

ISO New England Inc. Transmission, Markets and Services Tariff

ISO New England

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ATTACHMENT F
COORDINATION AGREEMENTS

Effective Date: 8/30/2010 - Docket #: ER10-2438-000

COORDINATION AGREEMENT BETWEEN ISO NEW ENGLAND INC. AND
NEW BRUNSWICK SYSTEM OPERATOR

Effective Date:
December 1, 2010

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THIS AGREEMENT made this first day of April 2005 and revised on the first day of December 2007 and December 1, 2010.

BETWEEN:

NEW BRUNSWICK SYSTEM OPERATOR, a corporation established under section 40 of the Electricity Act (New Brunswick), having its Head Office in the City of Fredericton, New Brunswick, hereinafter called the “NBSO”.

and

ISO NEW ENGLAND INC., a not-for-profit, private corporation established under the laws of Delaware on May 30, 1997 that is the regional transmission organization for New England, hereinafter called “ISO-NE”.

RECITALS

WHEREAS, ISO-NE and the NBSO are sometimes hereinafter referred to, collectively, as the “Parties” and, individually, as a “Party”;

WHEREAS, the NBSO is a not-for-profit, independent corporation with its own Board of Directors whose primary responsibility is to ensure the Security and Reliability of the electricity system and administer and supervise the rules governing transmission access and to facilitate the development and operation of a competitive electricity market in New Brunswick;

WHEREAS, ISO-NE is a not-for-profit, independent corporation that serves as the regional transmission organization (“RTO”) for New England and the independent system operator of the New England Transmission System and wholesale electricity marketplace, manages a comprehensive regional bulk power system planning process and is responsible for the day-to-day reliable operation of New England's bulk power system;

WHEREAS, the NBSO, as the System Operator of the NBSO Controlled Grid and administrator of the New Brunswick market enters into coordination agreements and operating arrangements with the operators of neighboring Balancing Authority Areas, and with neighboring Transmission Operators, and

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coordinates system operation and emergency procedures with neighboring Balancing Authority Areas;
and

WHEREAS, ISO-NE, as RTO for the New England Transmission System and administrator of the New England markets enters into coordination agreements and operating arrangements with the operators of neighboring Balancing Authority Areas, and coordinates system operation and Emergency procedures with neighboring Balancing Authority Areas;

WHEREAS, the NBSO and ISO-NE desire to continue coordinated interconnected operation formerly carried out by New Brunswick Power Corporation and ISO-NE to maintain Reliability for both of the power systems of the Maritime Provinces of Canada, and the six New England States within the United States of America (“USA”), recognizing the Parties desire to maximize interconnected capability under the terms and conditions contained in this Agreement; and

WHEREAS, related to the Interconnection Facilities:

A. ISO-NE is the Reliability Coordinator, Balancing Authority Operator, Transmission Operator, Market Operator, and Planning Authority for the six New England States and operates and is responsible for the secure operation of the New England Transmission System in accordance with its Transmission Operating Agreements with New England Transmission Owners and in compliance with the FERC-approved ISO-NE Tariff (which includes the ISO-NE Market Rules) and the requirements and guidelines set forth by NERC or NPCC and, as such, has the power and authority to enter into this Agreement and perform its obligations under it.

B. The NBSO is the Reliability Coordinator for the Canadian Maritime Provinces and the Northern Maine Market. The NBSO is also the Balancing Authority for the New Brunswick, Prince Edward Island and the Northern Maine Market. The NBSO is the Transmission Service Provider, the Market Operator and the Transmission Operator for the New Brunswick Transmission System and, as such, has the power and authority to enter into this Agreement and perform its obligations under it;

C. The New England Transmission System and the New Brunswick Transmission System interconnect at a certain point of Interconnection as more specifically described in this Agreement and the Parties wish to record their agreement as to the operational and other matters addressed herein and pertaining to the Interconnection Facilities; and

WHEREAS the Parties desire to manage the operational aspects of their interconnected operations by developing, administering and implementing practices, procedures and information relating to Reliability coordination and power system operation that will be managed and approved by a committee formed under this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual agreements and obligations between the Parties and for other good and valuable consideration ISO-NE and the NBSO agree as follows:

ARTICLE 1.0: DEFINITIONS

In this Agreement, the following words and terms shall have the meanings (such meanings to be equally applicable to both the singular and the plural forms) ascribed to them in this Article 1.0. Terms used in the Agreement with initial capitalization that are not defined in the Article 1.0 shall have the meaning specified in the sections in which they are used.

“**Adequacy**” means the ability of the electric system to supply electrical demand and energy requirements at all times, taking into account scheduled and unscheduled outages of system elements.

“**Agreement**” means this Agreement and the Schedule(s) attached hereto and incorporated herein.

“**Balancing Authority Area**” means an electric system or systems, bounded by Interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Balancing Authority Areas and contributing to frequency regulation of the Interconnection Facilities as set forth by NERC.

“**Balancing Authority**” means the entity responsible for the secure operation of a Balancing Authority Area as set forth by NERC.

“**Coordination Committee**” means the jointly constituted ISO-NE and NBSO committee established to administer the terms and provisions of this Agreement pursuant to Article 7.0.

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“Delivery Point” means the international border between New England and New Brunswick. The Delivery Point is constituted of all of the points of direct Interconnection between the New England Balancing Authority Area and the NBSO Balancing Authority Area. Such Delivery Point shall include (1) the point on the 345 kV Keene Road - Keswick transmission line (3001 Line) between the State of Maine, USA and the Province of New Brunswick, Canada at which the line crosses the international boundary, (2) the point on the 345 kV Orrington - Point Lepreau transmission line (390/3016 Line) between the State of Maine, USA and the Province of New Brunswick, Canada at which the line crosses the international boundary, and/or such other Delivery Point(s) as the Coordination Committee shall determine.

“Dispute” has the meaning attributed thereto in Article 17.0.

“Effective Date” means the reference date of this Agreement as shown on the first page of this Agreement.

“Electricity Act” means Chapter E-4.6 of the Revised Statutes of New Brunswick as amended from time to time.

“Emergency” means any abnormal system condition that requires remedial action to prevent or limit loss of transmission or generation facilities that could adversely affect the Reliability of the electricity system.

“Emergency Energy” means energy supplied from Operating Reserve or electrical generation available for sale in New Brunswick or New England or available from another Balancing Authority Area. Emergency Energy may be provided in cases of sudden and unforeseen outages of generating units, transmission lines or other equipment, or to meet other sudden and unforeseen circumstances such as forecast errors, or to provide sufficient Operating Reserve. Emergency Energy is provided pursuant to this Agreement and priced according to Attachment A of Schedule C of this Agreement.

“Force Majeure” means an event of force majeure as described in Section 11.1.

“Good Utility Practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the North American electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result

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consistent with good business practices, Reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted by NERC.

“Intentional Wrongdoing” means an act or omission taken or omitted by a Party with knowledge or intent that injury or damage could reasonably be expected to result.

“Interconnection” means a connection between two or more individual Transmission Systems that normally operate in synchronism and have interconnecting Intertie(s).

“Interconnection Facilities” means the Interconnections described in Schedule A.

“Intertie” means a transmission line that forms part of an Interconnection.

“ISO-NE Tariff” means the ISO New England Inc. Transmission, Markets and Services Tariff, which includes the ISO-NE Open Access Transmission Tariff and the ISO-NE Market Rules, Manuals and Operating Procedures.

“Market Participant” means an entity that, for its own account, produces, transmits, sells, and/or purchases for its own consumption or resale capacity, energy, energy derivatives and ancillary services in the wholesale power markets. Market Participants include transmission service customers, power exchanges, Transmission Owners, load serving entities, loads, holders of energy derivatives, generators and other power suppliers and their designated agents.

“Metered Quantity” means apparent power, reactive power, active power, with associated time tagging and any other quantity that may be measured by a Party’s Metering Equipment and that is reasonably required by either Party for Security reasons or revenue requirements.

“Metering Equipment” means the potential transformers, current transformers, meters, interconnecting wiring and recorders used to meter any Metered Quantity.

“Mutual Benefits” as described in Article 3.0, means the transient and steady-state support that the integrated generation and Transmission Systems in New England and New Brunswick provide to each other inherently by virtue of being interconnected.

“NBSO Market Rules” means the rules made from time to time, and any and all amendments thereto or replacements thereof, pursuant to the Electricity Act, and all policies, procedures, and guidelines contemplated thereby.

“NERC” means the North American Electric Reliability Corporation or its successor organization.

“New Brunswick Transmission System” means the integrated transmission facilities located in New Brunswick except for distribution systems operating at a nominal voltage level of less than 69 kV, as defined in the Electricity Act, and for which the NBSO has authority to direct operations pursuant to operating agreements. For the purposes of the Reliability Coordinator functions, the operational footprint includes transmission facilities in the Canadian Maritime Provinces and the Northern Maine Market.

“New England Transmission System” for the purpose of this Agreement means the system of transmission facilities, within the New England Balancing Authority Area that are under the ISO-NE’s operational jurisdiction, as defined in the ISO-NE Tariff.

“Northern Maine Market” means the Transmission System radially connected to New Brunswick in the portion of northern Maine that includes Aroostook, Washington, and Penobscot Counties and the associated market for all energy and reliability-related services that is administered by the Northern Maine Independent System Administrator under its Tariff.

“NPCC” means the Northeast Power Coordinating Council Inc. or its successor organization.

“Operating Instructions” means the joint operating procedures, steps, and instructions for the operation of the Interconnection Facilities established and modified from time to time by the Coordination Committee in accordance with (a) Schedule B of this Agreement and (b) ISO-NE and NBSO individual procedures and processes. Operating Instructions are separate from ISO-NE and NBSO individual procedures and processes.

“Operating Reserve” means generation capacity or load reduction capacity which can be called upon on short notice by either Party to replace scheduled energy supply which is unavailable as a result of an unexpected outage or to augment scheduled energy as a result of unexpected demand or other contingencies.

“Operational Control” means Security monitoring, adjustment of generation and transmission resources, coordinating and approval of changes in transmission status for maintenance, determination of changes in transmission status for Reliability, coordination with other Balancing Authority Areas and Reliability Coordinators, voltage reductions and load shedding, except that each legal owner of generation and transmission resources continues to physically operate and maintain its own facilities.

“Parties” means ISO-NE and NBSO and Party means either one of them.

“Reliability” means the degree of performance of the bulk electric system that results in electricity being delivered within Reliability Standards and in the amount desired. Electric system Reliability can be addressed by considering two basic and functional aspects of the electric systems Adequacy and Security.

“Reliability Coordinator” means an entity responsible for the operational Security of one or more Reliability Coordinator Areas and to perform Interconnection Security functions for such area(s) as set forth by NERC.

“Reliability Coordinator Area” means that portion of the bulk electric system under the purview of the Reliability Coordinator.

“Reliability Standards” means the criteria, standards and requirements relating to Reliability established by a Standards Authority.

“Schedule” means a schedule attached to this Agreement and all amendments, supplements, replacements and additions hereto.

“Security” means the ability of the electric system to withstand sudden disturbances including, without limitation, electric short circuits or unanticipated loss of system elements.

“Security Energy” means energy delivered by the NBSO to ISO-NE in the event that the total net interchange between the New England and New Brunswick Balancing Authority Areas of market-based real-time transactions in a given hour is less than the minimum required in accordance with the applicable Operating Instructions with respect to the determination of minimum transfer limits. Security Energy is

provided pursuant to this Agreement and priced according to Attachment B of Schedule C of this Agreement.

“Security Limits” means operating electricity system voltage limits, stability limits and thermal ratings.

“Standards Authority” means the North American Electric Reliability Corporation, Northeast Power Coordinating Council, any successor thereof, or any other agency with authority over the Parties regarding standards or criteria to either Party relating to the Reliability of Transmission Systems.

“Transmission Operating Agreement(s)” means the agreement(s) that establishes the terms and conditions under which the Transmission Owners transferred to ISO-NE Operational Control over designated transmission facilities.

“Transmission Operator” means the entity that operates, or directs the operation of, the transmission facilities and equipment.

“Transmission Owner” means an entity that owns a Transmission System.

“Transmission Service Provider” means an entity that manages (under an agreement with Transmission Owners) a Transmission System that performs the functions of providing transmission services to qualified Market Participants under applicable transmission service agreements, and that determines transmission Adequacy by monitoring the interconnected system and performing actions to preserve local network integrity.

“Transmission System” means a system for transmitting electricity, and includes any structures, equipment or other facilities used for that purpose.

ARTICLE 2.0: SCOPE OF AGREEMENT

2.1 Amendment of Prior Agreement

The terms of the prior agreement made between the Parties dated June 7, 2005 are hereby amended and superseded by the terms of this Agreement, to be effective on the date this Agreement is effective as set out in Article 19.

2.2 Purpose of this Agreement

This Agreement provides for the reliable operation of the interconnected New England and New Brunswick Transmission Systems in accordance with the requirements of the Standards Authority. This Agreement establishes a structure and framework for the following functions related to the Reliability of interconnected operations between the Parties:

- (a) developing and issuing Operating Instructions and Security Limits;
- (b) coordinating operation of their respective Transmission Systems;
- (c) developing and adopting operating criteria and standards;
- (d) conducting operating performance reviews of the Interconnection Facilities;
- (e) considering matters related to transmission service and access;
- (f) implementing each Party's respective NERC and NPCC requirements with regard to the New England Transmission System and New Brunswick Transmission System; and
- (g) exchanging information and coordinating regarding system planning; and
- (h) providing mutual assistance in an Emergency and during system restoration.

The Parties shall, consistent with NPCC criteria and the Parties' respective tariffs, rules and standards to the maximum extent they deem consistent with the safe and proper operation of their respective Reliability Coordinator Area and Balancing Authority Area and necessary coordination with other interconnected systems, and with the furnishing of dependable and satisfactory service to their own customers, operate their systems in accordance with the following procedures and principles.

ARTICLE 3.0: MUTUAL BENEFITS

3.1 No Charge for Mutual Benefits of Interconnection

Both the New England Transmission System and New Brunswick Transmission System, by virtue of being connected to each other and with a much larger Interconnection, share Mutual Benefits such as transient and steady-state support. NBSO and ISO-NE shall not charge one another for such Mutual Benefits.

3.2 Maintenance of Mutual Benefits

The Parties shall endeavor to operate or direct the operation of the Interconnection Facilities to realize the Mutual Benefits. The Parties recognize circumstances beyond their control, such as a result of operating

configurations, contingencies, maintenance, or actions by third parties, may result in a reduction of Mutual Benefits.

ARTICLE 4.0: INTERCONNECTED OPERATION

4.1 Obligation to Remain Interconnected

The Parties shall at all times during the term of this Agreement operate or direct the operation of their respective Transmission Systems so that they remain interconnected except:

- (a) during the occurrence of an event of Force Majeure which renders a Party unable to remain interconnected;
- (b) when an Interconnection is opened in accordance with the terms of an Operating Instruction or, if the Operating Instruction does not anticipate a particular circumstance where there is an imminent risk of equipment failure, or of danger to personnel or the public, or a risk to the environment, or risk the Reliability of a Transmission System, which cannot be avoided by Good Utility Practice; or
- (c) during planned maintenance where notice has been given in accordance with outage procedures as implemented by the Coordination Committee.

4.2 Adherence to NPCC Criteria, Guides and Procedures

The Parties are participants in the NPCC and are required to comply with NPCC criteria, guides and procedures. Such criteria, guides and procedures detail the many coordinating functions carried out by the Parties and this Agreement is intended to enhance this arrangement.

4.3 Notification of Circumstances

In the event that an Interconnection is opened or if the Interconnection Facility transfer capability is changed, or if a Party plans to initiate the opening of an Interconnection, or to change the transfer capability of the Interconnection Facilities, such Party shall immediately provide the other Party with notification indicating the circumstances of the opening or transfer capability change and expected restoration time, in accordance with procedures implemented by the Coordination Committee or applicable NPCC criteria, guides and procedures.

4.4 Compliance with Decisions of the Coordination Committee Direction

ISO-NE shall direct the operation of the New England Transmission System and the NBSO shall direct the operation of the New Brunswick Transmission System in accordance with the obligations of their

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respective tariffs, rules and standards and applicable directions of the Coordination Committee that conform with their respective tariffs, rules and standards, except where prevented by Force Majeure. The Coordination Committee direction includes decisions and jointly developed and approved Operating Instructions. If decisions of the Coordination Committee do not anticipate a particular circumstance, the Parties shall act in accordance with Good Utility Practice.

4.5 Control and Monitoring

Each Party shall provide or arrange for 24-hour control and monitoring of their portion of the Interconnection Facilities.

