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ATTACHMENT H
SEMA SETTLEMENT AGREEMENT

FERC DOCKET NO. ER07-921-000

APPROVED BY LETTER ORDER
JUNE 21, 2007

This Settlement Agreement, submitted for approval by the Federal Energy Regulatory Commission (“Commission”) pursuant to the provisions of Section 205 of the Federal Power Act and the Commission’s regulations thereunder promulgated and Section 385.602 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.602, is sponsored by, and entered into among and between the Parties identified below. If approved by the Commission, this Settlement Agreement will resolve all disputes and controversies as between the Parties regarding NCPD Charges for LSCPR including the “out-of-merit” dispatch of the Canal Units in the SEMA area and the classification by ISO-NE of such costs, for the period January 1, 2006 through May 31, 2010, subject to the Municipals’ exercise of their rights as set forth herein.

Section 1 – Definitions:

“Basic Service Contracts” means wholesale service contracts between one of the Transmission Owners and an LSE in order to satisfy state-mandated provider of last resort requirements for load in SEMA during 2006 and the Moratorium Period established in this Settlement Agreement.

“Canal” means the Canal Electric Generating Units 1 and/or 2.

“Canal Out-of-Merit Charges” means the charges incurred due to the out-of-merit operation of the Canal Units for reliability purposes. Canal Out-of-Merit Charges shall

not include (i) VAR NCPC Charges, (ii) SCR NCPC Charges resulting from Resources that provide Special Constraint Resource Service under Schedule 19 of Section II of the ISO-NE Tariff, (iii) the monthly fixed-cost charges paid to Resources pursuant to Reliability Agreements negotiated under Section III.A.6 of the ISO-NE Tariff or successor provisions, and (iv) Economic NCPC Charges, except to the extent that the definition of Economic NCPC charges is changed during the Moratorium Period to include out-of-merit charges for reliability purposes other than those charges already excluded in (i) through (iii) above.

“Commission” means the Federal Energy Regulatory Commission.

“FPA” means the Federal Power Act.

“ISO-NE” means ISO New England Inc., an entity that serves as the regional transmission organization or “RTO” for most of New England.

“LSCPR” means Local Second Contingency Protection Resource as described more fully in Section III.6.1 of the ISO-NE Tariff.

“LSE” or “LSEs” means the following load serving entities: Constellation Energy Commodities Group, Inc., Constellation NewEnergy, Inc., Consolidated Edison Solutions, Inc., SUEZ Energy Resources NA, Inc., Direct Energy Services, Inc., Dominion Energy Marketing, Inc., Dominion Retail, Inc., PSEG Energy Resources &

Trade LLC, Select Energy, Inc., Strategic Energy, TransCanada Power Marketing, Ltd.,
Integrus Energy Services, Inc., and Sempra Energy Solutions.

“Mirant” means Mirant Canal, LLC, the owner and operator of Canal.

“MDTE” means the Massachusetts Department of Telecommunications and
Energy and any successor thereto.

“MMWEC Systems” means the Hull Municipal Lighting Plant, Mansfield Municipal
Electric Department, Middleborough Gas & Electric Department, and North Attleborough
Electric Department.

“Moratorium Period” means the period from January 1, 2007 through May 31,
2010.

“Municipals” means MMWEC Systems and the Towns, collectively.

“NCPC” means Net Commitment Period Compensation.

“NERC” means North American Electric Reliability Council.

“NPCC” means Northeast Power Coordinating Council.

“NCPC Charges for LSCPR” means Local Second Contingency Protection
Resource NCPC Charges under Section III.6.4 of the ISO-NE Tariff.

“National Grid” means Granite State Electric Company, Massachusetts Electric Company, New England Power Company, Nantucket Electric Company, and The Narragansett Electric Company.

“NSTAR” means NSTAR Electric Company

“Parties” means ISO-NE, the LSEs, MMWEC Systems, NSTAR, National Grid, and the Towns.

