconnecting Customer understands and agrees that, not with standing the costs detailed in this Agreement, if one of the applications (RI-24926794, RI-24926796, RI-24926798, RI-24926805, RI-26012283) does not move forward with the interconnection of a facility to the Company's electric power system, the total common modification costs will be re-estimated and reallocated among the remaining facilities, as determined by the Company in its sole discretion. Note the Company will not proceed with construction unless it has received adequate payment from all applicable customers within the group.

At present, Total System Modification Costs associated with these projects (RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283) is **\$8,853,660.00** +/-25%.

At Present, the total system modification costs associated with this application are: **\$1,895,719.00**

- Cost for the required common system modifications on the Company's Distribution system as mentioned in attachment 2 is **\$1,831,484.00** (includes capital, removal, and O&M costs). The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805, RI-26012283. **RI-24926796** will be responsible for: **\$366,297.00**
- Cost for the required common system modifications on the Company's Distribution Substation as mentioned in attachment 2 is **\$3,611,479.00** (includes capital, removal, and O&M costs). The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805, RI-26012283. **RI-24926796** will be responsible for: **\$722,295.00**
- Cost for the required facility specific modifications on the Company's Distribution system as mentioned in attachment 2 is **\$1,887,884.00** (includes capital, removal, and O&M costs). The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805. **RI-24926796** will be responsible for: **\$471,971.00**
- Total cost of facility specific system modifications on the Interconnecting Customer's (or other private) property as mentioned in Attachment 2 above: **\$370,108.00** (includes capital, removal, and O&M costs). The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805. **RI-24926796** will be responsible for: **\$92,527.00**
- Witness Testing & EMS Integration is **\$30,000**. The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805. **RI-24926796** will be responsible for: **\$7,500.00**
- The estimated taxes associated with the donated property for this project, which includes the manhole and duct system is **\$270,352**. The tax amount is the 2020 rate of 11.08%. **RI-24926796** will be responsible for: **\$54,070.00**.
- Tax gross-up adder on capital costs is or **\$844,854.00**. **RI-24926796** will be responsible for: **\$181,059.00**. *(A 2020 tax rate of 11.08% is expected to apply to contributions in aid of construction ("CIAC") payments received by The Narragansett Electric Company from the Interconnecting Customer, and a 2020 tax rate of 11.08% is expected to apply to CIAC payments associated with substation modifications for interconnections. The calculation of the tax gross-up adder is included in this cost estimate on the basis of tax guidance published by the Internal Revenue Service, but tax rates and decisions are ultimately subject to IRS discretion. By signing this agreement, the Interconnecting Customer understands and agrees that the tax has been estimated for convenience and that the Interconnecting Customer remains liable for all tax due on CIAC payments, payable upon the Company's demand.*

**Re-Study and Cost Re-Allocation**

The Interconnecting Customer understands and agrees that, notwithstanding the costs detailed in this Agreement, if the other Facility does not move forward with its interconnection to the Company's electric power system, the Facility's interconnection may need to be restudied, and the System Modification costs will be re-estimated for both Facilities as described in attachment 1 above as determined by the Company in its sole discretion. In such a case, the Interconnecting Customer shall be responsible for the full amount of any study costs and increase in the costs in order to continue with the Facility's interconnection under this Agreement, including its pro-rata share of any re-estimated and re-allocated costs.

The System Modification costs were developed by the Company with a general understanding of the project and based upon information provided by the Interconnecting Customer in writing and/or collected in the field. The cost estimates were prepared using historical cost data, data from similar projects, and other assumptions, and while they are presumed valid for 60 business

**Exhibit H – Interconnection Service Agreement**

days from the date of the Impact /Group Study, the Company reserves the right to adjust those estimated costs as authorized under this Agreement, the Tariff, or by law and to require the Interconnecting Customer to pay any such additional costs.

**Other Requirements Costs**

It will be the responsibility of the Interconnecting Customer, at its sole cost and expense, to secure and obtain in favor of itself and the Company, the following: any and all rights, consents, permits, approvals, and easements (free and clear from any encumbrances), as are required for the Company's System Modifications on any Interconnecting Customer-owned property or any third-party owned property ("Third Party Rights and Approvals"). The Interconnecting Customer shall use the Company's standard form when obtaining all Third Party Rights and Approval, as applicable. The Company will seek to obtain, at the Interconnecting Customer's sole cost and expense, any and all rights, consents, permits, approvals, and easements for the System Modifications on any Company owned property or within any public roadway as the Company determines necessary in its sole discretion ("Other Rights and Approvals"; together with Third Party Rights and Approvals referred to as "System Modification Required Approvals"). The Interconnecting Customer will fully cooperate with the Company in obtaining the Other Rights and Approvals. The Company shall not be required to accept any System Modification Required Approvals that are not in form or on terms satisfactory to the Company in its sole discretion, or that impose additional liabilities or costs on the Company. The Company shall not be required to appeal or challenge the denial of any System Modification Required Approvals or the imposition of any unsatisfactory term or condition. The Company shall not be obligated to commence the construction of the System Modifications unless and until it has received all System Modification Required Approvals in accordance with this provision, and Sections 5 and 15 of this Agreement, above, and the Company's Standards for Connecting Distributed Generation, R.I.P.U.C No. 2180, as amended from time to time.

The total cost of common System Modifications and the Facility's System Modification costs do not include any costs for third party rights and approvals, including without limitation any Verizon costs and charges (and fees for services related thereto), for which the Interconnecting Customer may be directly responsible. Additional costs may be involved if the required pole work takes place in Verizon's maintenance areas. These costs will be billed directly to the Interconnecting Customer by Verizon.

Third party costs, to the extent applicable, are in addition to the total common System Modifications costs and the Facility's System Modification Costs and must be paid directly by the Interconnecting Customer to the appropriate third party.

**Payment Terms:**

Note: a Letter of Credit is required to be in place for second, third, and fourth payments. It will be required to be in place until the project has been fully reconciled.

System Modifications Costs may be paid in full if less than \$25,000, or if greater than \$25,000 in scheduled payments (per Section 5.5 of R.I.P.U.C No. 2180):

- The first payment (5%) of **\$94,788.00** was due when the Exhibit H-Interconnection Service Agreement was returned to the Company with Interconnecting Customer signature. The first payment in the amount of \$94,788.00 was processed on November 11, 2019.
- The second payment (20%) of **\$379,142.00** allowed for the completion of final engineering and procurement of long lead material items. The second payment in the amount of \$379,142.00 was processed on May 4, 2020.
- The third payment (40%) of **\$758,287.60** is due within 15 business days from the receipt of the third payment invoice. This payment will allow construction to proceed to RFL (Ready for Load) date of December 2021 An invoice, including payment instructions, will be sent to the Interconnecting Customer and must be received by October 1, 2020. Proof of payment is required.
- The fourth and final payment (35%) of **\$663,501.65** (is due within 15 business days from the receipt of the fourth and final payment invoice. This payment will allow construction to proceed to RFL (Ready for Load) date of December 2021 An invoice, including payment instructions, will be sent to the Interconnecting Customer and must be received prior to January 15, 2021. Proof of payment is required. If the design of the System Modifications changes during the design as a result of permitting or access issues, the company reserves the right to adjust the cost of the Systems Modifications prior to issuing the fourth and final invoice.

**Exhibit H – Interconnection Service Agreement**

**Attachment 3b: Cost of ASO Upgrades and DAF Charges (Transmission), Ongoing Cost Security, ISO-NE Study and Operating Requirements:**

This application is one of five projects studied together with total system size of 50,000 kW. The Interconnecting Customer understands and agrees that, notwithstanding the costs detailed in this Agreement, if one of the applications (RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283) does not move forward with the interconnection of a facility to the Company’s electric power system, the total common modification costs will be re-estimated and reallocated among the remaining facilities, as determined by the Company in its sole discretion. Note the Company will not proceed with construction unless it has received adequate payment from all applicable customers within the group. All ASO upgrade costs are fully reconcilable.

At present, the ASO upgrades associated with these projects (RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283) is estimated to be **\$18,189,040.00**

At present, ASO upgrades associated with this application are: **\$3,637,808.00** +/- 25% and itemized as follows:

- Total cost of common line upgrades at the transmission side of the NEW Substation as mentioned in Attachment 2b above is **\$1,819,463.00** (includes capital, removal, and O&M costs). The cost for this upgrade will be shared on a pro-rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283. **RI-24926796** will be responsible for 20% or **\$363,892.60**
- Total cost of common upgrades at the substation site of the NEW Substation as mentioned in Attachment 2b above is **\$14,221,031.00** (includes capital, removal, and O&M costs). The cost for this upgrade will be shared on a pro-rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283. **RI-24926796** will be responsible for 20% or **\$2,844,206.20**.
- Tax gross-up adder on capital costs is or **\$429,709.00** (A 2020 tax rate of 13.43% is expected to apply to contributions in aid of construction (“CIAC”) payments received by the Company, on behalf of the ASO, from the Interconnecting Customer. The calculation of the tax gross-up adder is included in this cost estimate on the basis of tax guidance published by the Internal Revenue Service, but tax rates and decisions are ultimately subject to IRS discretion. By signing this agreement, the Interconnecting Customer understands and agrees that the tax has been estimated for convenience and that the Interconnecting Customer remains liable for all tax due on CIAC payments, payable upon the Company’s demand.).

**Direct Assignment Facility (DAF) Charges**

In addition to the payment for the initial construction of the ASO upgrades, this application will be assessed on a monthly basis for the carrying charges for the actual costs of the ASO upgrades. These charges are calculated and charged to the Company by the ASO in accordance with Schedule 21-NEP, Attachment DAF, to the ISO-NE Open Access Transmission Tariff (“DAF Charges”). DAF Charges are calculated by multiplying actual total ASO Gross Plant Investment by the Annual Transmission Carrying Charge rate that is in effect at the time (adjusted annually). The Annual Transmission Carrying Charge rate shown below is provided for illustrative purposes only.

The estimated calculation for the DAF Charge is detailed below and will be recalculated based on the actual reconciled costs:

<b>Estimated Total ASO Gross Plant Investment</b>	<b>\$16,031,871.00</b>
<b>ASO (NEP) Carrying Charge</b>	<b>5.21% (this is an annual charge, and is subject to change over time)</b>
<b>Annual Transmission Carrying Charge</b>	<b>\$835,260.00</b>
<b>Estimated Monthly billing</b>	<b>\$69,605.00</b>
<b>This application’s pro-rata share</b>	<b>\$13,921.00</b>

**Exhibit H – Interconnection Service Agreement****Ongoing Costs Security**

On or before the date on which Interconnecting Customer pays the Company's final invoice, Interconnecting Customer shall deliver to the Company, at the Interconnecting Customer's election, cash equal to the sum of the total of four (4) months of the DAF Charges for which Interconnecting Customer is responsible under this Agreement or a letter of credit, in form and substance complying with the requirements of this Attachment 3b and also acceptable to the Company, such acceptance not to be unreasonably withheld or delayed, having a face amount at least equal to the sum of the total of four (4) months of the DAF Charges for which Interconnecting Customer is responsible under this Agreement.

Following the date as of which the Interconnecting Customer is no longer obligated to pay any DAF Charges pursuant to or in connection with this Agreement, Interconnecting Customer may cause a one-time reduction in the face amount of the Ongoing Costs Security by an amount equal to the DAF Charges. Interconnecting Customer shall maintain the Ongoing Costs Security, any revisions, modification or amendment thereof, and any replacement for such Ongoing Costs Security, in full force and effect at all times, provided, however, that Interconnecting Customer may terminate the Ongoing Costs Security, any revisions, modification or amendment thereof, and any replacement for such Ongoing Costs Security, only from and after the date as of which Interconnecting Customer is no longer obligated to pay any DAF Charges pursuant to or in connection with this Agreement. The Company shall have the right to draw upon the Ongoing Costs Security provided under this Agreement, any revisions, modification or amendment thereof, and any replacement for such Ongoing Costs Security, from time to time, in the event that the Interconnecting Customer fails to timely meet any of its obligations under this Agreement, including, without limitation, with respect to payment of DAF Charges, as well as any interest and penalties.

The Interconnecting Customer shall be solely responsible for all costs associated with each letter of credit (each, a "Letter of Credit") provided pursuant to this Agreement, including, without limitation, the costs of obtaining, maintaining and replacing such Letter of Credit and reimbursement of each Letter of Credit Bank (as such terms are defined below). Each Letter of Credit shall be in a form and substance complying with the requirements of this Agreement and also acceptable to the Company, such acceptance not to be unreasonably withheld or delayed. Each Letter of Credit shall be an irrevocable, unconditional, and transferable standby letter of credit issued by a U.S. commercial bank or a U.S. branch of a foreign bank (the "Letter of Credit Bank") provided that the Interconnecting Customer is not an affiliate of the Letter of Credit Bank, the Letter of Credit Bank has at least ten billion dollars (\$10,000,000,000) in assets and the Letter of Credit Bank's lowest credit rating is at least A2 from Moody's Investors Service or A from Standard and Poor's Ratings Services ("Letter of Credit Bank Requirement(s)"). If at any time (i) the Letter of Credit Bank fails to satisfy any Letter of Credit Bank Requirement, or (ii) the Letter of Credit Bank advises that it will not renew the applicable Letter of Credit beyond its current expiration date ("Notice of Cancellation"), then, the Interconnecting Customer shall deliver a replacement letter of credit from a bank meeting the Letter of Credit Bank Requirements and the other requirements of this Agreement. Such replacement letter of credit shall be delivered to the Company promptly but in no event later than ten (10) Calendar Days following the date on which the Company notifies the Interconnecting Customer that the Letter of Credit Bank first fails to satisfy any Letter of Credit Bank Requirement or, in the case of a Notice of Cancellation, thirty (30) Calendar Days prior to the current expiration date of the applicable Letter of Credit. If Interconnecting Customer fails to provide such replacement Letter of Credit by the applicable date contemplated by this Agreement, the Company shall have the immediate right to draw the full amount remaining under the applicable existing Letter of Credit.

Any Letter of Credit delivered pursuant to this Agreement, as such Letter of Credit may be replaced, revised, modified, or amended, from time to time, as contemplated above, shall serve as security for Interconnecting Customer's obligations under this Agreement, including, without limitation and as applicable, capital cost payment responsibilities and obligations relating to design and installation of ASO upgrades and DAF Charge payment obligations.

Interconnecting Customer shall maintain each Letter of Credit provided under this Agreement, any revisions, modification or amendment thereof, and any replacement for such Letter of Credit, in full force and effect at all times; provided, however, that any Letter of Credit, any revision, modification or amendment thereof, and any replacement for such Letter of Credit, may be terminated only if and when termination of the applicable Letter of Credit is expressly permitted by the terms of this Agreement. The Company shall have the right to draw upon each Letter of Credit provided under this Agreement, any revisions, modification or amendment thereof, and any replacement for such Letter of Credit, from time to time, in the event the Interconnecting Customer fails to timely and fully meet any of its obligations under this Agreement or as otherwise permitted or contemplated by this Agreement.

If Interconnecting Customer fails to make any payments required under this Agreement or fails to provide and maintain the security contemplated above, each in the form, amounts, and at the times, required, the Company may exercise any rights, and pursue any remedies, available to it under this Agreement or the Interconnection Tariff. If any payment date or other due date specified in this Agreement falls on a weekend or a federal bank holiday, then such payment or due date shall be deemed to be the next business day. The face amount of any Letter of Credit represents an estimate only; the actual amount for which the Interconnecting Customer is

**Exhibit H – Interconnection Service Agreement**

responsible under this Agreement may be different than such estimates. For the avoidance of doubt, Interconnecting Customer shall be responsible for any tax obligations the Company may incur in drawing upon any Letter of Credit.

**ISO-NE Operating Requirement**

This is part of a group of generating Facilities within close proximity, as determined by ISO-NE, which equals or exceeds an aggregate of 5MW / [This is a Facility whose export equals or exceeds 5 MW] and will be required to comply with ISO-NE's requirements, including Operating Procedure No. 14. Prior to the Company providing Authorization to Interconnect, the Interconnecting Customer will be required to provide evidence that it has complied with all applicable ISO-NE registration requirements. Additionally, ISO-NE may determine that there are additional ASO upgrade costs.

**Payment Terms:**

ASO upgrade costs:

- The first payment (5%) of **\$181,890.40** was due when the Exhibit H-Interconnection Service Agreement was returned to the Company with Interconnecting Customer signature. We are in receipt of the first payment in the amount of \$176,022.00 which was processed on November 11, 2019. The remaining balance of \$5,868.35 will be split between the 3<sup>rd</sup> and 4<sup>th</sup> payments.
- The second payment (20%) of **\$727,561.60** allowed for the completion of final engineering and procurement of long lead material items. The second payment in the amount of \$704,089.00 was processed on May 4, 2020. The remaining balance of \$23,473.40 will be split between the 3<sup>rd</sup> and 4<sup>th</sup> payments.
- The third payment (40%) of **\$1,469,794.07** is due within 15 business days from the receipt of the third payment invoice. This payment will allow construction to proceed to RFL (Ready for Load) date of December 2021 An invoice, including payment instructions, will be sent to the Interconnecting Customer and must be received by October 1, 2020. Proof of payment is required.
- The fourth and final payment (35%) of **\$1,287,903.67** (is due within 15 business days from the receipt of the fourth and final payment invoice. This payment will allow construction to proceed to RFL (Ready for Load) date of December 2021 An invoice, including payment instructions, will be sent to the Interconnecting Customer and must be received prior to January 15, 2021. Proof of payment is required. If the design of the System Modifications changes during the design as a result of permitting or access issues, the company reserves the right to adjust the cost of the Systems Modifications prior to issuing the fourth and final invoice.

DAF carrying charge:

- The initial 4 months of DAF payments is required 30 days prior to the in-service date and is anticipated February 2022 and is required in the form of a letter of credit



**Exhibit H – Interconnection Service Agreement****Attachment 4: Special Operating Requirements, if any**

The generating system may only normally generate onto the 8089T1 feeder and National Grid's Regional Control Center must first give permission to the Interconnecting Customer to allow the operation of their system. The generator may not be allowed to operate with the local electrical power system (EPS) in an abnormal state. To ensure the safe and reliable operation of National Grid's EPS, National Grid may choose to disconnect the customer at the PCC when abnormal system conditions develop and/or circuit reconfiguration takes place on the EPS.

1. The Interconnecting Customer is required to adhere to the following standards which are incorporated in their entirety by reference:
  - a. National Grid's Standards for Interconnecting Distributed Generation (R.I.P.U.C. 2180), available at: [http://www.nationalgridus.com/non\\_html/RI\\_DG\\_Interconnection\\_Tariff.pdf](http://www.nationalgridus.com/non_html/RI_DG_Interconnection_Tariff.pdf)
  - b. Electric System Bulletin 750 "Specifications for Electrical Installations". ESB 750, available at: [http://www.nationalgridus.com/non\\_html/shared\\_constr\\_esb750.pdf](http://www.nationalgridus.com/non_html/shared_constr_esb750.pdf)
  - c. Electric System Bulletin 756 "Requirements for Parallel Generation Connected to a National Grid-Owned EPS". ESB756D, available at: [www.nationalgridus.com/non\\_html/shared\\_constr\\_esb756.pdf](http://www.nationalgridus.com/non_html/shared_constr_esb756.pdf)
2. The Interconnecting Customer is required to address any outstanding requirements (that are not explicitly addressed herein), which are described in the most recent application review memo and/or study report (which is hereby incorporated in its entirety) provided by the Company on or prior to the Effective Date of this Interconnection Service Agreement.
  - a. If the Effective Date of this Interconnection Service Agreement precedes the issuance of a required Detailed Study by the Company, the Interconnecting Customer is also required to address any outstanding requirements described in the Detailed Study Report upon its issuance.
3. Interconnecting Customer shall adhere to the requirements identified in the Impact Study dated 11/06/2018.
4. Interconnecting Customer shall provide Compliance Documentation, including photographs, as requested by, and to the satisfaction of, the Company.
5. Interconnecting Customer may not be allowed to operate with the local EPS in an abnormal state. To ensure the safe and reliable operation of National Grid's EPS, National Grid may disconnect the Customer at the PCC when abnormal system conditions develop and/or circuit reconfiguration takes place on the EPS.
6. Per section 6.4 of this agreement, Interconnecting Customer shall provide an external AC UTILITY DISCONNECT, accessible at all times by National Grid personnel.
7. Interconnecting Customer's AC UTILITY DISCONNECT switch shall be labeled "AC UTILITY DISCONNECT".
8. The AC UTILITY DISCONNECT shall be gang operated, have a visible break when open, be rated to interrupt the maximum generator output and be capable of being locked open, tagged and grounded on the Company side by Company personnel. The visible break requirement can be met by opening the enclosure to observe the contact separation. The Company shall have the right to open this disconnect switch in accordance with the Interconnection Tariff. The switch has to be installed at the DR output on the current carrying lines. Shunt mechanisms are not permitted.
9. If the AC UTILITY DISCONNECT switch is not adjacent to the meter and/or PCC, Interconnecting Customer shall provide a permanent plaque locating the switch.
10. All plaques as described in NEC 705.10, 705.12 (7), 690.56, 692.4 and 705.70 shall be installed, as applicable.
11. All Interconnecting Customer-Owned meters shall be labeled "CUSTOMER-OWNED METER"
12. Interconnecting Customer shall install a permanent plaque or directory at the revenue meter and at the PCC with a warning about the generator(s) installed.

**Exhibit H – Interconnection Service Agreement**

13. Interconnecting Customer shall be responsible for providing necessary easements and/or environmental and/or municipal permits, as requested by the Company.
14. For systems greater than 25kW, Interconnecting Customer shall provide a means of communication to the National Grid revenue meter. This may be accomplished with an analog/POTS (Plain Old Telephone Service) phone line (capable of direct inward dial without human intervention or interference from other devices such as fax machines, etc.), or – in locations with suitable wireless service, a wireless meter. Feasibility of wireless service must be demonstrated by Interconnecting Customer, to the satisfaction of National Grid. If approved, a wireless-enabled meter will be installed, at the customer's expense. If and when National Grid's retail tariff provides a mechanism for monthly billing for this service, the customer agrees to the addition of this charge to their monthly electric bill. Interconnecting Customer shall have the option to have this charge removed, if and when a POTS phone line to National Grid's revenue meter is provided.
15. For systems with redundant relaying, Company witness testing will be required. Customer shall develop, and provide for approval, a functional test procedure, including settings for relaying scheme. Witness test plan must be approved by Company prior to scheduling Company personnel for witness test.
16. Interconnecting Customer may only generate onto the feeder referenced in the Impact Study. National Grid's Regional Control Center must first give permission to the customer to allow the operation of their system.
17. Interconnecting Customer's protection scheme submitted for review must meet National Grid's specific protection requirements. Interconnecting Customer shall submit a PE stamped one-line, including relay settings, that meets the requirements specified within this document to National Grid for review and approval, before a Witness Test plan can be reviewed. Please refer to "Expedited/Standard Process Completion Documentation Checklist", per Company's website for additional required documentation.
18. In order to minimize the impact of the proposed generation on the EPS and area customers, National Grid will require that the reactive contribution of the PV interconnection be maintained between a 99% leading and lagging power factor at the PCC during the normal operation of the PV array. In addition, The PV interconnection shall not contribute to greater than a 3.0% change in voltage on the National Grid EPS under any conditions.
19. The Customer shall be responsible for obtaining all easements and permits required for any line extension not on public way in accordance with the Company's requirements. The Customer shall provide unencumbered direct access to the Company's facilities along an accessible plowed driveway or road, where the equipment is not behind the Customer's locked gate. In those cases where Company equipment is required to be behind the Customer's locked gate, double locking, with both the Company's and Customer's locks shall be employed.
20. The Interconnecting Customer is responsible for coordinating with Verizon for any Verizon work. These costs will be billed directly to the customer from Verizon. It will be the responsibility of the customer to obtain any and all easements and required permitting for work that takes place on private property.

**Attachment 5: Agreement between the Company and the Company's Retail Customer**

If the Company's Retail Customer (account holder) is not the owner (and/or operator) of the Facility, then Exhibit I - Agreement Between the Company and the Company's Retail Customer - shall be signed by the Company's Retail Customer and executed by the Company, and shall be considered part of this Interconnection Service Agreement. It shall be the responsibility of the Interconnecting Customer to notify the Company if the Exhibit I associated with this application changes.

**Exhibit H – Interconnection Service Agreement**

**Attachment 6: System Modifications Construction Schedule**

Below is an estimated construction schedule. This schedule is conceptual, and shows the duration of the facility’s milestones from a “start-date” to an “in-service” date, in calendar days. This conceptual schedule is based upon assumptions and knowledge regarding the project, the site, and activities as of the date of the impact study. These estimations of construction time frames and total duration do not include any time that the Company’s performance is on hold, delayed, or interrupted, including, without limitation, while waiting on information or on the performance of obligations by the Interconnecting Customer and/or third parties (including, without limitation, Verizon, ISO-NE, Railroad), as a result of unknown environmental and/or permitting issues, events of force majeure, and/or as a result of required transmission outages.

The start-date for this construction schedule is deemed to have occurred once : (1) the Interconnection Service Agreement (“ISA”) has been executed (i.e., signed) by both National Grid (“Company”) and the Interconnecting Customer (“Customer”); and (2) the first payment has been submitted by the Customer to the Company, provided , however, that the Company shall not be required to provide any services or order any equipment without receiving adequate payment therefore from the Interconnecting Customer nor will it be required to initiate any construction before it has received full payment from the Interconnecting Customer.

**Attachment 6 - Appendix A: System Modifications Construction Schedule**

Total Duration for Construction: 108 weeks

Milestone	Estimated Duration	Responsible Party
First Payment	Start	Customer
Distribution System Modification Design	6 weeks	National Grid
Substation System Modification Design and Outage Planning	28weeks	National Grid
Secure Required Permits/Easements and Petition for National Grid Work	16 weeks	National Grid and Customer
(Before Construction Begins)	Customer & National Grid	
Submit Final Payment	As per ISA	
(Before Construction Begins)	Customer	
Distribution System Schedule Coordination and Construction	12 weeks	National Grid
Substation System Schedule Coordination and Construction	52 weeks	National Grid
Witness Test Scheduled and Approved and Completion Documentation Approved	3 weeks	National Grid and Customer
Meter Installation and Authority to Interconnect	1 week	National Grid

\* Milestones may be contingent on Verizon schedule and/or ISO-NE approval of outages. Customer is responsible to coordinate directly with Verizon. This schedule does not include any Design or Construction Time required by Verizon.

# **EXHIBIT Q**

**Exhibit H – Interconnection Service Agreement**

1. **Parties.** This Interconnection Service Agreement (“Agreement”), dated as of \_\_\_\_\_ (“Effective Date”) is for application number “**24926798**” and Case Number “**177531**” is entered into, by and between **The Narragansett Electric Company (doing business as National Grid)**, a Rhode Island corporation with a principal place of business at **280 Melrose St., Providence, RI 02907** (hereinafter referred to as the “Company”), and **Dry Bridge Solar 3 LLC, a Limited Liability Corporation** with a principal place of business (or residence) at **750 Park of Commerce Blvd, Suite 200 Boca Raton, Florida 33487** (“Interconnecting Customer”). (The Company and Interconnecting Customer are collectively referred to as the “Parties”). Terms used herein without definition shall have the meanings set forth in Section 1.2 of the Interconnection Tariff which is hereby incorporated by reference.
2. **Basic Understandings.** This Agreement provides for parallel operation of an Interconnecting Customer’s Facility with the Company EPS to be installed and operated by the Interconnecting Customer at **471 Dry-Bridge Road, North Kingstown, RI 02852**. A description of the Facility is located in Attachment 1. If the Interconnecting Customer is not the Customer, an Agreement between the Company and the Company’s Retail Customer, attached as Exhibit I to the Interconnection Tariff, must be signed and included as an Attachment to this Agreement.

All capitalized terms not defined in this Agreement shall have the meaning as defined in Section 1.2 of the Interconnection Tariff., including but not limited to the following terms:

“Affected System” shall mean any neighboring transmission or distribution EPS not under the control of the Company (e.g., a municipal utility, or other regulated distribution or transmission utility, which may include Affiliates, or ISO-NE, as defined herein).

“Company EPS” shall mean the electric power system owned, controlled or operated by the Company used to provide distribution service to its Customers.

“System Modifications” shall mean modifications or additions to Company facilities that are integrated with the Company EPS for the benefit of the Interconnecting Customer.

By execution of this Agreement, Interconnecting Customer agrees to the extension of all System Modification construction timelines set forth in R.I. Gen. Laws Section 39-26.3-4.1(d), such that all applicable System Modification timelines set forth in R.I. Gen. Laws Section 39-26.3-4.1(d) shall commence after receipt of all completed Affected System operator(s) studies and approvals, any modified or additional Company studies necessitated as a result of the Affected System operator requirements, execution of any necessitated amendments to this Agreement, and payment of all costs in accordance with this Agreement.

The Interconnecting Customer has the right to operate its Facility in parallel with the Company EPS immediately upon successful completion of the protective relays testing as witnessed by the Company and receipt of written notice from the Company that interconnection with the Company EPS is authorized (“Authorization Date”).

3. **Term.** This Agreement shall become effective as of the Effective Date. The Agreement shall continue in full force and effect until terminated pursuant to Section 4 of this Agreement.
4. **Termination.**
  - 4.1 This Agreement may be terminated under the following conditions.
    - 4.1.1 The Parties agree in writing to terminate the Agreement.
    - 4.1.2 The Interconnecting Customer may terminate this agreement at any time by providing sixty (60) days written notice to Company.
    - 4.1.3 The Company may terminate this Agreement upon the occurrence of an Event of Default by the Interconnecting Customer as provided in Section 18 of this Agreement.

## **Exhibit H – Interconnection Service Agreement**

**4.1.4** The Company may terminate this Agreement if the Interconnecting Customer either: (1) fails to energize the Facility within 12 months of the Authorization Date; or, (2) permanently abandons the Facility. Failure to operate the Facility for any consecutive 12 month period after the Authorization Date shall constitute permanent abandonment unless otherwise agreed to in writing between the Parties.

**4.1.5** The Company, upon 30 days notice, may terminate this Agreement if there are any changes in Commission regulations or state law that have a material adverse effect on the Company's ability to perform its obligations under the terms of this Agreement.

**4.2 Survival of Obligations.** The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of termination. Sections 5, 10, 12, 13, and 25 as it relates to disputes pending or for wrongful termination of this Agreement shall survive the termination of this Agreement.

**4.3 Related Agreements.** Any agreement attached to and incorporated into this Agreement shall terminate concurrently with this Agreement unless the Parties have agreed otherwise in writing.

**5.General Payment Terms.** The Interconnecting Customer shall be responsible for:

- a. the Company's System Modification costs pursuant to the Interconnection Tariff, subject to Section 5.1 below;
- b. any resulting Affected System operator(s) costs for its requirements, including, without limitation, modifications to the electric power system of the Affected System operator(s) and operation and maintenance costs;
- c. any costs for modified or additional Company studies and/or System Modifications necessitated as a result of the Affected System operator requirements.

With respect to any Affected System operator costs, the Interconnecting Customer shall be directly responsible to the Affected System operator provided, however, the Company may, in its sole discretion, elect to include the additional Affected System operator costs in the Company's agreements. Where the Company includes the Affected System operator(s) costs in its agreements, the costs will be collected by the Company and passed-through to the Affected System operator(s).

Attachments shall include additional terms and conditions associated with the Company's and, if applicable, Affected System operator costs and payment terms.

**5.1 Cost or Fee Adjustment Procedures.** The Company will, in writing, advise the Interconnecting Customer in advance of any cost increase for work to be performed up to a total amount of increase of 10% only. Any such changes to the Company's costs for the work shall be subject to the Interconnecting Customer's consent. The Interconnecting Customer shall, within thirty (30) days of the Company's notice of increase, authorize such increase and make payment in the amount up to the 10% increase cap, or the Company will suspend the work and the corresponding agreement will terminate. The foregoing cost adjustment procedures shall only apply to the Company System Modification costs in Section 5(a) above, as detailed in the Impact Study, Detailed Study as necessary and/or ISRDG completed as of the date this Agreement is issued in executable form. The Interconnecting Customer shall be responsible for the actual Affected System operator costs, including operation and maintenance costs, and any additional Company costs necessitated as a result of the Affected System operator requirements, none of which shall be subject to any cost caps or limitations.

**5.2 Final Accounting.** The Company within ninety (90) business days after completion of the construction and installation of the System Modifications described in an attached exhibit to the Interconnection Service Agreement and all Company work orders have been closed, shall provide Interconnecting Customer with a final accounting report of any difference between the (a) Interconnecting Customer's cost responsibility under the Interconnection Service Agreement for the actual cost of such System Modifications and for any Impact or Detailed Study performed by the Company, and (b) Interconnecting Customer's previous aggregate payments to the Company for such System Modifications and studies. Costs that are statutorily-based shall not be subject to either a final accounting or reconciliation under this provision (e.g. statutorily set study fees for the ISRDG), but may be reconciled at any time only if the costs exceed the statutory fee, and the Company seeks to collect actual costs in accordance with the applicable statute. To the extent that Interconnecting Customer's cost responsibility in the Interconnection Service Agreement for the System Modifications and in the Impact and/or Detailed Study Agreements (as applicable) for the studies performed by the Company exceeds Interconnecting Customer's previous aggregate payments, the Company shall invoice Interconnecting Customer and Interconnecting Customer shall make payment to the Company within forty five (45) days. To the

**Exhibit H – Interconnection Service Agreement**

extent that Interconnecting Customer's previous aggregate payments exceed Interconnecting Customer's cost responsibility under this applicable agreement, the Company shall refund to Interconnecting Customer an amount equal to the difference within forty five (45) days of the provision of such final accounting report.