4.6 Reactive Transfer and Voltage Control

The Parties agree to determine reactive transfers and control voltages in accordance with the provisions of NPCC Document B-03, "Guidelines for Inter-Area Voltage Control" and the "Reactive Power Flow Agreement" in place between the Parties and as revised from time to time. Real and reactive power will be transferred over the Interconnection Facilities as described in Schedule A where these circuit(s) cross the international boundary.

4.7 Inadvertent

Inadvertent power transfers on all Interconnection Facilities shall be controlled and accounted for in accordance with the standards and procedures developed by NERC and NPCC and implemented by the Coordination Committee.

4.8 Adoption of Standards

The Parties hereby agree to adopt, enforce and comply with requirements and standards that will safeguard Reliability of the interconnected Transmission Systems. Such Reliability requirements and Reliability Standards shall be:

- (a) adopted and enforced for the purpose of providing reliable service;
- (b) not unduly discriminatory in substance or application;
- (c) applied consistently to both Parties; and
- (d) consistent with the Parties' respective obligations to applicable Standards Authorities including, without limitation, any relevant requirements or guidelines from each of NERC, NPCC or any other regional Standards Authority or regional transmission group to which the Parties are required to adhere.

4.9 New Brunswick New England IROL

The Parties share a joint Interconnection Reliability Operating Limit (“IROL”) related to transfers on the transmission lines interconnecting the two Balancing Authority Areas. Depending on the availability of reactive resources or system configuration, flow from New England to New Brunswick must be less than the real-time calculated limit (may actually be a negative number). This IROL is adhered to in order to ensure acceptable steady-state and transient performance of the New Brunswick and Maine Transmission Systems. Both Parties will monitor this limit in accordance with this Agreement and independently determine the applicable import and export transfer limits. Both Parties agree to operate the interface to the most conservative limits developed in real-time and the day-ahead planning process. Both Parties will take coordinated corrective actions to avoid a violation of the IROL. If a violation occurs, corrective actions will be taken to ensure that the violation is cleared as soon as possible, but definitely within thirty (30) minutes in accordance with NERC Reliability Standards.

ARTICLE 5.0: EMERGENCY ASSISTANCE

5.1 Emergency Assistance

Both Parties shall exercise due diligence to mitigate an Emergency to the extent practical as per each Party’s requirements in applicable policies and procedures governing the mitigation of an Emergency by NERC, NPCC, ISO-NE Tariff, NBSO Market Rules and NBSO Tariff. In mitigating an Emergency, both Parties shall strive to allow for commercial remedies, but if commercial remedies are not successful the Parties agree to be the suppliers of last resort to ensure Reliability on the system.

5.2 Emergency Energy Transactions

Each Party shall, to the maximum extent it deems consistent with the safe and proper operation of its respective Transmission System, provide Emergency Energy to the other Party in accordance with the provisions of Schedule C of this Agreement.

ARTICLE 6.0: EXCHANGE OF INFORMATION AND CONFIDENTIALITY

6.1 Information

ISO-NE and NBSO agree to exchange and share such information as may be required from time to time for the Coordination Committee to perform its duties and for the Parties to fulfill their obligations under this Agreement, subject to the requirements of existing confidentiality agreements or rules binding upon either of the Parties, including the ISO New England Information Policy, as it may be amended from time to time. Such information will be comprised of the following:

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- (a) Information required to develop Operating Instructions;
- (b) Transmission System facility specifications and modeling data required to perform Security analysis;
- (c) Functional descriptions and schematic diagrams of Transmission System protective devices and communication facilities;
- (d) Ratings data and associated ratings methodologies for the Interconnection Facilities;
- (e) Telemetry points, equipment alarms and status points required for real-time monitoring of Security dispatch;
- (f) Data required to reconcile accounts for inadvertent energy, and for Emergency Energy and Security Energy transactions;
- (g) Commercially valuable Transmission System information concerning such things as transfer capabilities, physical curtailments and interruptions, ancillary services, pricing for transmission service, and discounts offered on pricing for transmission service; provided, however, that commercially valuable Transmission System information shall not be shared by the receiving Party with any other party that is a Market Participant; and
- (h) Such other information as may be required for the Parties to maintain the reliable operation of their interconnected Transmission Systems and fulfill their obligations under this Agreement and to any Standards Authority of which either Party is a member, provided, however, that this other information will be exchanged only if that can be done in accordance with applicable restrictions on the disclosure of information to any Market Participant.

6.2 Confidentiality

The Party receiving information pursuant to this Article 6.0 shall treat such information as confidential, and shall not, except as provided for in Section 6.3, disclose any of the information received without the prior written consent of the Party supplying the information. The obligation of each Party under this Section 6.2 continues and survives the termination of this Agreement by seven (7) years.

6.3 Demands for Disclosure

Confidential Information shall not include any information provided which: (a) is generally available to the electric industry or the public at the time of disclosure; (b) subsequent to receipt by the Recipient, becomes generally available to the electric industry or the public as a result of disclosure by the Disclosing Party or its representatives; (c) the Recipient can establish by credible evidence that it was available to the Recipient on a non-confidential basis prior to its disclosure to the Recipient; (d)

subsequent to receipt by the Recipient, the Recipient can establish, by credible evidence that it became available to the Recipient on a non-confidential basis from a source other than the Disclosing Party or its Representatives without breach of this Agreement; (e) must be disclosed by law, including pursuant to freedom of information legislation, or pursuant to requirement of the Canadian government, the FERC, the USA Department of Energy (“DOE”), and any other governmental authority or tribunal having jurisdiction where there is no reasonable alternative to such disclosure; (f) must be disclosed by one of the Parties in connection with the performance of its duties and functions for reasons of power system operation or transmission tariff administration where there is no reasonable alternative to such disclosure; (g) must be disclosed by one of the Parties to a national or regional reliability council as a consequence of its membership in such a national or regional reliability council where there is no reasonable alternative to such disclosure. Each Party retains all rights, title and interest in the Confidential Information it discloses to the other Party. Each Party shall use at least the same standard of care to protect the Confidential Information it receives as it uses to protect its own Confidential Information.

ARTICLE 7.0: COORDINATION COMMITTEE

7.1 Coordination Committee Inauguration and Authorization

The Parties shall form a Coordination Committee under this Agreement. Within 30 days of the Effective Date, each of the Parties shall appoint two representatives, a principal and an alternate, to serve as members of the Coordination Committee with the authority to act on their behalf with respect to actions or decisions taken by the Coordination Committee. A Party may, at any time upon providing prior notice to the other Party, designate a replacement principal member or alternate member to the Coordination Committee.

7.2 Coordination Committee Duties and Responsibilities

The Coordination Committee exists to administer the implementation of the provisions of this Agreement. The Coordination Committee shall develop and adopt policies, instructions, and recommendations relating to the Parties' performance of their obligations under this Agreement, attempt to resolve Disputes between the Parties pursuant to Article 17.0 of this Agreement, and shall undertake any other actions specifically delegated to it pursuant to this Agreement.

The Coordination Committee shall undertake to jointly develop and authorize Operating Instructions to implement the intent of this Agreement in accordance with Schedule B, ‘Procedures for Development and Authorization of Operating Instructions’. To the extent that the Operating Instructions require

participation by Local Control Centers and Transmission Owners in New England or the Maritimes Reliability Coordinator Area, those entities will be involved in the development process.

Should the terms and conditions contained in this Agreement be found to conflict with or fail to recognize obligations of a Standards Authority of which either Party is a member or other regulatory requirements the Parties agree to amend this Agreement accordingly.

Any effective recommendations on revisions to this Agreement shall be provided to each Party's appropriate corporate officers for approval.

7.3 Limitations of Coordination Committee Authority

With the exception of the Schedules, the Coordination Committee is not authorized to modify or amend any of the terms of this Agreement. The Coordination Committee has no authority to commit either Party to any expenditure that is beyond those expenses described herein.

7.4 Exercise of Coordination Committee Duties

The Coordination Committee shall hold meetings no less frequently than once each calendar year. The matters to be addressed at all meetings shall be specified in an agenda, which shall contain items specified by either Party in advance of the meeting and sent to the representatives of the other Party. All decisions of the Coordination Committee must be unanimous. Special meetings may be called at any time if the Coordination Committee deems such meetings to be necessary or appropriate.

Subject to the limitations on its authority as described in Section 7.3 of this Agreement, the Coordination Committee has the responsibility and authority to take action on all aspects of this Agreement, including, but not limited to the following:

- (a) amending, adding or canceling Schedules, or Operating Instructions and providing written notice in accordance with Article 17.0
- (b) assessment of non-compliance with this Agreement and, subject to Article 17.0, the taking of appropriate action in respect thereof;
- (c) documentation of decisions related to the initial resolution of Disputes as set out in Article 17.0, or in cases of unresolved Disputes, the circumstances relevant to the Dispute in question as contemplated by the requirements of Article 17.0; and
- (d) preparation, documentation, retention and distribution of Coordination Committee meeting minutes and agendas.

**ARTICLE 8.0: RELIABILITY COORDINATION AND RELIABILITY
ASSESSMENT OF OUTAGES**

Both Parties agree to provide each other with appropriate updates on planned outage schedules and other activities that may impact on the Reliability or availability of the interconnected New Brunswick Transmission System and New England Transmission System. As Balancing Authority, the NBSO and ISO-NE shall interact with each other as required, and with other Balancing Authority Areas and Reliability Coordinators, to establish Security Limits and to perform Reliability coordination and Reliability assessments of outages.

ARTICLE 9.0: OPERATIONAL INFORMATION

9.1 Obligation to Provide Operational Data and Status Points

The Parties shall ensure that appropriate monitoring facilities are installed as required to provide for electric power quantities or equipment loading to enable monitoring of Security Limits, meet requirements of each of NERC and NPCC, and for determining Interconnection Facilities inadvertent energy accounting.

9.2 Points of Operational Data

The points of data for operating information are those points as may be agreed in writing by the Coordination Committee from time to time.

ARTICLE 10.0: INTERCONNECTION REVENUE METERING

10.1 Obligation to Provide Inadvertent Energy Accounting Metering

The Parties shall ensure appropriate electric metering devices are installed as required to measure electric power quantities for determining Interconnection Facilities inadvertent energy accounting.

10.2 Standards for Metering Equipment

Any Metering Equipment used to meter Metered Quantities for inadvertent energy accounting shall be designed, verified, sealed and maintained in accordance with the Party's respective metering standards or as otherwise agreed to by the Coordination Committee.

10.3 Meter Compensation to the Point of Interconnection

The metering compensation for transmission line losses to the Interconnection Facilities Delivery Point shall be determined by the Party's respective standards or otherwise agreed to by the Coordination Committee.

10.4 Metering Readings

The Parties shall ensure that integrated meter readings are provided at least once each hour for Interconnection Facilities accounting purposes and meter registers are read at least monthly, as close as practical to the last hour of the month. An appropriate adjustment shall be made to register readings not taken on the last hour of the month.

ARTICLE 11.0: LIABILITY

11.1 Force Majeure

A Party shall not be considered to be in default or breach of this Agreement, and shall be excused from performance or liability for damages to any other party, if and to the extent it shall be delayed in or prevented from performing or carrying out any of the provisions of this Agreement, arising out of or from any act, omission, or circumstance by or in consequence of any act of God, labor disturbance, sabotage, failure of contractors or suppliers of materials, act of the public enemy, war, invasion, insurrection, riot, fire, storm, flood, ice, earthquake, explosion, epidemic, breakage or accident to machinery or equipment or any other cause or causes beyond such Party's reasonable control, including any curtailment, order, regulation, or restriction imposed by governmental, military or lawfully established civilian authorities, or by making of repairs necessitated by an emergency circumstance not limited to those listed above upon the property or equipment of the Party or property or equipment of others which is deemed under the Operational Control of the Party. A Force Majeure event does not include an act of negligence or Intentional Wrongdoing by a Party. Any Party claiming a Force Majeure event shall use reasonable diligence to remove the condition that prevents performance and shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the Force Majeure event. Each Party shall use its best efforts to mitigate the effects of such Force Majeure event, remedy its inability to perform, and resume full performance of its obligations hereunder.

11.2 Liability to Third Parties

NBSO shall release, indemnify, and hold harmless ISO-NE from and against any and all damages, losses, liabilities, obligations, claims, demands, suits, proceedings, recoveries, judgments, settlements, costs and

expenses, court costs, attorney fees, and all other obligations (each, an “Indemnifiable Loss”) asserted against ISO-NE by a person that is not a Party to this Agreement (a “Third Party”) including but not limited to any action by an NBSO employee, to the extent alleged to result from, arise out of or be related to such NBSO acts or omissions that give rise to such Indemnifiable Loss , including an NBSO directive or instruction to a Third Party; and (ii) ISO-NE shall release, indemnify, and hold harmless NBSO from and against any Indemnifiable Loss asserted against NBSO, by a Third Party, including but not limited to any action by an ISO-NE employee, to the extent alleged to result from, arise out of or be related to ISO-NE’s acts or omissions that give rise to such Indemnifiable Loss, including an ISO-NE directive or instruction to a Third Party.

11.3 Liability Between Parties

The Parties’ duties and standard of care with respect to each other, and the benefits and rights conferred on each other shall be no greater than as expressly stated herein. Neither Party, its directors, officers, trustees, employees or agents, shall be liable to the other Party for any loss, damage, claim, cost, charge or expense, whether direct, indirect, incidental, punitive, special, exemplary or consequential, arising from the other Party’s performance or nonperformance under this Agreement, except to the extent that a Party, is found liable for gross negligence or willful misconduct, in which case the Party responsible shall be liable only for direct and ordinary damages and not for any incidental, consequential, punitive, special, exemplary or indirect damage.

11.4 Liability for Interruptions

Neither Party shall be liable to the other Party for any claim, demand, liability, loss or damage, whether direct, indirect, incidental, punitive, special, exemplary or consequential, resulting from an occurrence on the circuits and system that are under the Operational Control of the other Party and which results in damage to or renders inoperative such circuits and system, or the separation of the systems in an Emergency, or interrupts or diminishes service, or increases, decreases or in any way affects for whatever length of time the voltage or frequency of the energy delivered hereunder to the other Party.

ARTICLE 12.0: APPLICABLE LAW

12.1 Applicable Law Governance

This Agreement shall be governed by and construed in accordance with the laws of the Province of New Brunswick where the NBSO is delivering energy to ISO-NE, and the Parties irrevocably attorn to the New Brunswick courts.

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts where ISO-NE is delivering energy to NBSO, and the Parties irrevocably attorn to the courts of the Commonwealth of Massachusetts.

12.2 Sovereign Immunity

To the extent that any Party has sovereign immunity or other immunity that might arise from being a subdivision of a political entity that would prevent any other Party from enforcing the terms of this Agreement pursuant to the Federal Sovereign Immunities Act ("FSIA"), but subject to any future amendment to that Act, the Parties acknowledge that all activities under this Agreement shall be deemed commercial activities and, thus, are qualified to be a commercial activity exception within the meaning of the FSIA so that any immunities that may be given to a Party pursuant to that Act do not apply to this Agreement.

ARTICLE 13.0: LICENSE AND AUTHORIZATION

The agreements and obligations expressed herein are subject to such initial and continuing governmental permission and authorization as may be required. Each Party shall be responsible for securing and paying for any approvals required by it from any regulatory agency of competent jurisdiction relating to its participation in this Agreement and will reasonably cooperate with the other Party in seeking such approvals.

ARTICLE 14.0: ASSIGNMENT

This Agreement shall inure to the benefit of, and be binding upon and may be performed by, the successors and assigns of the Parties hereto respectively, but shall not be assignable by either Party without the written consent of the other.

ARTICLE 15.0: AMENDMENT

15.1 Authorized Representatives

No amendment of this Agreement shall be effective unless effected by written instrument duly executed by the Parties' authorized representatives (except as provided for in Section 7.3 of this Agreement). For

the purposes of this section, an authorized person refers to individuals designated as such by Parties in their respective corporate by-laws.

15.2 Review of Agreement

The terms of this Agreement are subject to review for potential amendment at the request of either Party. If, consequent to such review, the Parties agree that any of the provisions hereof, or the practices or conduct of either Party impose an inequity, hardship or undue burden upon the other Party, or if the Parties agree that any of the provisions of this Agreement have become obsolete or inconsistent with changes related to the Interconnection Facilities, the Parties shall endeavor in good faith to amend or supplement this Agreement in such a manner as will remove such inequity, hardship or undue burden, or otherwise appropriately address the cause for such change.

15.3 Mutual Agreement

The Parties may amend this Agreement at any time by mutual agreement in accordance with Section 15.1 above.