“Proceeding” means the informal mediation proceeding conducted at the Commission before Deputy Chief Judge Lawrence Brenner concerning SEMA NCPC Charges for LSCPR arising from the out-of-merit operation of the Canal Units.

“Requested Billing Adjustment” or “RBA” means requests for adjustments to invoices made pursuant to the provisions of Section 6 of the ISO-NE Billing Policy, Attachment D to Section I of the ISO-NE Tariff.

“SEMA” means an ISO-NE Reliability Region consisting of Southeastern Massachusetts and Newport, Rhode Island.

“SEMA NCPC Charges for LSCPR” means the out-of-merit charges incurred in the Real-Time and Day-Ahead Markets due to the operation of Canal flagged by ISO-NE as LSCPR.

“2006 SEMA NCPD Charges for LSCPR” are those SEMA NCPD Charges for LSCPR incurred with respect to service during calendar year 2006.

“Settlement” or “Settlement Agreement” means this Settlement Agreement.

“Towns” means the Braintree Electric Light Department, Hingham Municipal Lighting Plant, and Taunton Municipal Lighting Plant.

“Transmission Owners” means NSTAR and National Grid.

Capitalized terms in this Settlement Agreement not otherwise defined shall have the meanings set forth in ISO-NE’s Transmission, Markets and Services Tariff.

Section 2 –Rate Schedule Status:

It is a condition of this Settlement that it be filed with and approved or accepted by the Commission pursuant to Section 205 of the FPA. The Commission’s approval or acceptance of this Settlement Agreement gives this Settlement Agreement the status of a Commission approved rate schedule that confers rights and obligations on the Parties both as a contract and also pursuant to the provisions of the FPA.

Section 3 – Reimbursement of Allocated 2006 SEMA NCPD Charges for LSCPR:

3.1 NSTAR and National Grid, as allocated between them pursuant to Section 3.4, shall reimburse the LSEs and Municipals for 2006 SEMA NCPD Charges for LSCPR in the aggregate amounts shown in Table A:

TABLE A

<u>Parties</u>	<u>Reimbursement</u>
LSEs	\$ 20.50 million
Municipals	\$ 3.77 million

3.2 The Table A reimbursements set forth above shall be final and shall not be trued-up based on any difference between the estimates used for developing those reimbursements and actual 2006 SEMA NCPC Charges for LSCPR.

3.3 The Section 3.1 reimbursements shall be shared among the LSEs solely with respect to service for which an LSE is not entitled to reimbursement by NSTAR or National Grid for 2006 SEMA NCPC Charges for LSCPR pursuant to passthrough provisions of Basic Service Contracts. Subject to the sharing limitation set forth in the preceding sentence, the percentage rights of reimbursement of each LSE and each Municipal have been calculated by ISO-NE pursuant to directions from the LSEs and Municipals and are set forth in a confidential document prepared by ISO-NE and submitted by ISO-NE as a confidential attachment (Appendix A) to the Settlement Agreement.

3.4 The allocation of the Section 3.1 reimbursement obligation between National Grid and NSTAR for ISO-NE billing purposes will be determined between National Grid and NSTAR, in consultation with the MDTE, taking into account the amounts that already have been or will be assessed and passed through retail rates. National Grid and NSTAR have jointly provided the billing allocation to ISO-NE based on billings through December 2006 and the allocation is included as a confidential attachment (Appendix B) to this Settlement Agreement. Consistent with the said allocation determination, NSTAR and National Grid reimbursements for all amounts paid or to be paid for 2006 SEMA NCPC Charges for LSCPR shall be treated as Commission approved rate schedule provisions and shall be recovered fully under existing provisions of their respective state jurisdictional transmission and/or retail tariffs that recover federally approved ISO-NE and transmission charges.