**6. Operating Requirements**

**6.1 General Operating Requirements.** Interconnecting Customer shall operate and maintain the Facility in accordance with the applicable manufacturer's recommended maintenance schedule, in compliance with all aspects of the Company's Interconnection Tariff. The Interconnecting Customer will continue to comply with all applicable laws and requirements after interconnection has occurred. In the event the Company has reason to believe that the Interconnecting Customer's installation may be the source of problems on the Company EPS, the Company has the right to install monitoring equipment at a mutually agreed upon location to determine the source of the problems. If the Facility is determined to be the source of the problems, the Company may require disconnection as outlined in Section 7.0 of the Interconnection Tariff. The cost of this testing will be borne by the Company unless the Company demonstrates that the problem or problems are caused by the Facility or if the test was performed at the request of the Interconnecting Customer.

**6.2 No Adverse Effects; Non-interference.** Company shall notify Interconnecting Customer if there is evidence that the operation of the Facility could cause disruption or deterioration of service to other Customers served from the same Company EPS or if operation of the Facility could cause damage to Company EPS or Affected Systems. The deterioration of service could be, but is not limited to, harmonic injection in excess of IEEE Standard 1547-2003, as well as voltage fluctuations caused by large step changes in loading at the Facility. Each Party will notify the other of any emergency or hazardous condition or occurrence with its equipment or facilities which could affect safe operation of the other Party's equipment or facilities. Each Party shall use reasonable efforts to provide the other Party with advance notice of such conditions.

The Company will operate the EPS in such a manner so as to not unreasonably interfere with the operation of the Facility. The Interconnecting Customer will protect itself from normal disturbances propagating through the Company EPS, and such normal disturbances shall not constitute unreasonable interference unless the Company has deviated from Good Utility Practice. Examples of such disturbances could be, but are not limited to, single-phasing events, voltage sags from remote faults on the Company EPS, and outages on the Company EPS. If the Interconnecting Customer demonstrates that the Company EPS is adversely affecting the operation of the Facility and if the adverse effect is a result of a Company deviation from Good Utility Practice, the Company shall take appropriate action to eliminate the adverse effect.

**6.3 Safe Operations and Maintenance.** Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for, the facility or facilities that it now or hereafter may own unless otherwise specified in this Agreement. Each Party shall be responsible for the maintenance, repair and condition of its respective lines and appurtenances on their respective side of the PCC. The Company and the Interconnecting Customer shall each provide equipment on its respective side of the PCC that adequately protects the Company's EPS, personnel, and other persons from damage and injury.

**6.4 Access.** The Company shall have access to the disconnect switch of the Facility at all times.

**6.4.1 Company and Interconnecting Customer Representatives.** Each Party shall provide and update as necessary the telephone number that can be used at all times to allow either Party to report an emergency.

**6.4.2 Company Right to Access Company-Owned Facilities and Equipment.** If necessary for the purposes of the Interconnection Tariff and in the manner it describes, the Interconnecting Customer shall allow the Company access to the Company's equipment and the Company's facilities located on the Interconnecting Customer's or Customer's premises. To the extent that the Interconnecting Customer does not own all or any part of the property on which the Company is required to locate its equipment or facilities to serve the Interconnecting Customer under the Interconnection Tariff, the Interconnecting Customer shall secure and provide in favor of the Company the necessary rights to obtain access to such equipment or facilities, including easements if the circumstances so require.

**6.4.3 Right to Review Information.** The Company shall have the right to review and obtain copies of Interconnecting Customer's operations and maintenance records, logs, or other information such as, unit availability, maintenance outages, circuit breaker operation requiring manual reset, relay targets and unusual events pertaining to Interconnecting Customer's Facility or its interconnection with the Company EPS. This information will be treated as customer-confidential and only used for the purposes of meeting the requirements of Section 4.2.4 in the Interconnection Tariff.

**Exhibit H – Interconnection Service Agreement****7. Disconnection****7.1 Temporary Disconnection**

**7.1.1 Emergency Conditions.** Company shall have the right to immediately and temporarily disconnect the Facility without prior notification in cases where, in the reasonable judgment of Company, continuance of such service to Interconnecting Customer is imminently likely to (i) endanger persons or damage property or (ii) cause a material adverse effect on the integrity or security of, or damage to, Company EPS or to the electric systems of others to which the Company EPS is directly connected. Company shall notify Interconnecting Customer promptly of the emergency condition. Interconnecting Customer shall notify Company promptly when it becomes aware of an emergency condition that affects the Facility that may reasonably be expected to affect the Company EPS. To the extent information is known, the notification shall describe the emergency condition, the extent of the damage or deficiency, or the expected effect on the operation of both Parties' facilities and operations, its anticipated duration and the necessary corrective action.

**7.1.2 Routine Maintenance, Construction and Repair.** Company shall have the right to disconnect the Facility from the Company EPS when necessary for routine maintenance, construction and repairs on the Company EPS. The Company shall provide the Interconnecting Customer with a minimum of seven (7) calendar days planned outage notification consistent with the Company's planned outage notification protocols. If the Interconnecting Customer requests disconnection by the Company at the PCC, the Interconnecting Customer will provide a minimum of seven (7) days notice to the Company. Any additional notification requirements will be specified by mutual agreement in the Interconnection Service Agreement. Company shall make an effort to schedule such curtailment or temporary disconnection with Interconnecting Customer.

**7.1.3 Forced Outages.** During any forced outage, Company shall have the right to suspend interconnection service to effect immediate repairs on the Company EPS; provided, however, Company shall use reasonable efforts to provide the Interconnecting Customer with prior notice. Where circumstances do not permit such prior notice to Interconnecting Customer, Company may interrupt Interconnection Service and disconnect the Facility from the Company EPS without such notice.

**7.1.4 Non-Emergency Adverse Operating Effects.** The Company may disconnect the Facility if the Facility is having an adverse operating effect on the Company EPS or other customers that is not an emergency, and the Interconnecting Customer fails to correct such adverse operating effect after written notice has been provided and a maximum of forty five (45) days to correct such adverse operating effect has elapsed.

**7.1.5 Modification of the Facility.** Company shall notify Interconnecting Customer if there is evidence of a material modification to the Facility and shall have the right to immediately suspend interconnection service in cases where such material modification has been implemented without prior written authorization from the Company.

**7.1.6 Re-connection.** Any curtailment, reduction or disconnection shall continue only for so long as reasonably necessary. The Interconnecting Customer and the Company shall cooperate with each other to restore the Facility and the Company EPS, respectively, to their normal operating state as soon as reasonably practicable following the cessation or remedy of the event that led to the temporary disconnection.

**7.2 Permanent Disconnection.** The Interconnecting Customer has the right to permanently disconnect at any time with 30 days written notice to the Company.

**7.2.1** The Company may permanently disconnect the Facility upon termination of the Interconnection Service Agreement in accordance with the terms thereof.

**8. Metering.** Metering of the output from the Facility shall be conducted pursuant to the terms of the Interconnection Tariff.

**9. Assignment.** Except as provided herein, Interconnecting Customer shall not voluntarily assign its rights or obligations, in whole or in part, under this Agreement without Company's written consent. Any assignment Interconnecting Customer purports to make without Company's written consent shall not be valid. Company shall not unreasonably withhold or delay



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its consent to Interconnecting Customer's assignment of this Agreement. Notwithstanding the above, Company's consent will not be required for any assignment made by Interconnecting Customer to an Affiliate or as collateral security in connection with a financing transaction. In all events, the Interconnecting Customer will not be relieved of its obligations under this Agreement unless, and until the assignee assumes in writing all obligations of this Agreement and notifies the Company of such assumption.

**10. Confidentiality.** Company shall maintain confidentiality of all Interconnecting Customer confidential and proprietary information except as otherwise required by applicable laws and regulations, the Interconnection Tariff, or as approved by the Interconnecting Customer in the Simplified or Expedited/Standard Application form or otherwise.

**11. Insurance Requirements.****11.1 General Liability.**

11.1(a) In connection with Interconnecting Customer's performance of its duties and obligations under the Interconnection Service Agreement, Interconnecting Customer shall maintain, during the term of the Agreement, general liability insurance with a combined single limit of not less than:

- i. Five million dollars (\$5,000,000) for each occurrence and in the aggregate if the Gross Nameplate Rating of Interconnecting Customer's Facility is greater than five (5) MW.
- ii. Two million dollars (\$2,000,000) for each occurrence and five million dollars (\$5,000,000) in the aggregate if the Gross Nameplate Rating of Interconnecting Customer's Facility is greater than one (1) MW and less than or equal to five (5) MW;
- iii. One million dollars (\$1,000,000) for each occurrence and in the aggregate if the Gross Nameplate Rating of Interconnecting Customer's Facility is greater than one hundred (100) kW and less than or equal to one (1) MW;
- iv. Five hundred thousand dollars (\$500,000) for each occurrence and in the aggregate if the Gross Nameplate Rating of Interconnecting Customer's Facility is greater than ten (10) kW and less than or equal to one hundred (100) kW, except for eligible net metered customers which are exempt from insurance requirements.

11.1(b) No insurance is required for a Facility with a Gross Nameplate Rating less than or equal to 50 kW that is eligible for net metering. However, the Company recommends that the Interconnecting Customer obtain adequate insurance to cover potential liabilities.

11.1(c) Any combination of General Liability and Umbrella/Excess Liability policy limits can be used to satisfy the limit requirements stated above.

11.1(d) The general liability insurance required to be purchased in this Section may be purchased for the direct benefit of the Company and shall respond to third party claims asserted against the Company (hereinafter known as "Owners Protective Liability"). Should this option be chosen, the requirement of Section 11.2(a) will not apply but the Owners Protective Liability policy will be purchased for the direct benefit of the Company and the Company will be designated as the primary and "Named Insured" under the policy.

11.1(e) The insurance hereunder is intended to provide coverage for the Company solely with respect to claims made by third parties against the Company.

11.1(f) In the event the State of Rhode Island and the Providence Plantations, or any other governmental subdivision thereof subject to the claims limits of R.I.G.L. Chapter 9-31 (hereinafter referred to as the "Governmental Entity") is the Interconnecting Customer, any insurance maintained by the Governmental Entity shall contain an endorsement that strictly prohibits the applicable insurance company from interposing the claims limits of R.I.G.L. Chapter 9-31 as a defense in either the adjustment of any claim, or in the defense of any lawsuit directly asserted against the insurer by

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the Company. Nothing herein is intended to constitute a waiver or indication of an intent to waive the protections of R.I.G.L. Chapter 9-31 by the Governmental Entity.

**11.2 Insurer Requirements and Endorsements.** All required insurance shall be carried by reputable insurers qualified to underwrite insurance in RI having a Best Rating of “A-”. In addition, all insurance shall, (a) include Company as an additional insured; (b) contain a severability of interest clause or cross-liability clause; (c) provide that Company shall not incur liability to the insurance carrier for payment of premium for such insurance; and (d) provide for thirty (30) calendar days’ written notice to Company prior to cancellation, termination, or material change of such insurance; provided that to the extent the Interconnecting Customer is satisfying the requirements of subpart (e) of this paragraph by means of a presently existing insurance policy, the Interconnecting Customer shall only be required to make good faith efforts to satisfy that requirement and will assume the responsibility for notifying the Company as required above.

**11.3 Evidence of Insurance.** Evidence of the insurance required shall state that coverage provided is primary and is not in excess to or contributing with any insurance or self-insurance maintained by Interconnecting Customer.

The Interconnecting Customer is responsible for providing the Company with evidence of insurance in compliance with the Interconnection Tariff on an annual basis.

Prior to the Company commencing work on System Modifications and annually thereafter, the Interconnecting Customer shall have its insurer furnish to the Company certificates of insurance evidencing the insurance coverage required above. The Interconnecting Customer shall notify and send to the Company a certificate of insurance for any policy written on a "claims-made" basis. The Interconnecting Customer will maintain extended reporting coverage for three (3) years on all policies written on a "claims-made" basis.

In the event that an Owners Protective Liability policy is provided, the original policy shall be provided to the Company.

**11.4** All insurance certificates, statements of self insurance, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued, updated and submitted yearly to the following:

**National Grid**

Attention: **Risk Management**  
**300 Erie Blvd West**  
**Syracuse, NY 13202**

**12. Indemnification.** Except as precluded by the laws of the State of Rhode Island and the Providence Plantations, Interconnecting Customer and Company shall each indemnify, defend and hold the other, its directors, officers, employees and agents (including, but not limited to, Affiliates and contractors and their employees), harmless from and against all liabilities, damages, losses, penalties, claims, demands, suits and proceedings of any nature whatsoever for personal injury (including death) or property damages to unaffiliated third parties that arise out of or are in any manner connected with the performance of this Agreement by that Party except to the extent that such injury or damages to unaffiliated third parties may be attributable to the negligence or willful misconduct of the Party seeking indemnification.

**13. Limitation of Liability.** Each Party’s liability to the other Party for any loss, cost, claim, injury, liability, or expense, including court costs and reasonable attorney’s fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage or liability actually incurred. In no event shall either Party be liable to the other Party for any indirect, incidental, special, consequential, or punitive damages of any kind whatsoever. The Interconnecting Customer further understands and acknowledges that, consistent with Section 3.4(c) of the Interconnection Tariff, the Company will coordinate with the Affected System operator(s) to facilitate the interconnection of the Facility to the Company’s EPS, however the Company does not represent the Affected System operator(s) and is not responsible for any action or inaction on the part of the Affected System operator(s). The Affected System operator(s) are not parties to this Agreement even though the Company may incorporate some Affected System operator(s) requirements herein. The Company disclaims any and all responsibility and liability in connection with any Affected System Operator(s) studies and upgrades and the Interconnecting Customer hereby waives recourse against and releases the Company, its directors, officers, employees and agents from any and all losses, penalties, claims, demands, fees, damages or other liabilities arising from or attributable to, either directly or indirectly, such Affected System Operator(s) studies and upgrades.

**Exhibit H – Interconnection Service Agreement**

**14. Amendments and Modifications.** No amendment or modification of this Agreement shall be binding unless in writing and duly executed by both Parties.

**15. Permits and Approvals.** Interconnecting Customer shall obtain all environmental and other permits lawfully required by governmental authorities for the construction and operation of the Facility. Prior to the construction of System Modifications the Interconnecting Customer will notify the Company that it has initiated the permitting process. Prior to the commercial operation of the Facility, the Customer will notify the Company that it has obtained all permits necessary. Upon request, the Interconnecting Customer shall provide copies of one or more of the necessary permits to the Company.

**16. Force Majeure.** For purposes of this Agreement, “Force Majeure Event” means any event:

- a. that is beyond the reasonable control of the affected Party; and
- b. that the affected Party is unable to prevent or provide against by exercising commercially reasonable efforts, including the following events or circumstances, but only to the extent they satisfy the preceding requirements: acts of war or terrorism, public disorder, insurrection, or rebellion; floods, hurricanes, earthquakes, lighting, storms, and other natural calamities; explosions or fire; strikes, work stoppages, or labor disputes; embargoes; and sabotage. If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, such Party will promptly notify the other Party in writing, and will keep the other Party informed on a continuing basis of the scope and duration of the Force Majeure Event. The affected Party will specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the affected Party is taking to mitigate the effects of the event on its performance. The affected Party will be entitled to suspend or modify its performance of obligations under this Agreement, other than the obligation to make payments then due or becoming due under this Agreement, but only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of reasonable efforts. The affected Party will use reasonable efforts to resume its performance as soon as possible. In no event will the unavailability or inability to obtain funds constitute a Force Majeure Event.

**17. Notices.**

**17.1** Any written notice, demand, or request required or authorized in connection with this Agreement (“Notice”) shall be deemed properly given on the date actually delivered in person or five (5) business days after being sent by certified mail, e-mail or fax with confirmation of receipt and original follow-up by mail, or any nationally-recognized delivery service with proof of delivery, postage prepaid, to the person specified below:

If to Company:	<b>The Narragansett Electric Company</b> Attention: <b>Distributed Generation</b> <b>40 Sylvan Road</b> <b>Waltham, MA 02451-1120</b> E-mail: <b>distributed.generation@nationalgrid.com</b>
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If to Interconnecting Customer:	<b>Dry Bridge Solar 3 LLC</b> Attention: <b>Brian Demaio</b> <b>750 Park of Commerce Blvd, Suite 200</b> <b>Boca Raton, Florida 33487</b> Phone: <b>561-650-2628</b> E-mail: <b>Brian.DeMaio@gs.com</b>
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**17.2** A Party may change its address for Notices at any time by providing the other Party Notice of the change in accordance with Section 17.1.

**17.3** The Parties may also designate operating representatives to conduct the daily communications, which may be necessary or convenient for the administration of this Agreement. Such designations, including names, addresses, and phone numbers may be communicated or revised by one Party’s Notice to the other.

**18. Default and Remedies**

**18.1 Defaults.** Any one of the following shall constitute “An Event of Default.”

**Exhibit H – Interconnection Service Agreement**

- (i) One of the Parties shall fail to pay any undisputed bill for charges incurred under this Agreement or other amounts which one Party owes the other Party as and when due, any such failure shall continue for a period of thirty (30) days after written notice of nonpayment from the affected Party to the defaulting Party, or
- (ii) One of the Parties fails to comply with any other provision of this Agreement or breaches any representation or warranty in any material respect and fails to cure or remedy that default or breach within sixty (60) days after notice and written demand by the affected Party to cure the same or such longer period reasonably required to cure (not to exceed an additional 90 days unless otherwise mutually agreed upon), provided that the defaulting Party diligently continues to cure until such failure is fully cured.

**18.2 Remedies.** Upon the occurrence of an Event of Default, the affected Party may at its option, in addition to any remedies available under any other provision herein, do any, or any combination, as appropriate, of the following:

- a. Continue to perform and enforce this Agreement;
- b. Recover damages from the defaulting Party except as limited by this Agreement;
- c. By written notice to the defaulting Party terminate this Agreement;
- d. Pursue any other remedies it may have under this Agreement or under applicable law or in equity.

**19. Entire Agreement.** This Agreement, including any attachments or appendices, is entered into pursuant to the Interconnection Tariff. Together the Agreement and the Interconnection Tariff represent the entire understanding between the Parties, their agents, and employees as to the subject matter of this Agreement. Each Party also represents that in entering into this Agreement, it has not relied on any promise, inducement, representation, warranty, agreement or other statement not set forth in this Agreement or in the Company's Interconnection Tariff.

**20. Supercedence.** In the event of a conflict between this Agreement, the Interconnection Tariff, or the terms of any other tariff, Exhibit or Attachment incorporated by reference, the terms of the Interconnection Tariff, as the same may be amended from time to time, shall control. In the event that the Company files a revised tariff related to interconnection for Commission approval after the effective date of this Agreement, the Company shall, not later than the date of such filing, notify the signatories of this Agreement and provide them a copy of said filing.

**21. Governing Law.** This Agreement shall be interpreted, governed, and construed under the laws of the State of Rhode Island and the Providence Plantations without giving effect to choice of law provisions that might apply to the law of a different jurisdiction.

**22. Non-waiver.** None of the provisions of this Agreement shall be considered waived by a Party unless such waiver is given in writing. The failure of a 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 hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

**23. Counterparts.** This Agreement may be signed in counterparts.

**24. No Third Party Beneficiaries.** This Agreement is made solely for the benefit of the Parties hereto. Nothing in the Agreement shall be construed to create any rights in or duty to, or standard of care with respect to, or any liability to, any person not a party to this Agreement.

**25. Dispute Resolution.** Unless otherwise agreed by the Parties, all disputes arising under this Agreement shall be resolved pursuant to the Dispute Resolution Process set forth in the Interconnection Tariff.

**26. Severability.** If any clause, provision, or section of this Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision, or section, shall not affect any of the remaining provisions herein.

**27. Signatures.** IN WITNESS WHEREOF, the Parties hereto have caused two (2) originals of this Agreement to be executed under seal by their duly authorized representatives.

**Exhibit H – Interconnection Service Agreement**

Dry Bridge Solar 3 LLC:

The Narragansett Electric Company (d/b/a National Grid):

Name: \_\_\_\_\_

Name: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

**Exhibit H – Interconnection Service Agreement****Attachment 1: Description of Facilities, including demarcation of Point of Common Coupling**

Dry Bridge Solar 3 LLC, is requesting the interconnection of 10,000 kW (AC) inverter Based PV Facility, (“the facility”), to National Grid’s 34.5 kV distribution system, (“the Project”). This application is one of a group of five projects studied together (RI-24926794, RI-24926796, RI-24926798, RI-24926805, RI-26012283). The systems will export power beyond the PCC onto the Company’s Electric Power System (“EPS”) as this system is proposed to be ‘stand-alone’ Facility. Four 10,000 kW projects (RI-24926794, RI-24926796, RI-24926798, RI-24926805) will be located at 471 Dry-Bridge Road, North Kingstown RI 02852 and will interconnect to National Grid’s Wickford Substation, 8089T1, 34.5 kV distribution circuit. For this Project, the PCC is defined as Pole #13-55-2.

**a. Description of proposed design/configuration:**

- Four (4) Customer owned, SG3150U-MV 3,150-EV-US inverters factory limited to 2,500 kW / kVA inverters @ 35°Celsius (C) (10,000 kW / kVA total)
- Four (4) Customer owned 3,150 kVA, 34.5 kV wye-grounded primary, with a fully insulated and isolated neutral bushing, 630 V wye secondary, Z of 5.75%, X/R of 8
- One (1) Customer owned grounding transformer 1000kVA, 34.5 kV wyegrounded primary, 480 V delta secondary, Z of 5.75%, X/R of 4
- One (1) Customer owned 35 kV pad-mount G&W Viper switchgear and SEL 651R relay assembly
- One (1) Customer owned, S & C Omni-rupter, Model #147513, 35 kV gangoperated airbreak switch, with visible blades accessible to utility

**c. Metering:** The company will install one (1) pole-mounted primary meters, please refer to ESB 750 and ESB 756 Appendix D for service installation and primary meter installations.

**d. PCC:** The Company’s Design Personnel will determine the exact location of the Company’s facilities and the Customer’s gang operated disconnect. The Customer’s gang operated disconnect must be accessible by the Company’s personnel at all times, and be capable of being locked open and tagged by Company personnel. The Point of Common Coupling (PCC) will be designated as the Customer’s side of the Company’s primary meter of the Company’s service transformer. The Interconnecting Customer must install their Facilities up to the Company revenue meter. The Interconnecting Customer must provide sufficient conductor to allow the Company to make final connections at the meter pole. The Company will provide final connection of the Interconnecting Customer conductors to the Company meter.

**Exhibit H – Interconnection Service Agreement**

**Attachment 2a: Description of System Modifications (Distribution)**

National Grid System Modifications required for the interconnection of 10,000 kW (AC) as identified in the impact studies are as follows:

**On the Customer’s property:**

- Install one (1) loadbreak switch on proposed Pole #13-51.
- Install one (1) recloser on proposed Pole #13-52.
- Install one (1) three-phase disconnect switch on proposed Pole #13-55-1.
- Install one (1) primary meter on proposed Pole #13-55-2.
- Install ~150’ circuit feet of three phase overhead 795 ACSR from Pole #13-50 to proposed Pole #13-53 and 100’ of 1/0 AAAC from Pole #13-55 to proposed Pole #13-55-2.

**On the Company’s distribution system:**

- Installation of 8,000 circuit feet of two (2) sets of underground 3-1/C 1000 SCUEPR cable from pole #9121 in the right-of-way outside Wickford Substation to man hole located at the intersection of South County Trail and Ten Rod Road. Customer is responsible for installation of man hole and duct civil work.
- Install 7,800 circuit feet of 3-795 ACSR overhead conductors from existing Pole #5 South County Trail to proposed Pole # 13-50 Dry Bridge Road. The proposed overhead line extension will overbuild an existing 15 kV class circuit.

**At the Company’s Distribution Substation:**

- Installation of two (2) 33/44/55 MVA Wye-Wye transformer
- Installation of two (2) 34.5kV feeders with protection and control, including but not limited to site work, grounding, conduits, fencing and driveway from the street.

**Exhibit H – Interconnection Service Agreement****Attachment 2b: Description and specific requirements of ASO (Affected System Operator) upgrades (transmission)**

- Installation of 115kV loop tap off the L190 to new Wickford Substation, consisting of breaking the L190 line at structure #143 and installing two new spans of wire between the existing transmission line and the substation busses.
- Installation of new steel three pole structures on concrete caisson foundation
- Structure #123 on the adjacent 34.5kV, 3311 line will need to be replaced to support the L190 construction.
- Installation of 115kV four (4) breaker ring bus including breakers, disconnect switches, bus, bus insulators and wave trap; and associated site-work, grounding, foundations, structures, and associated protection and control.

It will be the responsibility of the Interconnecting Customer, at its sole cost and expense, to secure and obtain in favor of itself and the Company, the following: any and all rights, consents, permits, approvals, and easements (free and clear from any encumbrances), as are required for the Company's System Modifications on any Interconnecting Customer-owned property or any third-party owned property ("Third Party Rights and Approvals"). The Interconnecting Customer shall use the Company's standard form when obtaining all Third Party Rights and Approval, as applicable. The Company will seek to obtain, at the Interconnecting Customer's sole cost and expense, any and all rights, consents, permits, approvals, and easements for the System Modifications on any Company owned property or within any public roadway as the Company determines necessary in its sole discretion ("Other Rights and Approvals"; together with Third Party Rights and Approvals referred to as "System Modification Required Approvals"). The Interconnecting Customer will fully cooperate with the Company in obtaining the Other Rights and Approvals. The Company shall not be required to accept any System Modification Required Approvals that are not in form or on terms satisfactory to the Company in its sole discretion, or that impose additional liabilities or costs on the Company. The Company shall not be required to appeal or challenge the denial of any System Modification Required Approvals or the imposition of any unsatisfactory term or condition. The Company shall not be obligated to commence the construction of the System Modifications unless and until it has received all System Modification Required Approvals in accordance with this provision, and Sections 5 and 15 of this Agreement, above, and the Company's Terms and Conditions for Distribution Service, tariff R.I.P.U.C No. 2180, as amended from time to time.



**Exhibit H – Interconnection Service Agreement****Attachment 3a: Costs of System Modifications Re-Study and Cost-Allocation, , Third Party Costs, and Payment Terms (Distribution)**

This application consists of one of five projects that were studied together with total system size of 50,000 kW. The Interconnecting Customer understands and agrees that, not with standing the costs detailed in this Agreement, if one of the applications (RI-24926794, RI-24926796, RI-24926798, RI-24926805, RI-26012283) does not move forward with the interconnection of a facility to the Company’s electric power system, the total common modification costs will be re-estimated and reallocated among the remaining facilities, as determined by the Company in its sole discretion. Note the Company will not proceed with construction unless it has received adequate payment from all applicable customers within the group.

At present, Total System Modification Costs associated with these projects (RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283) is **\$8,853,660.00** +/-25%.

At Present, the total system modification costs associated with this application are: **\$1,895,719.00**

- Cost for the required common system modifications on the Company’s Distribution system as mentioned in attachment 2 is **\$1,831,484.00** (includes capital, removal, and O&M costs). The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805, RI-26012283. **RI-24926798** will be responsible for: **\$366,297.00**
- Cost for the required common system modifications on the Company’s Distribution Substation as mentioned in attachment 2 is **\$3,611,479.00** (includes capital, removal, and O&M costs). The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805, RI-26012283. **RI-24926798** will be responsible for: **\$722,295.00**
- Cost for the required facility specific modifications on the Company’s Distribution system as mentioned in attachment 2 is **\$1,887,884.00** (includes capital, removal, and O&M costs). The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805. **RI-24926798** will be responsible for: **\$471,971.00**
- Total cost of facility specific system modifications on the Interconnecting Customer’s (or other private) property as mentioned in Attachment 2 above: **\$370,108.00** (includes capital, removal, and O&M costs). The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805. **RI-24926798** will be responsible for: **\$92,527.00**
- Witness Testing & EMS Integration is **\$30,000**. The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805. **RI-24926798** will be responsible for: **\$7,500.00**
- The estimated taxes associated with the donated property for this project, which includes the manhole and duct system is **\$270,352**. The tax amount is the 2020 rate of 11.08%. **RI-24926798** will be responsible for: **\$54,070.00**.
- Tax gross-up adder on capital costs is or **\$844,854.00**. **RI-24926798** will be responsible for: **\$181,059.00**. *(A 2020 tax rate of 11.08% is expected to apply to contributions in aid of construction (“CIAC”) payments received by The Narragansett Electric Company from the Interconnecting Customer, and a 2020 tax rate of 11.08% is expected to apply to CIAC payments associated with substation modifications for interconnections. The calculation of the tax gross-up adder is included in this cost estimate on the basis of tax guidance published by the Internal Revenue Service, but tax rates and decisions are ultimately subject to IRS discretion. By signing this agreement, the Interconnecting Customer understands and agrees that the tax has been estimated for convenience and that the Interconnecting Customer remains liable for all tax due on CIAC payments, payable upon the Company’s demand.*

**Re-Study and Cost Re-Allocation**

The Interconnecting Customer understands and agrees that, notwithstanding the costs detailed in this Agreement, if the other Facility does not move forward with its interconnection to the Company’s electric power system, the Facility’s interconnection may need to be restudied, and the System Modification costs will be re-estimated for both Facilities as described in attachment 1 above as determined by the Company in its sole discretion. In such a case, the Interconnecting Customer shall be responsible for the full amount of any study costs and increase in the costs in order to continue with the Facility’s interconnection under this Agreement, including its pro-rata share of any re-estimated and re-allocated costs.

The System Modification costs were developed by the Company with a general understanding of the project and based upon information provided by the Interconnecting Customer in writing and/or collected in the field. The cost estimates were prepared using historical cost data, data from similar projects, and other assumptions, and while they are presumed valid for 60 business

## **Exhibit H – Interconnection Service Agreement**

days from the date of the Impact /Group Study, the Company reserves the right to adjust those estimated costs as authorized under this Agreement, the Tariff, or by law and to require the Interconnecting Customer to pay any such additional costs.

### **Other Requirements Costs**

It will be the responsibility of the Interconnecting Customer, at its sole cost and expense, to secure and obtain in favor of itself and the Company, the following: any and all rights, consents, permits, approvals, and easements (free and clear from any encumbrances), as are required for the Company's System Modifications on any Interconnecting Customer-owned property or any third-party owned property ("Third Party Rights and Approvals"). The Interconnecting Customer shall use the Company's standard form when obtaining all Third Party Rights and Approval, as applicable. The Company will seek to obtain, at the Interconnecting Customer's sole cost and expense, any and all rights, consents, permits, approvals, and easements for the System Modifications on any Company owned property or within any public roadway as the Company determines necessary in its sole discretion ("Other Rights and Approvals"; together with Third Party Rights and Approvals referred to as "System Modification Required Approvals"). The Interconnecting Customer will fully cooperate with the Company in obtaining the Other Rights and Approvals. The Company shall not be required to accept any System Modification Required Approvals that are not in form or on terms satisfactory to the Company in its sole discretion, or that impose additional liabilities or costs on the Company. The Company shall not be required to appeal or challenge the denial of any System Modification Required Approvals or the imposition of any unsatisfactory term or condition. The Company shall not be obligated to commence the construction of the System Modifications unless and until it has received all System Modification Required Approvals in accordance with this provision, and Sections 5 and 15 of this Agreement, above, and the Company's Standards for Connecting Distributed Generation, R.I.P.U.C No. 2180, as amended from time to time.

The total cost of common System Modifications and the Facility's System Modification costs do not include any costs for third party rights and approvals, including without limitation any Verizon costs and charges (and fees for services related thereto), for which the Interconnecting Customer may be directly responsible. Additional costs may be involved if the required pole work takes place in Verizon's maintenance areas. These costs will be billed directly to the Interconnecting Customer by Verizon.

Third party costs, to the extent applicable, are in addition to the total common System Modifications costs and the Facility's System Modification Costs and must be paid directly by the Interconnecting Customer to the appropriate third party.

### **Payment Terms:**

Note: a Letter of Credit is required to be in place for second, third, and fourth payments. It will be required to be in place until the project has been fully reconciled.

System Modifications Costs may be paid in full if less than \$25,000, or if greater than \$25,000 in scheduled payments (per Section 5.5 of R.I.P.U.C No. 2180):

- The first payment (5%) of **\$94,788.00** was due when the Exhibit H-Interconnection Service Agreement was returned to the Company with Interconnecting Customer signature. The first payment in the amount of \$94,788.00 was processed on November 11, 2019.
- The second payment (20%) of **\$379,142.00** allowed for the completion of final engineering and procurement of long lead material items. The second payment in the amount of \$379,142.00 was processed on May 4, 2020.
- The third payment (40%) of **\$758,287.60** is due within 15 business days from the receipt of the third payment invoice. This payment will allow construction to proceed to RFL (Ready for Load) date of December 2021 An invoice, including payment instructions, will be sent to the Interconnecting Customer and must be received by October 1, 2020. Proof of payment is required.
- The fourth and final payment (35%) of **\$663,501.65** (is due within 15 business days from the receipt of the fourth and final payment invoice. This payment will allow construction to proceed to RFL (Ready for Load) date of December 2021 An invoice, including payment instructions, will be sent to the Interconnecting Customer and must be received prior to January 15, 2021. Proof of payment is required. If the design of the System Modifications changes during the design as a result of permitting or access issues, the company reserves the right to adjust the cost of the Systems Modifications prior to issuing the fourth and final invoice.