ARTICLE 16.0: NOTICES

Except as otherwise agreed from time to time, any notice, invoice or other communication which is required by this Agreement to be given in writing, shall be sufficiently given at the earlier of the time of receipt or deemed time of receipt if delivered personally to a senior official of the Party for whom it is intended or electronically transferred or sent by registered mail, addressed as follows:

In the case of the NBSO to: New Brunswick System Operator
77 Canada Street
Fredericton, New Brunswick
E3A 3Z3
Attention: Secretary and General Counsel

In the case of ISO-NE to: ISO New England Inc.
One Sullivan Road
Holyoke, Massachusetts 01040-2841
Attention: Vice President of System Operations

or delivered to such other person or electronically transferred or sent by registered mail to such other address as either Party may designate for itself by notice given in accordance with this section or delivered by any other means agreed to by the Parties hereto.

Any notice, or communication so mailed shall be deemed to have been received on the third business day following the day of mailing, or if electronically transferred shall be deemed to have been received on the same business day as the date of the electronic transfer, or if delivered personally shall be deemed to have been received on the date of delivery or if delivered by some other means shall be deemed to have been received as agreed to by the Parties hereto.

The use of a signed facsimile of future notices and correspondence between the Parties related to this Agreement shall be accepted as proof of the matters therein set out. Follow-up with hard copy by mail will not be required unless agreed to by the Coordination Committee.

ARTICLE 17.0: DISPUTE RESOLUTION

In the event of a Dispute arising out of or relating to this Agreement that is not resolved by the representatives of the Parties who have been designated under Section 7.1 of this Agreement within 7 days of the reference to such representatives of such Dispute, each Party shall, within 14 days' written notice by either Party to the other, designate a senior officer with authority and responsibility to resolve the Dispute and refer the Dispute to them. The senior officer designated by each Party shall have authority to make decisions on its behalf with respect to that Party's rights and obligations under this Agreement. The senior officers, once designated, shall promptly begin discussions in a good faith effort to agree upon a resolution of the Dispute. If the senior officers do not agree upon a resolution of the Dispute within 14 days of its referral to them, or do not within the same 14 day period agree to refer the matter to some individual or organization for alternate Dispute resolution, then either Party shall have the right to pursue any and all remedies available to it at law or in equity. Neither the giving of notice of a Dispute, nor the pendency of any Dispute resolution process as described in this section shall relieve a Party of its obligations under this Agreement, extend any notice period described in this Agreement or extend any period in which a Party must act as described in this Agreement. Notwithstanding the requirements of this section, either Party may terminate this Agreement in accordance with its provisions, or pursuant to an action at equity. The issue of whether such a termination is proper shall not be considered a Dispute hereunder.

ARTICLE 18.0: REPRESENTATIONS

18.1 Good Standing

Each Party represents and warrants that it is duly organized, validly existing and in good standing under the laws of the state or province in which it is organized, formed, or incorporated, as applicable.

18.2 Authority to Enter Into Agreement

Each Party represents and warrants that it has the right, power and authority to enter into this Agreement, to become a party hereto and to perform its obligations hereunder. This Agreement is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms.

18.3 Organizational Formation Documents

Each Party represents and warrants that the execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, bylaws, operating agreement, or agency agreement of such Party, or any judgment, license, permit, regulatory order, or governmental authorization applicable to such Party.

18.4 Regulatory Authorizations

Each Party represents and warrants that it has, or applied for, all regulatory authorizations necessary for it to perform its obligations under this Agreement.

ARTICLE 19.0: EFFECTIVE DATE AND TERM

Subject to the conditions of Article 13.0 (License and Authorization) above, this Agreement shall take effect as of the date that all of the following have occurred: (i) upon the execution hereof by both Parties on the date set forth above; and (ii) all necessary governmental approvals for the effectiveness of this Agreement have been received. This Agreement shall continue in force until terminated in accordance with this article.

This Agreement may be terminated at any time by mutual agreement in writing. It may also be terminated by either Party with prior written notice of at least ninety (90) days to the other Party of its intention to terminate.

ARTICLE 20.0: MISCELLANEOUS

20.1 Performance

The failure of a Party to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any right held by such Party. Any waiver on any specific occasion by either Party shall not be deemed a continuing waiver of such right, nor shall it be deemed a waiver of any other right under this Agreement.

20.2 Rights , Remedies, or Benefits

This Agreement is not intended to and does not create any rights, remedies, or benefits of any kind whatsoever in favor of any entities other than the Parties, their principals and, where permitted, their assigns.

20.3 Agreement

This Agreement, including all Attachments attached hereto, is the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior or contemporaneous understandings or agreements, oral or written, with respect to the subject matter of this Agreement.

20.4 Governmental Authorizations

This Agreement, including its future amendments is subject to the initial and continuing governmental authorizations required to establish, operate and maintain the Interconnection Facilities as herein specified. Each Party shall take all actions necessary and reasonably within its control to maintain all governmental rights and approvals required to perform its respective obligations under this Agreement.

20.5 Unenforceable Provisions

If any provision of this Agreement is deemed unenforceable, the rest of the Agreement shall remain in effect and the Parties shall negotiate in good faith and seek to agree upon a substitute provision that will achieve the original intent of the Parties.

20.6 Execution

This Agreement may be executed in multiple counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same Agreement, and shall become binding when all counterparts have been signed by each of the Parties and delivered to each Party hereto. Delivery of an executed signature page counterpart by telecopier shall be as effective as delivery of a manually executed counterpart.

20.7 Payments

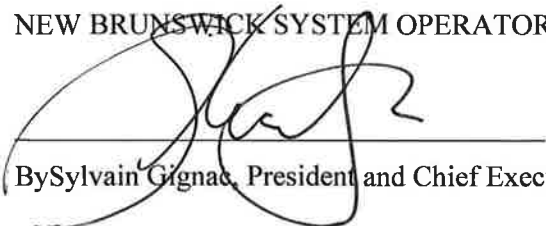
Unless otherwise indicated in writing by the Parties, all payments due under this Agreement will be effected in immediately available funds of the USA.

20.8 Regulatory Authority

If any Regulatory Authority having jurisdiction (or any successor boards or agencies), a court of competent jurisdiction or other governmental entity with the appropriate jurisdiction (collectively, the "Regulatory Bodies") issues a rule, regulation, law or order that has the effect of cancelling, changing or superseding any term or provision of this Agreement (the "Regulatory Requirement"), then this Agreement will be deemed modified to the extent necessary to comply with the Regulatory Requirement. Notwithstanding the foregoing, if the Regulatory Authority materially modifies the terms and conditions of this Agreement and such modification(s) materially affect the benefits flowing to one or both of the Parties, as determined by either of the Parties within twenty (20) business days of the receipt of the Agreement as materially modified, the Parties agree to attempt in good faith to negotiate an amendment or amendments to this Agreement or take other appropriate action(s) so as to put each Party in effectively the same position in which the Parties would have been had such modification not been made. In the event that, within sixty (60) days or some other time period mutually agreed upon by the Parties after such modification has been made, the Parties are unable to reach agreement as to what, if any, amendments are necessary and fail to take other appropriate action to put each Party in effectively the same position in which the Parties would have been had such modification not been made, then either Party shall have the right to unilaterally terminate this Agreement forthwith.

IN WITNESS WHEREOF the Parties hereto have caused this Agreement to be executed in duplicate as of the day and year first written above.

NEW BRUNSWICK SYSTEM OPERATOR


By Sylvain Gignac, President and Chief Executive Officer

ISO NEW ENGLAND INC.

 11/15/2010

By Vamsi Chadalvada, Senior Vice President and
Chief Operating Officer

**SCHEDULE A:
DESCRIPTION OF INTERCONNECTION FACILITIES**

This Schedule A to the Agreement covers the New England – New Brunswick Interconnection Facilities under the Operational Control of the NBSO and ISO-NE.

There is only one *Interconnection* (i.e., the New England – New Brunswick Interconnection) that makes up the New England – New Brunswick *Interconnection Facilities*. For Operational Control purposes, the point of demarcation for the *Interconnection* is the point at which the New England – New Brunswick Interconnection crosses the USA-Canada boundary.

List of Interconnection(s)

The New England-New Brunswick Interconnection is comprised of the following two (2) *Interties* (as ordered from South to North):

1. 390/3016 Intertie

A 345 kV AC transmission circuit, designated the 390 Line/3016 Line, connecting the Orrington transmission substation in the State of Maine, USA to the Point Lepreau transmission substation in the Province of New Brunswick, Canada. The common meter point for this *Intertie* is located at the Point Lepreau transmission substation.

2. 3001 Intertie

A 345 kV AC transmission circuit, designated the 3001 Line, connecting the Keene Road transmission substation in the State of Maine, USA to the Keswick transmission substation in the Province of New Brunswick, Canada. The common meter point for this *Intertie* is located at the Keswick transmission substation

**SCHEDULE B:
PROCEDURES FOR DEVELOPMENT AND
AUTHORIZATION OF OPERATING INSTRUCTIONS**

Overview

Operating Instructions (a) will be developed and recorded by the Coordination Committee in accordance with this Schedule B, (b) will be contained in a document separate from this Agreement, and (c) may be modified by the Coordination Committee without amending this Agreement.

The Coordination Committee shall jointly develop and approve Operating Instructions and review them at least annually. The Coordination Committee shall submit draft material to one another for review and comment. The Coordination Committee shall provide comment on the draft material promptly. The Coordination Committee shall promptly provide such information as may reasonably be required in connection with establishing, or reviewing, the material. In the event that any conflicts arise or are made apparent to a Party, they shall notify the other Party and engage the Coordination Committee if necessary to resolve such conflicts.

The Coordination Committee will periodically review applicable ISO-NE and NBSO individual procedures and processes to determine any benefits of sharing these procedures and processes. These benefits may be for the purpose of training or to satisfy Reliability Standards. The Coordination Committee will determine how best to share these individual procedures and processes.

A list of Operating Instructions and applicable ISO-NE and NBSO individual procedures will be maintained by the Coordination Committee and posted on an appropriate location on the respective individual websites of the Parties.

Outlined below are the key principles and items of methodology to be observed while the Coordination Committee is engaged in developing and approving Operating Instructions, and issuing them to their respective operations staff.

Principles

Given that the Parties' respective operations staff benefit from following a single instruction for all aspects of their execution of interconnected operations, it is an acceptable practice to combine this content

to achieve the single Operating Instructions for use by a respective Party's operations staff. The preferred methodology when appropriate is to use the NPCC criteria, guides and procedures for the coordination and operation of the interconnected Transmission Systems. When the NPCC documentation is insufficient to accomplish this task separate instructions will be developed in accordance with this schedule.

Each Party shall coordinate the issuance internally of any Operating Instructions developed and agreed to by the Coordination Committee to ensure that their respective operations staff have these Operating Instructions. In addition annual review of the Operating Instructions and the Parties internal procedures associated with the Operating Instructions shall be conducted by the Coordination Committee to ensure consistency.

Operating Instructions, when approved by the Coordination Committee, shall be binding on the Parties insofar as they relate to the Interconnection Facilities until they expire, are changed, deleted, or superseded by authority of the Coordination Committee.

Items of Methodology

Each page of the approved Operating Instructions shall be identified in the header or footer as the NBSO – ISO-NE Coordination Committee's with the Effective Date and any revision number.

By mutual agreement of the Coordination Committee, either the NBSO or ISO-NE shall control the revision process from the initial drafting of material through to the conversion of the Operating Instruction into its final form.

**SCHEDULE C:
EMERGENCY AND SECURITY ENERGY TRANSACTIONS SCHEDULE**

WHEREAS, ISO-NE, as the independent system operator of the Transmission System in New England and the administrator of the New England markets, arranges for the sale and purchase of Emergency capacity and energy on behalf of Market Participants with neighboring Balancing Authority Areas, all in accordance with the ISO-NE Tariff, which includes the Open Access Transmission Tariff and Market Rules;

WHEREAS, ISO-NE is the administrator of the ISO-NE Tariff and is responsible for, among other matters, procuring and acting as supplier of last resort of ancillary services (including arranging for the sale and purchase of Emergency capacity and energy with neighboring Balancing Authority Areas), in accordance with the ISO-NE Tariff;

WHEREAS, either of the Parties may, from time to time, have insufficient Operating Reserve available on the respective systems that they operate, or need to supplement available resources to cover sudden and unforeseen circumstances such as loss of equipment or forecast errors, and such conditions could result in the need to arrange for the purchase of Emergency Energy for Reliability reasons;

WHEREAS, from time to time, the total net interchange between the New England and New Brunswick Balancing Authority Areas of market-based real-time transactions in a given hour may be less than the minimum required flow from New Brunswick to New England on the New England to New Brunswick Interconnection, in accordance with the applicable Operating Instructions with respect to the determination of minimum transfer limits, and such conditions could result in the need to arrange for the purchase of Security Energy for Reliability reasons; and

WHEREAS, the Parties wish to provide for the terms and conditions pursuant to which either Party may arrange for the purchase of such Security Energy for its system from the other Party and specify the prices for such purchases and sales.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein set forth, the Parties mutually agree as follows:

ARTICLE 1.0: DELIVERY POINT

1.1 The Delivery Point for energy delivered pursuant to the terms of this Schedule shall be the international border between New England and New Brunswick. The Delivery Point is constituted of all of the points of direct Interconnection between the New England Balancing Authority Area and the NBSO Balancing Authority Area. Such Delivery Point shall include (1) the point on the 345 kV Keene Road - Keswick transmission line (3001 Line) between the State of Maine, USA and the Province of New Brunswick, Canada at which the line crosses the international boundary, and (2) the point on the 345 kV Orrington - Point Lepreau transmission line (390/3016 Line) between the State of Maine, USA and the Province of New Brunswick, Canada at which the line crosses the international boundary, and/or such other Delivery Point(s) as the Coordination Committee shall determine.

1.2 Unless otherwise agreed by the Coordination Committee, the price for energy for an hour delivered pursuant to this Schedule shall include all transmission costs of delivering such energy to the Delivery Point in that hour, and the Party taking delivery of such energy for the hour shall be responsible for all transmission costs beyond the Delivery Point for that hour.

ARTICLE 2.0: CHARACTERISTICS OF EMERGENCY AND SECURITY ENERGY

All Emergency Energy and Security Energy made available under this Schedule shall be three phase, 60 Hz alternating current at operating voltages established at the Delivery Point in accordance with system requirements and appropriate to the Interconnection Facilities or other such characteristics as may be agreed upon by the Parties.

ARTICLE 3.0: NATURE OF SERVICE

3.1 ISO-NE and the NBSO shall, to the maximum extent each deems consistent with the safe and proper operation of its system, the furnishing of economical, dependable and satisfactory services by its participants, and the obligations of its participants to other parties, make available to the other Party when a system Emergency exists on the other Party's system, Emergency Energy from its system's available generating capability in excess of the system's load requirements (i.e., load requirements alone, not load plus reserve requirements) up to the transfer limits in use between the two Balancing Authority Areas. Emergency Energy is provided in cases of emergency outages of generating units, transmission lines or other equipment, or to meet other sudden and unforeseen circumstances such as forecast errors, or to

ISO New England - ISO New England Inc. Transmission, Markets and Services Tariff

provide sufficient Operating Reserve. Normally, a Party requests Emergency Energy from the other Party as a last resort, when market-based real-time energy transactions are not available, or not available in a timely fashion in order to maintain its ten-minute reserve requirement. At the time the Emergency Energy sale is being initiated, the Party delivering such Emergency Energy shall describe the Emergency Energy transaction as being one of the following: (1) “delivered out of ten-minute reserve”; (2) “delivered out of thirty-minute reserve” where such a delivery could reasonably be expected to be recalled if the Party delivering the Emergency Energy needed the generation for a reserve pick-up or other Emergency; or (3) “delivered above and beyond ten-minute and thirty-minute reserves” where the Party delivering such Emergency Energy is normally expected to be able to continue delivering the energy following a reserve pick-up.

3.2 The Parties are participants in NPCC and are expected to comply with NPCC criteria, guides and procedures. Such NPCC criteria include “Emergency Operation Criteria” (Document A-3), which describes the basic factors to be considered by a Balancing Authority Area in formulating plans and procedures to be followed in an Emergency. A principle of operation in this NPCC criteria is that upon receiving a request for assistance to mitigate an Emergency, a Balancing Authority Area would provide “maximum reasonable assistance” to a neighboring Balancing Authority Area. Such reasonable assistance would not normally require the shedding of firm load.

3.3 Normally, the Party experiencing or anticipating an Emergency would request Emergency Energy from the other Party in accordance with this Schedule and applicable NPCC criteria, guides and procedures after all market-based real-time transactions have been scheduled, unless there is an immediate need for such Emergency Energy in order to maintain system Reliability.