3.5 On the next succeeding non-hourly services bills rendered not less than ten days after approval or acceptance by the Commission of the Settlement Agreement, ISO-NE will charge or credit each Party to implement the agreements reflected in this Section 3. The charges to the Transmission Owners and credits to the LSEs and Municipals will be shown as single line items on each bill as appropriate. Upon approval or acceptance of the Settlement Agreement by the Commission without

modification or condition and the satisfaction of all conditions required to complete performance of the Settlement, including the making of the billing adjustments described herein and subject to Section 10.7, all Requested Billing Adjustments submitted by an LSE, a Municipal or a Transmission Owner prior to the date of approval or acceptance of this Settlement Agreement related to SEMA NCPC Charges shall be deemed to be resolved. No further actions or notices will be required to address any claims set forth in any such Requested Billing Adjustments.

3.6 In addition to reimbursements in accordance with Table A, (i) NSTAR and National Grid will honor their passthrough obligations under Basic Service Contracts with those LSEs with whom they have such contracts, and (ii) the LSEs will honor their obligations under Basic Service Contracts with NSTAR and National Grid, and will seek no adjustments of any kind attributable to Canal Out-of-Merit Charges under those contracts.

3.7 (a) (i) Upon approval of this Settlement, each LSE shall calculate the sum of “(x)” its reimbursement pursuant to Section 3 of this Settlement Agreement and “(y)” the amount of 2006 SEMA NCPC Charges for LSCPR passed through in any way or by any means to its retail customers through its contracts (including, but not limited, to negotiated settlements of contractual disputes) with such retail customers (“Contractual

Passthrough”) or otherwise through the overall price charged to the retail customers (“Price Passthrough”). If the sum of (x) and (y) results in that LSE recovering in excess of 100 percent of its 2006 SEMA NCPC Charges for LSCPR with respect to that LSE’s total 2006 service to its retail customers, in aggregate, that LSE will credit such retail customers, pro-rata based on MWh served, for such excess.

(ii) The following rules shall apply to the implementation of subparagraph (a)(i) above. Each LSE will be deemed to have fully recovered 2006 SEMA NCPC Charges for LSCPR under any contract to serve retail load in SEMA that such LSE entered into or amended on or after June 1, 2006 with respect to retail service provided under such contract or amended contract from July 1, 2006 through the earlier of the termination date of such service or December 31, 2006. For purposes of calculating Price Passthroughs for this period, the amount determined to be recovered shall be the full amount billed by ISO-NE to the LSE and shall not be reduced or prorated down based on any difference, due to transmission and/or distribution system losses, between the MWhs billed by the ISO-NE to the LSE and the MWhs billed by the LSE to its customers. For purposes of calculating Contractual Passthroughs, each LSE will use all actual dollar amounts of Contractual Passthroughs of 2006 SEMA NCPC Charges

for LSCPR under any contract to serve retail load in SEMA in 2006, regardless of the date of execution or amendment of the retail service contract.

(b) This subsection (b) applies in the event that an LSE, through Contractual Passthrough and/or Price Passthrough, passes through or otherwise charges the aggregate of its retail customers 2006 SEMA NCPC Charges for LSCPR for more MWhs of service than the total number of MWhs of Contractual Passthroughs and Price Passthroughs of such 2006 SEMA NCPC charges for LSCPR supplied by the LSE to the Settlement Judge at the conclusion of the settlement negotiations and included in confidential Appendix C to the Settlement. For purposes of determining whether such a passthrough or such charges have occurred, each LSE will use the same basis for the MWh figures (*i.e.*, with or without losses) to calculate the amount of service provided to retail customers that was used to calculate MWhs in confidential Appendix C. Each LSE shall inform ISO-NE whether it included losses in the MWh figures supplied for Appendix C. For purposes of determining the reimbursement, the affected LSE will pay to the Transmission Owners (subject to allocation between the Transmission Owners as they deem appropriate) forty percent of the dollar amount of the recoveries of 2006 SEMA NCPC Charges for LSCPR the LSE receives from its retail customers for MWhs of service greater than the number of MWhs of service supplied by the LSE to the

Settlement Judge and included in Appendix C. For purposes of determining the dollar amount of the recoveries in the preceding sentence, the amount determined to be recovered shall be the full amount billed by ISO-NE to the LSE and shall not be reduced or prorated down based on any difference, due to transmission and/or distribution system losses, between the MWhs billed by the ISO-NE to the LSE and the MWhs billed by the LSE to its customers.