**Exhibit H – Interconnection Service Agreement**

**Attachment 3b: Cost of ASO Upgrades and DAF Charges (Transmission), Ongoing Cost Security, ISO-NE Study and Operating Requirements:**

This application is one of five projects studied together with total system size of 50,000 kW. The Interconnecting Customer understands and agrees that, notwithstanding the costs detailed in this Agreement, if one of the applications (RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283) does not move forward with the interconnection of a facility to the Company’s electric power system, the total common modification costs will be re-estimated and reallocated among the remaining facilities, as determined by the Company in its sole discretion. Note the Company will not proceed with construction unless it has received adequate payment from all applicable customers within the group. All ASO upgrade costs are fully reconcilable.

At present, the ASO upgrades associated with these projects (RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283) is estimated to be **\$18,189,040.00**

At present, ASO upgrades associated with this application are: **\$3,637,808.00** +/- 25% and itemized as follows:

- Total cost of common line upgrades at the transmission side of the NEW Substation as mentioned in Attachment 2b above is **\$1,819,463.00** (includes capital, removal, and O&M costs). The cost for this upgrade will be shared on a pro-rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283. **RI-24926798** will be responsible for 20% or **\$363,892.60**
- Total cost of common upgrades at the substation site of the NEW Substation as mentioned in Attachment 2b above is **\$14,221,031.00** (includes capital, removal, and O&M costs). The cost for this upgrade will be shared on a pro-rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283. **RI-24926798** will be responsible for 20% or **\$2,844,206.20**.
- Tax gross-up adder on capital costs is or **\$429,709.00** (A 2020 tax rate of 13.43% is expected to apply to contributions in aid of construction (“CIAC”) payments received by the Company, on behalf of the ASO, from the Interconnecting Customer. The calculation of the tax gross-up adder is included in this cost estimate on the basis of tax guidance published by the Internal Revenue Service, but tax rates and decisions are ultimately subject to IRS discretion. By signing this agreement, the Interconnecting Customer understands and agrees that the tax has been estimated for convenience and that the Interconnecting Customer remains liable for all tax due on CIAC payments, payable upon the Company’s demand.).

**Direct Assignment Facility (DAF) Charges**

In addition to the payment for the initial construction of the ASO upgrades, this application will be assessed on a monthly basis for the carrying charges for the actual costs of the ASO upgrades. These charges are calculated and charged to the Company by the ASO in accordance with Schedule 21-NEP, Attachment DAF, to the ISO-NE Open Access Transmission Tariff (“DAF Charges”). DAF Charges are calculated by multiplying actual total ASO Gross Plant Investment by the Annual Transmission Carrying Charge rate that is in effect at the time (adjusted annually). The Annual Transmission Carrying Charge rate shown below is provided for illustrative purposes only.

The estimated calculation for the DAF Charge is detailed below and will be recalculated based on the actual reconciled costs:

<b>Estimated Total ASO Gross Plant Investment</b>	<b>\$16,031,871.00</b>
<b>ASO (NEP) Carrying Charge</b>	<b>5.21% (this is an annual charge, and is subject to change over time)</b>
<b>Annual Transmission Carrying Charge</b>	<b>\$835,260.00</b>
<b>Estimated Monthly billing</b>	<b>\$69,605.00</b>
<b>This application’s pro-rata share</b>	<b>\$13,921.00</b>

**Ongoing Costs Security**

On or before the date on which Interconnecting Customer pays the Company's final invoice, Interconnecting Customer shall deliver to

RI- 24926798

**Exhibit H – Interconnection Service Agreement**

the Company, at the Interconnecting Customer's election, cash equal to the sum of the total of four (4) months of the DAF Charges for which Interconnecting Customer is responsible under this Agreement or a letter of credit, in form and substance complying with the requirements of this Attachment 3b and also acceptable to the Company, such acceptance not to be unreasonably withheld or delayed, having a face amount at least equal to the sum of the total of four (4) months of the DAF Charges for which Interconnecting Customer is responsible under this Agreement.

Following the date as of which the Interconnecting Customer is no longer obligated to pay any DAF Charges pursuant to or in connection with this Agreement, Interconnecting Customer may cause a one-time reduction in the face amount of the Ongoing Costs Security by an amount equal to the DAF Charges. Interconnecting Customer shall maintain the Ongoing Costs Security, any revisions, modification or amendment thereof, and any replacement for such Ongoing Costs Security, in full force and effect at all times, provided, however, that Interconnecting Customer may terminate the Ongoing Costs Security, any revisions, modification or amendment thereof, and any replacement for such Ongoing Costs Security, only from and after the date as of which Interconnecting Customer is no longer obligated to pay any DAF Charges pursuant to or in connection with this Agreement.. The Company shall have the right to draw upon the Ongoing Costs Security provided under this Agreement, any revisions, modification or amendment thereof, and any replacement for such Ongoing Costs Security, from time to time, in the event that the Interconnecting Customer fails to timely meet any of its obligations under this Agreement, including, without limitation, with respect to payment of DAF Charges, as well as any interest and penalties.

The Interconnecting Customer shall be solely responsible for all costs associated with each letter of credit (each, a "Letter of Credit") provided pursuant to this Agreement, including, without limitation, the costs of obtaining, maintaining and replacing such Letter of Credit and reimbursement of each Letter of Credit Bank (as such terms are defined below). Each Letter of Credit shall be in a form and substance complying with the requirements of this Agreement and also acceptable to the Company, such acceptance not to be unreasonably withheld or delayed. Each Letter of Credit shall be an irrevocable, unconditional, and transferable standby letter of credit issued by a U.S. commercial bank or a U.S. branch of a foreign bank (the "Letter of Credit Bank") provided that the Interconnecting Customer is not an affiliate of the Letter of Credit Bank, the Letter of Credit Bank has at least ten billion dollars (\$10,000,000,000) in assets and the Letter of Credit Bank's lowest credit rating is at least A2 from Moody's Investors Service or A from Standard and Poor's Ratings Services ("Letter of Credit Bank Requirement(s)"). If at any time (i) the Letter of Credit Bank fails to satisfy any Letter of Credit Bank Requirement, or (ii) the Letter of Credit Bank advises that it will not renew the applicable Letter of Credit beyond its current expiration date ("Notice of Cancellation"), then, the Interconnecting Customer shall deliver a replacement letter of credit from a bank meeting the Letter of Credit Bank Requirements and the other requirements of this Agreement. Such replacement letter of credit shall be delivered to the Company promptly but in no event later than ten (10) Calendar Days following the date on which the Company notifies the Interconnecting Customer that the Letter of Credit Bank first fails to satisfy any Letter of Credit Bank Requirement or, in the case of a Notice of Cancellation, thirty (30) Calendar Days prior to the current expiration date of the applicable Letter of Credit. If Interconnecting Customer fails to provide such replacement Letter of Credit by the applicable date contemplated by this Agreement, the Company shall have the immediate right to draw the full amount remaining under the applicable existing Letter of Credit.

Any Letter of Credit delivered pursuant to this Agreement, as such Letter of Credit may be replaced, revised, modified, or amended, from time to time, as contemplated above, shall serve as security for Interconnecting Customer's obligations under this Agreement, including, without limitation and as applicable, capital cost payment responsibilities and obligations relating to design and installation of ASO upgrades and DAF Charge payment obligations.

Interconnecting Customer shall maintain each Letter of Credit provided under this Agreement, any revisions, modification or amendment thereof, and any replacement for such Letter of Credit, in full force and effect at all times; provided, however, that any Letter of Credit, any revision, modification or amendment thereof, and any replacement for such Letter of Credit, may be terminated only if and when termination of the applicable Letter of Credit is expressly permitted by the terms of this Agreement. The Company shall have the right to draw upon each Letter of Credit provided under this Agreement, any revisions, modification or amendment thereof, and any replacement for such Letter of Credit, from time to time, in the event the Interconnecting Customer fails to timely and fully meet any of its obligations under this Agreement or as otherwise permitted or contemplated by this Agreement.

If Interconnecting Customer fails to make any payments required under this Agreement or fails to provide and maintain the security contemplated above, each in the form, amounts, and at the times, required, the Company may exercise any rights, and pursue any remedies, available to it under this Agreement or the Interconnection Tariff. If any payment date or other due date specified in this Agreement falls on a weekend or a federal bank holiday, then such payment or due date shall be deemed to be the next business day. The face amount of any Letter of Credit represents an estimate only; the actual amount for which the Interconnecting Customer is responsible under this Agreement may be different than such estimates. For the avoidance of doubt, Interconnecting Customer shall be responsible for any tax obligations the Company may incur in drawing upon any Letter of Credit.

**Exhibit H – Interconnection Service Agreement****ISO-NE Operating Requirement**

This is part of a group of generating Facilities within close proximity, as determined by ISO-NE, which equals or exceeds an aggregate of 5MW / [This is a Facility whose export equals or exceeds 5 MW] and will be required to comply with ISO-NE's requirements, including Operating Procedure No. 14. Prior to the Company providing Authorization to Interconnect, the Interconnecting Customer will be required to provide evidence that it has complied with all applicable ISO-NE registration requirements. Additionally, ISO-NE may determine that there are additional ASO upgrade costs.

**Payment Terms:**

ASO upgrade costs:

- The first payment (5%) of **\$181,890.40** was due when the Exhibit H-Interconnection Service Agreement was returned to the Company with Interconnecting Customer signature. We are in receipt of the first payment in the amount of \$176,022.00 which was processed on November 11, 2019. The remaining balance of \$5,868.35 will be split between the 3<sup>rd</sup> and 4<sup>th</sup> payments.
- The second payment (20%) of **\$727,561.60** allowed for the completion of final engineering and procurement of long lead material items. The second payment in the amount of \$704,089.00 was processed on May 4, 2020. The remaining balance of \$23,473.40 will be split between the 3<sup>rd</sup> and 4<sup>th</sup> payments.
- The third payment (40%) of **\$1,469,794.07** is due within 15 business days from the receipt of the third payment invoice. This payment will allow construction to proceed to RFL (Ready for Load) date of December 2021 An invoice, including payment instructions, will be sent to the Interconnecting Customer and must be received by October 1, 2020. Proof of payment is required.
- The fourth and final payment (35%) of **\$1,287,903.67** (is due within 15 business days from the receipt of the fourth and final payment invoice. This payment will allow construction to proceed to RFL (Ready for Load) date of December 2021 An invoice, including payment instructions, will be sent to the Interconnecting Customer and must be received prior to January 15, 2021. Proof of payment is required. If the design of the System Modifications changes during the design as a result of permitting or access issues, the company reserves the right to adjust the cost of the Systems Modifications prior to issuing the fourth and final invoice.

DAF carrying charge:

- The initial 4 months of DAF payments is required 30 days prior to the in-service date and is anticipated February 2022 and is required in the form of a letter of credit

**Exhibit H – Interconnection Service Agreement****Attachment 4: Special Operating Requirements, if any**

The generating system may only normally generate onto the 8089T1 feeder and National Grid's Regional Control Center must first give permission to the Interconnecting Customer to allow the operation of their system. The generator may not be allowed to operate with the local electrical power system (EPS) in an abnormal state. To ensure the safe and reliable operation of National Grid's EPS, National Grid may choose to disconnect the customer at the PCC when abnormal system conditions develop and/or circuit reconfiguration takes place on the EPS.

1. The Interconnecting Customer is required to adhere to the following standards which are incorporated in their entirety by reference:
  - a. National Grid's Standards for Interconnecting Distributed Generation (R.I.P.U.C. 2180), available at: [http://www.nationalgridus.com/non\\_html/RI\\_DG\\_Interconnection\\_Tariff.pdf](http://www.nationalgridus.com/non_html/RI_DG_Interconnection_Tariff.pdf)
  - b. Electric System Bulletin 750 "Specifications for Electrical Installations". ESB 750, available at: [http://www.nationalgridus.com/non\\_html/shared\\_constr\\_esb750.pdf](http://www.nationalgridus.com/non_html/shared_constr_esb750.pdf)
  - c. Electric System Bulletin 756 "Requirements for Parallel Generation Connected to a National Grid-Owned EPS". ESB756D, available at: [www.nationalgridus.com/non\\_html/shared\\_constr\\_esb756.pdf](http://www.nationalgridus.com/non_html/shared_constr_esb756.pdf)
2. The Interconnecting Customer is required to address any outstanding requirements (that are not explicitly addressed herein), which are described in the most recent application review memo and/or study report (which is hereby incorporated in its entirety) provided by the Company on or prior to the Effective Date of this Interconnection Service Agreement.
  - a. If the Effective Date of this Interconnection Service Agreement precedes the issuance of a required Detailed Study by the Company, the Interconnecting Customer is also required to address any outstanding requirements described in the Detailed Study Report upon its issuance.
3. Interconnecting Customer shall adhere to the requirements identified in the Impact Study dated 11/06/2018.
4. Interconnecting Customer shall provide Compliance Documentation, including photographs, as requested by, and to the satisfaction of, the Company.
5. Interconnecting Customer may not be allowed to operate with the local EPS in an abnormal state. To ensure the safe and reliable operation of National Grid's EPS, National Grid may disconnect the Customer at the PCC when abnormal system conditions develop and/or circuit reconfiguration takes place on the EPS.
6. Per section 6.4 of this agreement, Interconnecting Customer shall provide an external AC UTILITY DISCONNECT, accessible at all times by National Grid personnel.
7. Interconnecting Customer's AC UTILITY DISCONNECT switch shall be labeled "AC UTILITY DISCONNECT".
8. The AC UTILITY DISCONNECT shall be gang operated, have a visible break when open, be rated to interrupt the maximum generator output and be capable of being locked open, tagged and grounded on the Company side by Company personnel. The visible break requirement can be met by opening the enclosure to observe the contact separation. The Company shall have the right to open this disconnect switch in accordance with the Interconnection Tariff. The switch has to be installed at the DR output on the current carrying lines. Shunt mechanisms are not permitted.
9. If the AC UTILITY DISCONNECT switch is not adjacent to the meter and/or PCC, Interconnecting Customer shall provide a permanent plaque locating the switch.
10. All plaques as described in NEC 705.10, 705.12 (7), 690.56, 692.4 and 705.70 shall be installed, as applicable.
11. All Interconnecting Customer-Owned meters shall be labeled "CUSTOMER-OWNED METER"
12. Interconnecting Customer shall install a permanent plaque or directory at the revenue meter and at the PCC with a warning about the generator(s) installed.

**Exhibit H – Interconnection Service Agreement**

13. Interconnecting Customer shall be responsible for providing necessary easements and/or environmental and/or municipal permits, as requested by the Company.
14. For systems greater than 25kW, Interconnecting Customer shall provide a means of communication to the National Grid revenue meter. This may be accomplished with an analog/POTS (Plain Old Telephone Service) phone line (capable of direct inward dial without human intervention or interference from other devices such as fax machines, etc.), or – in locations with suitable wireless service, a wireless meter. Feasibility of wireless service must be demonstrated by Interconnecting Customer, to the satisfaction of National Grid. If approved, a wireless-enabled meter will be installed, at the customer's expense. If and when National Grid's retail tariff provides a mechanism for monthly billing for this service, the customer agrees to the addition of this charge to their monthly electric bill. Interconnecting Customer shall have the option to have this charge removed, if and when a POTS phone line to National Grid's revenue meter is provided.
15. For systems with redundant relaying, Company witness testing will be required. Customer shall develop, and provide for approval, a functional test procedure, including settings for relaying scheme. Witness test plan must be approved by Company prior to scheduling Company personnel for witness test.
16. Interconnecting Customer may only generate onto the feeder referenced in the Impact Study. National Grid's Regional Control Center must first give permission to the customer to allow the operation of their system.
17. Interconnecting Customer's protection scheme submitted for review must meet National Grid's specific protection requirements. Interconnecting Customer shall submit a PE stamped one-line, including relay settings, that meets the requirements specified within this document to National Grid for review and approval, before a Witness Test plan can be reviewed. Please refer to "Expedited/Standard Process Completion Documentation Checklist", per Company's website for additional required documentation.
18. In order to minimize the impact of the proposed generation on the EPS and area customers, National Grid will require that the reactive contribution of the PV interconnection be maintained between a 99% leading and lagging power factor at the PCC during the normal operation of the PV array. In addition, The PV interconnection shall not contribute to greater than a 3.0% change in voltage on the National Grid EPS under any conditions.
19. The Customer shall be responsible for obtaining all easements and permits required for any line extension not on public way in accordance with the Company's requirements. The Customer shall provide unencumbered direct access to the Company's facilities along an accessible plowed driveway or road, where the equipment is not behind the Customer's locked gate. In those cases where Company equipment is required to be behind the Customer's locked gate, double locking, with both the Company's and Customer's locks shall be employed.
20. The Interconnecting Customer is responsible for coordinating with Verizon for any Verizon work. These costs will be billed directly to the customer from Verizon. It will be the responsibility of the customer to obtain any and all easements and required permitting for work that takes place on private property.

**Attachment 5: Agreement between the Company and the Company's Retail Customer**

If the Company's Retail Customer (account holder) is not the owner (and/or operator) of the Facility, then Exhibit I - Agreement Between the Company and the Company's Retail Customer - shall be signed by the Company's Retail Customer and executed by the Company, and shall be considered part of this Interconnection Service Agreement. It shall be the responsibility of the Interconnecting Customer to notify the Company if the Exhibit I associated with this application changes.

**Exhibit H – Interconnection Service Agreement**

**Attachment 6: System Modifications Construction Schedule**

Below is an estimated construction schedule. This schedule is conceptual, and shows the duration of the facility’s milestones from a “start-date” to an “in-service” date, in calendar days. This conceptual schedule is based upon assumptions and knowledge regarding the project, the site, and activities as of the date of the impact study. These estimations of construction time frames and total duration do not include any time that the Company’s performance is on hold, delayed, or interrupted, including, without limitation, while waiting on information or on the performance of obligations by the Interconnecting Customer and/or third parties (including, without limitation, Verizon, ISO-NE, Railroad), as a result of unknown environmental and/or permitting issues, events of force majeure, and/or as a result of required transmission outages.

The start-date for this construction schedule is deemed to have occurred once : (1) the Interconnection Service Agreement (“ISA”) has been executed (i.e., signed) by both National Grid (“Company”) and the Interconnecting Customer (“Customer”); and (2) the first payment has been submitted by the Customer to the Company, provided , however, that the Company shall not be required to provide any services or order any equipment without receiving adequate payment therefore from the Interconnecting Customer nor will it be required to initiate any construction before it has received full payment from the Interconnecting Customer.

**Attachment 6 - Appendix A: System Modifications Construction Schedule**

Total Duration for Construction: 108 weeks

Milestone	Estimated Duration	Responsible Party
First Payment	Start	Customer
Distribution System Modification Design	6 weeks	National Grid
Substation System Modification Design and Outage Planning	28weeks	National Grid
Secure Required Permits/Easements and Petition for National Grid Work	16 weeks	National Grid and Customer
(Before Construction Begins)	Customer & National Grid	
Submit Final Payment	As per ISA	
(Before Construction Begins)	Customer	
Distribution System Schedule Coordination and Construction	12 weeks	National Grid
Substation System Schedule Coordination and Construction	52 weeks	National Grid
Witness Test Scheduled and Approved and Completion Documentation Approved	3 weeks	National Grid and Customer
Meter Installation and Authority to Interconnect	1 week	National Grid

\* Milestones may be contingent on Verizon schedule and/or ISO-NE approval of outages. Customer is responsible to coordinate directly with Verizon. This schedule does not include any Design or Construction Time required by Verizon.



# **EXHIBIT R**

**Exhibit H – Interconnection Service Agreement**

1. **Parties.** This Interconnection Service Agreement (“Agreement”), dated as of \_\_\_\_\_ (“Effective Date”) is for application number “**24926805**” and Case Number “**177532**” is entered into, by and between **The Narragansett Electric Company (doing business as National Grid)**, a Rhode Island corporation with a principal place of business at **280 Melrose St., Providence, RI 02907** (hereinafter referred to as the “Company”), and **Dry Bridge Solar 4 LLC**, a **Limited Liability Corporation** with a principal place of business (or residence) at **750 Park of Commerce Blvd, Suite 200 Boca Raton, Florida 33487** (“Interconnecting Customer”). (The Company and Interconnecting Customer are collectively referred to as the “Parties”). Terms used herein without definition shall have the meanings set forth in Section 1.2 of the Interconnection Tariff which is hereby incorporated by reference.
2. **Basic Understandings.** This Agreement provides for parallel operation of an Interconnecting Customer’s Facility with the Company EPS to be installed and operated by the Interconnecting Customer at **471 Dry-Bridge Road, North Kingstown, RI 02852**. A description of the Facility is located in Attachment 1. If the Interconnecting Customer is not the Customer, an Agreement between the Company and the Company’s Retail Customer, attached as Exhibit I to the Interconnection Tariff, must be signed and included as an Attachment to this Agreement.

All capitalized terms not defined in this Agreement shall have the meaning as defined in Section 1.2 of the Interconnection Tariff., including but not limited to the following terms:

“Affected System” shall mean any neighboring transmission or distribution EPS not under the control of the Company (e.g., a municipal utility, or other regulated distribution or transmission utility, which may include Affiliates, or ISO-NE, as defined herein).

“Company EPS” shall mean the electric power system owned, controlled or operated by the Company used to provide distribution service to its Customers.

“System Modifications” shall mean modifications or additions to Company facilities that are integrated with the Company EPS for the benefit of the Interconnecting Customer.

By execution of this Agreement, Interconnecting Customer agrees to the extension of all System Modification construction timelines set forth in R.I. Gen. Laws Section 39-26.3-4.1(d), such that all applicable System Modification timelines set forth in R.I. Gen. Laws Section 39-26.3-4.1(d) shall commence after receipt of all completed Affected System operator(s) studies and approvals, any modified or additional Company studies necessitated as a result of the Affected System operator requirements, execution of any necessitated amendments to this Agreement, and payment of all costs in accordance with this Agreement.

The Interconnecting Customer has the right to operate its Facility in parallel with the Company EPS immediately upon successful completion of the protective relays testing as witnessed by the Company and receipt of written notice from the Company that interconnection with the Company EPS is authorized (“Authorization Date”).

3. **Term.** This Agreement shall become effective as of the Effective Date. The Agreement shall continue in full force and effect until terminated pursuant to Section 4 of this Agreement.
4. **Termination.**
  - 4.1 This Agreement may be terminated under the following conditions.
    - 4.1.1 The Parties agree in writing to terminate the Agreement.
    - 4.1.2 The Interconnecting Customer may terminate this agreement at any time by providing sixty (60) days written notice to Company.
    - 4.1.3 The Company may terminate this Agreement upon the occurrence of an Event of Default by the Interconnecting Customer as provided in Section 18 of this Agreement.

## **Exhibit H – Interconnection Service Agreement**

**4.1.4** The Company may terminate this Agreement if the Interconnecting Customer either: (1) fails to energize the Facility within 12 months of the Authorization Date; or, (2) permanently abandons the Facility. Failure to operate the Facility for any consecutive 12 month period after the Authorization Date shall constitute permanent abandonment unless otherwise agreed to in writing between the Parties.

**4.1.5** The Company, upon 30 days notice, may terminate this Agreement if there are any changes in Commission regulations or state law that have a material adverse effect on the Company's ability to perform its obligations under the terms of this Agreement.

**4.2 Survival of Obligations.** The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of termination. Sections 5, 10, 12, 13, and 25 as it relates to disputes pending or for wrongful termination of this Agreement shall survive the termination of this Agreement.

**4.3 Related Agreements.** Any agreement attached to and incorporated into this Agreement shall terminate concurrently with this Agreement unless the Parties have agreed otherwise in writing.

**5. General Payment Terms.** The Interconnecting Customer shall be responsible for:

- a. the Company's System Modification costs pursuant to the Interconnection Tariff, subject to Section 5.1 below;
- b. any resulting Affected System operator(s) costs for its requirements, including, without limitation, modifications to the electric power system of the Affected System operator(s) and operation and maintenance costs;
- c. any costs for modified or additional Company studies and/or System Modifications necessitated as a result of the Affected System operator requirements.

With respect to any Affected System operator costs, the Interconnecting Customer shall be directly responsible to the Affected System operator provided, however, the Company may, in its sole discretion, elect to include the additional Affected System operator costs in the Company's agreements. Where the Company includes the Affected System operator(s) costs in its agreements, the costs will be collected by the Company and passed-through to the Affected System operator(s).

Attachments shall include additional terms and conditions associated with the Company's and, if applicable, Affected System operator costs and payment terms.

**5.1 Cost or Fee Adjustment Procedures.** The Company will, in writing, advise the Interconnecting Customer in advance of any cost increase for work to be performed up to a total amount of increase of 10% only. Any such changes to the Company's costs for the work shall be subject to the Interconnecting Customer's consent. The Interconnecting Customer shall, within thirty (30) days of the Company's notice of increase, authorize such increase and make payment in the amount up to the 10% increase cap, or the Company will suspend the work and the corresponding agreement will terminate. The foregoing cost adjustment procedures shall only apply to the Company System Modification costs in Section 5(a) above, as detailed in the Impact Study, Detailed Study as necessary and/or ISRDG completed as of the date this Agreement is issued in executable form. The Interconnecting Customer shall be responsible for the actual Affected System operator costs, including operation and maintenance costs, and any additional Company costs necessitated as a result of the Affected System operator requirements, none of which shall be subject to any cost caps or limitations.

**5.2 Final Accounting.** The Company within ninety (90) business days after completion of the construction and installation of the System Modifications described in an attached exhibit to the Interconnection Service Agreement and all Company work orders have been closed, shall provide Interconnecting Customer with a final accounting report of any difference between the (a) Interconnecting Customer's cost responsibility under the Interconnection Service Agreement for the actual cost of such System Modifications and for any Impact or Detailed Study performed by the Company, and (b) Interconnecting Customer's previous aggregate payments to the Company for such System Modifications and studies. Costs that are statutorily-based shall not be subject to either a final accounting or reconciliation under this provision (e.g. statutorily set study fees for the ISRDG), but may be reconciled at any time only if the costs exceed the statutory fee, and the Company seeks to collect actual costs in accordance with the applicable statute. To the extent that Interconnecting Customer's cost responsibility in the Interconnection Service Agreement for the System Modifications and in the Impact and/or Detailed Study Agreements (as applicable) for the studies performed by the Company exceeds Interconnecting Customer's previous aggregate payments, the Company shall invoice Interconnecting Customer and Interconnecting Customer shall make payment to the Company within forty five (45) days. To the

**Exhibit H – Interconnection Service Agreement**

extent that Interconnecting Customer's previous aggregate payments exceed Interconnecting Customer's cost responsibility under this applicable agreement, the Company shall refund to Interconnecting Customer an amount equal to the difference within forty five (45) days of the provision of such final accounting report.

**6. Operating Requirements**

**6.1 General Operating Requirements.** Interconnecting Customer shall operate and maintain the Facility in accordance with the applicable manufacturer's recommended maintenance schedule, in compliance with all aspects of the Company's Interconnection Tariff. The Interconnecting Customer will continue to comply with all applicable laws and requirements after interconnection has occurred. In the event the Company has reason to believe that the Interconnecting Customer's installation may be the source of problems on the Company EPS, the Company has the right to install monitoring equipment at a mutually agreed upon location to determine the source of the problems. If the Facility is determined to be the source of the problems, the Company may require disconnection as outlined in Section 7.0 of the Interconnection Tariff. The cost of this testing will be borne by the Company unless the Company demonstrates that the problem or problems are caused by the Facility or if the test was performed at the request of the Interconnecting Customer.

**6.2 No Adverse Effects; Non-interference.** Company shall notify Interconnecting Customer if there is evidence that the operation of the Facility could cause disruption or deterioration of service to other Customers served from the same Company EPS or if operation of the Facility could cause damage to Company EPS or Affected Systems. The deterioration of service could be, but is not limited to, harmonic injection in excess of IEEE Standard 1547-2003, as well as voltage fluctuations caused by large step changes in loading at the Facility. Each Party will notify the other of any emergency or hazardous condition or occurrence with its equipment or facilities which could affect safe operation of the other Party's equipment or facilities. Each Party shall use reasonable efforts to provide the other Party with advance notice of such conditions.

The Company will operate the EPS in such a manner so as to not unreasonably interfere with the operation of the Facility. The Interconnecting Customer will protect itself from normal disturbances propagating through the Company EPS, and such normal disturbances shall not constitute unreasonable interference unless the Company has deviated from Good Utility Practice. Examples of such disturbances could be, but are not limited to, single-phasing events, voltage sags from remote faults on the Company EPS, and outages on the Company EPS. If the Interconnecting Customer demonstrates that the Company EPS is adversely affecting the operation of the Facility and if the adverse effect is a result of a Company deviation from Good Utility Practice, the Company shall take appropriate action to eliminate the adverse effect.

**6.3 Safe Operations and Maintenance.** Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for, the facility or facilities that it now or hereafter may own unless otherwise specified in this Agreement. Each Party shall be responsible for the maintenance, repair and condition of its respective lines and appurtenances on their respective side of the PCC. The Company and the Interconnecting Customer shall each provide equipment on its respective side of the PCC that adequately protects the Company's EPS, personnel, and other persons from damage and injury.

**6.4 Access.** The Company shall have access to the disconnect switch of the Facility at all times.

**6.4.1 Company and Interconnecting Customer Representatives.** Each Party shall provide and update as necessary the telephone number that can be used at all times to allow either Party to report an emergency.

**6.4.2 Company Right to Access Company-Owned Facilities and Equipment.** If necessary for the purposes of the Interconnection Tariff and in the manner it describes, the Interconnecting Customer shall allow the Company access to the Company's equipment and the Company's facilities located on the Interconnecting Customer's or Customer's premises. To the extent that the Interconnecting Customer does not own all or any part of the property on which the Company is required to locate its equipment or facilities to serve the Interconnecting Customer under the Interconnection Tariff, the Interconnecting Customer shall secure and provide in favor of the Company the necessary rights to obtain access to such equipment or facilities, including easements if the circumstances so require.

**6.4.3 Right to Review Information.** The Company shall have the right to review and obtain copies of Interconnecting Customer's operations and maintenance records, logs, or other information such as, unit availability, maintenance outages, circuit breaker operation requiring manual reset, relay targets and unusual events pertaining to Interconnecting Customer's Facility or its interconnection with the Company EPS. This information will be treated as customer-confidential and only used for the purposes of meeting the requirements of Section 4.2.4 in the Interconnection Tariff.

**Exhibit H – Interconnection Service Agreement****7. Disconnection****7.1 Temporary Disconnection**

**7.1.1 Emergency Conditions.** Company shall have the right to immediately and temporarily disconnect the Facility without prior notification in cases where, in the reasonable judgment of Company, continuance of such service to Interconnecting Customer is imminently likely to (i) endanger persons or damage property or (ii) cause a material adverse effect on the integrity or security of, or damage to, Company EPS or to the electric systems of others to which the Company EPS is directly connected. Company shall notify Interconnecting Customer promptly of the emergency condition. Interconnecting Customer shall notify Company promptly when it becomes aware of an emergency condition that affects the Facility that may reasonably be expected to affect the Company EPS. To the extent information is known, the notification shall describe the emergency condition, the extent of the damage or deficiency, or the expected effect on the operation of both Parties' facilities and operations, its anticipated duration and the necessary corrective action.

**7.1.2 Routine Maintenance, Construction and Repair.** Company shall have the right to disconnect the Facility from the Company EPS when necessary for routine maintenance, construction and repairs on the Company EPS. The Company shall provide the Interconnecting Customer with a minimum of seven (7) calendar days planned outage notification consistent with the Company's planned outage notification protocols. If the Interconnecting Customer requests disconnection by the Company at the PCC, the Interconnecting Customer will provide a minimum of seven (7) days notice to the Company. Any additional notification requirements will be specified by mutual agreement in the Interconnection Service Agreement. Company shall make an effort to schedule such curtailment or temporary disconnection with Interconnecting Customer.

**7.1.3 Forced Outages.** During any forced outage, Company shall have the right to suspend interconnection service to effect immediate repairs on the Company EPS; provided, however, Company shall use reasonable efforts to provide the Interconnecting Customer with prior notice. Where circumstances do not permit such prior notice to Interconnecting Customer, Company may interrupt Interconnection Service and disconnect the Facility from the Company EPS without such notice.

**7.1.4 Non-Emergency Adverse Operating Effects.** The Company may disconnect the Facility if the Facility is having an adverse operating effect on the Company EPS or other customers that is not an emergency, and the Interconnecting Customer fails to correct such adverse operating effect after written notice has been provided and a maximum of forty five (45) days to correct such adverse operating effect has elapsed.

**7.1.5 Modification of the Facility.** Company shall notify Interconnecting Customer if there is evidence of a material modification to the Facility and shall have the right to immediately suspend interconnection service in cases where such material modification has been implemented without prior written authorization from the Company.

**7.1.6 Re-connection.** Any curtailment, reduction or disconnection shall continue only for so long as reasonably necessary. The Interconnecting Customer and the Company shall cooperate with each other to restore the Facility and the Company EPS, respectively, to their normal operating state as soon as reasonably practicable following the cessation or remedy of the event that led to the temporary disconnection.

**7.2 Permanent Disconnection.** The Interconnecting Customer has the right to permanently disconnect at any time with 30 days written notice to the Company.