3.4 The Parties agree to arrange for the delivery of Security Energy, as needed, which shall be priced in accordance with Attachment B of this Schedule. Prior to the purchase of Security Energy in accordance with Attachment B of this Schedule, ISO-NE will take the following actions (unless exigent circumstances dictate otherwise), as necessary and in the following order, in coordination with Market Participants and the New Brunswick System Operator to avoid or correct the violation of the minimum flow requirement:

1. Curtail exports from New England to New Brunswick.
2. Request Security Energy Transactions (SETs)

ISO New England - ISO New England Inc. Transmission, Markets and Services Tariff

a. ISO-NE will post a message, “Special Request for Security Energy Transactions,” to the “Special Notices” section of the ISO-NE external website. The special notice will request the submittal of SETs for specified hour(s) and amount(s).

b. SETs may be submitted to ISO-NE via the external transaction scheduling software as imports with the designation, “Security Energy Transactions” and may be submitted as either Self-Scheduled (“Real-Time without Price”) or Dispatchable (“Real-Time with Price”). SETs may be submitted up to sixty minutes prior to the top of the hour in which the transaction is requested to begin.

3. Energy (including Security Energy Transactions) is scheduled for the next hour to the required MW level, based on economics, from all available offers in sufficient quantity to correct the potential or actual violation.

4. If steps 1 through 3 above do not fully correct the potential or actual violation, then Control-Area-to-Control-Area Security Energy will be scheduled in accordance with the provisions of Attachment B to satisfy the minimum flow requirement.

3.5 In the event a Party is unable to provide Emergency or Security Energy to the other when needed, but there is energy available from a third-party Balancing Authority Area supplier, the Party will use reasonable efforts to transmit such energy to the other Party where feasible.

ARTICLE 4.0: RATES AND CHARGES

4.1 The charge for Emergency Energy delivered to the NBSO or to ISO-NE shall be as set forth in Attachment A, attached hereto.

4.2 The charge for Security Energy delivered to ISO-NE shall be as set forth in Attachment B, attached hereto.

ARTICLE 5.0: MEASUREMENT OF ENERGY INTERCHANGED

5.1 All energy supplied at the Delivery Point shall be metered at the NBSO’s Keswick and Point Lepreau Substations. The metered amounts shall be adjusted for actual losses to the Delivery Point. This

adjustment will be done to compensate for the difference in location between the Delivery Point and the meters.

5.2 Any properly designated representative of either of the Parties hereto shall have access, through coordination with the meter owner, during normal business hours, to all of the billing meters for the purpose of reading the same. The accuracy of the meters shall be verified by proper tests periodically and at any other time upon reasonable notice given by either of the Parties to the other, and each of the Parties shall be entitled to have a representative present at such verification, subject to coordination with the meter owner. In the event errors greater than +/-2% should be discovered, retroactive billing adjustments, if any, shall be determined by the Coordination Committee.

ARTICLE 6.0: BILLING AND PAYMENT

6.1 The procedure for rendering and payment of invoices for transactions pursuant to this Schedule shall be as set out hereunder unless otherwise agreed by the Coordination Committee.

6.2 Promptly after the end of each calendar month, the Party delivering energy pursuant to this Schedule shall prepare or cause to be prepared and render an invoice to the other Party covering all transactions conducted under the terms of this Schedule during such calendar month. All transactions will be billed based on the schedule of energy agreed to by the Parties.

6.3 All invoices rendered by a Party shall be payable by the other Party in currency of the USA by electronic bank transfer, or in such other manner as is agreed to by the Coordination Committee, on the later of (1) the twentieth day of each month or the first common banking day after the nineteenth day of the month whichever is later (the "Due Date").

6.4 The currency exchange rate used to convert Canadian dollars, where required, to U.S. dollars in preparing the invoice will be that quoted by the Bank of Canada at noon on the last banking day of the month in which the Emergency or Security Energy being invoiced was delivered.

6.5 If the rendering of an invoice is unavoidably delayed, a Party may issue an interim invoice based on estimated charges. Each invoice shall be subject to adjustment for any errors in calculation, meter readings, estimating or otherwise. Any such billing adjustments shall be made as promptly as practical, but in no event later than six months after issuing the invoice.

6.6 Any amount not paid by the Due Date shall be subject to interest, calculated from the due date of the invoice to the date of payment, in accordance with the methodology specified for interest on refunds in the Federal Energy Regulatory Commission's regulations at 18 C.F.R. § 35.19a (a) (2) (iii).

6.7 If any invoice remains unpaid by a Party for thirty (30) days after the Due Date, the Party rendering the invoice may, in addition to all other remedies available to it, and after giving the other Party at least five days written notice of its intention to do so, present the issue in question to that Party's Board of Directors. The Party's Board of Directors shall contact the other Party's Board of Directors or its designee to develop a solution to a billing Dispute pursuant to Article 17 of this Agreement. The Boards of Directors may also choose to submit the billing Dispute to a form of alternative dispute resolution to which the Boards of Directors may agree. Such action shall not be construed as a breach of contract by the Party rendering the invoice and shall not relieve the other Party of its obligations to pay for energy in accordance with the provisions of this Schedule.

6.8 The applicable provisions of this Schedule shall continue in effect after termination of this Schedule to the extent necessary to provide for final billing, billing adjustments, payments and disposition of any claims outstanding.

6.9 Each Party warrants that it has, or will have, the agreements and procedures in place to ensure the collection of payments from its participants for the delivery of Emergency or Security Energy to it from the other Party.

ARTICLE 7.0: RECORDS

7.1 Each Party hereto shall keep or cause to be kept complete and accurate records and memoranda of its operations hereunder and shall maintain such data as may be necessary to determine with reasonable accuracy any item required hereunder. With respect to invoicing records, each Party shall maintain or cause to be maintained such records, memoranda and data for the current calendar year plus the previous calendar year. The Coordination Committee shall have the right to examine all such records and memoranda that are not confidential in so far as may be reasonably necessary for the purpose of ascertaining the reasonableness and accuracy of any statements of costs relating to transactions hereunder.

Attachment A

To the Emergency and Security Energy Transactions Schedule

Emergency Energy Pricing

In accordance with the Emergency and Security Energy Transactions Schedule between the NBSO and ISO-NE, the charge for Emergency Energy delivered to the Delivery Point by the NBSO or ISO-NE to the other shall be as defined within this Attachment A.

A.1. Direct NBSO/ISO-NE Emergency Energy Transaction

These are requests made by NBSO or ISO-NE to receive Emergency Energy in support of emergency reliability conditions presented by inadequate energy on its system that could not be supplied through the market.

The charge for Emergency Energy shall be calculated using the following two-part formula. The first part of the formula calculates the Energy Charge portion of the charge and the second part incorporates any Transmission Charge reasonably associated with the delivery of the Emergency Energy to the Delivery Point.

The Emergency Energy Charge (for an hour)

The Emergency Energy Charge for an hour =

- (Emergency Energy supplied in the hour in megawatthour(s) (“MWh”))
- * (Delivering Party’s Cost of such energy in \$/MWh)
- * 110%

The Emergency Energy Transmission Charge (for an hour)

Emergency Energy Transmission Charge to the Delivery Point for an hour =

the actual ancillary services costs and any transmission costs reasonably associated with the delivery of such Emergency Energy for an hour by the delivering Party to the Delivery Point pursuant to the

applicable tariff of the delivering Party , as filed with and accepted by the governmental agency with jurisdiction over such tariff.

The Total Charge for Emergency Energy Supplied in an Hour

The Total Charge for Emergency Energy Supplied in an Hour =
(the Emergency Energy Charge for an hour)
+ (the Emergency Energy Transmission Charge for that same hour).

In the case of the NBSO as delivering Party, the Cost of energy shall be the Market Clearing price (in \$U.S./MWh) at the external node associated with the Delivery Point ¹(as used in the NBSO Market System for energy exports from the NBSO Balancing Authority Area into the New England Balancing Authority Area, as such pricing node is defined in NBSO Market Rules and determined by the NBSO) for the hour of the Emergency Energy delivery.

In the case of ISO-NE as the delivering Party, the Cost of energy shall be the Locational Marginal Price (in \$U.S./MWh) at the external node associated with the Delivery Point ² (as used in the New England Market System for energy exports from the New England Balancing Authority Area into the NBSO Balancing Authority Area, as such pricing node is defined in Market Rule 1 and determined by ISO-NE) for the hour of the Emergency Energy delivery.

A.2. NBSO/ISO-NE Emergency Energy Transaction From Third-Party Balancing Authority Area Supplier

These are requests made by NBSO or ISO-NE to deliver Energy to the other to address system balancing or other reliability conditions present on the exporting system, which could not be accomplished through the market.

The charge for Emergency Energy supplied to a Party from a third-party Balancing Authority Area supplier shall be calculated using the following two-part formula. The first part of the formula calculates the Energy Charge portion of the charge, which in this case includes the total charge (energy and

¹ In the case of the NBSO as the delivering Party, the external node associated with the *Delivery Point* shall be: New Brunswick Node.

² In the case of the ISO as the delivering Party, the external node associated with the *Delivery Point* shall be: Salisbury 345.

transmission) that the third-party Balancing Authority Area supplier charges for delivery of the Emergency Energy to the delivering Party's Balancing Authority Area border. The second part of the formula incorporates any Transmission Charges reasonably associated with the delivery of the Emergency Energy by the delivering Party through its system to the Delivery Point. It is expected that that all such third-party Balancing Authority Area supplier charges will be in accordance with rates filed and approved by the governmental body with jurisdiction over such rates.

The Emergency Energy Charge (for an hour)

Emergency Energy Charge for an hour =

(Emergency Energy supplied in the hour in MWh)

* (Third-Party Balancing Authority Area supplier's total charge for such energy in \$/MWh)

(Note: 10% adder does not apply to pricing of Emergency Energy from third-party Balancing Authority Area suppliers.)

The Emergency Energy Transmission Charge (for an hour)

Emergency Energy Transmission Charge to the Delivery Point for an hour =

The actual ancillary services costs and any transmission costs reasonably associated with the delivery of such energy for an hour to the Delivery Point pursuant to the applicable tariff of the delivering Party, as filed with and accepted by the governmental agency with jurisdiction over such tariff.

The Total Charge for Emergency Energy Supplied in an Hour

The Total Charge for Emergency Energy Supplied in an Hour =

(the Emergency Energy Charge for an hour)

+ (the Emergency Energy Transmission Charge for that same hour).

ATTACHMENT B

To the Emergency and Security Energy Transactions Schedule

Security Energy Pricing

In accordance with the Emergency and Security Energy Transactions Schedule between the NBSO and ISO-NE, the charge for Security Energy delivered to the Delivery Point (as defined in 1.1 of the Schedule) by the NBSO to ISO-NE shall be as defined within this Attachment B.

B.1. Direct NBSO/ISO-NE Security Energy Transaction

The charge for Security Energy shall be calculated using the following two-part formula. The first part of the formula calculates the Energy Charge portion of the charge and the second part incorporates any Transmission Charge reasonably associated with the delivery of the Security Energy to the Delivery Point.

The Security Energy Charge (for an hour)

Security Energy Charge for an hour =

(Security Energy supplied in the hour in MWh)

* (Delivering Party's Cost of such energy in \$/MWh)

(Note: 10% adder does not apply to Security Energy pricing.)

The delivering Party's Cost of energy shall be the lesser of:

- (a) the Market Clearing price (in \$U.S./MWh) at the external node associated with the Delivery Point³ (the external node used in the NBSO Market System for energy exports from the NBSO Balancing Authority Area into the New England Balancing Authority Area, as such pricing node is defined in NBSO Market Rules and determined by the NBSO) for the hour of the Security Energy delivery; or

³ The external node associated with the *Delivery Point* shall be : New Brunswick Node.

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(b) the Locational Marginal Price (in \$U.S./MWh) at the external node associated with the Delivery Point⁴ (as used in the New England Market System for energy exports from the New England Balancing Authority Area into the NBSO Balancing Authority Area, as such pricing node is defined in Market Rule 1 and determined by ISO-NE) for the hour of the Security Energy delivery.

In no case shall the charge for the Security Energy be less than \$0/MWh regardless of the calculated price in the NBSO Balancing Authority Area or the New England Balancing Authority Area.

The Security Energy Transmission Charge (for an hour)

Security Energy Transmission Charge to the Delivery Point for an hour =

The actual ancillary services costs and any transmission costs reasonably associated with the delivery of such energy for an hour by the delivering Party to the Delivery Point pursuant to the applicable tariff of the delivering Party.

The Total Charge for Security Energy Supplied in an Hour

The Total Charge for Security Energy Supplied in an Hour =

(the Security Energy Charge for an hour)

+ (the Security Energy Transmission Charge for that same hour).

Effective Date: 12/1/2010 - Docket #: ER11-2152-000

⁴ The external node associated with the *Delivery Point* shall be: Salisbury 345.

NEW YORK INDEPENDENT SYSTEM OPERATOR COORDINATION AGREEMENT



**Coordination
Agreement**

Between

ISO New England Inc.

And

The New York Independent System Operator, Inc.

Effective Date:

November 15, 2008

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THIS AGREEMENT was made the 1st day of January, 2006, and is hereby restated on the 15th day of November 2008,

BETWEEN:

NEW YORK INDEPENDENT SYSTEM OPERATOR, INC., a not-for-profit corporation established under the laws of New York State, hereinafter called the "NYISO".

And

ISO NEW ENGLAND INC., a not-for-profit, private corporation established under the laws of the State of Delaware, hereinafter called "ISO-NE".

WHEREAS, capitalized terms not otherwise defined herein shall have the meanings ascribed to them in Section 1.0 hereof;

WHEREAS, ISO-NE and the NYISO are sometimes hereinafter referred to, collectively, as the "Parties" and, individually, as a "Party";

WHEREAS, the NYISO is an independent, not-for-profit corporation established pursuant to the ISO Agreement, responsible for providing transmission service, maintaining the Reliability of the electric power system and facilitating efficient markets for capacity, energy and ancillary services in the New York Balancing Authority Area in accordance with its filed NYISO Tariffs;

WHEREAS, ISO-NE is a not-for-profit, independent corporation that serves as the RTO for New England, in which capacity it operates New England's wholesale electricity markets, manages a comprehensive regional bulk power system planning process and is responsible for the day-to-day reliable operation of New England's bulk power system;

WHEREAS, ISO-NE, as RTO for the New England Transmission System and administrator of the New England markets, and the NYISO as the ISO for the New York Transmission System, enter into coordination agreements and operating arrangements with the operators of neighboring Reliability

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Coordinator Areas and Balancing Authority Areas, and coordinate system operation and Emergency procedures with neighboring Reliability Coordinator Areas and Balancing Authority Areas;

WHEREAS, the NYISO and ISO-NE desire to coordinate interconnected operation to maintain Reliability for both of the power systems of New York State and the New England States, recognizing the Parties' desire to maximize interconnected capability under the terms and conditions contained in this Agreement; and

WHEREAS, related to the Interconnection Facilities:

- A. ISO-NE is the Reliability Coordinator, Balancing Authority, Transmission Operator, market operator, and Planning Authority for the six New England States and operates and is responsible for the secure operation of the New England Transmission System in accordance with its Transmission Operating Agreements with New England Transmission Owners and in compliance with the FERC-accepted ISO-NE Tariff, and the requirements and criteria set forth by NERC or NPCC and, as such, has the power and authority to enter into this Agreement and perform its obligations under it;
- B. NYISO is the Reliability Coordinator, Balancing Authority, Transmission Operator, market operator, and Planning Authority for New York State and operates and is responsible for the secure operation of the New York Transmission System in accordance with its Transmission Operating Agreements with New York Transmission Owners and in compliance with the FERC-accepted New York Independent System Operator Agreement ("ISO Agreement"), the Agreement Between New York Independent System Operator and Transmission Owners ("ISO/TO Agreement"), the Agreement between New York Independent System Operator and the New York State Reliability Council ("ISO/NYSRC Agreement"), NYISO Tariffs, and the requirements and criteria set forth by NERC, NPCC and the NYSRC and, as such, has the power and authority to enter into this Agreement and perform its obligations under it; and
- C. The New England Transmission System and the New York Transmission System interconnect by way of the Interconnection Facilities, which are described in Schedule A of this Agreement; and

- D. The Parties wish to record their agreement as to the operational and other matters addressed herein and pertaining to the Interconnection Facilities; and

WHEREAS the Parties desire to manage the operational aspects of their interconnected operations by developing, administering and implementing practices, procedures and sharing information relating to Reliability coordination and power system operation that will be managed and approved by a committee formed under this Agreement;

NOW, THEREFORE, THIS AGREEMENT WITNESSES THAT in consideration of the mutual agreements and obligations between the Parties and for other good and valuable consideration ISO-NE and the NYISO agree as follows:

ARTICLE 1.0: DEFINITIONS

In this Agreement, the following words and terms shall have the meanings (such meanings to be equally applicable to both the singular and the plural forms) ascribed to them in this Article 1.0.

“Adequacy” means the ability of the electric system to supply the aggregate electrical demand and energy requirements of the end-use customers at all times, taking into account scheduled and reasonably expected unscheduled outages of system elements.