(c) Except as provided in parts (a) and (b) hereof, the LSEs shall retain all their contract rights under third party contracts, including the right, as applicable, to pass through 2006 SEMA NCPC Charges for LSCPR and/or post-2006 SEMA NCPC Charges for LSCPR. Except for the prohibition on double recovery set forth above, this Settlement Agreement shall not be construed to expand or reduce any right under any such third party contracts that an LSE may have to pass through 2006 SEMA NCPC Charges for LSCPR or post-2006 SEMA NCPC Charges for LSCPR. A "third party contract" as used herein is a contract between an LSE and a person who is not a Party to this Settlement.

3.8 Subject to Section 9.3, the final responsibility among the Parties for 2006 SEMA NCPC Charges for LSCPR shall be in accordance with Sections 3.1 through 3.7 of this Settlement Agreement, and no Party shall have the right to seek any other

recovery or allocation of 2006 SEMA NCPC Charges for LSCPR. This Section 3.8 does not affect the distribution of litigation proceeds as established pursuant to Section 10.7.

Section 4 – Allocation of Post 2006 NCPC Charges for LSCPR:

4.1 Subject to Sections 4.2(a), 5.1, 5.2, 5.4 and 7, during the Moratorium Period, all NCPC Charges for LSCPR for all reliability regions and for both the Day-Ahead and Real-Time Markets, including the SEMA NCPC Charges for LSCPR, shall be allocated (i) on the same basis that NCPC Charges for LSCPR are allocated pursuant to the allocation mechanisms in Section III of the ISO-NE Tariff in effect on the date of this Settlement, and (ii) on the basis of those provisions as amended pursuant to Section 5 of this Settlement, if and as of the date those amended provisions become effective. Subject to the exceptions in the preceding sentence, no Party shall seek or support a different allocation mechanism prior to the end of the Moratorium Period, or seek or support reclassification of ISO-NE's designation of Canal as an LSCPR for service during the Moratorium Period.

4.2 (a) Section 4.1 shall not prevent the submission or support of proposed Market Rule amendments, in addition to those contemplated by Section 5, affecting NCPC Charges for LSCPR that (1) do not increase the allocation of NCPC Charges for LSCPR to any Party, including but not limited to Network Load customers of the

Transmission Owners, or (2) propose to exclude only the Real-Time Load Obligation associated with Dispatchable Asset Related Demand pumps of pumped-storage generating resources from the Real-Time Load Obligations for the purpose of allocating Real-Time NCPC Charges for LSCPR.

(b) Any Party that intends to introduce a NEPOOL resolution or to request that the Commission initiate a proceeding as contemplated by Section 4.2 (a) shall inform the other Parties of the substance of the resolution or request as soon as reasonably possible and, if asked by another Party or Parties, shall confer with such Party or Parties prior to submitting the resolution or request. In the event a person who is not a Party submits a NEPOOL resolution or seeks Commission action with respect to the Section 4.1 and 5 allocation mechanisms, in response to such resolution or request for Commission action, this provision does not prevent a Party from taking a position that is otherwise permitted by this Settlement, but does not authorize a Party to take a position that is prohibited by the Settlement.

(c) Section 4.2 (b) does not relieve any Party of any obligation that may exist to utilize the ISO-NE Stakeholder process prior to submitting a request for Commission action.