**7.2.1** The Company may permanently disconnect the Facility upon termination of the Interconnection Service Agreement in accordance with the terms thereof.

**8. Metering.** Metering of the output from the Facility shall be conducted pursuant to the terms of the Interconnection Tariff.

**9. Assignment.** Except as provided herein, Interconnecting Customer shall not voluntarily assign its rights or obligations, in whole or in part, under this Agreement without Company's written consent. Any assignment Interconnecting Customer purports to make without Company's written consent shall not be valid. Company shall not unreasonably withhold or delay

**Exhibit H – Interconnection Service Agreement**

its consent to Interconnecting Customer's assignment of this Agreement. Notwithstanding the above, Company's consent will not be required for any assignment made by Interconnecting Customer to an Affiliate or as collateral security in connection with a financing transaction. In all events, the Interconnecting Customer will not be relieved of its obligations under this Agreement unless, and until the assignee assumes in writing all obligations of this Agreement and notifies the Company of such assumption.

**10. Confidentiality.** Company shall maintain confidentiality of all Interconnecting Customer confidential and proprietary information except as otherwise required by applicable laws and regulations, the Interconnection Tariff, or as approved by the Interconnecting Customer in the Simplified or Expedited/Standard Application form or otherwise.

**11. Insurance Requirements.****11.1 General Liability.**

- 11.1(a) In connection with Interconnecting Customer's performance of its duties and obligations under the Interconnection Service Agreement, Interconnecting Customer shall maintain, during the term of the Agreement, general liability insurance with a combined single limit of not less than:
- i. Five million dollars (\$5,000,000) for each occurrence and in the aggregate if the Gross Nameplate Rating of Interconnecting Customer's Facility is greater than five (5) MW.
  - ii. Two million dollars (\$2,000,000) for each occurrence and five million dollars (\$5,000,000) in the aggregate if the Gross Nameplate Rating of Interconnecting Customer's Facility is greater than one (1) MW and less than or equal to five (5) MW;
  - iii. One million dollars (\$1,000,000) for each occurrence and in the aggregate if the Gross Nameplate Rating of Interconnecting Customer's Facility is greater than one hundred (100) kW and less than or equal to one (1) MW;
  - iv. Five hundred thousand dollars (\$500,000) for each occurrence and in the aggregate if the Gross Nameplate Rating of Interconnecting Customer's Facility is greater than ten (10) kW and less than or equal to one hundred (100) kW, except for eligible net metered customers which are exempt from insurance requirements.
- 11.1(b) No insurance is required for a Facility with a Gross Nameplate Rating less than or equal to 50 kW that is eligible for net metering. However, the Company recommends that the Interconnecting Customer obtain adequate insurance to cover potential liabilities.
- 11.1(c) Any combination of General Liability and Umbrella/Excess Liability policy limits can be used to satisfy the limit requirements stated above.
- 11.1(d) The general liability insurance required to be purchased in this Section may be purchased for the direct benefit of the Company and shall respond to third party claims asserted against the Company (hereinafter known as "Owners Protective Liability"). Should this option be chosen, the requirement of Section 11.2(a) will not apply but the Owners Protective Liability policy will be purchased for the direct benefit of the Company and the Company will be designated as the primary and "Named Insured" under the policy.
- 11.1(e) The insurance hereunder is intended to provide coverage for the Company solely with respect to claims made by third parties against the Company.
- 11.1(f) In the event the State of Rhode Island and the Providence Plantations, or any other governmental subdivision thereof subject to the claims limits of R.I.G.L. Chapter 9-31 (hereinafter referred to as the "Governmental Entity") is the Interconnecting Customer, any insurance maintained by the Governmental Entity shall contain an endorsement that strictly prohibits the applicable insurance company from interposing the claims limits of R.I.G.L. Chapter 9-31 as a defense in either the adjustment of any claim, or in the defense of any lawsuit directly asserted against the insurer by

**Exhibit H – Interconnection Service Agreement**

the Company. Nothing herein is intended to constitute a waiver or indication of an intent to waive the protections of R.I.G.L. Chapter 9-31 by the Governmental Entity.

**11.2 Insurer Requirements and Endorsements.** All required insurance shall be carried by reputable insurers qualified to underwrite insurance in RI having a Best Rating of “A-”. In addition, all insurance shall, (a) include Company as an additional insured; (b) contain a severability of interest clause or cross-liability clause; (c) provide that Company shall not incur liability to the insurance carrier for payment of premium for such insurance; and (d) provide for thirty (30) calendar days’ written notice to Company prior to cancellation, termination, or material change of such insurance; provided that to the extent the Interconnecting Customer is satisfying the requirements of subpart (e) of this paragraph by means of a presently existing insurance policy, the Interconnecting Customer shall only be required to make good faith efforts to satisfy that requirement and will assume the responsibility for notifying the Company as required above.

**11.3 Evidence of Insurance.** Evidence of the insurance required shall state that coverage provided is primary and is not in excess to or contributing with any insurance or self-insurance maintained by Interconnecting Customer.

The Interconnecting Customer is responsible for providing the Company with evidence of insurance in compliance with the Interconnection Tariff on an annual basis.

Prior to the Company commencing work on System Modifications and annually thereafter, the Interconnecting Customer shall have its insurer furnish to the Company certificates of insurance evidencing the insurance coverage required above. The Interconnecting Customer shall notify and send to the Company a certificate of insurance for any policy written on a "claims-made" basis. The Interconnecting Customer will maintain extended reporting coverage for three (3) years on all policies written on a "claims-made" basis.

In the event that an Owners Protective Liability policy is provided, the original policy shall be provided to the Company.

**11.4** All insurance certificates, statements of self insurance, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued, updated and submitted yearly to the following:

**National Grid**

Attention: **Risk Management**  
**300 Erie Blvd West**  
**Syracuse, NY 13202**

**12. Indemnification.** Except as precluded by the laws of the State of Rhode Island and the Providence Plantations, Interconnecting Customer and Company shall each indemnify, defend and hold the other, its directors, officers, employees and agents (including, but not limited to, Affiliates and contractors and their employees), harmless from and against all liabilities, damages, losses, penalties, claims, demands, suits and proceedings of any nature whatsoever for personal injury (including death) or property damages to unaffiliated third parties that arise out of or are in any manner connected with the performance of this Agreement by that Party except to the extent that such injury or damages to unaffiliated third parties may be attributable to the negligence or willful misconduct of the Party seeking indemnification.

**13. Limitation of Liability.** Each Party’s liability to the other Party for any loss, cost, claim, injury, liability, or expense, including court costs and reasonable attorney’s fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage or liability actually incurred. In no event shall either Party be liable to the other Party for any indirect, incidental, special, consequential, or punitive damages of any kind whatsoever. The Interconnecting Customer further understands and acknowledges that, consistent with Section 3.4(c) of the Interconnection Tariff, the Company will coordinate with the Affected System operator(s) to facilitate the interconnection of the Facility to the Company’s EPS, however the Company does not represent the Affected System operator(s) and is not responsible for any action or inaction on the part of the Affected System operator(s). The Affected System operator(s) are not parties to this Agreement even though the Company may incorporate some Affected System operator(s) requirements herein. The Company disclaims any and all responsibility and liability in connection with any Affected System Operator(s) studies and upgrades and the Interconnecting Customer hereby waives recourse against and releases the Company, its directors, officers, employees and agents from any and all losses, penalties, claims, demands, fees, damages or other liabilities arising from or attributable to, either directly or indirectly, such Affected System Operator(s) studies and upgrades.

**Exhibit H – Interconnection Service Agreement**

**14. Amendments and Modifications.** No amendment or modification of this Agreement shall be binding unless in writing and duly executed by both Parties.

**15. Permits and Approvals.** Interconnecting Customer shall obtain all environmental and other permits lawfully required by governmental authorities for the construction and operation of the Facility. Prior to the construction of System Modifications the Interconnecting Customer will notify the Company that it has initiated the permitting process. Prior to the commercial operation of the Facility, the Customer will notify the Company that it has obtained all permits necessary. Upon request, the Interconnecting Customer shall provide copies of one or more of the necessary permits to the Company.

**16. Force Majeure.** For purposes of this Agreement, “Force Majeure Event” means any event:

- a. that is beyond the reasonable control of the affected Party; and
- b. that the affected Party is unable to prevent or provide against by exercising commercially reasonable efforts, including the following events or circumstances, but only to the extent they satisfy the preceding requirements: acts of war or terrorism, public disorder, insurrection, or rebellion; floods, hurricanes, earthquakes, lighting, storms, and other natural calamities; explosions or fire; strikes, work stoppages, or labor disputes; embargoes; and sabotage. If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, such Party will promptly notify the other Party in writing, and will keep the other Party informed on a continuing basis of the scope and duration of the Force Majeure Event. The affected Party will specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the affected Party is taking to mitigate the effects of the event on its performance. The affected Party will be entitled to suspend or modify its performance of obligations under this Agreement, other than the obligation to make payments then due or becoming due under this Agreement, but only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of reasonable efforts. The affected Party will use reasonable efforts to resume its performance as soon as possible. In no event will the unavailability or inability to obtain funds constitute a Force Majeure Event.

**17. Notices.**

**17.1** Any written notice, demand, or request required or authorized in connection with this Agreement (“Notice”) shall be deemed properly given on the date actually delivered in person or five (5) business days after being sent by certified mail, e-mail or fax with confirmation of receipt and original follow-up by mail, or any nationally-recognized delivery service with proof of delivery, postage prepaid, to the person specified below:

If to Company:	<b>The Narragansett Electric Company</b> Attention: <b>Distributed Generation</b> <b>40 Sylvan Road</b> <b>Waltham, MA 02451-1120</b> E-mail: <b>distributed.generation@nationalgrid.com</b>
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If to Interconnecting Customer:	<b>Dry Bridge Solar 4 LLC</b> Attention: <b>Brian Demaio</b> <b>750 Park of Commerce Blvd, Suite 200</b> <b>Boca Raton, Florida 33487</b> Phone: <b>561-650-2628</b> E-mail: <b>Brian.DeMaio@gs.com</b>
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**17.2** A Party may change its address for Notices at any time by providing the other Party Notice of the change in accordance with Section 17.1.

**17.3** The Parties may also designate operating representatives to conduct the daily communications, which may be necessary or convenient for the administration of this Agreement. Such designations, including names, addresses, and phone numbers may be communicated or revised by one Party’s Notice to the other.

**18. Default and Remedies**

**18.1 Defaults.** Any one of the following shall constitute “An Event of Default.”



**Exhibit H – Interconnection Service Agreement**

- (i) One of the Parties shall fail to pay any undisputed bill for charges incurred under this Agreement or other amounts which one Party owes the other Party as and when due, any such failure shall continue for a period of thirty (30) days after written notice of nonpayment from the affected Party to the defaulting Party, or
- (ii) One of the Parties fails to comply with any other provision of this Agreement or breaches any representation or warranty in any material respect and fails to cure or remedy that default or breach within sixty (60) days after notice and written demand by the affected Party to cure the same or such longer period reasonably required to cure (not to exceed an additional 90 days unless otherwise mutually agreed upon), provided that the defaulting Party diligently continues to cure until such failure is fully cured.

**18.2 Remedies.** Upon the occurrence of an Event of Default, the affected Party may at its option, in addition to any remedies available under any other provision herein, do any, or any combination, as appropriate, of the following:

- a. Continue to perform and enforce this Agreement;
- b. Recover damages from the defaulting Party except as limited by this Agreement;
- c. By written notice to the defaulting Party terminate this Agreement;
- d. Pursue any other remedies it may have under this Agreement or under applicable law or in equity.

**19. Entire Agreement.** This Agreement, including any attachments or appendices, is entered into pursuant to the Interconnection Tariff. Together the Agreement and the Interconnection Tariff represent the entire understanding between the Parties, their agents, and employees as to the subject matter of this Agreement. Each Party also represents that in entering into this Agreement, it has not relied on any promise, inducement, representation, warranty, agreement or other statement not set forth in this Agreement or in the Company's Interconnection Tariff.

**20. Supercedence.** In the event of a conflict between this Agreement, the Interconnection Tariff, or the terms of any other tariff, Exhibit or Attachment incorporated by reference, the terms of the Interconnection Tariff, as the same may be amended from time to time, shall control. In the event that the Company files a revised tariff related to interconnection for Commission approval after the effective date of this Agreement, the Company shall, not later than the date of such filing, notify the signatories of this Agreement and provide them a copy of said filing.

**21. Governing Law.** This Agreement shall be interpreted, governed, and construed under the laws of the State of Rhode Island and the Providence Plantations without giving effect to choice of law provisions that might apply to the law of a different jurisdiction.

**22. Non-waiver.** None of the provisions of this Agreement shall be considered waived by a Party unless such waiver is given in writing. The failure of a 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 hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

**23. Counterparts.** This Agreement may be signed in counterparts.

**24. No Third Party Beneficiaries.** This Agreement is made solely for the benefit of the Parties hereto. Nothing in the Agreement shall be construed to create any rights in or duty to, or standard of care with respect to, or any liability to, any person not a party to this Agreement.

**25. Dispute Resolution.** Unless otherwise agreed by the Parties, all disputes arising under this Agreement shall be resolved pursuant to the Dispute Resolution Process set forth in the Interconnection Tariff.

**26. Severability.** If any clause, provision, or section of this Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision, or section, shall not affect any of the remaining provisions herein.

**27. Signatures.** IN WITNESS WHEREOF, the Parties hereto have caused two (2) originals of this Agreement to be executed under seal by their duly authorized representatives.

**Exhibit H – Interconnection Service Agreement**

Dry Bridge Solar 4 LLC:

The Narragansett Electric Company (d/b/a National Grid):

Name: \_\_\_\_\_

Name: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

**Exhibit H – Interconnection Service Agreement****Attachment 1: Description of Facilities, including demarcation of Point of Common Coupling**

Dry Bridge Solar 4 LLC, is requesting the interconnection of 10,000 kW (AC) inverter Based PV Facility, (“the facility”), to National Grid’s 34.5 kV distribution system, (“the Project”). This application is one of a group of five projects studied together (RI-24926794, RI-24926796, RI-24926798, RI-24926805, RI-26012283). The systems will export power beyond the PCC onto the Company’s Electric Power System (“EPS”) as this system is proposed to be ‘stand-alone’ Facility. Four 10,000 kW projects (RI-24926794, RI-24926796, RI-24926798, RI-24926805) will be located at 471 Dry-Bridge Road, North Kingstown RI 02852 and will interconnect to National Grid’s Wickford Substation, 8089T1, 34.5 kV distribution circuit. For this Project, the PCC is defined as Pole #13-56-2.

**a. Description of proposed design/configuration:**

- Four (4) Customer owned, SG3150U-MV 3,150-EV-US inverters factory limited to 2,500 kW / kVA inverters @ 35°Celsius (C) (10,000 kW / kVA total)
- Four (4) Customer owned 3,150 kVA, 34.5 kV wye-grounded primary, with a fully insulated and isolated neutral bushing, 630 V wye secondary, Z of 5.75%, X/R of 8
- One (1) Customer owned grounding transformer 1000kVA, 34.5 kV wyegrounded primary, 480 V delta secondary, Z of 5.75%, X/R of 4
- One (1) Customer owned 35 kV pad-mount G&W Viper switchgear and SEL 651R relay assembly
- One (1) Customer owned, S & C Omni-rupter, Model #147513, 35 kV gangoperated airbreak switch, with visible blades accessible to utility

**c. Metering:** The company will install one (1) pole-mounted primary meters, please refer to ESB 750 and ESB 756 Appendix D for service installation and primary meter installations.

**d. PCC:** The Company’s Design Personnel will determine the exact location of the Company’s facilities and the Customer’s gang operated disconnect. The Customer’s gang operated disconnect must be accessible by the Company’s personnel at all times, and be capable of being locked open and tagged by Company personnel. The Point of Common Coupling (PCC) will be designated as the Customer’s side of the Company’s primary meter of the Company’s service transformer. The Interconnecting Customer must install their Facilities up to the Company revenue meter. The Interconnecting Customer must provide sufficient conductor to allow the Company to make final connections at the meter pole. The Company will provide final connection of the Interconnecting Customer conductors to the Company meter.

**Exhibit H – Interconnection Service Agreement**

**Attachment 2a: Description of System Modifications (Distribution)**

National Grid System Modifications required for the interconnection of 10,000 kW (AC) as identified in the impact studies are as follows:

**On the Customer’s property:**

- Install one (1) loadbreak switch on proposed Pole #13-51.
- Install one (1) recloser on proposed Pole #13-52.
- Install one (1) three-phase disconnect switch on proposed Pole #13-56-1.
- Install one (1) primary meter on proposed Pole #13-56-2.
- Install ~150’ circuit feet of three phase overhead 795 ACSR from Pole #13-50 to proposed Pole #13-53 and 100’ of 1/0 AAAC from Pole #13-56 to proposed Pole #13-56-2.

**On the Company’s distribution system:**

- Installation of 8,000 circuit feet of two (2) sets of underground 3-1/C 1000 SCUEPR cable from pole #9121 in the right-of-way outside Wickford Substation to man hole located at the intersection of South County Trail and Ten Rod Road. Customer is responsible for installation of man hole and duct civil work.
- Install 7,800 circuit feet of 3-795 ACSR overhead conductors from existing Pole #5 South County Trail to proposed Pole # 13-50 Dry Bridge Road. The proposed overhead line extension will overbuild an existing 15 kV class circuit.

**At the Company’s Distribution Substation:**

- Installation of two (2) 33/44/55 MVA Wye-Wye transformer
- Installation of two (2) 34.5kV feeders with protection and control, including but not limited to site work, grounding, conduits, fencing and driveway from the street.

**Exhibit H – Interconnection Service Agreement****Attachment 2b: Description and specific requirements of ASO (Affected System Operator) upgrades (transmission)**

- Installation of 115kV loop tap off the L190 to new Wickford Substation, consisting of breaking the L190 line at structure #143 and installing two new spans of wire between the existing transmission line and the substation busses.
- Installation of new steel three pole structures on concrete caisson foundation
- Structure #123 on the adjacent 34.5kV, 3311 line will need to be replaced to support the L190 construction.
- Installation of 115kV four (4) breaker ring bus including breakers, disconnect switches, bus, bus insulators and wave trap; and associated site-work, grounding, foundations, structures, and associated protection and control.

It will be the responsibility of the Interconnecting Customer, at its sole cost and expense, to secure and obtain in favor of itself and the Company, the following: any and all rights, consents, permits, approvals, and easements (free and clear from any encumbrances), as are required for the Company's System Modifications on any Interconnecting Customer-owned property or any third-party owned property ("Third Party Rights and Approvals"). The Interconnecting Customer shall use the Company's standard form when obtaining all Third Party Rights and Approval, as applicable. The Company will seek to obtain, at the Interconnecting Customer's sole cost and expense, any and all rights, consents, permits, approvals, and easements for the System Modifications on any Company owned property or within any public roadway as the Company determines necessary in its sole discretion ("Other Rights and Approvals"; together with Third Party Rights and Approvals referred to as "System Modification Required Approvals"). The Interconnecting Customer will fully cooperate with the Company in obtaining the Other Rights and Approvals. The Company shall not be required to accept any System Modification Required Approvals that are not in form or on terms satisfactory to the Company in its sole discretion, or that impose additional liabilities or costs on the Company. The Company shall not be required to appeal or challenge the denial of any System Modification Required Approvals or the imposition of any unsatisfactory term or condition. The Company shall not be obligated to commence the construction of the System Modifications unless and until it has received all System Modification Required Approvals in accordance with this provision, and Sections 5 and 15 of this Agreement, above, and the Company's Terms and Conditions for Distribution Service, tariff R.I.P.U.C No. 2180, as amended from time to time.

**Exhibit H – Interconnection Service Agreement****Attachment 3a: Costs of System Modifications Re-Study and Cost-Allocation, , Third Party Costs, and Payment Terms (Distribution)**

This application consists of one of five projects that were studied together with total system size of 50,000 kW. The Interconnecting Customer understands and agrees that, not with standing the costs detailed in this Agreement, if one of the applications (RI-24926794, RI-24926796, RI-24926798, RI-24926805, RI-26012283) does not move forward with the interconnection of a facility to the Company’s electric power system, the total common modification costs will be re-estimated and reallocated among the remaining facilities, as determined by the Company in its sole discretion. Note the Company will not proceed with construction unless it has received adequate payment from all applicable customers within the group.

At present, Total System Modification Costs associated with these projects (RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283) is **\$8,853,660.00** +/-25%.

At Present, the total system modification costs associated with this application are: **\$1,895,719.00**

- Cost for the required common system modifications on the Company’s Distribution system as mentioned in attachment 2 is **\$1,831,484.00** (includes capital, removal, and O&M costs). The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805, RI-26012283. **RI-24926805** will be responsible for: **\$366,297.00**
- Cost for the required common system modifications on the Company’s Distribution Substation as mentioned in attachment 2 is **\$3,611,479.00** (includes capital, removal, and O&M costs). The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805, RI-26012283. **RI-24926805** will be responsible for: **\$722,295.00**
- Cost for the required facility specific modifications on the Company’s Distribution system as mentioned in attachment 2 is **\$1,887,884.00** (includes capital, removal, and O&M costs). The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805. **RI-24926805** will be responsible for: **\$471,971.00**
- Total cost of facility specific system modifications on the Interconnecting Customer’s (or other private) property as mentioned in Attachment 2 above: **\$370,108.00** (includes capital, removal, and O&M costs). The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805. **RI-24926805** will be responsible for: **\$92,527.00**
- Witness Testing & EMS Integration is **\$30,000**. The cost for this portion will be shared on pro rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805. **RI-24926805** will be responsible for: **\$7,500.00**
- The estimated taxes associated with the donated property for this project, which includes the manhole and duct system is **\$270,352**. The tax amount is the 2020 rate of 11.08%. **RI-24926805** will be responsible for: **\$54,070.00**.
- Tax gross-up adder on capital costs is or **\$844,854.00**. **RI-24926805** will be responsible for: **\$181,059.00**. *(A 2020 tax rate of 11.08% is expected to apply to contributions in aid of construction (“CIAC”) payments received by The Narragansett Electric Company from the Interconnecting Customer, and a 2020 tax rate of 11.08% is expected to apply to CIAC payments associated with substation modifications for interconnections. The calculation of the tax gross-up adder is included in this cost estimate on the basis of tax guidance published by the Internal Revenue Service, but tax rates and decisions are ultimately subject to IRS discretion. By signing this agreement, the Interconnecting Customer understands and agrees that the tax has been estimated for convenience and that the Interconnecting Customer remains liable for all tax due on CIAC payments, payable upon the Company’s demand.*

**Re-Study and Cost Re-Allocation**

The Interconnecting Customer understands and agrees that, notwithstanding the costs detailed in this Agreement, if the other Facility does not move forward with its interconnection to the Company’s electric power system, the Facility’s interconnection may need to be restudied, and the System Modification costs will be re-estimated for both Facilities as described in attachment 1 above as determined by the Company in its sole discretion. In such a case, the Interconnecting Customer shall be responsible for the full amount of any study costs and increase in the costs in order to continue with the Facility’s interconnection under this Agreement, including its pro-rata share of any re-estimated and re-allocated costs.

The System Modification costs were developed by the Company with a general understanding of the project and based upon information provided by the Interconnecting Customer in writing and/or collected in the field. The cost estimates were prepared using historical cost data, data from similar projects, and other assumptions, and while they are presumed valid for 60 business

## **Exhibit H – Interconnection Service Agreement**

days from the date of the Impact /Group Study, the Company reserves the right to adjust those estimated costs as authorized under this Agreement, the Tariff, or by law and to require the Interconnecting Customer to pay any such additional costs.

### **Other Requirements Costs**

It will be the responsibility of the Interconnecting Customer, at its sole cost and expense, to secure and obtain in favor of itself and the Company, the following: any and all rights, consents, permits, approvals, and easements (free and clear from any encumbrances), as are required for the Company's System Modifications on any Interconnecting Customer-owned property or any third-party owned property ("Third Party Rights and Approvals"). The Interconnecting Customer shall use the Company's standard form when obtaining all Third Party Rights and Approval, as applicable. The Company will seek to obtain, at the Interconnecting Customer's sole cost and expense, any and all rights, consents, permits, approvals, and easements for the System Modifications on any Company owned property or within any public roadway as the Company determines necessary in its sole discretion ("Other Rights and Approvals"; together with Third Party Rights and Approvals referred to as "System Modification Required Approvals"). The Interconnecting Customer will fully cooperate with the Company in obtaining the Other Rights and Approvals. The Company shall not be required to accept any System Modification Required Approvals that are not in form or on terms satisfactory to the Company in its sole discretion, or that impose additional liabilities or costs on the Company. The Company shall not be required to appeal or challenge the denial of any System Modification Required Approvals or the imposition of any unsatisfactory term or condition. The Company shall not be obligated to commence the construction of the System Modifications unless and until it has received all System Modification Required Approvals in accordance with this provision, and Sections 5 and 15 of this Agreement, above, and the Company's Standards for Connecting Distributed Generation, R.I.P.U.C No. 2180, as amended from time to time.

The total cost of common System Modifications and the Facility's System Modification costs do not include any costs for third party rights and approvals, including without limitation any Verizon costs and charges (and fees for services related thereto), for which the Interconnecting Customer may be directly responsible. Additional costs may be involved if the required pole work takes place in Verizon's maintenance areas. These costs will be billed directly to the Interconnecting Customer by Verizon.

Third party costs, to the extent applicable, are in addition to the total common System Modifications costs and the Facility's System Modification Costs and must be paid directly by the Interconnecting Customer to the appropriate third party.

### **Payment Terms:**

Note: a Letter of Credit is required to be in place for second, third, and fourth payments. It will be required to be in place until the project has been fully reconciled.

System Modifications Costs may be paid in full if less than \$25,000, or if greater than \$25,000 in scheduled payments (per Section 5.5 of R.I.P.U.C No. 2180):

- The first payment (5%) of **\$94,788.00** was due when the Exhibit H-Interconnection Service Agreement was returned to the Company with Interconnecting Customer signature. The first payment in the amount of \$94,788.00 was processed on November 11, 2019.
- The second payment (20%) of **\$379,142.00** allowed for the completion of final engineering and procurement of long lead material items. The second payment in the amount of \$379,142.00 was processed on May 4, 2020.
- The third payment (40%) of **\$758,287.60** is due within 15 business days from the receipt of the third payment invoice. This payment will allow construction to proceed to RFL (Ready for Load) date of December 2021 An invoice, including payment instructions, will be sent to the Interconnecting Customer and must be received by October 1, 2020. Proof of payment is required.
- The fourth and final payment (35%) of **\$663,501.65** (is due within 15 business days from the receipt of the fourth and final payment invoice. This payment will allow construction to proceed to RFL (Ready for Load) date of December 2021 An invoice, including payment instructions, will be sent to the Interconnecting Customer and must be received prior to January 15, 2021. Proof of payment is required. If the design of the System Modifications changes during the design as a result of permitting or access issues, the company reserves the right to adjust the cost of the Systems Modifications prior to issuing the fourth and final invoice.

**Exhibit H – Interconnection Service Agreement**

**Attachment 3b: Cost of ASO Upgrades and DAF Charges (Transmission), Ongoing Cost Security, ISO-NE Study and Operating Requirements:**

This application is one of five projects studied together with total system size of 50,000 kW. The Interconnecting Customer understands and agrees that, notwithstanding the costs detailed in this Agreement, if one of the applications (RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283) does not move forward with the interconnection of a facility to the Company’s electric power system, the total common modification costs will be re-estimated and reallocated among the remaining facilities, as determined by the Company in its sole discretion. Note the Company will not proceed with construction unless it has received adequate payment from all applicable customers within the group. All ASO upgrade costs are fully reconcilable.

At present, the ASO upgrades associated with these projects (RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283) is estimated to be **\$18,189,040.00**

At present, ASO upgrades associated with this application are: **\$3,637,808.00** +/- 25% and itemized as follows:

- Total cost of common line upgrades at the transmission side of the NEW Substation as mentioned in Attachment 2b above is **\$1,819,463.00** (includes capital, removal, and O&M costs). The cost for this upgrade will be shared on a pro-rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283. **RI-24926805** will be responsible for 20% or **\$363,892.60**
- Total cost of common upgrades at the substation site of the NEW Substation as mentioned in Attachment 2b above is **\$14,221,031.00** (includes capital, removal, and O&M costs). The cost for this upgrade will be shared on a pro-rata basis with RI-24926794, RI-24926796, RI-24926798, RI-24926805, and RI-26012283. **RI-24926805** will be responsible for 20% or **\$2,844,206.20**.
- Tax gross-up adder on capital costs is or **\$429,709.00** (A 2020 tax rate of 13.43% is expected to apply to contributions in aid of construction (“CIAC”) payments received by the Company, on behalf of the ASO, from the Interconnecting Customer. The calculation of the tax gross-up adder is included in this cost estimate on the basis of tax guidance published by the Internal Revenue Service, but tax rates and decisions are ultimately subject to IRS discretion. By signing this agreement, the Interconnecting Customer understands and agrees that the tax has been estimated for convenience and that the Interconnecting Customer remains liable for all tax due on CIAC payments, payable upon the Company’s demand.).

**Direct Assignment Facility (DAF) Charges**

In addition to the payment for the initial construction of the ASO upgrades, this application will be assessed on a monthly basis for the carrying charges for the actual costs of the ASO upgrades. These charges are calculated and charged to the Company by the ASO in accordance with Schedule 21-NEP, Attachment DAF, to the ISO-NE Open Access Transmission Tariff (“DAF Charges”). DAF Charges are calculated by multiplying actual total ASO Gross Plant Investment by the Annual Transmission Carrying Charge rate that is in effect at the time (adjusted annually). The Annual Transmission Carrying Charge rate shown below is provided for illustrative purposes only.

The estimated calculation for the DAF Charge is detailed below and will be recalculated based on the actual reconciled costs:

<b>Estimated Total ASO Gross Plant Investment</b>	<b>\$16,031,871.00</b>
<b>ASO (NEP) Carrying Charge</b>	<b>5.21% (this is an annual charge, and is subject to change over time)</b>
<b>Annual Transmission Carrying Charge</b>	<b>\$835,260.00</b>
<b>Estimated Monthly billing</b>	<b>\$69,605.00</b>
<b>This application’s pro-rata share</b>	<b>\$13,921.00</b>

**Ongoing Costs Security**



**Exhibit H – Interconnection Service Agreement**

On or before the date on which Interconnecting Customer pays the Company's final invoice, Interconnecting Customer shall deliver to the Company, at the Interconnecting Customer's election, cash equal to the sum of the total of four (4) months of the DAF Charges for which Interconnecting Customer is responsible under this Agreement or a letter of credit, in form and substance complying with the requirements of this Attachment 3b and also acceptable to the Company, such acceptance not to be unreasonably withheld or delayed, having a face amount at least equal to the sum of the total of four (4) months of the DAF Charges for which Interconnecting Customer is responsible under this Agreement.

Following the date as of which the Interconnecting Customer is no longer obligated to pay any DAF Charges pursuant to or in connection with this Agreement, Interconnecting Customer may cause a one-time reduction in the face amount of the Ongoing Costs Security by an amount equal to the DAF Charges. Interconnecting Customer shall maintain the Ongoing Costs Security, any revisions, modification or amendment thereof, and any replacement for such Ongoing Costs Security, in full force and effect at all times, provided, however, that Interconnecting Customer may terminate the Ongoing Costs Security, any revisions, modification or amendment thereof, and any replacement for such Ongoing Costs Security, only from and after the date as of which Interconnecting Customer is no longer obligated to pay any DAF Charges pursuant to or in connection with this Agreement.. The Company shall have the right to draw upon the Ongoing Costs Security provided under this Agreement, any revisions, modification or amendment thereof, and any replacement for such Ongoing Costs Security, from time to time, in the event that the Interconnecting Customer fails to timely meet any of its obligations under this Agreement, including, without limitation, with respect to payment of DAF Charges, as well as any interest and penalties.

The Interconnecting Customer shall be solely responsible for all costs associated with each letter of credit (each, a "Letter of Credit") provided pursuant to this Agreement, including, without limitation, the costs of obtaining, maintaining and replacing such Letter of Credit and reimbursement of each Letter of Credit Bank (as such terms are defined below). Each Letter of Credit shall be in a form and substance complying with the requirements of this Agreement and also acceptable to the Company, such acceptance not to be unreasonably withheld or delayed. Each Letter of Credit shall be an irrevocable, unconditional, and transferable standby letter of credit issued by a U.S. commercial bank or a U.S. branch of a foreign bank (the "Letter of Credit Bank") provided that the Interconnecting Customer is not an affiliate of the Letter of Credit Bank, the Letter of Credit Bank has at least ten billion dollars (\$10,000,000,000) in assets and the Letter of Credit Bank's lowest credit rating is at least A2 from Moody's Investors Service or A from Standard and Poor's Ratings Services ("Letter of Credit Bank Requirement(s)"). If at any time (i) the Letter of Credit Bank fails to satisfy any Letter of Credit Bank Requirement, or (ii) the Letter of Credit Bank advises that it will not renew the applicable Letter of Credit beyond its current expiration date ("Notice of Cancellation"), then, the Interconnecting Customer shall deliver a replacement letter of credit from a bank meeting the Letter of Credit Bank Requirements and the other requirements of this Agreement. Such replacement letter of credit shall be delivered to the Company promptly but in no event later than ten (10) Calendar Days following the date on which the Company notifies the Interconnecting Customer that the Letter of Credit Bank first fails to satisfy any Letter of Credit Bank Requirement or, in the case of a Notice of Cancellation, thirty (30) Calendar Days prior to the current expiration date of the applicable Letter of Credit. If Interconnecting Customer fails to provide such replacement Letter of Credit by the applicable date contemplated by this Agreement, the Company shall have the immediate right to draw the full amount remaining under the applicable existing Letter of Credit.