“Agreement” means this Agreement and the Schedule(s) attached hereto and incorporated herein.

“Balancing Authority” means the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.

“Balancing Authority Area” means the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

“Coordination Committee” means the jointly constituted ISO-NE and NYISO committee established to administer the terms and provisions of this Agreement pursuant to Article 7.0 of this Agreement.

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“Delivery Point” means a point on each of the three Interconnections between the New England Balancing Authority Area and the NYISO Balancing Authority Area and such other points of Interconnection as may be established. Such Delivery Point(s) shall include the Interconnection Facilities between ISO-NE and the NYISO.

“Dispute” has the meaning attributed thereto in Article 17.0 of this Agreement.

“Effective Date” means the reference date of this Agreement as shown on the first page of this Agreement.

“Emergency” means any abnormal system condition that requires automatic or immediate manual action to prevent or limit the failure of transmission facilities or generation supply that could adversely affect the Reliability of the Bulk Electric System (as defined by NERC).

“Emergency Energy” means energy supplied from Operating Reserve or electrical generation available for sale in New York or New England or available from another Balancing Authority Area. Emergency Energy may be provided in cases of sudden and unforeseen outages of generating units, transmission lines or other equipment, or to meet other sudden and unforeseen circumstances such as forecast errors, or to provide sufficient Operating Reserve. Emergency Energy is provided pursuant to this Agreement and priced according to Attachment A of Schedule C of this Agreement.

“FERC” means the Federal Energy Regulatory Commission.

“Force Majeure” means an event of force majeure as described in Section 11.1 of this Agreement.

“Good Utility Practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the North American electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result consistent with good business practices, Reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted by NERC and the FERC.

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“Intentional Wrongdoing” means an act or omission taken or omitted by a Party with knowledge or intent that injury or damage could reasonably be expected to result.

“Interconnection” means a connection(s) between two or more individual Transmission Systems that have interconnecting Intertie(s).

“Interconnection Facilities” means the Interconnections described in Schedule A.

“Interconnection Reliability Operating Limit” or “IROL” means a System Operating Limit that, if violated, could lead to instability, uncontrolled separation or Cascading Outages (as defined by NERC) that adversely impact the reliability of the Bulk Electric System.

“Intertie” means a transmission line that forms part of an Interconnection.

“ISO” means independent system operator, as designated by FERC.

“ISO Agreement” means the agreement that establishes the NYISO.

“ISO-NE Tariff” means the ISO New England Inc. Transmission, Markets and Services Tariff, which includes the ISO-NE Open Access Transmission Tariff and ISO-NE market rules.

“Market Participant” means an entity that, for its own account, produces, transmits, sells, and/or purchases for its own consumption or resale capacity, energy, energy derivatives and ancillary services in the wholesale power markets. Market Participants include transmission service customers, power exchanges, Transmission Owners, load serving entities, loads, holders of energy derivatives, generators and other power suppliers and their designated agents.

“Metered Quantity” means apparent power, reactive power, active power, with associated time tagging and any other quantity that may be measured by a Party’s Metering Equipment and that is reasonably required by either Party for Security reasons or revenue requirements.

“Metering Equipment” means the potential transformers, current transformers, meters, interconnecting wiring and recorders used to meter any Metered Quantity.

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“Mutual Benefits” as described in Article 3.0 of this Agreement, means the transient and steady-state support that the integrated generation and transmission facilities in the New England and New York Transmission Systems provide to each other inherently by virtue of being interconnected.

“NERC” means the North American Electric Reliability Corporation or the successor organization.

“New England Transmission System” for the purpose of this Agreement means the entire system of transmission facilities, within the New England Reliability Coordinator Area and Balancing Authority Area that are under ISO-NE’s operational jurisdiction, as defined in Transmission Operating Agreements and the ISO-NE Tariff.

“New York State Reliability Council” or “NYSRC” means the organization that promotes and preserves the Reliability of electric service on the New York Transmission System by developing and maintaining NYSRC Reliability Rules which are complied with by the NYISO, and for monitoring and assuring compliance with such rules.

“New York Transmission System” for the purpose of this Agreement means the “NYS Transmission System” as that term is defined in the NYISO OATT.

"NPCC" means the Northeast Power Coordinating Council Inc. or its successor organization.

“NPCC Criteria, Guides and Procedures” are documents, or the successor of these documents, that contain the Reliability Standards of the NPCC and which detail the principles of interconnected planning and operations that define and direct the efforts of the NPCC and its members. These documents are essential to maintaining the Security, Adequacy, Reliability and efficient operation of the interconnected bulk power supply system of NPCC members.

“NYISO Open Access Transmission Tariff” or “NYISO OATT” means the NYISO Open Access Transmission Tariff accepted by FERC.

“NYISO Services Tariff” means the NYISO Market Administration and Control Area Services Tariff accepted by FERC.

“NYISO Tariffs” means the NYISO OATT and the NYISO Services Tariff, collectively.

“NYSRC Reliability Rules” means the rules applicable to the operation of the New York Transmission System by the NYISO. These rules are based on Reliability Standards adopted by NERC and NPCC, but also include more specific and more stringent rules to reflect the particular requirements of the New York Transmission System.

“Operating Instructions” means the joint operating procedures, steps, and instructions that are to be utilized by both Parties for the operation of the Interconnection Facilities established and modified from time to time by the Coordination Committee in accordance with (a) the ISO-NE Tariff and the NYISO Tariffs, (b) Schedule B of this Agreement and (c) the ISO-NE and NYISO individual procedures and processes. Operating Instructions are separate from the ISO-NE and NYISO individual procedures and processes.

“Operating Reserve” means that capability above firm system demand required to provide for regulation, load forecasting error, equipment forced and scheduled outages and local area protection. It consists of spinning and non-spinning reserve.

“Operational Control” for the purpose of this Agreement, means Security monitoring, adjustment of generation and transmission resources, coordinating and approval of changes in transmission status for maintenance, determination of changes in transmission status for Reliability, coordination with other Balancing Authority Areas and Reliability Coordinators, voltage reductions and load shedding, except that each legal owner of generation and transmission resources continues to physically operate and maintain its own facilities.

“Parties” means ISO-NE and NYISO, and “Party” means either one of them.

“Planning Authority” means the responsible entity that coordinates and integrates transmission facility and service plans, resource plans, and protection systems.

“Reliability” means the degree of performance of the bulk electric system that results in electricity being delivered within Reliability Standards and in the amount desired. Electric system Reliability can be addressed by considering two basic and functional aspects of electric systems, which are Adequacy and Security.

“Reliability Coordinator” means the entity that is the highest level of authority who is responsible for the reliable operation of the Bulk Electric System, has the Wide Area (as defined by NERC) view of the Bulk Electric System, and has the operating tools, processes and procedures, including the authority, to prevent or mitigate emergency operating situations in both next-day analysis and real-time operations. The Reliability Coordinator has the purview that is broad enough to enable the calculation of Interconnection Reliability Operating Limits, which may be based on the operating parameters of transmission systems beyond any Transmission Operator’s vision.

“Reliability Coordinator Area” means the collection of generation, transmission, and loads within the boundaries of the Reliability Coordinator. Its boundary coincides with one or more Balancing Authority Areas.

“Reliability Standards” means the criteria, standards and requirements relating to Reliability established by a Standards Authority.

“RTO” means a regional transmission organization, as designated by FERC.

“Schedule” means a schedule attached to this Agreement and all amendments, attachments, supplements, replacements and/or additions thereto.

“Security” means the ability of the electric system to withstand sudden disturbances including, without limitation, electric short circuits or unanticipated loss of system elements.

“Standards Authority” means NERC, NPCC, NYSRC or any other agency with authority over either Party regarding standards or criteria relating to the Reliability of Transmission Systems.

“System Operating Limit” means the value (such as MW, MVar, Amperes, Frequency or Volts) that satisfies the most limiting of the prescribed operating criteria for a specified system configuration to ensure operation within acceptable Reliability criteria. System Operating Limits are based upon certain operating criteria. These include, but are not limited to the following NERC-defined ratings or limits: Facility Ratings (applicable pre- and post-Contingency equipment or facility ratings); Transient Stability Ratings (applicable pre- and post-Contingency Stability Limits); Voltage Stability Ratings (applicable pre- and post-Contingency Voltage Stability); and System Voltage Limits (applicable pre- and post-Contingency Voltage Limits).

“Third Party” means a person or entity that is not a Party to this Agreement.

“Transmission Operating Agreement(s)” means the respective agreements that establish the terms and conditions under which the Transmission Owners transferred to the NYISO and ISO-NE Operational Control over the Interconnection Facilities. For the NYISO, these agreements are the ISO Agreement, the ISO/TO Agreement, and the ISO/NYSRC Agreement. For ISO-NE, this is the Transmission Operating Agreement, which provides operating authority over certain Interconnection Facilities (i.e., the NY/NE Northern AC Interconnection and the NNC Interconnection), and Attachment K to Section II of the ISO-NE Tariff, which provides operating authority over other Interconnection Facilities (i.e., the CSC Interconnection).

“Transmission Operator” means the entity responsible for the Reliability of its “local” transmission system, and that operates or directs the operations of the transmission facilities in accordance with applicable Transmission Operating Agreements.

“Transmission Owner” means the entity that owns and maintains transmission facilities.

“Transmission System” means a system for transmitting electricity, and includes any structures, equipment or other facilities used for that purpose.

ARTICLE 2.0: SCOPE OF AGREEMENT

2.1 Restatement of Prior Agreement

The terms of the prior agreement made between the Parties dated January 1, 2006, are hereby amended, restated and superseded by the terms of this Agreement, to be effective on the Effective Date of this Agreement.

2.2 Purpose of This Agreement

This Agreement provides for the reliable operation of the interconnected New England and New York Transmission Systems in accordance with the requirements of the Standards Authority.

This Agreement establishes a structure and framework for the following functions related to the Reliability of interconnected operations between the Parties:

- (a) developing and issuing Operating Instructions and System Operating Limits;
- (b) coordinating operation of their respective Transmission Systems;
- (c) developing and adopting operating criteria and standards;
- (d) conducting operating performance reviews of the Interconnection Facilities;
- (e) considering matters related to transmission service and access;
- (f) implementing each Party's respective NERC and NPCC requirements with regard to the New England Transmission System and New York Transmission System;
- (g) exchanging operations information regarding the Interconnection;
- (h) exchanging information and coordinating regarding system planning; and
- (i) providing mutual assistance in an Emergency and during system restoration.

The Parties shall, consistent with NPCC Criteria, Guides and Procedures and the Parties' respective tariffs, rules and standards, including with respect to the NYISO, the NYSRC Reliability Rules, to the maximum extent they deem consistent with the safe and proper operation of their respective Reliability Coordinator Area and Balancing Authority Area and necessary coordination with other interconnected systems, and with the furnishing of dependable and satisfactory service to their own customers, operate their systems in accordance with the following procedures and principles.

ARTICLE 3.0: MUTUAL BENEFITS

3.1 No Charge for Mutual Benefits of Interconnection

Both the New England Transmission System and New York Transmission System, by virtue of being connected to each other and with a much larger Interconnection, share Mutual Benefits such as transient and steady-state support. NYISO and ISO-NE shall not charge one another for such Mutual Benefits.

3.2 Maintenance of Mutual Benefits

The Parties shall endeavor to operate or direct the operation of the Interconnection Facilities to realize the Mutual Benefits. The Parties recognize circumstances beyond their control, such as a result of operating

configurations, contingencies, maintenance, or actions by Third Parties, may result in a reduction of Mutual Benefits.

ARTICLE 4.0: INTERCONNECTED OPERATION

4.1 Obligation to Remain Interconnected

The Parties shall at all times during the term of this Agreement operate or direct the operation of their respective Transmission Systems so that they remain interconnected except:

- (a) during the occurrence of an event of Force Majeure which renders a Party unable to remain interconnected;
- (b) when an Interconnection is opened in accordance with the terms of an Operating Instruction;
- (c) when an Interconnection is opened in accordance with Good Utility Practice in a particular circumstance where there is an imminent risk of equipment failure, or of danger to personnel or the public, or a risk to the environment, or risk to the Reliability of a Transmission System that is not anticipated and addressed within an Operating Instruction; or
- (d) during planned maintenance where notice has been given in accordance with outage procedures as implemented by the Coordination Committee.

4.2 Adherence to NPCC Criteria, Guides and Procedures

The Parties are participants in the NPCC and are required to comply with NPCC Criteria, Guides and Procedures. Such NPCC Criteria, Guides and Procedures detail the many coordinating functions carried out by the Parties and this Agreement is intended to enhance this arrangement. Such NPCC Criteria include, and the Parties agree to comply with, “Emergency Operation Criteria” (Document A-3), which describes the basic factors to be considered by a Reliability Coordinator and Balancing Authority in formulating plans and procedures to be followed in an Emergency. A principle of operation in this NPCC Criterion is that upon receiving a request for assistance to avoid or mitigate an Emergency, a Balancing Authority Area would provide “maximum reasonable assistance” to a neighboring Balancing Authority Area. Such reasonable assistance would not normally require the shedding of firm load.

4.3 Notification of Circumstances

In the event that a component of the Interconnection Facilities is opened or if the transfer capability of a component of the Interconnection Facilities is changed, or if a Party plans to initiate the opening of any component of the Interconnection Facilities, or to change the transfer capability of any component of the Interconnection Facilities, such Party shall immediately provide the other Party with notification indicating the circumstances of the opening or transfer capability change and expected restoration time, in accordance with procedures implemented by the Coordination Committee or applicable NPCC Criteria, Guides and Procedures.

4.4 Compliance with Coordination Committee Direction.

ISO-NE shall direct the operation of the New England Transmission System and the NYISO shall direct the operation of the New York Transmission System in accordance with the obligations of their respective tariffs, rules and standards and applicable directions of the Coordination Committee that conform with their respective tariffs, rules and standards, including with respect to the NYISO, the NYSRC Reliability Rules, except where prevented by Force Majeure. The Coordination Committee direction includes decisions and jointly developed and approved Operating Instructions. If decisions or Operating Instructions of the Coordination Committee do not anticipate a particular circumstance, the Parties shall act in accordance with Good Utility Practice.

4.5 Control and Monitoring

Each Party shall provide or arrange for 24-hour control and monitoring of their portion of the Interconnection Facilities.

4.6 Reactive Transfer and Voltage Control

The Parties agree to determine reactive transfers and control voltages in accordance with the provisions of NPCC “Guidelines for Inter-Area Voltage Control” (Document B-03). Real and reactive power will be transferred over the Interconnection Facilities, which are described in Schedule A of this Agreement.

4.7 Inadvertent

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Inadvertent power transfers on all Interconnection Facilities shall be controlled and accounted for in accordance with the standards and procedures developed by NERC and NPCC and implemented by the Coordination Committee and the system operators of each Party to this Agreement.

4.8 Adoption of Standards

The Parties hereby agree to adopt, enforce and comply with requirements and standards that will safeguard Reliability of the interconnected Transmission Systems. Such Reliability requirements and Reliability Standards shall be:

- (a) adopted and enforced for the purpose of providing reliable service;
- (b) not unduly discriminatory in substance or application;
- (c) applied consistently to both Parties (with the exception of subsection (e) below);
- (d) consistent with the Parties' respective obligations to applicable Standards Authorities including, without limitation, any relevant requirements or guidelines from each of NERC, NPCC or any other Standards Authority to which the Parties are required to adhere; and
- (e) with respect to the NYISO, consistent with the NYSRC Reliability Rules.

4.9 New York - New England IROL Interface

The Parties share a joint Interconnection Reliability Operating Limit ("IROL") related to transfers on the interconnecting transmission lines between their respective Reliability Coordinator Areas and Balancing Authority Areas. This IROL is adhered to in order to ensure acceptable steady-state and transient performance of the New York and New England Transmission Systems. Both Parties will monitor this limit in accordance with this Agreement and independently determine the applicable import and export transfer limits. Both Parties agree to operate the interface to the most conservative limits developed in real-time and the day-ahead planning process. These operating limits shall be determined in accordance with NERC Reliability Standards and NPCC Criteria, Guides and Procedures. Both Parties will take coordinated corrective actions to avoid a violation of the IROL. If a violation occurs, coordinated corrective actions shall be taken to ensure that the violation is cleared as soon as possible, and in accordance with NERC Reliability Standards.

4.10 Coordination and Exchange of Information Regarding System Planning

Each Party shall have operating procedures, processes or plans in place for activities that require notification, exchange of information or coordination of actions with the other Party to support Interconnection reliability. Each Party shall have communications capabilities with the other Party, for both voice and data exchange as required to meet reliability needs of the Interconnection.