Section 5 – Prospective Mechanism for Allocating Real-Time NCPC Charges for LSCPR:

5.1 The Parties shall support and vote for amendments to the Market Rules which provide that (1) those entities responsible for paying Real-Time NCPC Charges for LSCPR in a Reliability Region will be reimbursed a portion of such Real-Time NCPC Charges if and to the extent the amounts for the month exceed both of the two triggers set forth below, and that (2) the reimbursement will be equal to the amount of Real-Time NCPC Charges for LSCPR for the Reliability Region for the month above the level equal to the higher of the two triggers:

- i. The total Real-Time NCPC Charges for LSCPR in a Reliability Region (expressed in \$/MWh) for the month exceed 6% of the Load Weighted Real-Time LMP in that Reliability Region (also expressed in \$/MWh) for the month (Trigger #1); and
- ii. The total Real-Time NCPC Charges for LSCPR in a Reliability Region (in \$/MWh) for the month, expressed as a percent of the Load Weighted Real-Time LMP in the Reliability Region (also in \$/MWh) for the month, exceed 200% of the average total Real-Time NCPC Charges for LSCPR in that Reliability Region (in \$/MWh) for the immediate prior twelve months (again expressed as a percent of the Load Weighted Real-Time LMP (in \$/MWh)) (Trigger #2).

5.2 Any reimbursement required by Section 5.1 shall be allocated to Network Load in the affected Reliability Region.

5.3 Proposed Market Rule revisions to reflect the understandings in Section 5.1 and 5.2 are set forth in Appendix D hereto. All Parties commit to support the proposed Market Rule changes reflected in Appendix D, together with any non-substantive changes thereto that are approved by the Chair and Vice-Chair of the Markets Committee within the Participant Processes and before the Commission. The Transmission Owners and LSEs shall support such Market Rule changes before any other affected regulatory agencies that may consider same, and the Municipals shall not oppose such Market Rule changes before any such agencies.

5.4 ISO-NE shall retain its authority to file under Section 205 of the FPA modifications of the provisions of the Market Rules that implement the understandings in Sections 4.1, 5.1, and 5.2. For the entire Moratorium Period, ISO-NE acknowledges that, in order to make such filing, it must demonstrate to the Commission that failure to implement the proposed change in the Market Rule would have a negative effect on (1) system reliability or security, or (2) the competitiveness or efficiency of the market. At the time of its execution of this Settlement, ISO-NE is aware of no such negative effects. If ISO-NE makes such a filing, the other Parties shall retain all rights to challenge or support such a filing before the Commission, provided that the position of a particular

Party is consistent with its obligations under the provisions of this Settlement other than this Section 5.4.

Section 6 – Consultation and Reporting:

6.1 Lower SEMA Upgrades: The Parties recognize that the NCPD costs associated with the requirement to operate Canal as an LSCPR are substantial and that prompt efforts are required to attempt to identify and implement reliable solutions, if any exist, that can reduce or eliminate such NCPD costs. Accordingly, the Parties agree as follows:

(a) (i) Appendix E contains a description, estimated completion schedule and process for stakeholder review, for inclusion in the project list of the Regional System Plan, of the “Short Term Package” of transmission enhancements prepared by the Transmission Owners and submitted to the Planning Advisory Committee and intended by them to reduce the frequency of reliance on the Canal Units for LSCPR purposes.

(ii) The Appendix E schedules are provided to illustrate the Transmission Owners’ estimate, made as of the date of the Settlement, of the time required to complete the projects. The estimate does not constitute a guarantee of completion or of a completion date. The actual completion and the date by which

completion can be achieved are subject to regulatory actions, actions by ISO-NE, actions by the Transmission Owners, permitting decisions and actions by state and local governments, and unknown contingencies that develop during the course of project construction.

(iii) To the extent not previously approved for inclusion in the project list of the Regional System Plan, nothing in this Settlement is intended to establish that the remaining items in Appendix E Short Term Package will automatically be included in the project list of the Regional System Plan. The Parties acknowledge that, regardless of the conclusions in subpart (b) of this section, the Transmission Owners are to proceed with seeking inclusion of the balance of the items in the Short Term Package in the project list of the Regional System Plan, and the Parties agree to support such inclusion.