Any Letter of Credit delivered pursuant to this Agreement, as such Letter of Credit may be replaced, revised, modified, or amended, from time to time, as contemplated above, shall serve as security for Interconnecting Customer's obligations under this Agreement, including, without limitation and as applicable, capital cost payment responsibilities and obligations relating to design and installation of ASO upgrades and DAF Charge payment obligations.

Interconnecting Customer shall maintain each Letter of Credit provided under this Agreement, any revisions, modification or amendment thereof, and any replacement for such Letter of Credit, in full force and effect at all times; provided, however, that any Letter of Credit, any revision, modification or amendment thereof, and any replacement for such Letter of Credit, may be terminated only if and when termination of the applicable Letter of Credit is expressly permitted by the terms of this Agreement. The Company shall have the right to draw upon each Letter of Credit provided under this Agreement, any revisions, modification or amendment thereof, and any replacement for such Letter of Credit, from time to time, in the event the Interconnecting Customer fails to timely and fully meet any of its obligations under this Agreement or as otherwise permitted or contemplated by this Agreement.

If Interconnecting Customer fails to make any payments required under this Agreement or fails to provide and maintain the security contemplated above, each in the form, amounts, and at the times, required, the Company may exercise any rights, and pursue any remedies, available to it under this Agreement or the Interconnection Tariff. If any payment date or other due date specified in this Agreement falls on a weekend or a federal bank holiday, then such payment or due date shall be deemed to be the next business day. The face amount of any Letter of Credit represents an estimate only; the actual amount for which the Interconnecting Customer is responsible under this Agreement may be different than such estimates. For the avoidance of doubt, Interconnecting Customer shall be responsible for any tax obligations the Company may incur in drawing upon any Letter of Credit

**Exhibit H – Interconnection Service Agreement****ISO-NE Operating Requirement**

This is part of a group of generating Facilities within close proximity, as determined by ISO-NE, which equals or exceeds an aggregate of 5MW / [This is a Facility whose export equals or exceeds 5 MW] and will be required to comply with ISO-NE's requirements, including Operating Procedure No. 14. Prior to the Company providing Authorization to Interconnect, the Interconnecting Customer will be required to provide evidence that it has complied with all applicable ISO-NE registration requirements. Additionally, ISO-NE may determine that there are additional ASO upgrade costs.

**Payment Terms:**

ASO upgrade costs:

- The first payment (5%) of **\$181,890.40** was due when the Exhibit H-Interconnection Service Agreement was returned to the Company with Interconnecting Customer signature. We are in receipt of the first payment in the amount of \$176,022.00 which was processed on November 11, 2019. The remaining balance of \$5,868.35 will be split between the 3<sup>rd</sup> and 4<sup>th</sup> payments.
- The second payment (20%) of **\$727,561.60** allowed for the completion of final engineering and procurement of long lead material items. The second payment in the amount of \$704,089.00 was processed on May 4, 2020. The remaining balance of \$23,473.40 will be split between the 3<sup>rd</sup> and 4<sup>th</sup> payments.
- The third payment (40%) of **\$1,469,794.07** is due within 15 business days from the receipt of the third payment invoice. This payment will allow construction to proceed to RFL (Ready for Load) date of December 2021 An invoice, including payment instructions, will be sent to the Interconnecting Customer and must be received by October 1, 2020. Proof of payment is required.
- The fourth and final payment (35%) of **\$1,287,903.67** (is due within 15 business days from the receipt of the fourth and final payment invoice. This payment will allow construction to proceed to RFL (Ready for Load) date of December 2021 An invoice, including payment instructions, will be sent to the Interconnecting Customer and must be received prior to January 15, 2021. Proof of payment is required. If the design of the System Modifications changes during the design as a result of permitting or access issues, the company reserves the right to adjust the cost of the Systems Modifications prior to issuing the fourth and final invoice.

DAF carrying charge:

- The initial 4 months of DAF payments is required 30 days prior to the in-service date and is anticipated February 2022 and is required in the form of a letter of credit

**Exhibit H – Interconnection Service Agreement****Attachment 4: Special Operating Requirements, if any**

The generating system may only normally generate onto the 8089T1 feeder and National Grid's Regional Control Center must first give permission to the Interconnecting Customer to allow the operation of their system. The generator may not be allowed to operate with the local electrical power system (EPS) in an abnormal state. To ensure the safe and reliable operation of National Grid's EPS, National Grid may choose to disconnect the customer at the PCC when abnormal system conditions develop and/or circuit reconfiguration takes place on the EPS.

1. The Interconnecting Customer is required to adhere to the following standards which are incorporated in their entirety by reference:
  - a. National Grid's Standards for Interconnecting Distributed Generation (R.I.P.U.C. 2180), available at: [http://www.nationalgridus.com/non\\_html/RI\\_DG\\_Interconnection\\_Tariff.pdf](http://www.nationalgridus.com/non_html/RI_DG_Interconnection_Tariff.pdf)
  - b. Electric System Bulletin 750 "Specifications for Electrical Installations". ESB 750, available at: [http://www.nationalgridus.com/non\\_html/shared\\_constr\\_esb750.pdf](http://www.nationalgridus.com/non_html/shared_constr_esb750.pdf)
  - c. Electric System Bulletin 756 "Requirements for Parallel Generation Connected to a National Grid-Owned EPS". ESB756D, available at: [www.nationalgridus.com/non\\_html/shared\\_constr\\_esb756.pdf](http://www.nationalgridus.com/non_html/shared_constr_esb756.pdf)
2. The Interconnecting Customer is required to address any outstanding requirements (that are not explicitly addressed herein), which are described in the most recent application review memo and/or study report (which is hereby incorporated in its entirety) provided by the Company on or prior to the Effective Date of this Interconnection Service Agreement.
  - a. If the Effective Date of this Interconnection Service Agreement precedes the issuance of a required Detailed Study by the Company, the Interconnecting Customer is also required to address any outstanding requirements described in the Detailed Study Report upon its issuance.
3. Interconnecting Customer shall adhere to the requirements identified in the Impact Study dated 11/06/2018.
4. Interconnecting Customer shall provide Compliance Documentation, including photographs, as requested by, and to the satisfaction of, the Company.
5. Interconnecting Customer may not be allowed to operate with the local EPS in an abnormal state. To ensure the safe and reliable operation of National Grid's EPS, National Grid may disconnect the Customer at the PCC when abnormal system conditions develop and/or circuit reconfiguration takes place on the EPS.
6. Per section 6.4 of this agreement, Interconnecting Customer shall provide an external AC UTILITY DISCONNECT, accessible at all times by National Grid personnel.
7. Interconnecting Customer's AC UTILITY DISCONNECT switch shall be labeled "AC UTILITY DISCONNECT".
8. The AC UTILITY DISCONNECT shall be gang operated, have a visible break when open, be rated to interrupt the maximum generator output and be capable of being locked open, tagged and grounded on the Company side by Company personnel. The visible break requirement can be met by opening the enclosure to observe the contact separation. The Company shall have the right to open this disconnect switch in accordance with the Interconnection Tariff. The switch has to be installed at the DR output on the current carrying lines. Shunt mechanisms are not permitted.
9. If the AC UTILITY DISCONNECT switch is not adjacent to the meter and/or PCC, Interconnecting Customer shall provide a permanent plaque locating the switch.
10. All plaques as described in NEC 705.10, 705.12 (7), 690.56, 692.4 and 705.70 shall be installed, as applicable.
11. All Interconnecting Customer-Owned meters shall be labeled "CUSTOMER-OWNED METER"
12. Interconnecting Customer shall install a permanent plaque or directory at the revenue meter and at the PCC with a warning about the generator(s) installed.

**Exhibit H – Interconnection Service Agreement**

13. Interconnecting Customer shall be responsible for providing necessary easements and/or environmental and/or municipal permits, as requested by the Company.
14. For systems greater than 25kW, Interconnecting Customer shall provide a means of communication to the National Grid revenue meter. This may be accomplished with an analog/POTS (Plain Old Telephone Service) phone line (capable of direct inward dial without human intervention or interference from other devices such as fax machines, etc.), or – in locations with suitable wireless service, a wireless meter. Feasibility of wireless service must be demonstrated by Interconnecting Customer, to the satisfaction of National Grid. If approved, a wireless-enabled meter will be installed, at the customer's expense. If and when National Grid's retail tariff provides a mechanism for monthly billing for this service, the customer agrees to the addition of this charge to their monthly electric bill. Interconnecting Customer shall have the option to have this charge removed, if and when a POTS phone line to National Grid's revenue meter is provided.
15. For systems with redundant relaying, Company witness testing will be required. Customer shall develop, and provide for approval, a functional test procedure, including settings for relaying scheme. Witness test plan must be approved by Company prior to scheduling Company personnel for witness test.
16. Interconnecting Customer may only generate onto the feeder referenced in the Impact Study. National Grid's Regional Control Center must first give permission to the customer to allow the operation of their system.
17. Interconnecting Customer's protection scheme submitted for review must meet National Grid's specific protection requirements. Interconnecting Customer shall submit a PE stamped one-line, including relay settings, that meets the requirements specified within this document to National Grid for review and approval, before a Witness Test plan can be reviewed. Please refer to "Expedited/Standard Process Completion Documentation Checklist", per Company's website for additional required documentation.
18. In order to minimize the impact of the proposed generation on the EPS and area customers, National Grid will require that the reactive contribution of the PV interconnection be maintained between a 99% leading and lagging power factor at the PCC during the normal operation of the PV array. In addition, The PV interconnection shall not contribute to greater than a 3.0% change in voltage on the National Grid EPS under any conditions.
19. The Customer shall be responsible for obtaining all easements and permits required for any line extension not on public way in accordance with the Company's requirements. The Customer shall provide unencumbered direct access to the Company's facilities along an accessible plowed driveway or road, where the equipment is not behind the Customer's locked gate. In those cases where Company equipment is required to be behind the Customer's locked gate, double locking, with both the Company's and Customer's locks shall be employed.
20. The Interconnecting Customer is responsible for coordinating with Verizon for any Verizon work. These costs will be billed directly to the customer from Verizon. It will be the responsibility of the customer to obtain any and all easements and required permitting for work that takes place on private property.

**Attachment 5: Agreement between the Company and the Company's Retail Customer**

If the Company's Retail Customer (account holder) is not the owner (and/or operator) of the Facility, then Exhibit I - Agreement Between the Company and the Company's Retail Customer - shall be signed by the Company's Retail Customer and executed by the Company, and shall be considered part of this Interconnection Service Agreement. It shall be the responsibility of the Interconnecting Customer to notify the Company if the Exhibit I associated with this application changes.

**Exhibit H – Interconnection Service Agreement**

**Attachment 6: System Modifications Construction Schedule**

Below is an estimated construction schedule. This schedule is conceptual, and shows the duration of the facility’s milestones from a “start-date” to an “in-service” date, in calendar days. This conceptual schedule is based upon assumptions and knowledge regarding the project, the site, and activities as of the date of the impact study. These estimations of construction time frames and total duration do not include any time that the Company’s performance is on hold, delayed, or interrupted, including, without limitation, while waiting on information or on the performance of obligations by the Interconnecting Customer and/or third parties (including, without limitation, Verizon, ISO-NE, Railroad), as a result of unknown environmental and/or permitting issues, events of force majeure, and/or as a result of required transmission outages.

The start-date for this construction schedule is deemed to have occurred once : (1) the Interconnection Service Agreement (“ISA”) has been executed (i.e., signed) by both National Grid (“Company”) and the Interconnecting Customer (“Customer”); and (2) the first payment has been submitted by the Customer to the Company, provided , however, that the Company shall not be required to provide any services or order any equipment without receiving adequate payment therefore from the Interconnecting Customer nor will it be required to initiate any construction before it has received full payment from the Interconnecting Customer.

**Attachment 6 - Appendix A: System Modifications Construction Schedule**

Total Duration for Construction: 108 weeks

Milestone	Estimated Duration	Responsible Party
First Payment	Start	Customer
Distribution System Modification Design	6 weeks	National Grid
Substation System Modification Design and Outage Planning	28weeks	National Grid
Secure Required Permits/Easements and Petition for National Grid Work	16 weeks	National Grid and Customer
(Before Construction Begins)	Customer & National Grid	
Submit Final Payment	As per ISA	
(Before Construction Begins)	Customer	
Distribution System Schedule Coordination and Construction	12 weeks	National Grid
Substation System Schedule Coordination and Construction	52 weeks	National Grid
Witness Test Scheduled and Approved and Completion Documentation Approved	3 weeks	National Grid and Customer
Meter Installation and Authority to Interconnect	1 week	National Grid

\* Milestones may be contingent on Verizon schedule and/or ISO-NE approval of outages. Customer is responsible to coordinate directly with Verizon. This schedule does not include any Design or Construction Time required by Verizon.

# **EXHIBIT S**



# **The Narragansett Electric Company**

Financial Statements

For the years ended March 31, 2020, 2019, and 2018

THE NARRAGANSETT ELECTRIC COMPANY

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Narragansett Electric Company

We have audited the accompanying financial statements of The Narragansett Electric Company (the "Company"), which comprise the balance sheets and statements of capitalization as of March 31, 2020 and 2019 and the related statements of income, cash flows, and changes in shareholders' equity for each of the three years in the period ended March 31, 2020, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Narragansett Electric Company as of March 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

*Deloitte + Touche LLP*

July 9, 2020

**THE NARRAGANSETT ELECTRIC COMPANY**  
**STATEMENTS OF INCOME**  
*(in thousands of dollars)*

	Years Ended March 31,		
	2020	2019	2018
<b>Operating revenues</b>	<b>\$ 1,556,566</b>	<b>\$ 1,556,597</b>	<b>\$ 1,445,025</b>
<b>Operating expenses:</b>			
Purchased electricity	406,596	439,140	359,726
Purchased gas	158,387	173,829	180,576
Operations and maintenance	530,156	507,911	474,341
Depreciation	118,428	111,095	105,686
Other taxes	136,976	135,020	132,057
Total operating expenses	<b>1,350,543</b>	<b>1,366,995</b>	<b>1,252,386</b>
<b>Operating income</b>	<b>206,023</b>	<b>189,602</b>	<b>192,639</b>
<b>Other income and (deductions):</b>			
Interest on long-term debt	(55,433)	(51,573)	(43,427)
Other interest, including affiliate interest, net	(4,385)	(4,060)	(3,619)
Other income (deductions), net	3,096	468	(213)
Total other deductions, net	<b>(56,722)</b>	<b>(55,165)</b>	<b>(47,079)</b>
<b>Income before income taxes</b>	<b>149,301</b>	<b>134,437</b>	<b>145,560</b>
<b>Income tax expense</b>	<b>26,895</b>	<b>24,001</b>	<b>22,249</b>
<b>Net income</b>	<b>\$ 122,406</b>	<b>\$ 110,436</b>	<b>\$ 123,311</b>

The accompanying notes are an integral part of these financial statements.

**THE NARRAGANSETT ELECTRIC COMPANY**  
**STATEMENTS OF CASH FLOWS**  
*(in thousands of dollars)*

	Years Ended March 31,		
	2020	2019	2018
<b>Operating activities:</b>			
Net income	\$ 122,406	\$ 110,436	\$ 123,311
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	118,428	111,095	105,686
Regulatory amortizations	427	(1,580)	235
Deferred income tax expense	2,975	36,399	41,290
Bad debt expense	38,360	23,856	19,136
Amortization of debt discount and issuance costs	471	412	293
Pension and postretirement benefits expenses, net	1,562	(3,203)	19,031
Pension and postretirement benefits contributions	(4,542)	(12,294)	(38,935)
Environmental remediation payments	(1,932)	(1,847)	(2,946)
Changes in operating assets and liabilities:			
Accounts receivable, net and unbilled revenues	18,340	(35,717)	(66,457)
Accounts receivable from/payable to affiliates, net	2,692	42,975	-
Inventory	(526)	(4,406)	(1,604)
Regulatory assets and liabilities, net	(86,207)	66,431	(64,143)
Derivative instruments	15,089	(3,511)	7,364
Prepaid and accrued taxes	12,551	14,707	5,094
Accounts payable and other liabilities	(25,728)	30,294	73,334
Other, net	3,272	(15,375)	(30,543)
Net cash provided by operating activities	<u>217,638</u>	<u>358,672</u>	<u>190,146</u>
<b>Investing activities:</b>			
Capital expenditures	(314,935)	(305,013)	(269,344)
Proceeds from restricted cash and special deposits	-	-	7,834
Payments on restricted cash and special deposits	-	-	(7,357)
Cost of removal	(26,043)	(26,652)	(21,033)
Other	175	(480)	(517)
Net cash used in investing activities	<u>(340,803)</u>	<u>(332,145)</u>	<u>(290,417)</u>
<b>Financing activities:</b>			
Common stock dividends to Parent	-	(85,250)	-
Preferred stock dividends	(110)	(110)	(110)
Payments on long-term debt	(251,375)	(15,839)	(1,375)
Issuance of long-term debt	-	350,000	-
Payment of debt issuance costs	-	(1,893)	-
Intercompany money pool	294,868	(271,647)	100,339
Equity infusion from Parent	75,000	-	-
Net cash provided by (used) in financing activities	<u>118,383</u>	<u>(24,739)</u>	<u>98,854</u>
Net (decrease) increase in cash, cash equivalents, restricted cash and special deposits	(4,782)	1,788	(1,417)
Cash, cash equivalents, restricted cash and special deposits, beginning of year	8,653	6,865	7,803
Cash, cash equivalents, restricted cash and special deposits, end of year	<u>\$ 3,871</u>	<u>\$ 8,653</u>	<u>\$ 6,386</u>
<b>Supplemental disclosures:</b>			
Interest paid	\$ (55,612)	\$ (50,639)	\$ (44,492)
Income taxes (paid) refunded	(11,107)	15,746	(2,624)
<b>Significant non-cash items:</b>			
Capital-related accruals included in accounts payable	10,516	12,625	18,987
Parent tax loss allocation	-	-	3,047

The accompanying notes are an integral part of these financial statements.

**THE NARRAGANSETT ELECTRIC COMPANY**  
**BALANCE SHEETS**  
*(in thousands of dollars)*

	March 31,	
	2020	2019
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 3,420	\$ 8,269
Restricted cash and special deposits	451	384
Accounts receivable	233,444	266,065
Allowance for doubtful accounts	(43,288)	(28,492)
Accounts receivable from affiliates	19,674	20,079
Unbilled revenues	57,523	66,806
Inventory	41,702	25,061
Regulatory assets	98,179	62,584
Accrued tax benefit	-	5,342
Other	3,027	7,948
Total current assets	414,132	434,046
 <b>Property, plant and equipment, net</b>	 <b>3,470,757</b>	 3,214,681
<b>Non-current assets:</b>		
Regulatory assets	513,869	457,320
Goodwill	724,810	724,810
Other	41,318	43,841
Total non-current assets	1,279,997	1,225,971
 <b>Total assets</b>	 <b>\$ 5,164,886</b>	 <b>\$ 4,874,698</b>

The accompanying notes are an integral part of these financial statements.

**THE NARRAGANSETT ELECTRIC COMPANY**  
**BALANCE SHEETS**  
*(in thousands of dollars)*

	March 31,	
	2020	2019
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 139,474	\$ 155,981
Accounts payable to affiliates	54,431	52,144
Intercompany money pool	351,415	56,547
Current portion of long-term debt	11,375	251,375
Taxes accrued	43,022	35,889
Customer deposits	11,733	11,924
Interest accrued	6,676	7,824
Regulatory liabilities	94,664	130,335
Derivative instruments	11,768	576
Renewable energy certificate obligations	19,878	4,898
Environmental remediation costs	13,938	2,860
Other	43,662	44,144
Total current liabilities	<b>802,036</b>	754,497
<b>Non-current liabilities:</b>		
Regulatory liabilities	556,768	561,558
Asset retirement obligations	9,738	9,629
Deferred income tax liabilities, net	367,318	359,119
Postretirement benefits	122,176	72,893
Environmental remediation costs	105,841	117,441
Other	35,208	20,433
Total non-current liabilities	<b>1,197,049</b>	1,141,073
<b>Commitments and contingencies (Note 13)</b>		
<b>Capitalization:</b>		
Shareholders' equity	2,253,115	2,055,538
Long-term debt	912,686	923,590
<b>Total capitalization</b>	<b>3,165,801</b>	2,979,128
<b>Total liabilities and capitalization</b>	<b>\$ 5,164,886</b>	\$ 4,874,698

The accompanying notes are an integral part of these financial statements.

**THE NARRAGANSETT ELECTRIC COMPANY**  
**STATEMENTS OF CAPITALIZATION**  
*(in thousands of dollars)*

			March 31,	
			2020	2019
<b>Total shareholders' equity</b>			<b>\$ 2,253,115</b>	<b>\$ 2,055,538</b>
	Interest Rate	Maturity Date		
<i>Unsecured Notes:</i>				
Senior Notes	4.53%	March 15, 2020	-	250,000
Senior Notes	5.64%	March 15, 2040	<b>300,000</b>	300,000
Senior Notes	4.17%	December 10, 2042	<b>250,000</b>	250,000
Senior Notes	3.92%	August 1, 2028	<b>350,000</b>	350,000
			<b>900,000</b>	1,150,000
<i>First Mortgage Bonds ("FMB"):</i>				
FMB Series N	9.63%	May 30, 2020	<b>10,000</b>	10,000
FMB Series O	8.46%	September 30, 2022	<b>12,500</b>	12,500
FMB Series P	8.09%	September 30, 2022	<b>1,875</b>	2,500
FMB Series R	7.50%	December 15, 2025	<b>4,500</b>	5,250
			<b>28,875</b>	30,250
Total debt			<b>928,875</b>	1,180,250
Unamortized debt discount			<b>(1,646)</b>	(1,859)
Unamortized debt issuance costs			<b>(3,168)</b>	(3,426)
Total debt less unamortized costs			<b>924,061</b>	1,174,965
Current portion of long-term debt			<b>11,375</b>	251,375
<b>Total long-term debt</b>			<b>912,686</b>	923,590
<b>Total capitalization</b>			<b>\$ 3,165,801</b>	<b>\$ 2,979,128</b>

The accompanying notes are an integral part of these financial statements.

**THE NARRAGANSETT ELECTRIC COMPANY**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
*(in thousands of dollars)*

	Common Stock	Cumulative Preferred Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)			Total Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
				Unrealized Gain (Loss) on Available- For-Sale Securities	Pension and Other Postretirement Benefits	Hedging Activity			
<b>Balance as of March 31, 2017</b>	<b>\$ 56,624</b>	<b>\$ 2,454</b>	<b>\$ 1,355,008</b>	<b>\$ 905</b>	<b>\$ 1,202</b>	<b>\$ (3,201)</b>	<b>\$ (1,094)</b>	<b>\$ 491,308</b>	<b>\$ 1,904,300</b>
Net income	-	-	-	-	-	-	-	123,311	123,311
Other comprehensive income:									
Unrealized gains on securities, net of \$38 tax expense	-	-	-	26	-	-	26	-	26
Change in pension and other postretirement obligations net of \$29 tax expense	-	-	-	-	99	-	99	-	99
Unrealized gains on hedges, net of \$93 tax expense	-	-	-	-	-	228	228	-	228
Total comprehensive income									123,664
Parent tax loss allocation	-	-	3,047	-	-	-	-	-	3,047
Share based compensation	-	-	2	-	-	-	-	-	2
Preferred stock dividends	-	-	-	-	-	-	-	(110)	(110)
<b>Balance as of March 31, 2018</b>	<b>\$ 56,624</b>	<b>\$ 2,454</b>	<b>\$ 1,358,057</b>	<b>\$ 931</b>	<b>\$ 1,301</b>	<b>\$ (2,973)</b>	<b>\$ (741)</b>	<b>\$ 614,509</b>	<b>\$ 2,030,903</b>
Net income	-	-	-	-	-	-	-	110,436	110,436
Other comprehensive income (loss):									
Unrealized losses on securities, net of \$3 tax benefit	-	-	-	(12)	-	-	(12)	-	(12)
Change in pension and other postretirement obligations, net of \$182 tax benefit	-	-	-	-	(683)	-	(683)	-	(683)
Unrealized gains on hedges, net of \$67 tax expense	-	-	-	-	-	254	254	-	254
Total comprehensive income									109,995
Common stock dividends to Parent	-	-	-	-	-	-	-	(85,250)	(85,250)
Impact of adoption of the recognition and measurement of financial assets and liabilities standard	-	-	-	(896)	-	-	(896)	896	-
Preferred stock dividends	-	-	-	-	-	-	-	(110)	(110)
<b>Balance as of March 31, 2019</b>	<b>\$ 56,624</b>	<b>\$ 2,454</b>	<b>\$ 1,358,057</b>	<b>\$ 23</b>	<b>\$ 618</b>	<b>\$ (2,719)</b>	<b>\$ (2,078)</b>	<b>\$ 640,481</b>	<b>\$ 2,055,538</b>
Net income	-	-	-	-	-	-	-	122,406	122,406
Other comprehensive income (loss):									
Unrealized gains on securities, net of \$42 tax expense	-	-	-	158	-	-	158	-	158
Change in pension and other postretirement obligations, net of \$34 tax benefit	-	-	-	-	(127)	-	(127)	-	(127)
Unrealized gains on hedges, net of \$66 tax expense	-	-	-	-	-	250	250	-	250
Total comprehensive income									122,687
Equity infusion from Parent	-	-	75,000	-	-	-	-	-	75,000
Impact of adoption of reclassification of certain tax from accumulated other comprehensive income standard	-	-	-	8	(1,409)	(664)	(2,065)	2,065	-
Preferred stock dividends	-	-	-	-	-	-	-	(110)	(110)
<b>Balance as of March 31, 2020</b>	<b>\$ 56,624</b>	<b>\$ 2,454</b>	<b>\$ 1,433,057</b>	<b>\$ 189</b>	<b>\$ (918)</b>	<b>\$ (3,133)</b>	<b>\$ (3,862)</b>	<b>\$ 764,842</b>	<b>\$ 2,253,115</b>

The Company had 1,132,487 shares of common stock authorized, issued and outstanding, with a par value of \$50 per share and 49,089 shares of cumulative preferred stock authorized, issued and outstanding, with a par value of \$50 per share at March 31, 2020 and 2019.

## **THE NARRAGANSETT ELECTRIC COMPANY NOTES TO THE FINANCIAL STATEMENTS**

### **1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

The Narragansett Electric Company (“the Company”) is a retail distribution company providing electric service to approximately 507,000 customers and gas service to approximately 273,000 customers in 38 cities and towns in Rhode Island. The Company’s service area covers substantially all of Rhode Island.

The Company is a wholly-owned subsidiary of National Grid USA (“NGUSA” or the “Parent”), a public utility holding company with regulated subsidiaries engaged in the generation of electricity and the transmission, distribution, and sale of both natural gas and electricity. NGUSA is a direct wholly-owned subsidiary of National Grid North America Inc. (“NGNA”) and an indirect wholly-owned subsidiary of National Grid plc, a public limited company incorporated under the laws of England and Wales.

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), including the accounting principles for rate-regulated entities. The financial statements reflect the ratemaking practices of the applicable regulatory authorities.

The novel coronavirus (COVID-19) pandemic has disrupted the U.S. and global economies and is having a significant impact on global health. In March 2020, COVID-19 was declared a pandemic by the World Health Organization (WHO) and the Centers for Disease Control and Prevention. The COVID-19 pandemic has not had a material financial impact on the Company as of March 31, 2020; however, the extent to which the COVID-19 pandemic will impact the Company in the future is uncertain at this time. Due to this uncertainty, the valuations of certain assets and liabilities are necessarily more subjective. In particular, we identified the recoverability of customer receivables in relation to retail customers, in consideration of the suspension of debt collection activities and customer termination activities as an area of estimation uncertainty. In March 2020, the Company ceased certain customer cash collection activities in response to regulatory instructions and to changes in State, Federal and City level regulations and guidance, and actions to minimize risk to employees. The Company has also ceased customer termination activities as requested by relevant local authorities. The Company is monitoring COVID-19 developments closely.

The Company has evaluated subsequent events and transactions through July 9, 2020, the date of issuance of these financial statements, and concluded that there were no events or transactions that require adjustment to, or disclosure in, the financial statements as of and for the year ended March 31, 2020, except as described in Note 16, “Subsequent Events.” The Company continues to evaluate the ongoing impact of COVID-19 on both customers and financial performance and is complying with the request from the Rhode Island Public Utilities Commission (“RIPUC”) to share relevant information.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Use of Estimates**

In preparing financial statements that conform to U.S. GAAP, the Company must make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities included in the financial statements. Such estimates and assumptions include the impact of the ongoing COVID-19 pandemic and are reflected in the accompanying financial statements. Actual results could differ from those estimates.

#### **Regulatory Accounting**

The Federal Energy Regulatory Commission (“FERC”), the RIPUC, and the Rhode Island Division of Public Utilities and Carriers (“Division”) regulate the rates the Company charges its customers. In certain cases, the rate actions of the FERC, RIPUC and Division can result in accounting that differs from non-regulated companies. In these cases, the Company defers costs (as regulatory assets) or recognizes obligations (as regulatory liabilities) if it is probable that such amounts will be recovered from, or refunded to, customers through future rates. In accordance with Accounting Standards Codification (“ASC”) 980,



“Regulated Operations,” regulatory assets and liabilities are reflected on the balance sheet consistent with the treatment of the related costs in the ratemaking process.

### **Revenue Recognition**

Revenues are recognized for energy service provided on a monthly billing cycle basis. The Company records unbilled revenues for the estimated amount of services rendered from the time meters were last read to the end of the reporting period (See Note 3, “Revenue” for additional details).

### **Other Taxes**

The Company collects taxes and fees from customers such as sales taxes, other taxes, surcharges, and fees that are levied by state or local governments on the sale or distribution of gas and electricity. The Company accounts for taxes that are imposed on customers (such as sales taxes) on a net basis (excluded from revenues), while taxes imposed on the Company, such as excise taxes, are recognized on a gross basis. Excise taxes collected and paid for the years ended March 31, 2020, 2019, and 2018 were \$54.8 million, \$54.9 million, and \$51.3 million, respectively.

The Company’s policy is to accrue for property taxes on a calendar year basis.

### **Income Taxes**

Federal income taxes have been computed utilizing the asset and liability approach that requires the recognition of deferred tax assets and liabilities for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes also reflect the tax effect of net operating losses, capital losses, and general business credit carryforwards. The Company assesses the available positive and negative evidence to estimate whether sufficient future taxable income of the appropriate tax character will be generated to realize the benefits of existing deferred tax assets. When the evaluation of the evidence indicates that the Company will not be able to realize the benefits of existing deferred tax assets, a valuation allowance is recorded to reduce existing deferred tax assets to the net realizable amount.

The effects of tax positions are recognized in the financial statements when it is more likely than not that the position taken, or expected to be taken, in a tax return will be sustained upon examination by taxing authorities based on the technical merits of the position. The financial effect of changes in tax laws or rates is accounted for in the period of enactment. Deferred investment tax credits are amortized over the useful life of the underlying property.

NGNA files consolidated federal tax returns including all of the activities of its subsidiaries. Each subsidiary determines its tax provision based on the separate return method, modified by a benefits-for-loss allocation pursuant to a tax sharing agreement between NGNA and its subsidiaries. The benefit of consolidated tax losses and credits are allocated to the NGNA subsidiaries giving rise to such benefits in determining each subsidiary’s tax expense in the year that the loss or credit arises. In a year that a consolidated loss or credit carryforward is utilized, the tax benefit utilized in consolidation is paid proportionately to the subsidiaries that gave rise to the benefit regardless of whether that subsidiary would have utilized the benefit. The tax sharing agreement also requires NGNA to allocate its parent tax losses, excluding deductions from acquisition indebtedness, to each subsidiary in the consolidated federal tax return with taxable income. The allocation of NGNA’s parent tax losses to its subsidiaries is accounted for as a capital contribution and is performed in conjunction with the annual intercompany cash settlement process following the filing of the federal tax return.

### **Cash and Cash Equivalents**

Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at cost which approximates fair value.

### **Restricted Cash and Special Deposits**

Restricted cash consists of collateral paid to the Company's counterparties for outstanding derivative instruments. The Company had restricted cash of \$0.5 million and \$0.4 million as of March 31, 2020 and 2019, respectively.

### **Accounts Receivable and Allowance for Doubtful Accounts**

The Company recognizes an allowance for doubtful accounts to record accounts receivable at estimated net realizable value. The allowance is determined based on a variety of factors including, for each type of receivable, applying an estimated reserve percentage to each aging category, taking into account historical collection and write-off experience, and management's assessment of collectability from individual customers, as appropriate. The collectability of receivables is continuously assessed and, if circumstances change, the allowance is adjusted accordingly. Receivable balances are written off against the allowance for doubtful accounts when the accounts are disconnected and/or terminated and the balances are deemed to be uncollectible. The Company recorded bad debt expense of \$38.4 million, \$23.9 million and \$19.1 million for the years ended March 31, 2020, 2019 and 2018, respectively, within operation and maintenance expenses in the accompanying statements of income. For the year ended March 31, 2020, the bad debt expense is reflective of an additional provision in relation to the impact of COVID-19.