The Parties shall exchange information and coordinate regarding system operations and planning and inter-regional planning activities in a manner consistent with NERC and NPCC requirements, and consistent with the requirements of confidentiality agreements or rules binding upon either of the Parties, including the ISO New England Information Policy set forth in Attachment D to the ISO-NE Tariff, as it may be amended from time to time, and the NYISO Code of Conduct as set forth in Attachment F to the NYISO OATT

ARTICLE 5.0: EMERGENCY ASSISTANCE

5.1 Emergency Assistance

Both Parties shall exercise due diligence to avoid or mitigate an Emergency to the extent practicable as per each Party's requirements related to the mitigation of an Emergency, in applicable policies and procedures imposed by NERC, NPCC, or (for the NYISO) the NYSRC, or contained in the ISO-NE Tariff and NYISO Tariffs. In avoiding or mitigating an Emergency, both Parties shall strive to allow for commercial remedies, but if commercial remedies are not successful, the Parties agree to be the suppliers of last resort to ensure Reliability on the system. For each hour during which Emergency conditions exist in a Party's Balancing Authority Area, that Party (while still ensuring operations within applicable Reliability Standards) shall determine what commercial remedies are available and make use of those that are available and needed to avoid or mitigate the Emergency before any Emergency Energy is scheduled in that hour.

5.2 Emergency Energy Transactions

Each Party shall, to the maximum extent it deems consistent with the safe and proper operation of its respective Transmission System, provide Emergency Energy to the other Party in accordance with the provisions of Schedule C of this Agreement.

ARTICLE 6.0: EXCHANGE OF INFORMATION AND CONFIDENTIALITY

6.1 Information

ISO-NE and NYISO agree to exchange and share such information as may be required from time to time for the Coordination Committee to perform its duties and for the Parties to fulfill their obligations under this Agreement, subject to the requirements of existing confidentiality agreements or rules binding upon either of the Parties, including the ISO New England Information Policy, as it may be amended from time to time, and the NYISO Code of Conduct as set forth in Attachment F to the NYISO OATT, and subject to the Parties' policies and processes for the protection of Critical Energy Infrastructure Information ("CEII", as that term is defined by FERC). Subject to said agreements, policies and processes, the Parties may share the following information:

- (a) Information required to develop Operating Instructions;
- (b) Transmission System facility specifications and modeling data required to perform Security analysis;
- (c) Functional descriptions and schematic diagrams of Transmission System protective devices and communication facilities;
- (d) Ratings data and associated ratings methodologies for the Interconnection Facilities;
- (e) Telemetry points, equipment alarms and status points required for real-time monitoring of Security dispatch;
- (f) Data required to reconcile accounts for inadvertent energy, and for Emergency Energy transactions;
- (g) Transmission System information that is consistent with the information sharing requirements imposed by the NERC and NPCC; and
- (h) Such other information as may be required for the Parties to maintain the reliable operation of their interconnected Transmission Systems and fulfill their obligations under this Agreement and to any Standards Authority of which either Party is a member, provided, however, that this other information will be exchanged only if it can be done in accordance with applicable restrictions on the disclosure of information to any Market Participant.

6.2 Data Exchange Contact

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To facilitate the exchange of all such data, each Party will designate to the other Party's Vice President in charge of operations a contact(s) to respond to data inquiries. The alternate contact of each Party shall be its Operations Control Room. With respect to each contact and alternate, each Party shall provide the name, telephone number, e-mail address, and fax number of each contact. Each Party may change the designated contact by notifying the other Party's Vice President in charge of operations in advance of the change.

The Parties agree to exchange data in a timely manner consistent with existing defined formats or such other formats to which the Parties may agree. Each Party shall provide notification to the other Party thirty (30) days prior to modifying an established data exchange format.

6.3 Cost of Data and Information Exchange

Each Party shall bear its own cost of providing information to the other Party.

6.4 Other Data

The Parties may share other data not listed in this Article 6 as mutually agreed upon by the Parties.

6.5 Treatment of Confidential Information and Critical Energy Infrastructure Information

- (a) Definitions. The term "Confidential Information" shall mean: (a) all information, whether furnished before or after the mutual execution of this Agreement, whether oral, written or recorded/electronic, and regardless of the manner in which it is furnished, that is marked "confidential" or "proprietary" or which under all of the circumstances should be treated as confidential or proprietary; (b) all reports, summaries, compilations, analyses, notes or other information of a Party hereto which are based on, contain or reflect any Confidential Information; (c) any information which, if disclosed by a transmission function employee of a utility regulated by the FERC to a market function employee of the same utility system, other than by public posting, would violate the FERC's Standards of Conduct set forth in 18 C.F.R. § 37 *et. seq.* and the Parties' Standards of Conduct on file with the FERC.

- b) Protection. Except for disclosure to the FERC or its staff as set forth herein, the Receiving Party shall not, at any time during or after the term of this Agreement, in any manner, either directly or indirectly, divulge, disclose, or communicate to any person, firm, corporation or other entity, or use for any purposes other than those set forth herein, any Confidential Information acquired from the party disclosing the information (the “Disclosing Party”), without the express prior written consent of the Disclosing Party. The Receiving Party shall not disclose any Confidential Information to anyone except to officers and employees of the Receiving Party and to its outside consultants, advisers and/or attorneys, in each case who have a need to know to further the purposes set forth herein and who have been advised of the confidential nature of the Confidential Information and who have agreed to abide by the terms of this Agreement (collectively, “Authorized Representatives”). The Receiving Party agrees that it shall be liable for any breach of this Agreement by its Authorized Representatives.
- (c) Notwithstanding anything in this Section to the contrary, if the FERC or its staff, during the course of an investigation or otherwise, request information from one of the Parties that is otherwise required to be maintained in confidence pursuant to the Agreement, the Party shall provide the requested information to the FERC or its staff, within the time provided for in the request for information.
- (d) Survival. The obligation of each Party under this Article 6 continues and survives the termination of this Agreement.
- (e) Scope. This obligation of confidentiality shall not extend to data and information that, at no fault of the Receiving Party, is or becomes: (a) in the public domain or generally available or known to the public; (b) disclosed to a recipient by a non-Party who had a legal right to do so; or (c) independently developed by the Receiving Party or known to such Party prior to its disclosure hereunder.
- (f) Required Disclosure. Except for disclosure to the FERC or its staff, if a governmental authority requests or requires the Receiving Party to disclose any of the Disclosing Party’s Confidential Information, such Receiving Party shall provide the Disclosing Party with prompt notice of such request or requirement so that the Disclosing Party may seek an appropriate protective order or other appropriate remedy or waive compliance with the

provisions of this Agreement. Notwithstanding the absence of a protective order or a waiver, a Receiving Party shall disclose only such Confidential Information which it is legally required to disclose. Each Party shall use reasonable efforts to obtain reliable assurances that confidential treatment will be accorded to Confidential Information required to be disclosed.

If a Receiving Party is required to disclose any Confidential Information under this Section, the Parties shall meet as soon as practicable in an effort to resolve any and all issues associated with the required disclosure of such Confidential Information, and the likelihood of additional disclosures of such Confidential Information.

- (g) In providing the information to FERC or its staff, the Party may, consistent with 18 C.F.R. § 388.112, request that the information be treated as confidential and non-public by the FERC and its staff and that the information be withheld from public disclosure. The Party shall notify the other Party to the Agreement when it is notified by FERC or its staff that a request for disclosure of, or decision to disclose, confidential information has been received, at which time either of the Parties may respond before such information is made public, pursuant to 18 C.F.R. § 388.112.
- (h) Return of Confidential Information. Information provided pursuant to this Section 6 is deemed to be on loan, and remains the property of the Disclosing Party notwithstanding the disclosure of such Confidential Information to the Receiving Party hereunder. All Confidential Information provided by the Disclosing Party shall be returned by the Receiving Party to the Disclosing Party promptly upon request. Upon termination or expiration of this Agreement, a Party shall use reasonable efforts to destroy, erase, delete or return to the Disclosing Party any and all written or electronic Confidential Information. Unless otherwise expressly agreed in a separate license agreement, the disclosure of Confidential Information to the Receiving Party will not be deemed to constitute a grant, by implication or otherwise, of a right or license to the Confidential Information or in any patents or patent applications of the Disclosing Party.
- (i) Relief. Each Party acknowledges that remedies at law are inadequate to protect against breach of the covenants and agreements in this Article, and hereby in advance agrees, without prejudice to any rights to judicial relief that it may otherwise have, to the

granting of equitable relief, including injunction, in the Disclosing Party's favor without proof of actual damages. In addition to the equitable relief referred to in this Section, a Disclosing Party shall only be entitled to recover from a Receiving Party any and all gains wrongfully acquired, directly or indirectly, from a Receiving Party's unauthorized disclosure of Confidential Information.

- (j) Existing Confidential Information Obligations. Notwithstanding anything to the contrary in this Agreement, the parties shall have no obligation to disclose Confidential Information or data to the extent such disclosure of information or data would be a violation of or inconsistent with the terms and conditions of any ISO-NE governing agreement or NYISO OATT or Services Tariff and any other agreement, or applicable state or federal regulation or law.
- (k) The term "CEII" or "Critical Energy Infrastructure Information" shall mean all information, whether furnished before or after the mutual execution of this Agreement, whether oral, written or recorded/electronic, and regardless of the manner in which it is furnished, that is marked "CEII" or "Critical Energy Infrastructure Information" or which under all of the circumstances should be treated as such in accordance with the definition of CEII in 18 C.F.R. § 388.13(c)(1). The Receiving Party shall maintain all CEII in a secure place. The Receiving Party shall treat CEII received under this agreement in accordance with its own procedures for protecting CEII and shall not disclose CEII to anyone except its Authorized Representatives.

ARTICLE 7.0: COORDINATION COMMITTEE

7.1 Coordination Committee Inauguration and Authorization

The Parties shall form a Coordination Committee under this Agreement. Within 30 days of the Effective Date, each of the Parties shall appoint two representatives, a principal and an alternate, to serve as members of the Coordination Committee with the authority to act on their behalf with respect to actions or decisions taken by the Coordination Committee. A Party may, at any time upon providing prior notice to the other Party, designate a replacement principal member or alternate member to the Coordination Committee.

7.2 Coordination Committee Duties and Responsibilities

The Coordination Committee exists to administer the implementation of the provisions of this Agreement. The Coordination Committee shall develop and adopt policies, instructions, and recommendations relating to the Parties' performance of their obligations under this Agreement, attempt to resolve Disputes between the Parties pursuant to Article 17.0 of this Agreement, and shall undertake any other actions specifically delegated to it pursuant to this Agreement.

The Coordination Committee shall undertake to jointly develop and authorize Operating Instructions to implement the intent of this Agreement in accordance with Schedule B of this Agreement, 'Procedures for Development and Authorization of Operating Instructions'. To the extent that the Operating Instructions require participation by local control centers and Transmission Owners in the New England or the New York Reliability Coordinator Areas, those entities will be involved in the development process.

Should the terms and conditions contained in this Agreement be found to conflict with or fail to recognize obligations of a Standards Authority of which either Party is a member or other regulatory requirements, the Parties agree to amend this Agreement accordingly.

Any recommendations on revisions to this Agreement shall be provided to each Party's appropriate corporate officers for approval.

7.3 Limitations of Coordination Committee Authority

With the exception of the Schedules, the Coordination Committee is not authorized to modify or amend any of the terms of this Agreement. The Coordination Committee is also not authorized to excuse any obligations under this Agreement or waive any rights pertaining to this Agreement.

The Coordination Committee has no authority to commit either Party to any expenditure that is beyond those expenses described herein.

7.4 Exercise of Coordination Committee Duties

The Coordination Committee shall hold meetings no less frequently than once each calendar year. The matters to be addressed at all meetings shall be specified in an agenda, which shall contain items specified

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by either Party in advance of the meeting and sent to the representatives of the other Party. All decisions of the Coordination Committee must be unanimous. Special meetings may be called at any time if the Coordination Committee deems such meetings to be necessary or appropriate.

Subject to the limitations on its authority as described in Section 7.3 of this Agreement, the Coordination Committee has the responsibility and authority to take action on all aspects of this Agreement, including, but not limited to the following:

- (a) amending, adding or canceling Schedules, or Operating Instructions and providing written notice in accordance with Article 16.0 of this Agreement;
- (b) assessment of non-compliance with this Agreement and, subject to Article 17.0 of this Agreement, the taking of appropriate action in respect thereof;
- (c) documentation of decisions related to the initial resolution of Disputes as set out in Article 17.0 of this Agreement, or in cases of unresolved Disputes, the circumstances relevant to the Dispute in question as contemplated by the requirements of Article 17.0 of this Agreement; and
- (d) preparation, documentation, retention and distribution of Coordination Committee meeting minutes and agendas.

ARTICLE 8.0: RELIABILITY COORDINATION AND RELIABILITY ASSESSMENT OF OUTAGES

Both Parties agree to provide each other with updates on planned outage schedules and other activities in accordance with NPCC Criteria, Guides and Procedures that may impact on the Reliability or availability of the interconnected New York Transmission System and New England Transmission System. As Reliability Coordinators and Balancing Authorities, the NYISO and ISO-NE, shall interact with each other as required, and with other Balancing Authorities and Reliability Coordinators, to establish System Operating Limits and to perform Reliability coordination and Reliability assessments of outages.

ARTICLE 9.0: OPERATIONAL INFORMATION

9.1 Obligation to Provide Operational Data and Status Points

The Parties shall ensure that appropriate monitoring facilities are installed as required to provide for electric power quantities or equipment loading to enable monitoring of System Operating Limits, meet

requirements of each of NERC and NPCC, and for determining Interconnection Facilities inadvertent energy accounting.

9.2 Points of Operational Data

The points of data for operating information are those points as may be agreed in writing by the Coordination Committee from time to time.

ARTICLE 10.0: INTERCONNECTION REVENUE METERING

10.1 Obligation to Provide Inadvertent Energy Accounting Metering

The Parties shall ensure appropriate electric metering devices are installed as required to measure electric power quantities for determining Interconnection Facilities inadvertent energy accounting.

10.2 Standards for Metering Equipment

Any Metering Equipment used to meter Metered Quantities for inadvertent energy accounting shall be designed, verified, sealed and maintained in accordance with the Party's respective metering standards or as otherwise agreed to by the Coordination Committee.

10.3 Meter Compensation to the Point of Interconnection

The metering compensation for transmission line losses to the Interconnection Facilities Delivery Point shall be determined by the Party's respective standards or otherwise agreed to by the Coordination Committee.

10.4 Metering Readings

The Parties shall ensure that integrated meter readings are provided at least once each hour for Interconnection Facilities accounting purposes and meter registers are read at least monthly, as close as practicable to the last hour of the month. An appropriate adjustment shall be made to register readings not taken on the last hour of the month.

ARTICLE 11.0: LIABILITY

11.1 Force Majeure

A Party shall not be considered to be in default or breach of this Agreement, and shall be excused from performance or liability for damages to the other Party, if and to the extent it shall be delayed in or prevented from performing or carrying out any of the provisions of this Agreement, arising out of or from any act, omission, or circumstance by or in consequence of any act of God, labor disturbance, sabotage, failure of contractors or suppliers of materials, act of the public enemy, war, invasion, insurrection, riot, fire, storm, flood, ice, earthquake, explosion, epidemic, breakage or accident to machinery or equipment or any other cause or causes beyond such Party's reasonable control, including any curtailment, order, regulation, or restriction imposed by governmental, military or lawfully established civilian authorities, or by making of repairs necessitated by an emergency circumstance not limited to those listed above upon the property or equipment of the Party or property or equipment of others which is deemed under the Operational Control of the Party. A Force Majeure event does not include an act of negligence or Intentional Wrongdoing by a Party. Any Party claiming a Force Majeure event shall use reasonable diligence to remove the condition that prevents performance and shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the Force Majeure event. Each Party shall use its best efforts to mitigate the effects of such Force Majeure event, remedy its inability to perform, and resume full performance of its obligations hereunder.

A Party suffering a Force Majeure event ("Affected Party") shall notify the other Party ("Non-Affected Party") in writing ("Notice of Force Majeure Event") as soon as reasonably practicable specifying the cause of the event, the scope of commitments under the Agreement affected by the event, and a good faith estimate of the time required to restore full performance. Except for those commitments identified in the Notice of Force Majeure Event, the Affected Party shall not be relieved of its responsibility to fully perform as to all other commitments in the Agreement. If the Force Majeure event continues for a period of more than 90 days from the date of the Notice of Force Majeure Event, the Non-Affected Party shall be entitled, at its sole discretion, to terminate the Agreement.

11.2 Liability to *Third Parties*

Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person or entity that is not a Party or a permitted successor or assign.