(b) Within 60 days of the execution of the Settlement, ISO-NE will submit a report (the "Short Term Report") to the Parties and the Planning Advisory Committee. In the Short Term Report, ISO-NE, consistent with NPCC/NERC criteria and applicable ISO-NE planning criteria and/or operating procedures (collectively, "Applicable Criteria"), shall evaluate and shall state its determinations and recommendations as to whether in accordance with the aforesaid Applicable Criteria the transmission system in

the Lower SEMA sub-area (i) can be and (ii) should be operated through either (A) installation of a Special Protection System (“SPS”), or, (B) implementation of Post-First-Contingency Switching (the opening of various circuit breakers following the occurrence of the first contingency), both of which can entail load shedding upon the occurrence of a second contingency.

The ISO-NE analysis in the Short Term Report described in the preceding paragraph will include a list of the potential alternatives considered, the technical feasibility, estimated budgets, the estimated time period required to implement each potential alternative, the degree to which an alternative is expected to reduce the need to run either one or both Canal units out of economic merit order prior to the first contingency, the extent and duration of customer outages that an SPS or Post First-Contingency Switching arrangement would entail, and the anticipated frequency of any such customer outages.

The Short Term Report shall also assess whether the transmission system in the Lower SEMA sub-area can be operated in compliance with Applicable Criteria, but with less need to operate either one or both Canal units out of economic merit order prior to the first contingency, through the use of other generating facilities, including the possible use of mobile generating facilities, and will include an assessment of the

degree to which an alternative is expected to reduce the need to run either one or both Canal units out of economic merit order prior to the first contingency. In this regard, the Short Term Report shall, at minimum, specify the capacity and characteristics of new or existing generating facilities that could decrease reliance upon the Canal units to meet Applicable Criteria.

(c) Within 18 months of the completion of the Short Term Report, ISO-NE will submit a second report ("the Long Term Report") to the Parties and the Planning Advisory Committee evaluating and identifying and providing a cost estimate for technically feasible projects that constitute "Long Term Packages" that are deemed to achieve or maintain the reliability of the Lower SEMA sub-area in compliance with Applicable Criteria without a need to operate either one or both Canal units out of economic merit order and with or without the need to rely on the aforesaid load shedding arrangements. ISO-NE will estimate the cost effectiveness of such Long Term Packages based on a reasonable range of economic assumptions. The Long Term Report will separately identify the Long-Term Packages considered, the economic assumptions used in the assessment, the technical feasibility, estimated budgets, estimated time period required to implement each Long Term Package, and the degree

to which implementation of a Long Term Package is expected to reduce reliance on the out-of-merit operation of one or both Canal units.

(d) (i) In conducting the evaluations described in Paragraphs (b) and (c) above, the ISO-NE will consult with NSTAR and National Grid as necessary, and the Transmission Owners will provide information and studies to the ISO-NE as requested, consistent with their obligations under Schedule 3.09(a) of the TOA.

(ii) The ISO-NE will include in the Short Term and Long Term Reports preliminary but detailed and itemized estimates of the costs of options reviewed in the Short Term and Long Term Reports that ISO-NE has found to meet the objectives set forth in Paragraphs (b) and (c) above. The Transmission Owners will provide cost data to ISO-NE to assist it in the preparation of such estimates.

(iii) To the extent that ISO-NE concludes that any considered Paragraph (b) initiative or Long Term Package does not satisfy one or more Applicable Criteria or is not deemed to be an acceptable solution to the Canal problem, ISO-NE in the applicable Report will specifically identify each Applicable Criterion violated, will state the nature and extent of violation, and will state the reasons and considerations for each of its findings and determinations. ISO-NE also will provide supporting analyses and information to the Parties and to the Planning Advisory Committee, including Critical

Energy Infrastructure Information to persons that both request and are authorized to view such analyses and information.