### **Inventory**

Inventory is composed of materials and supplies, purchased Renewable Energy Certificates ("RECs"), and gas in storage. Materials and supplies are stated at weighted average cost, which represents net realizable value, and are expensed or capitalized as used. Purchased RECs are stated at cost. There were no significant write-offs of obsolete inventory for the years ended March 31, 2020, 2019, or 2018.

Gas in storage is stated at weighted average cost and the related cost is recognized when delivered to customers. Existing rate orders allow the Company to pass directly through to customers the cost of gas purchased, along with any applicable authorized delivery surcharge adjustments. Gas costs passed through to customers are subject to regulatory approvals and are reported periodically to the RIPUC.

The Company had materials and supplies of \$12.0 million and \$13.5 million, purchased RECs of \$18.5 million and \$2.4 million, and gas in storage of \$11.2 million and \$9.2 million as of March 31, 2020 and 2019, respectively.

### **Renewable Energy Standard Obligation**

RECs are stated at cost and are used to measure compliance with State renewable energy standards. RECs support new renewable generation standards and are held primarily to be utilized in fulfillment of the Company's compliance obligations. As of March 31, 2020 and 2019, the Company recorded a renewable energy standard obligation of \$19.9 million and \$4.9 million, respectively, within renewable energy certificate obligations.

### **Derivative Instruments**

The Company uses derivative instruments to manage commodity price risk. All derivative instruments, except those that qualify for the normal purchase normal sale exception, are recorded on the balance sheet at fair value. All commodity costs, including the impact of derivative instruments, are passed on to customers through the Company's commodity rate adjustment mechanisms. Regulatory assets or regulatory liabilities are recorded to defer the recognition of unrealized losses or gains on derivative instruments, respectively. The gains or losses on the settlement of these contracts are recognized as purchased gas on the statements of income and then refunded to, or collected from, customers consistent with regulatory requirements.

The Company has certain non-trading instruments for the physical purchase of electricity that qualify for the normal purchase normal sale exception and are accounted for upon settlement. If the Company were to determine that a contract no longer

qualifies for the normal purchase normal sale exception, then the Company would recognize the fair value of the contract and account for the gains and losses using the regulatory accounting described above.

The Company’s accounting policy is to not offset fair value amounts recognized for derivative instruments and related cash collateral receivable or payable with the same counterparty under a master netting agreement, but rather to record and present the fair value of the derivative instrument on a gross basis, with related cash collateral recorded within restricted cash and special deposits on the balance sheet.

**Fair Value Measurements**

The Company measures derivative instruments, securities and pension and postretirement benefit other than pension plan assets at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following is the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that a company has the ability to access as of the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data;
- Level 3: unobservable inputs, such as internally-developed forward curves and pricing models for the asset or liability due to little or no market activity for the asset or liability with low correlation to observable market inputs; and
- Not categorized: certain investments are not categorized within the fair value hierarchy. These investments are typically in commingled funds or limited partnerships that are not publicly traded and have ongoing subscription and redemption activity. As a practical expedient, the fair value of these investments is the Net Asset Value (“NAV”) per fund share, derived from the underlying securities’ quoted prices in active markets.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

**Property, Plant and Equipment**

Property, plant and equipment is stated at original cost. The cost of repairs and maintenance is charged to expense and the cost of renewals and betterments that extend the useful life of property, plant and equipment is capitalized. The capitalized cost of additions to property, plant and equipment includes costs such as direct material, labor and benefits, and an allowance for funds used during construction (“AFUDC”).

Depreciation is computed over the estimated useful life of the asset using the composite straight-line method. Depreciation studies are conducted periodically to update the composite rates and are approved by the FERC and RIPUC. The average composite rates for the years ended March 31, 2020, 2019, and 2018 are as follows:

	<b>Composite Rates</b>		
	<b>March 31,</b>		
	<b>2020</b>	2019	2018
Electric	<b>2.9%</b>	3.0%	2.9%
Gas	<b>3.1%</b>	3.4%	3.4%

Depreciation expense includes a component for the estimated cost of removal, which is recovered through rates charged to customers. Any difference in cumulative costs recovered and costs incurred is recognized as a regulatory liability. When property, plant and equipment is retired, the original cost, less salvage, is charged to accumulated depreciation, and the related cost of removal is removed from the associated regulatory liability. The Company recognized a regulatory liability for

the amount that was in excess of costs incurred of \$226.3 million and \$221.9 million as of March 31, 2020 and 2019, respectively.

#### *Allowance for Funds Used During Construction*

The Company records AFUDC, which represents the debt and equity costs of financing the construction of new property, plant and equipment. The equity component of AFUDC is reported in the accompanying statements of income as non-cash income in other income (deductions), net. The debt component of AFUDC is reported as a non-cash offset to other interest, including affiliate interest. After construction is completed, the Company is permitted to recover these costs through their inclusion in rates. The Company recorded AFUDC related to equity of \$1.7 million, \$4.3 million, and \$0.1 million and AFUDC related to debt of \$2.0 million, \$2.5 million, and \$1.4 million, for the years ended March 31, 2020, 2019, and 2018, respectively. The average AFUDC rates for the years ended March 31, 2020, 2019, and 2018 were 4.4%, 5.7%, and 1.7%, respectively.

#### *Impairment of Long-Lived Assets*

The Company tests the impairment of long-lived assets when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If identified, the recoverability of an asset is determined by comparing its carrying value to the estimated undiscounted cash flows that the asset is expected to generate. If the comparison indicates that the carrying value is not recoverable, an impairment loss is recognized for the excess of the carrying value over the estimated fair value. For the years ended March 31, 2020, 2019, and 2018, there were no impairment losses recognized for long-lived assets.

#### **Goodwill**

The Company tests goodwill for impairment annually on January 1, and when events occur or circumstances change that would more likely than not reduce the fair value of the Company below its carrying amount. The Company has early adopted Accounting Standards Update (“ASU”) No. 2017-04, “Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment,” which eliminates step two from the two-step goodwill impairment test required under the current standard. The goodwill impairment test requires a recoverability test performed based on the comparison of the Company’s estimated fair value with its carrying value, including goodwill. If the estimated fair value exceeds the carrying value, then goodwill is not considered impaired. If the carrying value exceeds the estimated fair value, the Company is required to recognize an impairment charge for such excess, limited to the carrying amount of goodwill.

As of March 31, 2020 and March 31, 2019, the Company considered both the income and market approaches in its goodwill impairment tests. The Company believes that this provides the most appropriate and reliable information about the Company’s estimated fair value. Based on the resulting fair value from the annual analysis, the Company determined that no adjustment to the goodwill carrying value was required as of March 31, 2020 or 2019.

#### **Employee Benefits**

The Company participates with other NGUSA subsidiaries in defined benefit pension plans and postretirement benefit other than pension (“PBOP”) plans for its employees, administered by NGUSA. The Company recognizes its portion of the pension and PBOP plans’ funded status on the balance sheet as a net liability or asset. The cost of providing these plans is recovered through rates; therefore, the net funded status is offset by a regulatory asset or liability. The pension and PBOP plans’ assets are commingled and allocated to measure and record pension and PBOP funded status at the year-end date. Pension and PBOP plan assets are measured at fair value, using the year-end market value of those assets.

## **New and Recent Accounting Guidance**

### **Accounting Guidance Recently Adopted**

#### *Leases*

In February 2016, the FASB issued ASU No. 2016-02 “Leases” (“Topic 842”) and further amended the standard in 2018 and 2019. The new standard supersedes the lease accounting guidance under Topic 840. Under the new standard, a lease is defined as a contract, or part of a contract, that conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration. Lessees will need to recognize leases on the balance sheet as a right-of-use (“ROU”) asset and a related lease liability and classify each lease component as either operating or finance. The lease liability will be equal to the present value of the lease payments. The right-of-use asset will be based on the liability, subject to certain adjustments, such as initial direct costs. Lessor accounting under Topic 842 remains largely consistent with Topic 840.

The Company adopted this new guidance on April 1, 2019 using the modified retrospective approach. The Company recognized approximately \$25.1 million of operating lease liabilities and right-of-use assets on the balance sheets upon transition at April 1, 2019 within other current liabilities, other non-current liabilities and property, plant and equipment, net, respectively. The implementation of the guidance did not have a material impact on the Company’s results of operations or statement of cash flows, as the pattern of recognition of operating lease expense was consistent with Topic 840. The Company’s leases are further discussed in Note 6, “Property, Plant and Equipment,” and Note 14, “Leases.”

#### *Comprehensive income – stranded tax effects*

In February 2018, the FASB issued ASU No. 2018-02, “Income Statement–Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income,” which allows a reclassification from accumulated other comprehensive income (“AOCI”) to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. The amendments eliminate the stranded tax effects resulting from the Tax Cuts and Jobs Act and will improve the usefulness of information reported to financial statement users. For the Company, the requirements in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company adopted the guidance on April 1, 2019, resulting in a \$2.1 million adjustment to retained earnings which was reclassified from accumulated other comprehensive income (loss).

### **Accounting Guidance Not Yet Adopted**

#### *Financial Instruments – Credit Losses*

In June 2016, the FASB issued ASU No. 2016-13 “Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Statements” requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. Credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. In May 2019, the FASB issued ASU 2019-05, “Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief”, permitting entities to irrevocably elect the fair value option for financial instruments that were previously recorded at amortized cost basis within the scope of Topic 326, with the exception of held-to-maturity debt securities. For the Company, the requirements in these updates, as amended in November 2019 by ASU 2019-10 “Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates”, will be effective for fiscal years beginning after March 31, 2024, including interim periods within those fiscal years. The Company is currently assessing the application of this standard to determine if it will have a material impact on the presentation, results of operations, cash flows, and financial position of the Company.

## Reclassifications

Certain reclassifications have been made to the financial statements to conform the prior period's balances to the current period's presentation. These reclassifications had no effect on reported income, statement of cash flows, total assets, or shareholders' equity as previously reported.

## 3. REVENUE

The following table presents, for the years ended March 31, 2020, and 2019, revenue from contracts with customers, as well as additional revenue from sources other than contracts with customers, disaggregated by major source:

	Years ended March 31	
	2020	2019
	<i>(in thousands of dollars)</i>	
Revenue from Contracts with Customers:		
Electric Services	\$ 1,055,161	\$ 1,130,618
Gas Services	416,015	482,793
Total Revenue from Contracts with Customers	1,471,176	1,613,411
Revenue from Regulatory Mechanisms	85,390	(56,814)
Total Operating Revenues	\$ 1,556,566	\$ 1,556,597

*Electric Services:* The Company owns, maintains and operates an electric distribution network in Rhode Island. Distribution revenues are primarily from the sale of electricity and related services to retail customers. Distribution sales are regulated by the RIPUC, which is responsible for determining the prices and other terms of services as part of the ratemaking process. The arrangement where a utility provides a service to a customer in exchange for a price approved by a regulator is referred to as a tariff sales contract. Electric services revenues are derived from the regulated sale and distribution of electricity to residential, commercial, and industrial customers within the Company's service territory under the tariff rates. The tariff rates approved by the regulator are designed to recover the costs incurred by the Company for products and services provided, along with a return on investment.

The performance obligation related to these sales is to provide electricity to the customers on demand. The electricity supplied under the tariff represents a single performance obligation as it is a series of distinct goods or services that are substantially the same. The performance obligation is satisfied over time because the customer simultaneously receives and consumes the electricity as the Company provides these services. The Company records revenues based upon the approved tariff rate and the volume delivered to the customers, which corresponds with the amount the Company has the right to invoice.

This revenue also includes estimated unbilled amounts, which represent the estimated amounts due from retail customers for electricity provided to customers by the Company, but not yet billed. Unbilled revenues are determined based on estimated unbilled sales volumes for the respective customer classes and then applying the applicable tariff rate to those volumes. Actual amounts billed to customers when the meter readings occur may be different from the estimated amounts.

Certain customers have the option to obtain electricity from other suppliers. In those circumstances, revenue is only recognized for providing delivery of the commodity to the customer.

Additionally, the Company owns an electric transmission system in Rhode Island. Transmission systems generally include overhead lines, underground cables, and substations, connecting generation and interconnectors to the distribution system. The Company's transmission services are regulated by both the Independent System Operator ("ISO") – New England and by the FERC. Additionally, the Company makes available its transmission facilities to New England Power ("NEP," an NGUSA affiliate), for operation and control pursuant to an integrated facilities agreement, Service Agreement No. 23 (Integrated

Facilities Agreement or “IFA”). See Note 15 “Related Party Transactions” for additional details. These revenues arise under tariff/rate agreements and are collected primarily from the Company’s Rhode Island distribution customers.

*Gas Services:* The Company owns, maintains and operates a natural gas distribution network in Rhode Island. Distribution revenues are primarily from the sale of gas and related services to retail customers. Distribution sales are regulated by the RIPUC, which is responsible for determining the prices and other terms of services as part of the ratemaking process. The arrangement where a utility provides a service to a customer in exchange for a price approved by a regulator is referred to as a tariff sales contract. Gas distribution revenues are derived from the regulated sale and distribution of natural gas to residential, commercial, and industrial customers within the Company’s service territory under the tariff rates. The tariff rates approved by the regulator are designed to recover the costs incurred by the Company for products and services provided, along with a return on investment.

The performance obligation related to distribution sales is to provide natural gas to the customers on demand. The natural gas supplied under the tariff represents a single performance obligation as it is a series of distinct goods or services that are substantially the same. The performance obligation is satisfied over time because the customer simultaneously receives and consumes the natural gas as the Company provides these services. The Company records revenues related to the distribution sales based upon the approved tariff rate and the volume delivered to the customers, which corresponds with the amount the Company has the right to invoice.

The distribution revenue also includes estimated unbilled amounts, which represent the estimated amounts due from retail customers for natural gas provided to customers by the Company, but not yet billed. Unbilled revenues are determined based on estimated unbilled sales volumes for the respective customer classes and then applying the applicable tariff rate to those volumes. Actual amounts billed to customers when the meter readings occur may be different from the estimated amounts.

Certain customers have the option to obtain natural gas from other suppliers. In those circumstances, revenue is only recognized for providing delivery of the commodity to the customer.

The Company also records revenues related to off-system sales. Off-system sales represent direct sales of gas to participants in the wholesale natural gas marketplace, which occur after customer demands are satisfied.

*Revenue from Regulatory Mechanisms:* The Company records revenues in accordance with accounting principles for rate-regulated operations for arrangements between the Company and the regulator, which are not accounted for as contracts with customers. These include various deferral mechanisms such as capital trackers, energy efficiency programs, storm deferral, and other programs that also qualify as Alternative Revenue Programs (“ARPs”). ARPs enable the Company to adjust rates in the future, in response to past activities or completed events. The Company’s electric and gas distribution rates both have a revenue decoupling mechanism (“RDM”), which allows for annual adjustments to the Company’s delivery rates as a result of the reconciliation between allowed revenue and billed revenue. The Company also has other ARPs related to the achievement of certain objectives, demand side management initiatives, and certain other ratemaking mechanisms. The Company recognizes ARPs with a corresponding offset to a regulatory asset or liability account when the regulatory specified events or conditions have been met, when the amounts are determinable, and are probable of recovery (or payment) through future rate adjustments.

#### 4. REGULATORY ASSETS AND LIABILITIES

The Company records regulatory assets and liabilities that result from the ratemaking process. The following table presents the regulatory assets and regulatory liabilities recorded on the balance sheet:

	March 31,	
	2020	2019
	<i>(in thousands of dollars)</i>	
<b>Regulatory assets</b>		
Current:		
Derivative instruments	\$ 14,157	\$ -
Rate adjustment mechanisms	72,805	57,089
Renewable energy certificates	1,395	2,530
Revenue decoupling mechanism	8,474	1,735
Other	1,348	1,230
Total	<u>98,179</u>	<u>62,584</u>
Non-current:		
Environmental response costs	119,020	121,166
Net metering	26,252	8,649
Postretirement benefits	214,448	170,545
Storm costs	120,207	130,907
Other	33,942	26,053
Total	<u>513,869</u>	<u>457,320</u>
<b>Regulatory liabilities</b>		
Current:		
Derivative instruments	-	793
Energy efficiency	20,654	23,817
Gas cost adjustment	2,894	3,806
Rate adjustment mechanisms	44,561	45,293
Revenue decoupling mechanism	11,237	22,890
Transmission service	15,318	33,572
Other	-	164
Total	<u>94,664</u>	<u>130,335</u>
Non-current:		
Cost of removal	226,279	221,907
Energy efficiency	15,715	18,190
Environmental response costs	18,839	15,641
Postretirement benefits	-	651
Regulatory tax liability, net	272,901	278,052
Other	23,034	27,117
Total	<u>\$ 556,768</u>	<u>\$ 561,558</u>

**Cost of removal:** Represents cumulative amounts collected, but not yet spent, to dispose of property, plant and equipment. This liability is discharged as removal costs are incurred.

**Derivative instruments:** The Company evaluates open derivative instruments for regulatory deferral by determining if they are probable of recovery from, or refund to, customers through future rates. Derivative instruments that qualify for recovery



are recorded at fair value, with changes in fair value recorded as regulatory assets or regulatory liabilities in the period in which the change occurs.

**Energy efficiency:** Represents the difference between revenue billed to customers through the Company's energy efficiency charge and the costs of the Company's energy efficiency programs as approved by the RIPUC.

**Environmental response costs:** The regulatory asset represents deferred costs associated with the Company's share of the estimated costs to investigate and perform certain remediation activities at sites with which it may be associated. The Company's rate plans provide for specific rate allowances for these costs, with variances deferred for future recovery from, or return to, customers. The Company believes future costs, beyond the expiration of current rate plans, will continue to be recovered through rates. The regulatory liability represents the excess of amounts received in rates over the Company's actual site investigation and remediation costs.

**Gas costs adjustment:** The Company is subject to rate adjustment mechanisms for commodity costs, whereby an asset or liability is recognized resulting from differences between actual revenues and the underlying cost being recovered, as approved by the RIPUC. These amounts will be refunded to, or recovered from, customers over the next year.

**Net metering:** Net metering deferral reflects the recovery mechanism for costs associated with customer installed on-site generation facilities, including the costs of renewable generation credits. This surcharge provides the Company with a mechanism to recover such amounts.

**Postretirement benefits:** The regulatory asset represents the Company's non-cash accrual of net actuarial gains and losses and the excess amounts received in rates over actual costs of the Company's pension and PBOP plans that are to be passed back in future periods.

**Rate adjustment mechanisms:** In addition to commodity costs, the Company is subject to a number of additional rate adjustment mechanisms whereby an asset or liability is recognized resulting from differences between actual revenues and the underlying cost being recovered or differences between actual revenues and targeted amounts as approved by the RIPUC.

**Regulatory tax liability, net:** Represents over-recovered federal deferred taxes of the Company primarily as a result of regulatory flow through accounting treatment and excess federal deferred taxes as a result of the Tax Cuts and Jobs Act of 2017 ("Tax Act").

**Renewable energy certificates:** Represents deferred costs associated with the Company's compliance obligation with the Rhode Island Renewable Portfolio Standard ("RPS"). The RPS is legislation established to foster the development of new renewable energy sources. The regulatory asset will be recovered over the next year.

**Revenue decoupling mechanism:** As approved by the RIPUC, the Company has electric and gas RDMs which allow for an annual adjustment to the Company's delivery rates as a result of the reconciliation between allowed and actual billed revenues. Any difference is recorded as a regulatory asset or regulatory liability.

**Storm costs:** The Company is allowed to recover storm costs from all retail delivery service customers. This balance reflects costs yet to be recovered.

**Transmission service:** The Company arranges transmission service on behalf of its customers and bills the costs of those services to customers, pursuant to the Company's Transmission Service Cost Adjustment Provision. Any over or under recoveries of these costs are passed on to customers receiving transmission service over the subsequent year.

The Company records carrying charges on regulatory balances for which cash expenditures have been made and are subject to recovery, or for which cash has been collected and is subject to refund, as approved in accordance with the RIPUC. Carrying charges are not recorded on items for which expenditures have not yet been made.

## 5. RATE MATTERS

### General Rate Case

The Company reached a settlement agreement with the Division and several other intervening parties to increase distribution revenue for its electric and gas operations over the three-year period commencing September 1, 2018, which was approved by the RIPUC on August 24, 2018. This settlement is an agreement that was reached in response to the base distribution revenue increase requests that the Company filed with the RIPUC on November 27, 2017. Pursuant to the settlement, electric distribution revenue will increase by approximately \$14 million, \$11 million, and \$4 million and gas distribution revenue will increase by approximately \$6 million, \$8 million, and \$4 million annually, on September 1, 2018, September 1, 2019, and September 1, 2020, respectively. The settlement reflects an allowed return on equity (“ROE”) rate of 9.275% based on a common equity ratio of approximately 51%. Previously, the Company was entitled to earn an allowed ROE of 9.5%, with a common equity ratio of approximately 49.1%.

These revenue increases are intended to fund significant systems-related investments, including the replacement of several aging operational systems used in the Company’s electric and gas businesses with newer integrated systems that will be shared by the Company and its electric and gas affiliates. The settlement introduces a new incentive-only performance incentive for System Efficiency: Annual Megawatt (“MW”) Capacity Savings, with maximum earnings ranging from approximately \$0.4 million in 2019 to \$0.9 million in 2021. In addition, the settlement identifies several additional metrics for tracking and reporting purposes only, some of which may become eligible for a financial performance incentive during the term of the multi-year rate plan. The increases set in place for the second and third years of the settlement may be reopened for recovery of the implementation of advanced metering and grid modernization costs.

### Recovery of Transmission Costs

The Company’s transmission facilities are operated in combination with the transmission facilities of its New England affiliates, Massachusetts Electric Company (“MECO”) and NEP, as a single integrated system with NEP designated as the combined operator. NEP collects the costs of the combined transmission asset pool including a return on those facilities under NEP’s Tariff No. 1 from the ISO. The ISO allocates these costs among transmission customers in New England, in accordance with the ISO Open Access Transmission Tariff (“ISO-NE OATT”).

According to the FERC order, the Company is compensated for its actual monthly transmission costs, with its authorized maximum ROE of 11.74% on its transmission assets. The amounts remitted by NEP to the Company for the years ended March 31, 2020, 2019 and 2018 were \$141.8 million, \$144.8 million, and \$155.1 million, respectively, which are eliminated as operating revenues and operations and maintenance expenses within the accompanying statements of income (See Note 15 “Related Party Transactions” for additional details).

On October 16, 2014, the FERC issued an order, Opinion No. 531-A, resetting the base ROE applicable to transmission assets under the ISO-NE OATT from 11.14% to 10.57% effective as of October 16, 2014 and establishing a maximum ROE of 11.74%. On March 3, 2015, the FERC issued an Order on Rehearing, Opinion No. 531-B, affirming the 10.57% base ROE and clarifying that the 11.74% maximum ROE applies to all individual transmission projects with ROE incentives previously granted by the FERC. On April 14, 2017, the U.S. Court of Appeals for the D.C. Circuit (Court of Appeals) vacated and remanded FERC’s Opinion No. 531 (and successor orders), through which the FERC had lowered the New England Transmission Owners (“NETO”) return on equity from 11.14% to 10.57% and capped the total incentives at 11.74%.

On October 16, 2018, the FERC issued an order on all four complaints describing how it intends to address the issues that were remanded by the Court. The FERC proposed a new framework to determine whether an existing ROE is unjust and unreasonable and, if so, how to calculate a replacement ROE. The FERC stated that these calculations were merely preliminary and asked the parties to the New England (“NE”) Complaint cases to brief FERC and check the numbers. National Grid along with other NETOs filed a brief supporting FERC’s new methodology and confirming the illustrative numbers that FERC arrived at in the October 2018 order—a 10.41% base ROE. FERC has not issued a final order on our briefs and the base ROE in NE remains at a 10.57%. In November 2019, FERC issued an order in the Midcontinent Independent System Operator (“MISO”) ROE complaint dockets changing the way it arrives at a just and reasonable ROE. The effects of these changes result in

drastically reduced base ROEs in the MISO region. In that MISO order, FERC made statements that it is setting new ROE policy nationwide. In December 2019, the NETOs filed a supplemental brief in the NE ROE complaint dockets showing FERC the detrimental effects on NE if the MISO order were applied to NE. In that brief, the NETOs ask FERC to reopen the record in NE so that we can submit more testimony. Other stakeholders had an opportunity to reply to our supplemental brief by January 21<sup>st</sup> and did so, arguing that our request should be denied, and that the record in NE should not be reopened.

On January 21, 2020, the FERC issued an order granting rehearing for further consideration to give the FERC more time to act on the substantive issues of the MISO ROE proceedings. On May 21, 2020, FERC revised the methodology to determine MISO transmission owner ROEs. FERC's November order proposed to create "zones of reasonableness" based on averages of two (rather than four) models to judge whether ROEs are just and reasonable. ROEs were reduced from 10.32% to 9.88% when FERC applied the revised methodology in two MISO ROE complaints. The May order relies on three models to estimate ROEs. The application of this new methodology increased ROEs in the MISO complaints from 9.88% to 10.02%. The Company does not believe the outcomes of these complaints will have a material impact on the Company's financial condition, results of operations or cash flows.

### **Tax Act**

On March 15, 2018, the FERC initiated multiple proceedings intended to adjust FERC-jurisdictional rates to reflect the corporate tax changes as a result of the passage of the Tax Act. Of the proceedings initiated relevant to the Company is the Notice of Inquiry ("NOI") seeking comments on the effects of the Tax Act on all FERC-jurisdiction rates and a Notice of Proposed Rulemaking (NOPR) issued as a result of the NOI. In response to the FERC NOI, the Company made recommendations designed to mitigate the cash flow impacts of the expected refunds including providing flexibility regarding the methods used to refund accumulated deferred income tax ("ADIT") to customers and providing flexibility regarding the time period of the flow back. In the NOPR, FERC proposed to give the flexibility the company proposed.

On November 21, 2019, the FERC issued Order 864 to address ratemaking and regulatory reporting of excess or deficient ADIT related to the Tax Act. The order applies to public utility transmission providers with formula rates and stated rates and provides that public utilities with formula rates submit a compliance filing within 30 days of the effective date of the final rule or in the public utilities next annual informational filing following the issuance of the final rule. The compliance filing must demonstrate how the public utilities formula rate adjusts rate base via a Rate Adjustment mechanism, returns or recovers excess or deficient ADIT via an Income Tax Allowance Mechanism, and must include an ADIT worksheet to support the excess or deficient ADIT calculation and amortization. The ADIT worksheet must be populated and will be a new and permanent worksheet. The mechanisms and worksheet must remain applicable to any future changes to tax rates that give rise to excess or deficient ADIT, including changes to state and local tax rates. Excess or deficient ADIT associated with future tax rate changes will automatically be included in a public utility's formula rate without the need for a Section 205 filing. The order does not prescribe a recovery/refund period for deficient/excess ADIT for unprotected excess/deficient ADIT that is not subject to the normalization requirements. FERC will evaluate proposed amortization periods on a case by case basis. On April 16, 2020, the FERC issued Order No. 864-A addressing requests for clarification, or in the alternative, rehearing, submitted in the proceeding. FERC will evaluate proposed amortization periods on a case by case basis. NEP will be submitting a compliance filing (on behalf of its affiliate) to update the formula rates in its service agreements with the Company in the next Annual True-Up Informational Filing under FERC Tariff No. 1 IFA provisions.

The RIPUC opened a docket to address the change in the federal corporate income tax rate and other changes resulting from the Tax Act that was signed into law in December 2017. Specifically, the RIPUC requested the Company's proposal for how it planned to reduce rates associated with the income taxes recovered from customers on the equity component of the return on investment included in revenue taxed at the new lower income tax rate of 21% effective January 1, 2018, and how it planned to return to customers the reduction in its net deferred income tax liabilities resulting from the 14% decrease in the federal income tax rate from 35%. Effective September 1, 2018, the Company reduced its revenue requirement for electric and gas distribution rates in effect for the impacts of the Tax Act as appropriate. On January 24, 2019, the Company filed with the RIPUC a settlement agreement among the Company, the Division, the Office of Energy Resources, and the State of Rhode Island Office of the Lieutenant Governor, pursuant to which approximately \$4.8 million and \$3.1 million will be provided to electric and gas customers, respectively, which reflect the benefits of the Company's reduced federal corporate income tax payment obligations for the period January 1, 2018 through August 31, 2018. The RIPUC approved the settlement

agreement on May 17, 2019, as filed. Refunds to electric customers began in July 2019 and will continue through June 2020 and refunds to gas customers began in November 2019 and will continue through October 2020.

### New England East-West Solution (“NEEWS”) Project

In September 2008, the Company, NEP, and Northeast Utilities jointly filed an application with the FERC to recover financial incentives for the NEEWS project, pursuant to the FERC’s Transmission Pricing Policy Order No. 679. NEEWS consists of a series of inter-related transmission upgrades identified in the New England Regional System Plan and is being undertaken to address several reliability problems in Connecticut, Massachusetts, and Rhode Island. The Company’s share of the NEEWS-related transmission investment was approximately \$560 million. The Company is fully reimbursed for its transmission revenue requirements on a monthly basis by NEP through NEP’s Tariff No. 1. Effective November 18, 2008, the FERC granted (1) an incentive ROE of 12.89% (125 basis points above the approved base ROE of 11.64%), (2) 100% construction work in progress (“CWIP”) in rate base, and (3) recovery of plant abandoned for reasons beyond the companies’ control. As discussed in the preceding section, effective October 16, 2014, the FERC issued a series of orders establishing a maximum ROE of 11.74% that effectively caps the NEEWS incentive ROE at that level. The NEEWS upgrades were placed in service in December 2015.

### Suspension of Service Terminations and Certain Collections Activities

At an open meeting on March 16, 2020, the RIPUC issued an order prohibiting all electric, natural gas, water, and sewer utilities from engaging in certain collections activities, including termination of residential and non-residential service for nonpayment (the “Order”). The RIPUC will reconvene on July 13, 2020 to set certain dates for ending the moratorium for particular rate classes. The RIPUC also directed the Company to temporarily suspend late fees, interest charges, credit card fees, debit card fees and ACH fees, along with authorizing the Company to track these costs for later review by the RIPUC. At an open meeting on July 17, 2020, the RIPUC will rule on whether to continue the Order. Previously, on May 15, 2020, pursuant to the RIPUC’s directive, the Company filed a plan with the RIPUC and the Division that details the Company’s plans for recommencing collection activities when the RIPUC lifts the moratorium on utility terminations (the “Plan”). The Plan consists of a four-phase approach, including initial efforts primarily focused on “bill health” messaging and assuring that customers are aware of the programs and services available to assist them with managing and paying their bills. The Company has also responded to requests for information from the RIPUC regarding collections activities and financial implications, as well as one set of informal data requests from the Division.

## 6. PROPERTY, PLANT AND EQUIPMENT

The following table summarizes property, plant and equipment, at cost and operating leases along with accumulated depreciation and amortization:

	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
	<i>(in thousands of dollars)</i>	
Plant and machinery	\$ 4,133,095	\$ 3,881,079
Land and buildings	129,368	123,628
Assets in construction	228,897	191,324
Software and other intangibles	25,988	23,974
Property held for future use	15,028	15,028
Operating leases	28,624	-
Total property, plant and equipment	<u>4,561,000</u>	<u>4,235,033</u>
Accumulated depreciation and amortization	(1,083,552)	(1,020,352)
Operating lease accumulated depreciation	(6,691)	-
Property, plant and equipment, net	<u>\$ 3,470,757</u>	<u>\$ 3,214,681</u>

## 7. DERIVATIVE INSTRUMENTS

The Company utilizes derivative instruments to manage commodity price risk associated with its natural gas purchases. The Company's commodity risk management strategy is to reduce fluctuations in firm gas sales prices to its customers.

The Company's financial exposures are monitored and managed as an integral part of the Company's overall financial risk management policy. The Company engages in risk management activities only in commodities and financial markets where it has an exposure, and only in terms and volumes consistent with its core business.

The volume of outstanding gas derivative instruments as of March 31, 2020 and March 31, 2019 was 40.6 million dekatherms and 36.9 million dekatherms, respectively.