11.3 Indemnification

- (a) Definitions. An “Indemnifying Party” means a Party who holds an indemnification obligation hereunder. An “Indemnitee” means a Party entitled to receive indemnification under this Agreement.
- (b) Third Party Losses. Each Party will defend, indemnify, and hold the other Party harmless from all losses, damages, liabilities, obligations, claims, demands, suits, proceedings, recoveries, settlements, costs and expenses, court costs, attorney fees, causes of action, judgments and other obligations (“Loss”) brought or obtained by any third party against such other Party, only to the extent that such Loss arises directly from:
 - (i) Gross negligence, recklessness, or willful misconduct of the Indemnifying Party or any of its agents or employees, in the performance of this Agreement; except to the extent such Loss arises (i) from gross negligence, recklessness, willful misconduct or breach of contract or law by the Indemnitee or such Indemnitee’s agents or employees, or (ii) as a consequence of strict liability imposed as a matter of law upon the Indemnitee, or such Indemnitee’s agents or employees; or
 - (ii) Breach of the parties’ obligations in Article 6 hereof.
- (c) Process. The Indemnitee shall give Notice to the Indemnifying Party as soon as reasonably practicable after the Indemnitee becomes aware of the indemnifiable Loss or any claim, action or proceeding that may give rise to an indemnification. Such notice shall describe the nature of the Loss or proceeding in reasonable detail and shall indicate, if practicable, the estimated amount of the Loss that has been sustained by the Indemnitee. A delay or failure of the Indemnitee to provide the required notice shall release the Indemnifying Party (i) from any indemnification obligation to the extent that such delay or failure materially and adversely affects the Indemnifying Party’s ability to defend such claim or materially and adversely increases the amount of the indemnifiable

Loss, and (ii) from any responsibility for any costs or expenses of the Indemnitee in the defense of the claim during such period of delay or failure.

- (d) Indemnification shall be limited to the extent that the liability of the Indemnitee would be limited by any applicable law.

11.4 Liability Between the Parties

The Parties' duties and standard of care with respect to each other, and the benefits and rights conferred on each other shall be no greater than as expressly stated herein. Neither Party, its directors, officers, trustees, employees or agents, shall be liable to the other Party for any Loss, whether direct, indirect, incidental, punitive, special, exemplary or consequential, arising from that Party's performance or nonperformance under this Agreement, except to the extent that the Party, is found liable for gross negligence or willful misconduct, in which case the Party responsible shall be liable only for direct and ordinary damages and not for any incidental, consequential, punitive, special, exemplary or indirect damages.

11.5 Liability for Interruptions

Except as set forth herein, neither Party shall be liable to the other Party for any Loss or damage, whether direct, indirect, incidental, punitive, special, exemplary or consequential, resulting from an occurrence on the circuits and system that are under the Operational Control of the other Party and which results in damage to or renders inoperative such circuits and system, or the separation of the systems in an Emergency, or interrupts or diminishes service, or increases, decreases or in any way affects for whatever length of time the voltage or frequency of the energy delivered hereunder to the other Party.

ARTICLE 12.0: APPLICABLE LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

ARTICLE 13.0: LICENSE AND AUTHORIZATION

The agreements and obligations expressed herein are subject to such initial and continuing governmental permission and authorization as may be required. Each Party shall be responsible for securing and paying

for any approvals required by it from any regulatory agency of competent jurisdiction relating to its participation in this Agreement and will reasonably cooperate with the other Party in seeking such approvals.

ARTICLE 14.0: ASSIGNMENT

This Agreement shall inure to the benefit of, and be binding upon and may be performed by, the successors and assigns of the Parties hereto respectively, but shall not be assignable by either Party without the written consent of the other.

ARTICLE 15.0: AMENDMENT

15.1 Review of Agreement

The terms of this Agreement are subject to review for potential amendment at the request of either Party. If, consequent to such review, the Parties agree that any of the provisions hereof, or the practices or conduct of either Party impose an inequity, hardship or undue burden upon the other Party, or if the Parties agree that any of the provisions of this Agreement have become obsolete or inconsistent with changes related to the Interconnection Facilities, the Parties shall endeavor in good faith to amend or supplement this Agreement in such a manner as will remove such inequity, hardship or undue burden, or otherwise appropriately address the cause for such change.

Any amendment of this Agreement by the Parties must be done in accordance with Section 15.2.

15.2 Authorized Representatives

No amendment of this Agreement shall be effective unless effected by written instrument duly executed by the Parties' authorized representatives (except as provided for in Section 7.3 of this Agreement). For the purposes of this Section, an authorized person refers to individuals designated as such by Parties in their respective corporate by-laws.

ARTICLE 16.0: NOTICES

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Except as otherwise agreed from time to time, any notice, invoice or other communication which is required by this Agreement to be given in writing, shall be sufficiently given at the earlier of the time of actual receipt or deemed time of receipt if delivered personally to a senior official of the Party for whom it is intended or electronically transferred or sent by registered mail, addressed as follows:

In the case of the NYISO to:

New York Independent System Operator, Inc.
10 Krey Boulevard, Rensselaer, New York 12144
Attention: Vice President of Operations

In the case of ISO-NE to:

ISO New England Inc.
One Sullivan Road
Holyoke, Massachusetts 01040-2841
Attention: Vice President of System Operations

or delivered to such other person or electronically transferred or sent by registered mail to such other address as either Party may designate for itself by notice given in accordance with this Section or delivered by any other means agreed to by the Parties hereto.

Any notice, or communication so mailed shall be deemed to have been received on the third business day following the day of mailing, or if electronically transferred shall be deemed to have been received on the same business day as the date of the electronic transfer, or if delivered personally shall be deemed to have been received on the date of delivery or if delivered by some other means shall be deemed to have been received as agreed to by the Parties hereto.

The use of a signed facsimile of notices and correspondence between the Parties related to this Agreement shall be accepted as proof of the matters therein set out. Follow-up with hard copy by mail will not be required unless agreed to by the Coordination Committee.

ARTICLE 17.0: DISPUTE RESOLUTION

In the event of a Dispute arising out of or relating to this Agreement that is not resolved by the representatives of the Parties who have been designated under Section 7.1 of this Agreement within 7 days of the reference to such representatives of such Dispute, each Party shall, within 14 days' written notice by either Party to the other, designate a senior officer with authority and responsibility to resolve the Dispute and refer the Dispute to them. The senior officer designated by each Party shall have authority to make decisions on its behalf with respect to that Party's rights and obligations under this Agreement. The senior officers, once designated, shall promptly begin discussions in a good faith effort to agree upon a resolution of the Dispute. If the senior officers do not agree upon a resolution of the Dispute within 14 days of its referral to them, or do not within the same 14 day period agree to refer the matter to some individual or organization for alternate Dispute resolution, then either Party shall have the right to pursue any and all remedies available to it at law or in equity. Neither the giving of notice of a Dispute, nor the pendency of any Dispute resolution process as described in this Section shall relieve a Party of its obligations under this Agreement, extend any notice period described in this Agreement or extend any period in which a Party must act as described in this Agreement. Notwithstanding the requirements of this Section, either Party may terminate this Agreement in accordance with its provisions, or pursuant to an order of FERC or a court at equity. The issue of whether such a termination is proper shall not be considered a Dispute hereunder.

ARTICLE 18.0: REPRESENTATIONS

18.1 Good Standing

Each Party represents and warrants that it is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable.

18.2 Authority to Enter Into Agreement

Each Party represents and warrants that it has the right, power and authority to enter into this Agreement, to become a party hereto and to perform its obligations hereunder. This Agreement is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms.

18.3 Organizational Formation Documents

Each Party represents and warrants that the execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, bylaws, operating agreement, or agency agreement of such Party, or any judgment, license, permit, regulatory order, or governmental authorization applicable to such Party.

18.4 Regulatory Authorizations

Each Party represents and warrants that it has, or applied for, all regulatory authorizations necessary for it to perform its obligations under this Agreement.

ARTICLE 19.0: EFFECTIVE DATE AND TERM

Subject to the conditions of Article 13.0 (License and Authorization) above, this Agreement shall take effect as of the date that all of the following have occurred: (i) upon the execution hereof by both Parties on the date set forth above; and (ii) acceptance or approval by the FERC. This Agreement shall continue in force until terminated in accordance with this Article.

This Agreement may be terminated at any time by mutual agreement in writing. It may also be terminated by either Party with prior written notice of at least ninety (90) days to the other Party of its intention to terminate.

ARTICLE 20.0: MISCELLANEOUS

20.1 Performance

The failure of a Party to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any right held by such Party. Any waiver on any specific occasion by either Party shall not be deemed a continuing waiver of such right, nor shall it be deemed a waiver of any other right under this Agreement.

20.2 Agreement

This Agreement, including all Attachments hereto, is the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior or contemporaneous understandings or agreements, oral or written, with respect to the subject matter of this Agreement.

20.3 Governmental Authorizations

This Agreement, including its future amendments is subject to the initial and continuing Federal Energy Regulatory Commission authorizations required to establish, operate and maintain the Interconnection Facilities as herein specified. Each Party shall take all actions necessary and reasonably within its control to maintain all rights and Federal Energy Regulatory Commission approvals required to perform its respective obligations under this Agreement.

20.4 Unenforceable Provisions

If any provision of this Agreement is deemed unenforceable, the rest of the Agreement shall remain in effect and the Parties shall negotiate in good faith and seek to agree upon a substitute provision that will achieve the original intent of the Parties.

20.5 Execution

This Agreement may be executed in multiple counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same Agreement, and shall become binding when all counterparts have been signed by each of the Parties and delivered to each Party hereto. Delivery of an executed signature page counterpart by telecopier shall be as effective as delivery of a manually executed counterpart.

20.6 Regulatory Authority

If any Regulatory Authority having jurisdiction (or any successor boards or agencies), a court of competent jurisdiction or other governmental entity with the appropriate jurisdiction (collectively, the "Regulatory Bodies") issues a rule, regulation, law or order that has the effect of cancelling, changing or superseding any term or provision of this Agreement (the "Regulatory Requirement"), then this Agreement will be deemed modified to the extent necessary to comply with the Regulatory Requirement. Notwithstanding the foregoing, if the Regulatory Authority materially modifies the terms and conditions of this Agreement and such modification(s) materially affect the benefits flowing to one or both of the Parties, as determined by either of the Parties within twenty (20) business days of the receipt of the Agreement as materially modified, the Parties agree to attempt in good faith to negotiate an amendment

or amendments to this Agreement or take other appropriate action(s) so as to put each Party in effectively the same position in which the Parties would have been had such modification not been made. In the event that, within sixty (60) days or some other time period mutually agreed upon by the Parties after such modification has been made, the Parties are unable to reach agreement as to what, if any, amendments are necessary and fail to take other appropriate action to put each Party in effectively the same position in which the Parties would have been had such modification not been made, then either Party shall have the right to unilaterally terminate this Agreement forthwith.

20.7 Headings

The headings used for the Articles and Sections of this Agreement are for convenience and reference purposes only, and shall not be construed to modify, expand, limit, or restrict the provisions of this Agreement.

IN WITNESS WHEREOF

IN WITNESS WHEREOF the Parties hereto have caused this Agreement to be executed in duplicate as of the day and year first written above.

NEW YORK INDEPENDENT SYSTEM OPERATOR

By: Ricardo T. Gonzales,
Vice President of Operations

Date: _____

ISO NEW ENGLAND INC.

By: Vamsi Chadalavada,
Senior Vice President and Chief Operating Officer

Date: _____

Schedule A: Description Of Interconnection Facilities

The Coordination Agreement between ISO-NE and the NYISO covers the New England – NYISO Interconnection Facilities under the Operational Control of the NYISO and ISO-NE.

For Operational Control purposes, the point of demarcation for each of the Interconnection Facilities listed below is the point at which each Interconnection crosses the New England-New York State boundary, except as noted below.

There are presently three (3) ISO-NE-NYISO Interconnections. The three Interconnections are comprised of eight (8) alternating current (“AC”) Interties and one (1) high-voltage direct current (“HVDC”) Intertie. The first Interconnection (the “NY/NE Northern AC Interconnection”) is comprised of seven (7) of the eight (8) AC Interties. The second Interconnection (the “NNC Interconnection”) is comprised of the remaining AC Intertie. The third and final Interconnection (the “CSC Interconnection”) is comprised of a single HVDC Intertie. For each Interconnection, NYISO and ISO-NE have identified respective associated external nodes for scheduling and pricing purposes. The nodes associated with each of the Interconnections are listed in Table 1 of Attachment A of Schedule C of this Agreement.

List of Interconnections

NY/NE Northern AC Interconnection - The NY/NE Northern AC Interconnection is comprised of the following seven (7) Interties (as ordered from North to South):

1. PV-20 Intertie (115 kV AC),
2. K7 Intertie (115 kV AC),
3. K6 Intertie (115 kV AC),
4. E205W Intertie (230 kV AC),
5. 393 Intertie (345 kV AC),
6. 690 Intertie (69 kV AC), and
7. 398 Intertie (345 kV AC).

NNC Interconnection - The Northport-Norwalk Harbor Cable (“NNC”) Interconnection is comprised of the following Intertie:

1. NNC Intertie (138 kV AC).

CSC Interconnection - The Cross Sound Cable “CSC”) Interconnection is comprised of the following Intertie:

1. CSC Intertie (150 kV HVDC).

List of Interties (as ordered from North to South)

PV-20 Intertie - A 115 kV AC transmission circuit, designated PV-20, series switched reactor and phase shifting transformers, connecting the Plattsburgh transmission substation in NY to the Sandbar transmission substation in VT. The common meter point for this Intertie is located at the Plattsburg transmission substation.

K7 Intertie - A 115 kV AC transmission circuit, designated K7, and phase shifter transformer connecting the Whitehall transmission substation in NY to the Blissville transmission substation in VT. The common meter point for this Intertie is located at the Whitehall transmission substation.

K6 Intertie - A 115 kV AC transmission circuit, designated K6, connecting the Hoosick transmission substation in NY to the Bennington transmission substation in VT. The common meter point for this Intertie is located at the Hoosick transmission substation.E205W Intertie - A 230 kV AC transmission circuit, designated E205W, connecting the Rotterdam transmission substation in NY to the Bear Swamp transmission substation in MA. The common meter point for this Intertie is located at the Bear Swamp transmission substation.

393 Intertie - A 345 kV AC transmission circuit, designated 393, connecting the Alps transmission substation in NY to the Berkshire transmission substation in MA. The common meter point for this Intertie is located at the Alps transmission substation.

690 Intertie - A 69 kV AC transmission circuit, designated 690, connecting the Smithfield transmission substation in NY to the Salisbury transmission substation in CT. The common meter point for this Intertie is located at the Salisbury transmission substation.

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398 Intertie - A 345 kV AC transmission circuit, designated 398, connecting the Pleasant Valley transmission substation in NY to the Long Mountain transmission substation in CT. The common meter point for this Intertie is located at the Pleasant Valley transmission substation.

NNC Intertie - Three 138 kV AC transmission circuits (designated 601, 602 and 603), transformer and phase shifting transformer, initially designated as the 1385 Cable Intertie and now the NNC Intertie, connecting the Northport transmission substation in NY to the Norwalk Harbor transmission substation in CT.⁵ The common meter point for this Intertie is located at the Norwalk Harbor transmission substation.

CSC Intertie - A 150+/- kV HVDC transmission circuit and associated converter facilities, designated CSC, connecting the Tomson converter at Shoreham, NY to the Halvarsson converter at New Haven, CT. This entire facility is under ISO-NE operating authority, pursuant to the FERC Order containing approvals regarding the HVDC Cross Sound Cable. For Operational Control purposes, the point of demarcation for the HVDC Interconnection CSC is within New York State at the point where the converter facilities interconnect with LIPA's 138 kV AC facilities at Shoreham, NY. The common meter point for this Intertie is located at the Shoreham transmission substation.

⁵ The NCC Intertie may be referenced in the Parties individual operating documents as the Northport-Norwalk Harbor Cable ("NNC"), the 1385 Cable/Line or the 601, 602 and 603 Cables.

SCHEDULE B: Procedures For Development And Authorization
Of Operating Instructions

Overview

Operating Instructions (a) will be developed and recorded by the Coordination Committee in accordance with this Schedule B, (b) will be contained in a document separate from this Agreement, and (c) may be modified by the Coordination Committee without amending this Agreement.

The Coordination Committee shall jointly develop and approve Operating Instructions and review them at least annually. The Coordination Committee shall submit draft material to one another for review and comment. The Coordination Committee shall provide comment on the draft material promptly. The Coordination Committee shall promptly provide such information as may reasonably be required in connection with establishing, or reviewing, the material.

In the event that any conflicts arise or are made apparent to a Party regarding any Operating Instructions, they shall notify the other Party and engage the Coordination Committee, if necessary, to resolve such conflicts.