### Derivative Financial Instruments

The following tables reflect the gross and net amounts of the Company's derivative assets and liabilities as of March 31, 2020 and 2019:

**March 31, 2020**  
(in thousands of dollars)

	Gross amounts of recognized assets (liabilities)	Gross amounts offset in the Balance Sheets	Net amounts of assets (liabilities) presented in the Balance Sheets	Gross amounts not offset in the Balance Sheets	Net amount E=C-D
	A	B	C=A+B	D	
<b>ASSETS:</b>					
<b>Other current assets</b>					
Gas contracts (rate recoverable)	\$ 90	\$ -	\$ 90	\$ 90	\$ -
Gas contracts (not subject to rate recovery)	64	-	64	54	10
<b>Other non-current assets</b>					
Gas contracts (rate recoverable)	283	-	283	77	206
Total	<u>437</u>	<u>-</u>	<u>437</u>	<u>221</u>	<u>216</u>
<b>LIABILITIES:</b>					
<b>Current liabilities</b>					
Gas contracts (rate recoverable)	11,658	-	11,658	135	11,523
Gas contracts (not subject to rate recovery)	110	-	110	54	56
<b>Other non-current liabilities</b>					
Gas contracts (rate recoverable)	2,871	-	2,871	77	2,794
Total	<u>14,639</u>	<u>-</u>	<u>14,639</u>	<u>266</u>	<u>14,373</u>
Net liabilities	<u>\$ (14,202)</u>	<u>\$ -</u>	<u>\$ (14,202)</u>	<u>\$ (45)</u>	<u>\$ (14,157)</u>

**March 31, 2019**  
(in thousands of dollars)

	Gross amounts of recognized assets (liabilities)	Gross amounts offset in the Balance Sheets	Net amounts of assets (liabilities) presented in the Balance Sheets	Gross amounts not offset in the Balance Sheets	Net amount <i>E=C-D</i>
	<i>A</i>	<i>B</i>	<i>C=A+B</i>	<i>D</i>	
<b>ASSETS:</b>					
<b>Other current assets</b>					
Gas contracts (rate recoverable)	\$ 1,108	\$ -	\$ 1,108	\$ 175	\$ 933
Gas contracts (not subject to rate recovery)	98	-	98	4	94
<b>Other non-current assets</b>					
Gas contracts (rate recoverable)	584	-	584	13	571
Total	<u>1,790</u>	<u>-</u>	<u>1,790</u>	<u>192</u>	<u>1,598</u>
<b>LIABILITIES:</b>					
<b>Current liabilities</b>					
Gas contracts (rate recoverable)	572	-	572	175	397
Gas contracts (not subject to rate recovery)	4	-	4	4	-
<b>Other non-current liabilities</b>					
Gas contracts (rate recoverable)	327	-	327	13	314
Total	<u>903</u>	<u>-</u>	<u>903</u>	<u>192</u>	<u>711</u>
Net assets	<u>\$ 887</u>	<u>\$ -</u>	<u>\$ 887</u>	<u>\$ -</u>	<u>\$ 887</u>

The Company enters into enabling agreements that allow for payment netting with its counterparties, which reduces its exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty.

The changes in fair value of the Company's rate recoverable contracts are offset by changes in regulatory assets and liabilities. As a result, the changes in fair value of those contracts had no impact in the accompanying statements of income.

### Credit and Collateral

The Company is exposed to credit risk related to transactions entered into for commodity price risk management. Credit risk represents the risk of loss due to counterparty non-performance. Credit risk is managed by assessing each counterparty's credit profile and negotiating appropriate levels of collateral and credit support.

The credit policy for commodity transactions is managed and monitored by the Finance Committee to National Grid plc's Board of Directors ("Finance Committee"), which is responsible for approving risk management policies and objectives for risk assessment, control and valuation, and the monitoring and reporting of risk exposures. NGUSA's Energy Procurement Risk Management Committee ("EPRMC") is responsible for approving transaction strategies, annual supply plans, and counterparty credit approval, as well as all valuation and control procedures. The EPRMC is chaired by the Vice President of U.S. Treasury and reports to both the NGUSA Board of Directors and the Finance Committee.

The EPRMC monitors counterparty credit exposure and appropriate measures are taken to bring such exposures below the limits, including, without limitation, netting agreements, and limitations on the type and tenor of trades. In instances where a counterparty's credit quality has declined, or credit exposure exceeds certain levels, the Company may limit its credit exposure by restricting new transactions with the counterparty, requiring additional collateral or credit support, and negotiating the early termination of certain agreements. Similarly, the Company may be required to post collateral to its counterparties.

The Company's credit exposure for all commodity derivative instruments and applicable payables and receivables, net of collateral, and instruments that are subject to master netting agreements was a net liability of \$14.2 million and a net asset of \$0.9 million as of March 31, 2020 and March 31, 2019, respectively.

The aggregate fair value of the Company's commodity derivative instruments with credit-risk-related contingent features that were in a liability position as of March 31, 2020 and March 31, 2019 was \$6.6 million and zero, respectively. The Company had no collateral posted for these instruments at March 31, 2020 and March 31, 2019. If the Company's credit rating were to be downgraded by one or two levels, it would not be required to post any additional collateral. If the Company's credit rating were to be downgraded by three levels, it would have been required to post \$7.1 million and zero of additional collateral to its counterparties at March 31, 2020 and March 31, 2019, respectively.

## 8. FAIR VALUE MEASUREMENTS

The following tables present assets and liabilities measured and recorded at fair value on the balance sheet on a recurring basis and their level within the fair value hierarchy as of March 31, 2020 and 2019:

	March 31, 2020			Total
	Level 1	Level 2	Level 3	
	<i>(in thousands of dollars)</i>			
<b>Assets:</b>				
Derivative instruments				
Gas contracts	\$ -	\$ 437	\$ -	\$ 437
Securities	2,674	3,729	-	6,403
Total	2,674	4,166	-	6,840
<b>Liabilities:</b>				
Derivative instruments				
Gas contracts	-	9,097	5,542	14,639
Total	-	9,097	5,542	14,639
<b>Net assets (liabilities)</b>	<b>\$ 2,674</b>	<b>\$ (4,931)</b>	<b>\$ (5,542)</b>	<b>\$ (7,799)</b>

	March 31, 2019			Total
	Level 1	Level 2	Level 3	
	<i>(in thousands of dollars)</i>			
<b>Assets:</b>				
Derivative instruments				
Gas contracts	\$ -	\$ 1,790	\$ -	\$ 1,790
Securities	2,759	3,699	-	6,458
Total	2,759	5,489	-	8,248
<b>Liabilities:</b>				
Derivative instruments				
Gas contracts	-	258	645	903
Total	-	258	645	903
<b>Net assets (liabilities)</b>	<b>\$ 2,759</b>	<b>\$ 5,231</b>	<b>\$ (645)</b>	<b>\$ 7,345</b>

**Derivative instruments:** The Company's Level 2 fair value derivative instruments consist of over-the-counter ("OTC") gas swaps and purchase contracts with pricing inputs obtained from the New York Mercantile Exchange ("NYMEX") and the Intercontinental Exchange ("ICE"), except in cases where the ICE publishes seasonal averages or where there were no transactions within the last seven days. The Company may utilize discounting based on quoted interest rate curves, including consideration of non-performance risk, and may include a liquidity reserve calculated based on bid/ask spread for the Company's Level 2 derivative instruments. Substantially all of these price curves are observable in the marketplace throughout at least 95% of the remaining contractual quantity, or they could be constructed from market observable curves with correlation coefficients of 95% or higher.

The Company's Level 3 fair value derivative instruments consist of OTC gas purchase contracts, which are valued based on internally-developed models. Industry-standard valuation techniques, such as the Black-Scholes pricing model, Monte Carlo simulation, and Financial Engineering Associates' libraries are used for valuing such instruments. For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivative instruments valued using indicative price quotations whose contract tenor extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility, and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. The Company considers non-performance risk and liquidity risk in the valuation of derivative instruments categorized in Level 2 and Level 3.

The significant unobservable inputs used in the fair value measurement of the Company's gas derivative instruments are implied volatility and gas forward curves. A relative change in commodity price at various locations underlying the open positions can result in significantly different fair value estimates.

**Securities:** Securities are included in other non-current assets on the balance sheet and primarily include equity and debt investments based on quoted market prices (Level 1) and municipal and corporate bonds based on quoted prices of similar traded assets in open markets (Level 2).

## 9. EMPLOYEE BENEFITS

The Company participates with other NGUSA subsidiaries in qualified and non-qualified non-contributory defined benefit plans (the "Pension Plans") and PBOP plans (together with the Pension Plan (the "Plans")), covering substantially all employees.

Plan assets are maintained for all of NGUSA and its subsidiaries in commingled trusts. In respect of cost determination, plan assets are allocated to the Company based on its proportionate share of the projected benefit obligations. The Plans' costs are first directly charged to the Company based on the Company's employees that participate in the Plans. Costs associated with affiliated service companies' employees are then allocated as part of the labor burden for work performed on the Company's behalf. The Company applies deferral accounting for pension and PBOP expenses associated with its regulated gas and electric operations. Any differences between actual costs and amounts used to establish rates are deferred and collected from, or refunded to, customers in subsequent periods. Pension and PBOP service costs are included within operations and maintenance expense, and non-service costs are included within other income (deductions), net in the accompanying statements of income. Portions of the net periodic benefit costs disclosed below have been capitalized as a component of property, plant, and equipment.

### Pension Plans

The Qualified Pension Plans are defined benefit plans which provide most union employees, as well as non-union employees hired before January 1, 2011, with a retirement benefit. Supplemental non-qualified, non-contributory executive retirement programs provide additional defined pension benefits for certain executives. During the years ended March 31, 2020, 2019, and 2018, the Company made contributions of approximately \$4.3 million, \$12.0 million, and \$28.9 million, respectively, to the Qualified Pension Plans. The Company expects to contribute approximately \$7.1 million to the Qualified Pension Plans during the year ending March 31, 2021.



Benefit payments to Pension Plan participants for the years ended March 31, 2020, 2019, and 2018 were approximately \$28.4 million, \$27.6 million, and \$29.5 million, respectively.

### PBOP Plans

The PBOP Plans provide health care and life insurance coverage to eligible retired employees. Eligibility is based on age and length of service requirements and, in most cases, retirees must contribute to the cost of their coverage. During the years ended March 31, 2020, 2019, and 2018, the Company made contributions of zero, zero, and approximately \$9.7 million, respectively, to the PBOP Plans. The Company does not expect to contribute to the PBOP Plans during the year ending March 31, 2021.

Benefit payments to PBOP plan participants for the years ended March 31, 2020, 2019, and 2018 were approximately \$9.1 million, \$9.8 million, and \$10.5 million, respectively.

### Defined Contribution Plan

NGUSA has defined contribution retirement plans that cover substantially all employees. For each of the years ended March 31, 2020, 2019, and 2018, the Company recognized an expense in the accompanying statements of income of \$3.1 million for matching contributions.

### Net Periodic Benefit Costs

The Company's total pension cost for the years ended March 31, 2020, 2019, and 2018 were \$7.0 million, \$9.8 million, and \$9.9 million, respectively.

The Company's total PBOP cost for the years ended March 31, 2020, 2019, and 2018 were \$1.0 million, \$2.8 million, and \$3.5 million, respectively.

### Amounts Recognized in OCI and Regulatory Assets/Liabilities

The following tables summarize other pre-tax changes in actuarial gains/losses and prior service costs recognized primarily in regulatory assets and other comprehensive income as of March 31, 2020, 2019, and 2018:

	<b>Pension Plans</b>		
	<b>March 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<i>(in thousands of dollars)</i>		
Net actuarial losses	\$ 48,706	\$ 7,362	\$ 2,080
Amortization of net actuarial losses	(9,222)	(9,659)	(9,565)
Amortization of prior service cost, net	(15)	(20)	(20)
Total	<u>\$ 39,469</u>	<u>\$ (2,317)</u>	<u>\$ (7,505)</u>
Change in regulatory assets	\$ 39,309	\$ (3,182)	\$ (7,377)
Change in AOCI	160	865	(128)
Total	<u>\$ 39,469</u>	<u>\$ (2,317)</u>	<u>\$ (7,505)</u>

	<b>PBOP Plans</b>		
	<b>March 31,</b>		
	<b>2020</b>	2019	2018
	<i>(in thousands of dollars)</i>		
Net actuarial losses (gains)	\$ 6,752	\$ (7,013)	\$ (3,869)
Amortization of net actuarial losses	(442)	(1,275)	(1,730)
Amortization of prior service benefit, net	20	20	23
Total	<u>\$ 6,330</u>	<u>\$ (8,268)</u>	<u>\$ (5,576)</u>
Change in regulatory assets	\$ 6,330	\$ (8,268)	\$ (5,576)
Total	<u>\$ 6,330</u>	<u>\$ (8,268)</u>	<u>\$ (5,576)</u>

#### Amounts Recognized in AOCI and Regulatory Assets – not yet recognized as components of net actuarial loss

The following tables summarize the Company's amounts in regulatory assets and accumulated other comprehensive income on the balance sheet that have not yet been recognized as components of net actuarial loss as of March 31, 2020, 2019, and 2018:

	<b>Pension Plans</b>		
	<b>March 31,</b>		
	<b>2020</b>	2019	2018
	<i>(in thousands of dollars)</i>		
Net actuarial losses	\$ 192,788	\$ 153,304	\$ 155,601
Prior service cost	2	17	37
Total	<u>\$ 192,790</u>	<u>\$ 153,321</u>	<u>\$ 155,638</u>
Included in regulatory assets	\$ 191,629	\$ 152,321	\$ 155,502
Included in AOCI	1,161	1,000	136
Total	<u>\$ 192,790</u>	<u>\$ 153,321</u>	<u>\$ 155,638</u>

	<b>PBOP Plans</b>		
	<b>March 31,</b>		
	<b>2020</b>	2019	2018
	<i>(in thousands of dollars)</i>		
Net actuarial losses	\$ 25,820	\$ 19,510	\$ 27,798
Prior service benefit	(5)	(25)	(45)
Total	<u>\$ 25,815</u>	<u>\$ 19,485</u>	<u>\$ 27,753</u>
Included in regulatory assets	\$ 25,815	\$ 19,485	\$ 27,753
Total	<u>\$ 25,815</u>	<u>\$ 19,485</u>	<u>\$ 27,753</u>

The amount of net actuarial loss to be amortized from regulatory assets and AOCI during the year ending March 31, 2021 for the Pension and PBOP Plans is \$12.0 million and \$0.1 million, respectively.

## Reconciliation of Funded Status to Amount Recognized

	Pension Plans		PBOP Plans	
	March 31,		March 31,	
	2020	2019	2020	2019
	<i>(in thousands of dollars)</i>			
Projected benefit obligation	\$ (606,064)	\$ (562,887)	\$ (200,662)	\$ (213,390)
Allocated fair value of assets	543,434	542,261	140,828	160,798
<b>Funded status</b>	<b>\$ (62,630)</b>	<b>\$ (20,626)</b>	<b>\$ (59,834)</b>	<b>\$ (52,592)</b>
Other current liabilities	\$ (196)	\$ (195)	\$ (92)	\$ (130)
Non-current liabilities	(62,434)	(20,431)	(59,742)	(52,462)
<b>Total</b>	<b>\$ (62,630)</b>	<b>\$ (20,626)</b>	<b>\$ (59,834)</b>	<b>\$ (52,592)</b>

## Expected Benefit Payments

Based on current assumptions, the Company expects to make the following benefit payments subsequent to March 31, 2020:

<i>(in thousands of dollars)</i>	Pension Plans	PBOP Plans
<b>Years Ended March 31,</b>		
2021	\$ 33,106	\$ 9,617
2022	34,242	9,995
2023	35,498	10,190
2024	36,749	10,394
2025	38,066	10,779
2026-2030	206,886	56,859
Total	<b>\$ 384,547</b>	<b>\$ 107,834</b>

## Assumptions Used for Employee Benefits Accounting

	Pension Plans		
	Years Ended March 31,		
	2020	2019	2018
<b>Benefit obligations:</b>			
Discount rate	3.65%	4.10%	4.10%
Rate of compensation increase	3.50%	3.50%	3.50%
Expected return on plan assets	6.00%	6.50%	6.25%
<b>Net periodic benefit costs:</b>			
Discount rate	4.10%	4.10%	4.30%
Rate of compensation increase	3.50%	3.50%	3.50%
Expected return on plan assets	6.50%	6.25%	6.50%

	<b>PBOP Plans</b>		
	<b>Years Ended March 31,</b>		
	<b>2020</b>	2019	2018
<b>Benefit obligations:</b>			
Discount rate	<b>3.65%</b>	4.10%	4.10%
Rate of compensation increase	<b>n/a</b>	n/a	n/a
Expected return on plan assets	<b>6.50%-7.00%</b>	6.50%-7.25%	6.25%-6.75%
<b>Net periodic benefit costs:</b>			
Discount rate	<b>4.10%</b>	4.10%	4.30%
Rate of compensation increase	<b>n/a</b>	n/a	n/a
Expected return on plan assets	<b>6.50%-7.25%</b>	6.25%-6.75%	6.50%-6.75%

The Company selects its discount rate assumption based upon rates of return on highly rated corporate bond yields in the marketplace as of each measurement date. Specifically, the Company uses the Hewitt AA Above Median Curve along with the expected future cash flows from the Company retirement plans to determine the weighted average discount rate assumption.

The expected rate of return for various passive asset classes is based both on analysis of historical rates of return and forward looking analysis of risk premiums and yields. Current market conditions, such as inflation and interest rates, are evaluated in connection with the setting of the long-term assumptions. A small premium is added for active management of both equity and fixed income securities. The rates of return for each asset class are then weighted in accordance with the actual asset allocation, resulting in a long-term return on asset rate for each plan.

#### Assumed Health Cost Trend Rate

	<b>Years Ended March 31,</b>	
	<b>2020</b>	2019
Health care cost trend rate assumed for next year		
Pre 65	<b>7.00%</b>	7.25%
Post 65	<b>5.50%</b>	5.75%
Prescription	<b>8.00%</b>	9.75%
Rate to which the cost trend is assumed to decline (ultimate)	<b>4.50%</b>	4.50%
Year that rate reaches ultimate trend		
Pre 65	<b>2031+</b>	2028
Post 65	<b>2031+</b>	2026
Prescription	<b>2031+</b>	2027

#### Plan Assets

The Pension Plan is a trustee, non-contributory defined benefit plan covering all eligible represented employees of the Company and eligible non-represented employees of the participating National Grid companies. The PBOP Plans are both a contributory and non-contributory, trustee, employee life insurance and medical benefit plan sponsored by NGUSA. Life insurance and medical benefits are provided for eligible retirees, dependents, and surviving spouses of NGUSA.

NGUSA, as the Plans' sponsor, manages the benefit plan investments for the exclusive purpose of providing retirement benefits to participants and beneficiaries and paying plan expenses. The benefit plans' named fiduciary is the Retirement Plans Committee ("RPC"). The RPC seeks to minimize the long-term cost of operating the Plans, with a reasonable level of risk. The investment objectives of the Plans are to maintain a level and form of assets adequate to meet benefit obligations

to participants, achieve the expected long-term total return on the Plans' assets within a prudent level of risk, and maintain a level of volatility that is not expected to have a material impact on the Company's expected contributions and expenses or the Company's ability to meet plan obligations.

The RPC has established and reviews at least annually the Investment Policy Statement ("IPS"), which sets forth the guidelines for how plan assets are to be invested. The IPS contains a strategic asset allocation for each plan which is intended to meet the objectives of the Pension Plan by diversifying its funds across asset classes, investment styles and fund managers. An asset/liability study is conducted periodically to determine whether the current strategic asset allocation continues to represent the appropriate balance of expected risk and reward for the plan to meet expected liabilities. Each study considers the investment risk of the asset allocation and determines the optimal mix of assets for the plan. The target asset allocation for 2020 reflects the results of such a pension study conducted in 2019. The PBOP Plan asset/ liability studies are expected to be run within the next 12 to 18 months.

Individual fund managers operate under written guidelines provided by the RPC, which cover such areas as investment objectives, performance measurement, permissible investments, investment restrictions, trading and execution, and communication and reporting requirements. National Grid management, in conjunction with a third party investment advisor, regularly monitors and reviews asset class performance, total fund performance, and compliance with asset allocation guidelines. This information is reported to the RPC at quarterly meetings. The RPC changes fund managers and rebalances the portfolio as appropriate.

Equity investments are broadly diversified across U.S. and non-U.S. stocks, as well as across growth, value, and small and large capitalization stocks. Likewise, the fixed income portfolio is broadly diversified across market segments and mainly invested in investment-grade securities. Where investments are made in non-investment grade assets the higher volatility is carefully judged and balanced against the expected higher returns. While the majority of plan assets are invested in equities and fixed income securities, other asset classes are utilized to further diversify the investments. These asset classes include private equity, real estate, and diversified alternatives. The objective of these other investments is enhancing long-term returns while improving portfolio diversification. For the PBOP Plans, since the earnings on a portion of the assets are taxable, those investments are managed to maximize after-tax returns, consistent with the broad asset class parameters established by the asset/liability study. Investment risk and return are reviewed by the plan investment advisors, National Grid management, and the RPC on a regular basis. The assets of the Plans have no significant concentration of risk in one country (other than the United States), industry, or entity.

The target asset allocations for the benefit plans as of March 31, 2020 and 2019 are as follows:

	Pension Plans		Union PBOP Plans		Non-Union PBOP Plans	
	March 31,		March 31,		March 31,	
	2020	2019	2020	2019	2020	2019
Equity	<b>37%</b>	37%	<b>63%</b>	63%	<b>70%</b>	70%
Diversified alternatives	<b>10%</b>	10%	<b>17%</b>	17%	<b>0%</b>	0%
Fixed income securities	<b>40%</b>	40%	<b>20%</b>	20%	<b>30%</b>	30%
Private equity	<b>5%</b>	5%	<b>0%</b>	0%	<b>0%</b>	0%
Real estate	<b>5%</b>	5%	<b>0%</b>	0%	<b>0%</b>	0%
Infrastructure	<b>3%</b>	3%	<b>0%</b>	0%	<b>0%</b>	0%
	<b>100%</b>	100%	<b>100%</b>	100%	<b>100%</b>	100%

## Fair Value Measurements

The following tables provide the fair value measurements amounts for the pension and PBOP assets at the Plan level:

	<b>March 31, 2020</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Not categorized</b>	<b>Total</b>
	<i>(in thousands of dollars)</i>				
<b>Pension Assets:</b>					
Investments					
Equity	\$ 173,535	\$ -	\$ -	\$ 630,567	\$ 804,102
Diversified alternatives	57,730	-	-	173,255	230,985
Corporate bonds	-	412,698	-	142,101	554,799
Government securities	(4,072)	300,759	-	267,338	564,025
Private equity	-	-	-	131,200	131,200
Real estate	-	-	-	115,522	115,522
Infrastructure	-	-	-	48,687	48,687
Insurance contracts	-	-	-	3,507	3,507
Total assets	<b>\$ 227,193</b>	<b>\$ 713,457</b>	<b>\$ -</b>	<b>\$ 1,512,177</b>	<b>\$ 2,452,827</b>
Pending transactions					<b>(111,173)</b>
Total net assets					<b>\$2,341,654</b>
<b>PBOP Assets:</b>					
Investments					
Equity	\$ 140,528	\$ -	\$ -	\$ 224,383	\$ 364,911
Diversified alternatives	33,367	-	-	32,954	66,321
Corporate bonds	-	2,895	-	-	2,895
Government securities	13,584	147,495	-	1,034	162,113
Insurance contracts	-	-	-	31,473	31,473
Total assets	<b>\$ 187,479</b>	<b>\$ 150,390</b>	<b>\$ -</b>	<b>\$ 289,844</b>	<b>\$ 627,713</b>
Pending transactions					<b>1,362</b>
Total net assets					<b>\$ 629,075</b>

**March 31, 2019**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Not categorized</u>	<u>Total</u>
	<i>(in thousands of dollars)</i>				
<b>Pension Assets:</b>					
Investments					
Equity	\$ 189,523	\$ -	\$ -	\$ 667,776	\$ 857,299
Diversified alternatives	68,624	-	-	181,417	250,041
Corporate bonds	-	418,330	-	149,282	567,612
Government securities	691	211,390	-	217,883	429,964
Private equity	-	-	-	120,115	120,115
Real estate	-	-	-	116,409	116,409
Infrastructure	-	-	-	35,787	35,787
Insurance contracts	-	-	-	16,750	16,750
Accounts receivable	50,966	-	-	-	50,966
Accounts payable	(105,196)	-	-	-	(105,196)
Grand Total	<u>\$ 204,608</u>	<u>\$ 629,720</u>	<u>\$ -</u>	<u>\$ 1,505,419</u>	<u>\$ 2,339,747</u>
<b>PBOP Assets:</b>					
Investments					
Equity	\$ 161,077	\$ -	\$ -	\$ 274,993	\$ 436,070
Diversified alternatives	39,056	-	-	36,920	75,976
Corporate bonds	-	3,502	-	-	3,502
Government securities	8,525	152,760	-	869	162,154
Insurance contracts	-	-	-	42,737	42,737
Accounts receivable	2,295	-	-	-	2,295
Accounts payable	(333)	-	-	-	(333)
Grand Total	<u>\$ 210,620</u>	<u>\$ 156,262</u>	<u>\$ -</u>	<u>\$ 355,519</u>	<u>\$ 722,401</u>

The methods used to fair value pension and PBOP assets are described below:

**Equity:** Equity includes both actively and passively-managed assets with investments in domestic equity index funds as well as international equities.

**Diversified alternatives:** Diversified alternatives consist of holdings of global tactical asset allocation funds that seek to invest opportunistically in a range of asset classes and sectors globally.

**Corporate bonds:** Corporate bonds consist of debt issued by various corporations and corporate money market funds. Corporate Bonds also includes small investments in preferred securities as these are used in the fixed income portfolios as yield producing investments. In addition, certain fixed income derivatives are included in this category such as credit default swaps to assist in managing credit risk.

**Government securities:** Government securities includes U.S. agency and treasury securities, as well as state and local municipality bonds. The plans hold a small amount of Non-U.S. government debt which is also captured here. U.S. Government money market funds are also included. In addition, interest rate futures and swaps are included in this category as a tool to manage interest rate risk.

**Private equity:** Private equity consists of limited partnerships investments where all the underlying investments are privately held. This consists of primarily buy-out investments with smaller allocations to venture capital.

**Real estate:** Real estate consists of limited partnership investments primarily in U.S. core open end real estate funds as well as some core plus closed end real estate funds.

**Infrastructure:** Infrastructure consists of limited partnerships investments that seek to invest in physical assets that are considered essential for a society to facilitate the orderly operation of its economy. Investments in infrastructure typically include transportation assets (such as airports and toll roads) and utility type assets. Investments in Infrastructure funds are utilized as a diversifier to other asset classes within the pension portfolio. Infrastructure investments are also typically income producing assets.

**Insurance contracts:** Insurance contracts consists of Trust Owned Life Insurance.

**Pending transactions/Receivables/Payables:** Accounts receivable and accounts payable are short term cash transactions that are expected to settle within a few days of the measurement date.

**10. CAPITALIZATION**

The aggregate maturities of long-term debt for the years subsequent to March 31, 2020 are as follows:

<i>(in thousands of dollars)</i>	<b>Maturities of</b>
<b><u>March 31,</u></b>	<b><u>Long-Term Debt</u></b>
2021	\$ 11,375
2022	1,375
2023	13,875
2024	750
2025	750
Thereafter	<u>900,750</u>
Total	<u><u>\$ 928,875</u></u>

The Company’s debt agreements and banking facilities contain covenants, including those relating to the periodic and timely provision of financial information by the issuing entity and financial covenants such as restrictions on the level of indebtedness. Failure to comply with these covenants, or to obtain waivers of those requirements, could in some cases trigger a right, at the lender’s discretion, to require repayment of some of the Company’s debt and may restrict the Company’s ability to draw upon its facilities or access the capital markets. As of March 31, 2020 and 2019, the Company was in compliance with all such covenants.

**Debt Authorizations**

The Company has regulatory approval from the FERC to issue up to \$400 million of short-term debt internally or externally that expires on January 10, 2021. The Company had no external short-term debt as of March 31, 2020 and 2019. Refer to Note 15, “Related Party Transactions” under “Intercompany Money Pool” for short-term debt outstanding with associated companies.

A new financing petition was filed with the RIPUC and approved on January 19, 2020 authorizing the issuance of up to \$900 million of new long term debt through March 31, 2023.

**First Mortgage Bonds**

As of March 31, 2020, the Company had \$28.9 million of FMB outstanding. Substantially all of the assets used in the gas business of the Company are subject to the lien of the mortgage indentures under which these FMB have been issued. The FMB have annual sinking fund requirements totaling approximately \$1.4 million.



The Company has a maximum 70% of debt-to-capitalization covenant. Furthermore, if at any time the Company's debt exceeds 60% of the total capitalization, each holder of bonds then outstanding, shall receive effective as of the first date of such occurrence, a one time, and permanent, 0.20% increase in the interest rate paid by the Company on its bonds. As of March 31, 2020 and 2019, the Company was in compliance with this covenant.

### Dividend Restrictions

Pursuant to the preferred stock arrangement, as long as any preferred stock is outstanding, certain restrictions on payment of common stock dividends would come into effect if the common stock equity was, or by reason of payment of such dividends became, less than 25% of total capitalization. The Company was in compliance with this covenant and accordingly, the Company was not restricted as to the payment of common stock dividends under the foregoing provisions as of March 31, 2020 or 2019.

### Cumulative Preferred Stock

The Company has certain issues of non-participating cumulative preferred stock outstanding where the security is guaranteed by National Grid plc and can be redeemed at the option of the Company. There are no mandatory redemption provisions on the Company's cumulative preferred stock. A summary of cumulative preferred stock is as follows:

Series	Shares Outstanding		Amount		Call Price
	March 31,		March 31,		
	2020	2019	2020	2019	
<i>(in thousands of dollars, except per share and number of shares data)</i>					
\$50 par value - 4.50% Series	49,089	49,089	\$ 2,454	\$ 2,454	\$ 55.000

The Company did not redeem any preferred stock during the years ended March 31, 2020, 2019, or 2018. The annual dividend requirement for cumulative preferred stock was \$0.1 million for the years ended March 31, 2020, 2019 and 2018.

## 11. INCOME TAXES

### Components of Income Tax Expense

	Years Ended March 31,		
	2020	2019	2018
<i>(in thousands of dollars)</i>			
Current federal income tax expense (benefit)	\$ 23,920	\$ (12,398)	\$ (19,040)
Deferred federal tax expense	2,976	36,415	41,351
Amortized investment tax credits <sup>(1)</sup>	(1)	(16)	(62)
Total deferred tax expense	2,975	36,399	41,289
Total income tax expense	\$ 26,895	\$ 24,001	\$ 22,249

(1) Investment tax credits ("ITC") are accounted for using the deferral and gross up method of accounting and amortized over the depreciable life of the property giving rise to the credits.

### Statutory Rate Reconciliation

The Company's effective tax rates for the years ended March 31, 2020, 2019, and 2018 are 18.0%, 17.9%, and 15.2% respectively. The following table presents a reconciliation of income tax expense at the federal statutory tax rate of 21%, and 31.55% respectively, to the actual tax expense:

	<b>Years Ended March 31,</b>		
	<b>2020</b>	2019	2018
	<i>(in thousands of dollars)</i>		
Computed tax	\$ 31,353	\$ 28,231	\$ 45,923
Change in computed taxes resulting from:			
Temporary differences flowed through	387	(172)	695
Federal rate change	-	-	(23,497)
Amortization of excess deferred federal income tax	(5,042)	(4,121)	-
Other items, net	197	63	(872)
Total	<u>(4,458)</u>	<u>(4,230)</u>	<u>(23,674)</u>
Total income tax expense	<u>\$ 26,895</u>	<u>\$ 24,001</u>	<u>\$ 22,249</u>

The Company is included in the NGNA and subsidiaries consolidated federal income tax return. The Company has joint and several liability for any potential assessments against the consolidated group.

### Deferred Tax Components

	<b>March 31,</b>	
	<b>2020</b>	2019
	<i>(in thousands of dollars)</i>	
<b>Deferred tax assets:</b>		
Environmental remediation costs	\$ 25,096	\$ 25,263
Net operating losses	56,451	42,197
Postretirement benefits and other employee benefits	29,126	18,801
Regulatory liabilities	89,216	98,691
Other items	26,297	11,036
Total deferred tax assets	<u>226,186</u>	<u>195,988</u>
<b>Deferred tax liabilities:</b>		
Amortization of goodwill	44,119	40,366
Property related differences	420,471	401,506
Regulatory assets	128,530	109,180
Other items	384	4,054
Total deferred tax liabilities	<u>593,504</u>	<u>555,106</u>
Net deferred income tax liabilities	367,318	359,118
Deferred investment tax credits	-	1
<b>Deferred income tax liabilities, net</b>	<u>\$ 367,318</u>	<u>\$ 359,119</u>

### Net Operating Losses

The amounts and expiration dates of the Company's net operating loss carryforwards as of March 31, 2020 are as follows:

<u>Expiration of Net Operating Losses</u>	<u>Gross Carryforward Amount</u>	<u>Expiration Period</u>
	<i>(in thousands of dollars)</i>	
<b>Federal</b>	<b>\$ 407,081</b>	<b>2033 - 2038</b>

As a result of the accounting for uncertain tax positions, the amount of deferred tax assets reflected in the financial statements is less than the amount of the tax effect of the federal net operating loss carryforwards reflected on the income tax returns.

### **Federal Income Tax Audit**

During the year ended March 31, 2020, the Company reached a settlement with the IRS for the tax years ended March 31, 2010, 2011 and 2012. The outcome of the settlement did not have a material impact on the Company's results of operations and financial position. As a result of the settlement, the Company received a refund of \$7.7 million.

During the year ended March 31, 2020, the IRS began its examination of the next audit cycle which includes the income tax returns for the years ended March 31, 2013 through March 31, 2015. The examination is expected to conclude in the next fiscal year and result in a settlement agreement with the IRS. The Company does not anticipate the settlement to have a material impact on the Company's results of operations, financial position, or cash flows. The income tax returns for the years ended March 31, 2016 through March 31, 2019 remain subject to examination by the IRS.

The following table indicates the earliest tax year subject to examination for each major jurisdiction:

<b>Jurisdiction</b>	<b>Tax Year</b>
Federal	March 31, 2013

The Company is not subject to state income tax due to the State of Rhode Island's exclusion of public utilities from income tax.