The Coordination Committee will periodically review applicable ISO-NE and NYISO individual procedures and processes to determine any benefits of sharing these procedures and processes. These benefits may be for the purpose of training or to satisfy Reliability Standards. The Coordination Committee will determine how best to share these individual procedures and processes.

A list of Operating Instructions and applicable ISO-NE and NYISO individual procedures will be maintained by the Coordination Committee.

Outlined below are the key principles and items of methodology to be observed while the Coordination Committee is engaged in developing and approving Operating Instructions, and issuing them to their respective operations staff.

Principles

Given that the Parties' respective operations staff benefit from following a single instruction for all aspects of their execution of interconnected operations, it is an acceptable practice to combine this content to achieve the single Operating Instructions for use by a respective Party's operations staff. The preferred methodology when appropriate is to use the NPCC Criteria, Guides and Procedures for the coordination and operation of the interconnected Transmission Systems. When the NPCC documentation is insufficient to accomplish this task separate instructions will be developed in accordance with this Schedule.

Each Party shall coordinate the issuance internally of any Operating Instructions developed and agreed to by the Coordination Committee to ensure that their respective operations staff has these Operating Instructions. In addition annual review of the Operating Instructions and the Parties' internal procedures associated with the Operating Instructions shall be conducted by the Coordination Committee to ensure consistency.

Operating Instructions, when approved by the Coordination Committee, shall be binding on the Parties insofar as they relate to the Interconnection Facilities until they expire, are changed, deleted, or superseded by authority of the Coordination Committee.

Items of Methodology

Each page of an approved Operating Instructions shall be identified in the header or footer with "NYISO – ISO-NE Coordination Committee", the effective date and any revision number.

By mutual agreement of the Coordination Committee, one of the Parties shall be designated by the Coordination Committee to control the revision process of the Operating Instruction from the initial drafting of material through to the conversion of the Operating Instruction into its final form.

SCHEDULE C: Emergency Energy Transactions Schedule

WHEREAS, ISO-NE, as the regional transmission organization for the New England Transmission System and the administrator of the New England markets, arranges for the sale and purchase of Emergency capacity and energy on behalf of Market Participants with neighboring Balancing Authority Areas, all in accordance with the ISO-NE Tariff, which includes the Open Access Transmission Tariff and ISO-NE market rules;

WHEREAS, ISO-NE is responsible for, among other matters, procuring and acting as supplier of last resort of ancillary services (including arranging for the sale and purchase of Emergency capacity and energy with neighboring Balancing Authority Areas), in accordance with the ISO-NE Tariff;

WHEREAS, the NYISO, as the independent system operator of the New York Transmission System and the administrator of the New York wholesale electricity markets, arranges for the sale and purchase of Emergency capacity and energy on behalf of Market Participants with neighboring Balancing Authority Areas, all in accordance with the NYISO Tariffs;

WHEREAS, the NYISO is the administrator of the NYISO Tariffs and is responsible for, among other matters, procuring and acting as supplier of last resort of ancillary services (including arranging for the sale and purchase of Emergency capacity and energy with neighboring Balancing Authority Areas), in accordance with the NYISO Tariffs;

WHEREAS, either of the Parties may, from time to time, have insufficient Operating Reserve available on the respective systems that they operate, or need to supplement available resources to cover sudden and unforeseen circumstances such as loss of equipment or forecast errors, and such conditions could result in the need to arrange for the purchase of Emergency Energy for Reliability reasons;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein set forth, the Parties mutually agree as follows:

ARTICLE I

1.0 **DELIVERY POINT**

The Delivery Point for energy delivered pursuant to the terms of this Schedule shall be at one of three points of Interconnection between the NYISO Balancing Authority Area and the ISO-NE Balancing Authority Area, and at such other points of Interconnection as may be established. These three points of Interconnection are as follows: (1) the NY/NE Northern AC Interconnection⁶; (2) the NNC Interconnection; and (3) the Cross Sound Cable (CSC) Interconnection, which is a HVDC facility.

Unless otherwise agreed by the Coordination Committee, the price for energy for an hour delivered pursuant to this Schedule shall include all transmission costs of delivering such energy to the Delivery Point in that hour, and the Party taking delivery of such energy for the hour shall be responsible for all transmission costs beyond the Delivery Point for that hour.

ARTICLE II

2.0 CHARACTERISTICS OF EMERGENCY ENERGY

2.1 All Emergency Energy made available under this Schedule shall be three phase, 60 Hz alternating current at operating voltages established at the Delivery Point in accordance with system requirements and appropriate to the Interconnection Facilities or other such characteristics as may be agreed upon by the Parties.

ARTICLE III

3.0 NATURE OF SERVICE

3.1 ISO-NE and the NYISO shall, to the maximum extent each deems consistent with the safe and proper operation of its system, the furnishing of economical, dependable and satisfactory services by its participants, and the obligations of its participants to other parties, make available to the other Party when a system Emergency exists on the other Party's system, Emergency Energy from its system's available generating capability in excess of the system's load requirements (i.e., load requirements alone, not load plus reserve requirements) up to the transfer limits in use between the two Balancing Authority Areas. Emergency Energy is provided in cases of emergency outages of generating units, transmission lines or

⁶ The NY/NE Northern AC Interconnection, as defined in Schedule A – Interconnection Facilities (“Schedule A”) to the Coordination Agreement between ISO-NE Inc. and the NYISO Inc.

other equipment, or to meet other sudden and unforeseen circumstances such as forecast errors, or to provide sufficient Operating Reserve. Normally, a Party requests Emergency Energy from the other Party as a last resort, when market-based real-time energy transactions are not available, or not available in a timely fashion in order to maintain its ten-minute reserve requirement. At the time the Emergency Energy sale is being initiated, the Party delivering such Emergency Energy shall describe the Emergency Energy transaction as being one of the following: (1) “delivered out of ten-minute reserve”; (2) “delivered out of thirty-minute reserve” where such a delivery could reasonably be expected to be recalled if the Party delivering the Emergency Energy needed the generation for a reserve pick-up or other Emergency; or (3) “delivered above and beyond ten-minute and thirty-minute reserves” where the Party delivering such Emergency Energy is normally expected to be able to continue delivering the energy following a reserve pick-up.

3.2 The Parties are participants in the NPCC and are expected to comply with NPCC Criteria, Guides and Procedures. Such NPCC Criteria, Guides and Procedures include “Emergency Operation Criteria” (Document A-3), which describes the basic factors to be considered by a Balancing Authority Area in formulating plans and procedures to be followed in an Emergency. A principle of operation in this NPCC Criteria is that upon receiving a request for assistance to mitigate an Emergency, a Balancing Authority Area would provide “maximum reasonable assistance” to a neighboring Balancing Authority Area. Such reasonable assistance would not normally require the shedding of firm load.

3.3 Normally, the Party experiencing or anticipating an Emergency would request Emergency Energy from the other Party in accordance with this Schedule and applicable NPCC Criteria, Guides and Procedures after all market-based real-time transactions have been scheduled, unless there is an immediate need for such Emergency Energy in order to maintain system Reliability.

3.4 In the event a Party is unable to provide Emergency Energy to the other when needed, but there is energy available from a Third Party Balancing Authority Area supplier, the Party will use reasonable efforts to acquire and transmit such energy to the other Party where feasible.

ARTICLE IV

4.0 RATES AND CHARGES

4.1 The charge for Emergency Energy delivered to the NYISO or to ISO-NE shall be as set forth in Attachment A, attached hereto.

4.2 Should activations of reserve sharing be required by either of the Parties, inadvertent interchanges will intentionally be accumulated with each Balancing Authority Area providing assistance. In accordance with the NPCC “Procedures for Shared Activation of Ten Minute Reserve” (Document C-12), such inadvertent accumulations shall be treated as part of ordinary inadvertent energy.

ARTICLE V

5.0 MEASUREMENT OF ENERGY INTERCHANGED

5.1 All energy supplied at the Delivery Point shall be metered. The metered amounts shall be adjusted for actual losses to the Delivery Point on each of the Interconnection Facilities. This adjustment will be done to compensate for the difference in location between the Delivery Point and the meter.

5.2 Any properly designated representative of either of the Parties hereto shall have access, through coordination with the meter owner, during normal business hours, to all of the billing meters for the purpose of reading the same. The accuracy of the meters shall be verified by proper tests periodically and at any other time upon reasonable notice given by either of the Parties to the other, and each of the Parties shall be entitled to have a representative present at such verification, subject to coordination with the meter owner. In the event errors greater than +/-2% should be discovered, retroactive billing adjustments, if any, shall be determined by the Coordination Committee.

ARTICLE VI

6.0 BILLING AND PAYMENT

6.1 The procedure for rendering and payment of invoices for transactions pursuant to this Schedule shall be as set out hereunder unless otherwise agreed by the Coordination Committee.

6.2 Promptly after the end of each calendar month, the Party delivering energy pursuant to this Schedule shall prepare or cause to be prepared and render an invoice to the other Party covering all

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transactions conducted under the terms of this Schedule during such calendar month. All transactions will be billed based on the schedule of energy agreed to by the Parties.

6.3 All invoices rendered by a Party shall be payable by the other Party in currency of the United States of America by electronic bank transfer, or in such other manner as is agreed to by the Coordination Committee, on the later of (1) the twentieth day of each month or the first common banking day after the nineteenth day of the month whichever is later (the “Due Date”).

6.4 If the rendering of an invoice is unavoidably delayed, a Party may issue an interim invoice based on estimated charges. Each invoice shall be subject to adjustment for any errors in calculation, meter readings, estimating or otherwise. Any such billing adjustments shall be made as promptly as practical, but in no event later than six months after issuing the invoice.

6.5 Any amount not paid by the Due Date shall be subject to interest, calculated from the due date of the invoice to the date of payment, in accordance with the methodology specified for interest on refunds in the FERC’s regulations at 18 C.F.R. § 35.19a (a) (2) (iii).

6.6 If any invoice remains unpaid by a Party for thirty (30) days after the Due Date, the Party rendering the invoice may, in addition to all other remedies available to it, and after giving the other Party at least five days written notice of its intention to do so, present the issue in question to that Party’s Board of Directors. The Party’s Board of Directors shall contact the other Party’s Board of Directors or its designee to develop a solution to a billing Dispute pursuant to Article 17 of this Agreement. The Boards of Directors may also choose to submit the billing Dispute to a form of alternative Dispute resolution to which the Boards of Directors may agree. Such action shall not be construed as a breach of contract by the Party rendering the invoice and shall not relieve the other Party of its obligations to pay for energy in accordance with the provisions of this Schedule.

6.7 The applicable provisions of this Schedule shall continue in effect after termination of this Schedule to the extent necessary to provide for final billing, billing adjustments, payments and disposition of any claims outstanding.

6.8 Each Party warrants that it has, or will have, the agreements and procedures in place to ensure the collection of payments from its participants for the delivery of Emergency Energy to it from the other Party.

ARTICLE VII

7.0 RECORDS

7.1 Each Party hereto shall keep or cause to be kept complete and accurate records and memoranda of its operations hereunder and shall maintain such data as may be necessary to determine with reasonable accuracy any item required hereunder. With respect to invoicing records, each Party shall maintain or cause to be maintained such records, memoranda and data for the current calendar year plus the previous calendar year. The Coordination Committee shall have the right to examine all such records and memoranda that are not confidential in so far as may be reasonably necessary for the purpose of ascertaining the reasonableness and accuracy of any statements of costs relating to transactions hereunder.

Attachment A

To the Emergency Energy Transactions Schedule

Emergency Energy Pricing

In accordance with the Emergency Energy Transactions Schedule between the NYISO and ISO-NE, the charge for Emergency Energy delivered to the Delivery Point by the NYISO or ISO-NE to the other shall be as defined within this Attachment A.

A.1. Direct NYISO/ISO-NE Emergency Energy Transaction

These are requests made by either the NYISO or ISO-NE to receive Emergency Energy in support of Emergency conditions and to protect Reliability in the event that there is a need for energy on its system that could not be supplied through the market.

The charge for Emergency Energy shall be calculated using the following two-part formula. The first part of the formula calculates the Energy Charge portion of the charge and the second part incorporates any Transmission Charge reasonably associated with the delivery of the Emergency Energy to the Delivery Point.

The Energy Charge portion of the Emergency Energy Charge (for an hour)

The Energy Charge portion of the Emergency Energy Charge for an hour =

(Emergency Energy supplied in the hour in megawatthour(s) (“MWh”))

* (Delivering Party’s Cost of Energy in \$/MWh)

* 110%

In the case of the NYISO as delivering Party, the Cost of Energy shall be the NYISO final external time-weighted/integrated real-time Locational Based Marginal Price (“LBMP”) at the external node associated with the Delivery Point (as used in the NYISO market system for energy exports from the NYISO Balancing Authority Area into the New England Balancing Authority Area, as such pricing node is defined in NYISO Tariffs and as summarized in Table 1), for the hour of the Emergency Energy delivery.

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In the case of ISO-NE as the delivering Party, the Cost of Energy shall be the ISO-NE final real-time integrated hourly Locational Marginal Price (“LMP”) at the external node associated with the Delivery Point (as used in the New England market system for energy exports from the New England Balancing Authority Area into the NYISO Balancing Authority Area, as such pricing node is defined in the ISO-NE Tariff and as summarized in Table 1), for the hour of the Emergency Energy delivery.

Table 1

Delivery Points and Associated Pricing Nodes, as Modeled by the Delivering Party		
	External Nodes for Pricing Node for the Delivering Party (as modeled in the Delivering Party’s system)	
Delivery Point	Delivering Party: ISO-NE	Delivering Party: NYISO
NY/NE Northern AC Interconnection (excludes the NNC (or 1385 Cable) Intertie)	.I.ROSETON 345 1 (4011)	N.E._GEN_SANDY PD (24062)
NNC Interconnection	.I.NRTHPORT 1385 (4017)	NPX_1385_GEN (323591)
CSC Interconnection	.I.SHOREHAM 138 99 9(4014)	NPX_GEN_CSC (323557)

The Transmission Charge portion of the Emergency Energy Charge (for an hour)

The Transmission charge portion of the Emergency Energy Charge to the Delivery Point for an hour shall equal the actual ancillary services costs and any transmission costs reasonably associated with the delivery of such Emergency Energy for an hour by the delivering Party to the Delivery Point pursuant to the applicable tariff of the delivering Party, as filed with and accepted by the governmental agency with jurisdiction over such tariff.

A.2. NYISO/ISO-NE Emergency Energy Transaction From Third Party Balancing Authority Area Supplier

These are requests made by NYISO or ISO-NE to deliver Energy to the other to address system balancing or other Reliability conditions present on the exporting system, which could not be accomplished through the market.

The charge for Emergency Energy supplied to a Party from a Third Party Balancing Authority Area supplier shall be calculated using the following two-part formula. The first part of the formula calculates the Energy Charge portion of the charge, which in this case includes the total charge (energy and transmission) that the Third Party Balancing Authority Area supplier charges for delivery of the Emergency Energy to the delivering Party's Balancing Authority Area border. The second part of the formula incorporates any Transmission Charges reasonably associated with the delivery of the Emergency Energy by the delivering Party through its system to the Delivery Point. It is expected that that all such Third Party Balancing Authority Area supplier charges will be in accordance with rates filed and accepted by the governmental body with jurisdiction over such rates.

The Energy Charge portion of the Emergency Energy Charge (for an hour)

The Energy Charge portion of the Emergency Energy Charge for an hour =

(Emergency Energy supplied in the hour in MWh)

* (Third Party Balancing Authority Area supplier's total charge for such energy in \$/MWh)

(Note: 10% adder does not apply to pricing of Emergency Energy from Third Party Balancing Authority Area suppliers.)

The Transmission Charge portion of the Emergency Energy Charge (for an hour)

The Transmission Charge portion of the Emergency Energy Charge to the Delivery Point for an hour shall equal the actual ancillary services costs and any transmission costs reasonably associated with the delivery of such energy for an hour to the Delivery Point pursuant to the applicable tariff of the delivering Party, as filed with and accepted by the governmental agency with jurisdiction over such tariff.

Transmission costs would include, but not be limited to, any costs for congestion and losses that are associated with the delivery of such Emergency Energy through the delivering Party's Balancing

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Authority Area for an hour to the Delivery Point, as calculated by the amount of Emergency Energy supplied multiplied by: (1) when NYISO is the delivering Party, (the NYISO real-time LBMP of the external node at which the Emergency Energy exits the NYISO Balancing Authority Area minus the NYISO real-time LBMP of the external node at which the Emergency Energy enters the NYISO Balancing Authority Area); or (2) when ISO-NE is the delivering Party, (the ISO-NE real-time LMP of the external node at which the Emergency Energy exits the ISO-NE Balancing Authority Area minus the ISO-NE real-time LMP of the external node at which the Emergency Energy enters the ISO-NE Balancing Authority Area).

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