### **Uncertain Tax Positions**

The Company recognizes interest related to unrecognized tax benefits in other interest, including affiliate interest and related penalties, if applicable, in other income (deductions), net, in the accompanying statements of income. As of both March 31, 2020 and 2019, the Company has accrued for interest related to unrecognized tax benefits of \$0.3 million. During the years ended March 31, 2020, 2019, and 2018 the Company recorded interest expense of zero, \$0.3 million, and zero, respectively. No tax penalties were recognized during the years ended March 31, 2020, 2019 or 2018.

It is reasonably possible that other events will occur during the next twelve months that would cause the total amount of unrecognized tax benefits to increase or decrease. However, the Company does not believe any such increases or decreases would be material to its results of operations, financial position, or cash flows.

## **12. ENVIRONMENTAL MATTERS**

The normal ongoing operations and historic activities of the Company are subject to various federal, state, and local environmental laws and regulations. Under federal and state Superfund laws, potential liability for the historic contamination of property may be imposed on responsible parties jointly and severally, without regard to fault, even if the activities were lawful when they occurred.

The United States Environmental Protection Agency ("EPA"), the Massachusetts Department of Environmental Protection ("DEP"), and the Rhode Island Department of Environmental Management ("DEM") have alleged that the Company is a potentially responsible party under state or federal law for the remediation of a number of sites at which hazardous waste is alleged to have been disposed. The Company's most significant liabilities relate to former Manufactured Gas Plant ("MGP") facilities formerly owned by the Blackstone Valley Gas and Electric Company and the Rhode Island gas distribution assets of New England Gas. The Company is currently investigating and remediating, as necessary, those MGP sites and certain other properties under agreements with the EPA, DEM and DEP. Expenditures incurred for the years ended March 31, 2020, 2019, and 2018 were \$1.9 million, \$1.8 million, and \$2.9 million, respectively.

The Company estimated the remaining costs of environmental remediation activities were \$119.8 million and \$120.3 million as of March 31, 2020 and 2019, respectively. These costs are expected to be incurred over approximately 38 years, and these undiscounted amounts have been recorded as estimated liabilities on the balance sheet. However, remediation costs for each site may be materially higher than estimated, depending on changing technologies and regulatory standards, selected end use for each site, and actual environmental conditions encountered. The Company has recovered amounts from certain insurers and potentially responsible parties, and, where appropriate, the Company may seek additional recovery from other insurers and from other potentially responsible parties, but it is uncertain whether, and to what extent, such efforts will be successful.

The RIPUC has approved a settlement agreement that provides for rate recovery of remediation costs of former MGP sites and certain other hazardous waste sites located in Rhode Island. Under that agreement, qualified costs related to these sites are paid out of a special fund established as a regulatory liability on the balance sheet. Rate-recoverable contributions of approximately \$3.1 million are added annually to the fund, along with interest and any recoveries from insurance carriers and other third-parties. Accordingly, as of March 31, 2020 and 2019, the Company has recorded environmental regulatory assets of \$119.0 million and \$121.2 million, respectively, and environmental regulatory liabilities of \$18.8 million and \$15.6 million, respectively (See Note 4, "Regulatory Assets and Liabilities" for additional details).

The Company believes that its ongoing operations, and its approach to addressing conditions at historic sites, are in substantial compliance with all applicable environmental laws. Where the Company has regulatory recovery, it believes that the obligations imposed on it because of the environmental laws will not have a material impact on its results of operations or financial position.

### 13. COMMITMENTS AND CONTINGENCIES

#### Purchase Commitments

The Company has several long-term contracts for the purchase of electric power. Substantially all of these contracts require power to be delivered before the Company is obligated to make payment. Additionally, the Company has entered into various contracts for gas delivery, storage, and supply services. Certain of these contracts require payment of annual demand charges, which are recoverable from customers. The Company is liable for these payments regardless of the level of service required from third-parties.

The Company's commitments under these long-term contracts for the years subsequent to March 31, 2020 are summarized in the table below:

<i>(in thousands of dollars)</i>	<b>Energy Purchases</b>
<b>March 31,</b>	
2021	\$ 287,089
2022	100,551
2023	41,923
2024	40,724
2025	37,679
Thereafter	317,401
Total	<u>\$ 825,367</u>

#### Long-term Contracts for Renewable Energy

##### *Deepwater Agreement*

The 2009 Rhode Island law required the Company to solicit proposals for a small scale renewable energy generation project of up to eight wind turbines with an aggregate nameplate capacity of up to 30 MW to benefit the Town of New Shoreham. The renewable energy generation project also included a transmission cable to be constructed between Block Island and the

mainland of Rhode Island. On June 30, 2010, the Company entered into a 20-year Amended Power Purchase Agreement (“PPA”) with Deepwater Wind Block Island LLC (“Deepwater”), which was approved by the RIPUC in August 2010. The wind turbines reached commercial operation on December 12, 2016 and the PPA is being accounted for as a capital lease. The Company also negotiated a Transmission Facilities Purchase Agreement (“Facilities Purchase Agreement,” or “FPA”) with Deepwater to purchase the permits, engineering, real estate, and other site development work for construction of the undersea transmission cable (collectively, the “Transmission Facilities”). On April 2, 2014, the Division issued its Consent Decision for the Company to execute the FPA with Deepwater. In July 2014, four agreements were filed with the FERC, in part, for approval to recover the costs associated with the transmission cable and related facilities (the “Project”) that will be allocated to the Company and Block Island Power Company through transmission rates. On September 2, 2014, the FERC accepted all four agreements thus approving cost recovery for the Project, with no conditions, that will apply to the Company’s costs, as well as those of NEP. The agreements went into effect on September 30, 2014. On January 30, 2015, the Company closed on its purchase of the Transmission Facilities from Deepwater. The Company placed the Transmission Facilities into service on October 31, 2016.

### *Three-State Procurement*

On April 9, 2018, the RIPUC approved eight long-term (20-year) contracts totaling approximately 44 MWs of nameplate capacity between the Company and several counterparties pursuant to the Rhode Island Long-Term Contracting Standard. Because the contracts were approved pursuant to the Rhode Island Long-Term Contracting Standard, the Company may collect 2.75% remuneration on the annual payments made under the contracts. The contracts resulted from a three-state solicitation for renewable energy generation proposals.

### *Offshore Wind Energy Procurement*

On December 6, 2018, the Narragansett Electric Company entered into a 20-year PPA with DWW Rev I, LLC (“Revolution Wind”), for the purchase of the electricity and renewable energy credits generated by the offshore windfarm proposed by Revolution Wind, that will have a capacity of up to 408 MW. The anticipated commercial operations date for the windfarm is in January 2024. On May 28, 2019, at an open meeting, the RIPUC approved the contract without remuneration. The written order approving the agreement and that Company will be able to recover the cost incurred under the agreement was issued by the RIPUC on June 7, 2019.

### *Annual Solicitations*

The 2009 Rhode Island law (Long Term Contracting Standard (“LTCS”)) also requires that, beginning on July 1, 2010, the Company conduct four annual solicitations for proposals from renewable energy developers and, provided commercially reasonable proposals have been received, enter into long-term contracts for the purchase of capacity, energy, and attributes from newly developed renewable energy resources. The Company’s four solicitations have resulted in four PPAs that have been approved by the RIPUC:

- First Solicitation: On July 28, 2011, the RIPUC approved a 15-year PPA with Orbit Energy Rhode Island, LLC for a 3.2 MW anaerobic digester biogas project located in Johnston, Rhode Island. The facility reached commercial operation on August 24, 2017.
- Second Solicitation: On May 11, 2012, the RIPUC approved a 15-year PPA with Black Bear Development Holdings, LLC for a 3.9 MW run-of-river hydroelectric plant located in Orono, Maine. The facility reached commercial operation on November 22, 2013.
- Third Solicitation: On October 25, 2013, the RIPUC approved a 15-year PPA with Champlain Wind, LLC for a 48 MW land-based wind project located in Carroll Plantation and Kossuth Township, Maine. The PPA was terminated on January 23, 2017 because one of the required permits for the project was rejected. The impact of this termination is that the Company then needed to backfill the MW capacity from that project to meet the 90 MW minimum long-term capacity requirements under the state statute, that it fulfilled in the fifth solicitation.
- Fourth Solicitation: On October 29, 2015, the RIPUC approved a 15-year PPA with Copenhagen Wind Farm, LLC for an 80 MW land-based wind project located in Denmark, New York. The facility reached commercial operation on December 27, 2018.

In 2014 the LTCS was amended to allow for additional solicitations until the 90 MW contracting capacity requirement was met.

- Fifth Solicitation: On May 11, 2020, the RIPUC approved a 20 year PPA with Gravel Pit Solar II, LLC for a 49.5 MW land based bifacial solar project located in East Windsor, CT. The anticipated commercial operation date is March 31, 2023.

As approved by the RIPUC, the Company is allowed to pass through commodity-related / purchased power costs to customers and collect remuneration equal to 2.75% on any contract capacity up to 90 MW.

### **Aquidneck Island**

On January 21, 2019, the Company suspended gas service to approximately 7,500 gas customers on Aquidneck Island due to a gas transmission supply issue. The recovery effort was complete, with service restored to essentially all customers, by the morning of January 29, 2019. On February 28, 2019, the RIPUC opened an investigation into the causes of the outage to comport with the Rhode Island Senate's request to do so per Senate Resolution 188 passed on January 31, 2019. On October 30, 2019, the Division issued their Summary Investigation Report into the Aquidneck Island Gas Service Interruption of January 21, 2019. In the report, the Division identified the causes of the outages, which included multiple factors, some in which were outside the control of the Company. On December 13, 2019, the Company filed its Response to the Division's Report, which addressed certain aspects of the Report, but not all, and Division conclusions with which it did not agree, and included a status update on the Company's actions taken in response to the Report's recommendations up to that time. Also, on November 4, 2019, the Division issued a Notice of Probable Violation ("NOPV") and a fine totaling \$39,000 to the Company alleging the Company failed "to provide a telephonic notification to the Division of the emergency shutdown of an LNG facility" on the morning of January 21, 2019. An Informal Conference took place on December 18, 2019 with the Division and National Grid representatives. On January 13, 2020, the Company paid the fine without admitting liability and intends to work with the Division to develop a mutually agreeable notification procedures for future circumstances at the LNG facility. On November 19, 2019 and November 22, 2019, the Company was first served with an amended class action complaint on behalf of business owners on Aquidneck and a separate class action on behalf of individuals in the affected areas, respectively. Further amendments to the complaints have subsequently been filed. The Company continues to meet with the Division to discuss winter gas reliability issues, which include Aquidneck Island.

### **Legal Matters**

The Company is subject to various legal proceedings arising out of the ordinary course of its business. The Company does not consider any of such proceedings to be material, individually or in the aggregate, to its business or likely to result in a material adverse effect on its results of operations, financial position, or cash flows.

### **Other Contingencies**

As of March 31, 2020 and 2019, the Company had accrued an estimate for workers compensation, auto, and general insurance claims which have been incurred but not yet reported ("IBNR") of \$2.3 million and \$2.1 million, respectively. IBNR reserves are reserves that have been established for claims and/or events that have transpired, but have not yet been reported to the Company for payment.

## **14. LEASES**

The Company has elected the practical expedient "package" under Topic 842 in which any expired contracts need not be reassessed to determine whether they are or contain leases; classification of leases that commenced prior to the adoption of this standard will not be reassessed; and any initial direct costs for existing leases need not be reassessed. The Company elected the practical expedient not to reassess existing easements that were not previously accounted for as leases under Topic 840. Additionally, the Company elected the practical expedient not to evaluate whether sales tax and other similar taxes are lessor and lessee costs. Instead, such costs are deemed lessee costs. The Company elected not to take the "hindsight" practical expedient nor other specific practical expedients to combine lease and non-lease components for

contracts in which the Company is the lessee or the lessor. The Company does not reflect short-term leases on the balance sheets. The expense related to short-term leases was not material for the year ended March 31, 2020. The Company, as a regulated entity, will continue to recognize lease expense based on a pattern that conforms to the regulatory ratemaking treatment.

The Company had no finance leases as of March 31, 2020. The Company has various operating leases, primarily related to fleet vehicles and real estate, with lease terms ranging between 4 and 50 years. The expense related to operating leases was \$7.9 million for the year ended March 1, 2020.

In measuring lease liabilities, the Company excludes variable lease payments, other than those that depend on an index or a rate, or are in substance fixed payments, and includes lease payments made at or before the commencement date. The variable lease payments were not material for the year ended March 31, 2020.

Lease liabilities are recognized based on the present value of the lease payments over the lease term at the commencement date. For any leases that do not provide an implicit rate, the Company uses an estimate of its collateralized incremental borrowing rate based on the information available at the commencement date to determine the present value of future payments. Operating lease ROU assets are included in property, plant and equipment, net, and operating lease liabilities are included in other current liabilities and other noncurrent liabilities on the balance sheet.

As of March 31, 2020, the Company's operating leases had a weighted average discount rate of 2.65% and a weighted average remaining lease term of 4 years. The Company does not have material rights or obligations under operating leases that have not yet commenced.

The following table presents the components of cash flows arising from lease transactions:

	<b>Year ended</b>	
	<b>March 31, 2020</b>	
	<i>(in thousands of dollars)</i>	
Cash paid for amounts included in lease liabilities		
Operating cash flows from operating leases	\$	<b>7,889</b>
ROU assets obtained in exchange for new operating lease liabilities	\$	<b>2,644</b>

The following contains the Company's maturity analysis of its operating lease liabilities as of March 31, 2020, showing the undiscounted cash flows on an annual basis reconciled to the undiscounted cash flows of the operating lease liabilities recognized in the comparative balance sheet:

	<b>Operating Leases</b>	
	<i>(in thousands of dollars)</i>	
<b>Year Ending March 31,</b>		
2021	\$	7,132
2022		5,804
2023		4,580
2024		3,098
2025		1,284
Thereafter		1,296
Total future minimum lease payments	\$	23,194
Less: imputed interest		(1,261)
Total	\$	21,933
<b>Reported as of March 31, 2020:</b>		
Current lease liability	\$	6,640
Non-current lease liability		15,293
Total	\$	21,933

The future minimum lease commitments as of March 31, 2019 under Topic 840:

	<b>Operating Leases</b>	
	<i>(in thousands of dollars)</i>	
<b>Year Ending March 31,</b>		
2020	\$	8,135
2021		7,059
2022		5,742
2023		4,405
2024		2,742
Thereafter		1,963
Total future minimum lease payments	\$	30,046

There are certain leases in which the Company is the lessor. Revenue under such leases was immaterial for the year ended March 31, 2020.

## 15. RELATED PARTY TRANSACTIONS

### Accounts Receivable from and Accounts Payable to Affiliates

NGUSA and its affiliates provide various services to the Company, including executive and administrative, customer services, financial (including accounting, auditing, risk management, tax, and treasury/finance), human resources, information technology, legal, and strategic planning, that are charged between the Companies and charged to each company.

The Company records short-term receivables from, and payables to, certain of its affiliates in the ordinary course of business. The amounts receivable from, and payable to, its affiliates do not bear interest and are settled through the intercompany money pool. A summary of outstanding accounts receivable from affiliates and accounts payable to affiliates is as follows:



	<b>Accounts Receivable from Affiliates</b>		<b>Accounts Payable to Affiliates</b>	
	<b>March 31,</b>		<b>March 31,</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<i>(in thousands of dollars)</i>			
New England Power Company	\$ 12,872	\$ 14,212	\$ 25,937	\$ 21,679
NGUSA Service Company	4,571	5,196	24,754	28,024
Other	2,231	671	3,740	2,441
Total	<u>\$ 19,674</u>	<u>\$ 20,079</u>	<u>\$ 54,431</u>	<u>\$ 52,144</u>

As discussed in Note 5 “Rate Matters,” NEP operates the pooled transmission facilities of MECO, the Company, and NEP as a single integrated system (“NEPOOL”) under NEP’s Tariff No. 1. These transmission services are regulated by both ISO-NE and by the FERC. NEP charges ISO-NE for these transmission services. As NEP is the sole operator of NEPOOL assets, ISO-NE revenues are remitted from NEP to the Company representing the substantial portion of the affiliated accounts receivable due from NEP.

In turn, ISO-NE charges the Company for regional network services (“RNS”) with some of those charges being associated with the Company-owned transmission assets in the NEPOOL. As of March 31, 2020 and March 31, 2019, \$17.2 million and \$17.6 million of the unpaid charges from ISO-NE to the Company have been presented as an affiliated payable to NEP related to these Company-owned transmission assets, respectively. Additionally, NEP also charges the Company local network service (“LNS”) rates. Amounts paid to NEP for LNS for the years ended March 31, 2020, 2019 and 2018 were \$57.4 million, \$46.5 million and \$47.3 million, respectively. These amounts are presented within operations and maintenance expense within the accompanying statements of income.

#### **Advances from Affiliates**

Since December 2008, the Company had FERC and board authorization to borrow up to \$250 million as deemed necessary for working capital needs. The advance is non-interest bearing. As of March 31, 2020 and 2019, the Company had no outstanding advances from affiliates.

#### **Intercompany Money Pool**

The settlement of the Company’s various transactions with NGUSA and certain affiliates generally occurs via the intercompany money pool in which it participates. The Company is a participant in the Regulated Money Pool and can both borrow and invest funds. Borrowings from the Regulated Money Pool bear interest in accordance with the terms of the Regulated Money Pool Agreement. As the Company fully participates in the Regulated Money Pool rather than settling intercompany charges with cash, all changes in the intercompany money pool balance are reflected as investing or financing activities in the accompanying statements of cash flows. For the purpose of presentation in the statements of cash flows, it is assumed all amounts settled through the intercompany money pool are constructive cash receipts and payments, and therefore are presented as such.

The Regulated Money Pool is funded by operating funds from participants. NGUSA has the ability to borrow up to \$3.0 billion from National Grid plc for working capital needs including funding of the Regulated Money Pool, if necessary. The Company had short-term intercompany money pool borrowings of \$351.4 million and \$56.5 million as of March 31, 2020 and 2019, respectively. The average interest rates for the intercompany money pool were 2.4%, 2.4%, and 1.6% for the years ended March 31, 2020, 2019, and 2018, respectively.

## **Service Company Charges**

The affiliated service companies of NGUSA provide certain services to the Company at their cost. The service company costs are generally allocated to associated companies through a tiered approach. First and foremost, costs are directly charged to the benefited company whenever practicable. Secondly, in cases where direct charging cannot be readily determined, costs are allocated using cost/causation principles linked to the relationship of that type of service, such as number of employees, number of customers/meters, capital expenditures, value of property owned, and total transmission and distribution expenditures. Lastly, all other costs are allocated based on a general allocator determined using a 3-point formula based on net margin, net property, plant and equipment, and operations and maintenance expense.

Charges from the service companies of NGUSA to the Company are mostly related to traditional administrative support functions, of which for the years ended March 31, 2020, 2019, and 2018 were \$250.8 million, \$229.7 million, and \$201.3 million, respectively.

## **16. SUBSEQUENT EVENTS**

On April 7, 2020, the Company issued \$600 million of senior unsecured debt at 3.395% due to mature on April 9, 2030.

# **EXHIBIT T**

# ALSTON & BIRD LLP

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July 24, 2014

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

**Re: New England Power Company  
Docket No. ER14-\_\_\_\_-000  
Filing of Large Generator Interconnection Agreement  
With Deepwater Block Island Wind, LLC**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”),<sup>1</sup> and Part 35 of the regulations of the Federal Energy Regulatory Commission (“Commission”),<sup>2</sup> New England Power Company d/b/a National Grid (“NEP”) submits for filing a Large Generator Interconnection Agreement (“LGIA”) between NEP and Deepwater Block Island Wind, LLC (“Block Island Wind”).<sup>3</sup> The purpose of the LGIA is to interconnect the Block Island Wind generation project to a 34.5 kV substation to be constructed on Block Island and owned by NEP’s affiliate, The Narragansett Electric Company d/b/a National Grid (“Narragansett”). The generation project and the new substation on Block Island are to be connected to the Rhode Island mainland by a 34.5 kV undersea cable being constructed pursuant to the Town of New Shoreham Project bill enacted into

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<sup>1</sup> 16 U.S.C. § 824d.

<sup>2</sup> 18 C.F.R. Part 35.

<sup>3</sup> The LGIA is designated as Original Service Agreement No. IA-NEP-26 under Schedule 21 – NEP to Section II (Open Access Transmission Tariff) of the ISO New England Inc. Transmission, Markets and Services Tariff. As discussed below, NEP believes the LGIA is likely subject to the Commission’s jurisdiction.

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Rhode Island state law in 2009.<sup>4</sup> NEP requests that the Commission accept the LGIA effective 61 days after the date of this filing, *i.e.*, September 23, 2014.

## **I. Background**

### **A. Parties to the LGIA**

NEP, a wholly-owned subsidiary of National Grid USA, is a public utility subject to the Commission's jurisdiction that owns transmission facilities located in New England. NEP's primary business is the transmission of electricity at wholesale to electric utilities and municipalities in New England. NEP operates transmission facilities that it owns directly as well as certain transmission facilities owned by its distribution affiliates in New England pursuant to integrated facilities agreements under NEP's FERC Electric Tariff No. 1. NEP acts as the transmission provider for itself and its New England distribution affiliates. NEP is a Participating Transmission Owner ("PTO") under the terms of the Transmission Operating Agreement ("TOA") by and among the New England PTOs and ISO New England Inc. ("ISO-NE"). All of NEP's transmission facilities, including those owned by its New England distribution affiliates, are subject to the operating authority of ISO-NE under the terms of the TOA and are available for open access transmission service under the terms of the ISO-NE Open Access Transmission Tariff set forth in Section II of ISO-NE's Transmission, Markets and Services Tariff ("ISO-NE Tariff").

Narragansett, a wholly-owned subsidiary of National Grid USA and an affiliate of NEP, is a public utility primarily in the business of providing electric and gas distribution service in the State of Rhode Island. Pursuant to state law, Narragansett owns all National Grid transmission facilities located in Rhode Island. Pursuant to the integrated facilities provisions of NEP's FERC Electric Tariff No. 1, NEP supports the cost of Narragansett's transmission facilities and Narragansett makes its transmission facilities available to be controlled and operated by NEP so that the transmission facilities of NEP and NEP's New England distribution affiliates are operated on an integrated basis and made available for open access transmission service in accordance with the ISO-NE Tariff.

Block Island Wind is a limited liability company unaffiliated with NEP and Narragansett that is developing the Block Island Wind project, a 30 megawatt (nameplate) demonstration-scale offshore wind facility that will be located approximately three miles southeast of Block Island.<sup>5</sup>

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<sup>4</sup> See Town of New Shoreham Project, R.I. Gen. Laws § 39-26.1-7 (Supp. 2010).

<sup>5</sup> Block Island is part of Rhode Island and is coextensive with the Town of New Shoreham. The electric distribution needs of Block Island are served by Block Island Power Company ("BIPCO").

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## **B. The Town of New Shoreham Project**

The Town of New Shoreham Project is a public policy project authorized and directed by a Rhode Island statute of the same name.<sup>6</sup> The statute directs that:

it is in the public interest for the state to facilitate the construction of a small-scale offshore wind demonstration project off the coast of Block Island, including an undersea transmission cable that interconnects Block Island to the [Rhode Island] mainland in order to: position the state to take advantage of the economic development benefits of the emerging offshore wind industry; promote the development of renewable energy sources that increase the nation's energy independence from foreign sources of fossil fuels; reduce the adverse environmental and health impacts of traditional fossil fuel energy sources; and provide the Town of New Shoreham with an electrical connection to the mainland.<sup>7</sup>

The statute authorizes and sets forth a process for developing the Town of New Shoreham Project, an associated power purchase agreement, transmission arrangements, and recovery of related costs. It also permits Narragansett, at its option, to own, operate, or otherwise participate in the transmission cable project.<sup>8</sup>

The Block Island Wind project is the offshore wind demonstration project described in the statute. Narragansett has agreed to construct, own, and operate the undersea cable between Block Island and the mainland and related facilities, which include a substation to be built on Block Island that will interconnect the Block Island Wind project to Narragansett's existing 34.5 kV system on the mainland. In addition, BIPCO, serving the Town of New Shoreham on Block Island, will interconnect to the same substation and will be electrically interconnected to the mainland for the first time by the same undersea cable. The cable will allow power to flow either from the Block Island Wind project to Block Island to the Rhode Island mainland, or from generators

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<sup>6</sup> Town of New Shoreham Project, R.I. Gen. Laws § 39-26.1-7 (Supp. 2010).

<sup>7</sup> *Id.*, § 39-26.1-7(a).

<sup>8</sup> *Id.*, § 39-26.1-7(f). The statute specifies that "all costs incurred in the negotiation, administration, enforcement, transmission engineering associated with the design of the cable, and implementation of the project and agreement shall be recovered annually by the electric distribution company [*i.e.*, Narragansett] in electric distribution rates." *Id.*, § 39-26.1-7(d). The statute also directs that, should Narragansett own, operate, and maintain the cable, "the annual costs incurred by [Narragansett] directly or through transmission charges shall be recovered annually through a fully reconciling rate adjustment from customers of [Narragansett] and/or from the Block Island Power Company or its successor, subject to any federal approvals that may be required by law." *Id.*, § 39-26.1-7(f). Further, "[t]he revenue requirement for the annual cable costs shall be calculated in the same manner that the revenue requirement is calculated for other transmission facilities in Rhode Island for local network service under the jurisdiction of the federal energy regulatory commission." *Id.*

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located on the mainland to Block Island, as needed. The Town of New Shoreham Project is currently estimated to be completed by late 2016.

### **C. Related Submittals to the Commission**

In addition to the instant filing, NEP will separately file a revision to the service agreement between NEP and Narragansett (Service Agreement No. 23) in order to include the Town of New Shoreham Project under the integrated facilities provisions of NEP's FERC Electric Tariff No. 1.

Also, NEP will: (1) terminate its current Network Integration Transmission Service Agreement No. 108 with Narragansett and replace it with the current form of service agreement under Schedule 21 to Section II of the ISO-NE Tariff known as the Local Service Agreement ("LSA") with Narragansett, including ISO-NE as a party (Original Service Agreement No. TSA-NEP-86); and (2) execute a new LSA among NEP, BIPCO, and ISO-NE (Original Service Agreement No. TSA-NEP-83). Whether these service agreements are reported in Electric Quarterly Reports (EQRs) or separately filed with the Commission will depend on whether the agreements fully conform with the *pro forma* LSA under Schedule 21 (common provisions) to Section II of the ISO-NE Tariff.

## **II. The LGIA**

### **A. LGIA Provisions**

NEP and Block Island Wind have entered into the LGIA to provide for interconnection service from the Block Island Wind project to a 34.5 kV substation to be constructed on Block Island and owned by Narragansett. The generation project and the new substation on Block Island will be connected to a new 34.5 kV undersea cable that will be constructed between Block Island and the mainland which, in turn, will connect with Narragansett's existing 34.5 kV system.

The provisions in the body of the LGIA largely follow the provisions in the body of the *pro forma* Large Generator Interconnection Agreement set forth in Appendix 6 of Schedule 22 to Section II of the ISO-NE Tariff. The main difference between these provisions of the LGIA and the *pro forma* agreement is that the LGIA is a two-party agreement between the transmission owner (NEP) and the generation facility owner (Block Island Wind), whereas the *pro forma* agreement is a three-party agreement among the transmission owner, the generation facility owner, and ISO-NE.<sup>9</sup>

In addition, the Interconnection Product Options in Article 4 of the *pro forma* agreement are not applicable and have been removed because of ISO-NE's determination

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<sup>9</sup> Attachment B to this filing shows the differences between the LGIA and the *pro forma* Large Generator Interconnection Agreement in black-line format.

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that the point of interconnection under the LGIA will reside on distribution facilities that are not currently part of the ISO-NE Administered Transmission System. References to Capacity Network Resource Interconnection Service, Network Resource Interconnection Service, and related provisions also do not apply and have been removed. Block Island Wind's eligibility for participating in the ISO-NE markets will be established pursuant to ISO-NE's Market Rule I (ISO-NE Tariff Section III).

Appendices A through C to the LGIA set forth provisions regarding the construction, ownership, maintenance, and cost of interconnection facilities and other provisions specific to the design and implementation of the Town of Shoreham project. These include provisions regarding Block Island Wind's responsibility for direct assignment facilities ("DAF") charges calculated in accordance with the existing formulae contained in Attachment DAF of Schedule 21 – NEP to Section II of the ISO-NE Tariff. The appendices specify that the point of interconnection ultimately will be where the parties' interconnection facilities connect to a 34.5 kV substation that Narragansett will construct and own on Block Island as the terminus of the cable that will link Block Island with the mainland.

Appendices D through G to the LGIA set forth provisions that follow the corresponding provisions in the *pro forma* Large Generator Interconnection Agreement regarding security arrangement details, commercial operation date, contact information, and interconnection requirements for a wind generating plant.

## **B. Commission Jurisdiction over the LGIA**

ISO-NE is not a party to the LGIA on the grounds that the existing 34.5 kV facilities on the mainland are currently distribution facilities which have not previously been used for any transmission in interstate commerce under the Commission's jurisdiction. Under the ISO-NE Tariff, the Block Island Wind generation project will be interconnecting to a distribution facility that is not currently part of the ISO-NE Administered Transmission System and therefore is not subject to Schedule 22 to Section II of the ISO-NE Tariff, which only applies to interconnections to the Administered Transmission System.<sup>10</sup> Regardless of whether ISO-NE is a party to the LGIA, NEP believes the LGIA is subject to Commission jurisdiction and therefore is filing it with the Commission.

Section 205 of the FPA authorizes the Commission to require utilities to file all rates and charges that are "for or in connection with," and all agreements that "affect or

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<sup>10</sup> Pursuant to NEP's statements to ISO-NE that Narragansett's existing 34.5 kV distribution substation on the mainland to which the undersea cable and related facilities will be connected was not part of the Administered Transmission System at the time Block Island Wind requested interconnection and is not currently part of the Administered Transmission System, ISO-NE determined that the interconnection of the Block Island Wind project is not subject to Schedule 22 of Section II of the ISO OATT and therefore ISO-NE need not be a party to the LGIA.



The Honorable Kimberly D. Bose

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relate to,” jurisdictional transmission service or sales of electric energy.<sup>11</sup> NEP believes the LGIA affects or relates to jurisdictional service or sales. The point of interconnection for the Block Island Wind project will be to a substation on Block Island that, once constructed, will exist solely to serve a jurisdictional wholesale electric service function. The sole purpose of the substation and the bidirectional submarine cable between Block Island and the mainland will be to: (1) serve BIPCO as a new transmission customer taking regional and local network transmission service under the ISO-NE Tariff and (2) transmit electricity generated by the Block Island Wind generation project to the mainland for resale. No distribution function will be served by these new transmission facilities, the existence of which has been initiated for public policy reasons by the State of Rhode Island under the Town of New Shoreham Project Act. The LGIA is necessary to facilitate these purposes. Therefore, the LGIA appears to affect or relate to jurisdictional service or sales pursuant to Section 205 of the FPA.

The Commission has also directed that agreements should be filed with the Commission if there is any uncertainty as to the obligation to file such agreements.<sup>12</sup> NEP believes it is likely, though not certain, that the LGIA is jurisdictional.

While NEP acknowledges that ISO-NE’s reasoning is consistent with the so-called “first-in-line” rule, we believe this rule would be inapplicable to this LGIA. The first-in-line rule states that an interconnection is not jurisdictional if it interconnects a generator to distribution facilities over which no previous jurisdictional transactions have been conducted.<sup>13</sup> In this instance, Block Island Wind will be interconnecting to a substation on Block Island that would not exist, but for the Town of New Shoreham Project statute which requires both Block Island Wind and BIPCO to be served from these facilities. By legislative intent, therefore, service to one cannot exist without the other. When the Block Island substation is constructed, the point of interconnection will clearly be to facilities built with the intent to serve a transmission function as they will be designed to simultaneously provide network transmission service to BIPCO. Indeed, neither the Block Island substation nor the bidirectional submarine cable between Block Island and the mainland will ever serve a distribution function.

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<sup>11</sup> 16 U.S.C. §§ 824d(a), -(c).

<sup>12</sup> *Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139, at 61,979 (1993).

<sup>13</sup> *See Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146, at PP 804, 808-09 (2003), *order on reh’g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160, at PP 710, 730 (2004). Block Island Wind has not requested QF status for its generating facility. If the generating facility were to be granted QF status, NEP’s understanding is that the first-in-line rule would thereby be inapplicable. This understanding is based on discussions between NEP (and affiliates of NEP) and Commission Staff in other proceedings where the first-in-line rule was relevant. See, for example, page 3 of the transmittal letter for NEP’s April 12, 2013 filing in Docket No. ER13-1279-000 of an interconnection agreement between NEP and Baltic Mill Enterprises.

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### III. Effective Date

NEP requests that the Commission accept the LGIA effective 61 days after the date of this filing, *i.e.*, September 23, 2014.

### IV. Attachments

In addition to this transmittal letter, this filing includes the following attachments:

Attachment A	LGIA in clean format
Attachment B	Black-lined revisions showing the differences between the LGIA and the <i>pro forma</i> Large Generator Interconnection Agreement

### V. Communications

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### VI. Service

Copies of this filing have been served on Block Island Wind, Narragansett, BIPCO, ISO-NE, and the Rhode Island Public Utilities Commission.

The Honorable Kimberly D. Bose  
July 24, 2014  
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**VII. Conclusion**

For these reasons, NEP requests that the Commission accept the LGIA effective September 23, 2014. Please contact the undersigned with any questions concerning this filing.

Respectfully submitted,

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