(e) **Reserved**

(f) (i) The Transmission Operating Agreement (including, but not limited to, Schedule 3.09(a) and Section 1.1 thereto concerning the obligation of the Transmission Owners to build) and/or the Regional System Planning Process as set forth in Section II.48 of the ISO-NE Tariff, as applicable, shall control: (1) whether the Short Term Package or any option identified in the ISO-NE Short Term Report or Long Term Report is classified as a Reliability Transmission Upgrade, a Market Efficiency Transmission Upgrade or an Elective Transmission Upgrade; (2) any obligation to construct or install the Short Term Package or any alternative identified in the Short Term Report or Long Term Report; and (3) the compensation for such construction and/or installation.

(ii) In order to resolve any possible ambiguity as to subparagraph (i) hereof and any other related provision of this Settlement, including specifically this Section 6, this Settlement does not (1) predetermine any ISO-NE findings as to whether a system upgrade is a Reliability Transmission Upgrade, a Market Efficiency Transmission Upgrade or an Elective Transmission Upgrade, or (2) obligate a Transmission Owner to build or otherwise install a system upgrade or load shedding

arrangement pursuant to Paragraphs (a), (b) or (c) except to the extent that (1) such an obligation arises out of the said Transmission Operating Agreement and/or the said Tariff, (2) such an obligation is ordered by ISO-NE or the Commission, and (3) a Transmission Owner will be fully compensated for all its prudently incurred costs associated with any such construction, installation and operating cost in connection with such system upgrade or operating arrangement.

(g) In light of the need for expedited consideration of the Short-Term Package and the options identified in the Short Term Report, and to trigger any obligations to build set forth in Schedule 3.09(a) of the Transmission Operating Agreement, as soon as reasonably possible, the Parties agree to act in good faith to expedite their respective participation in the ISO-NE's Planning Procedures, particularly Sections II.48.3(d) and II.48.5 concerning additions of Transmission Upgrades to the Regional System Plan during the course of a given year.

(h) All Parties reserve their rights to raise such issues as they may think appropriate during the Regional System Planning process described in Paragraph (g) above and any proceeding initiated pursuant to Paragraph (j) below.

(i) Unless specifically stated to the contrary herein, all of the obligations of the Parties set forth in this Section 6 shall be governed by the Transmission Operating Agreement or the ISO-NE Tariff as applicable.

(j) Except as to any Section 6 matter raised by the Municipals pursuant to the exercise of their rights under Section 7, the following shall apply: any dispute of a decision by ISO-NE concerning the subject matter of this Section 6 will be subject to the dispute resolution process of Section I.6 of the ISO-NE Tariff; the Parties will support procedures in that dispute resolution procedure designed to achieve a final decision in no more than 90 days from the initiation thereof; and, the results of such dispute resolution process will be final, not subject to appeal, and binding on all the Parties.

6.2 Increases in Real-Time NCPC Charges for LSCPR: The following will apply in circumstances where there is an increase in Real-Time NCPC Charges for LSCPR that exceeds the triggers set forth below:

(a) If there is an increase in Real-Time NCPC Charges for LSCPR in a month that exceeds the criteria identified in Section 6.2 (b) (the "Reporting Criteria"), ISO-NE will post on its website within 15 days after the month a report setting forth the amount of the increase. Additionally, within 30 days of the report of the increase, ISO-NE will post a report that, to the extent permitted under the ISO New England Information

Policy, identifies the reason(s) for such increase in Charges; an evaluation, based on the information available to it at the time, of the extent to which such increased level of Real-Time NCPC Charges for LSCPR are expected to continue; and whether there are any short-term solutions to reduce or eliminate such increased charges. ISO-NE will then meet promptly with the appropriate NEPOOL stakeholder committee and with state representatives to discuss the above issues, including any appropriate potential remedial actions.

(b) The two Reporting Criteria, both of which must be satisfied in a month to trigger the obligations in the prior paragraph, are as follows:

- (i) The total Real-Time NCPC Charges for LSCPR in a Reliability Region (expressed in \$/MWh) for the month exceed 4% of the Load Weighted Real-Time LMP in that Reliability Region (also expressed in \$/MWh) for the month; and
- (ii) The total Real-Time NCPC Charges for LSCPR in a Reliability Region (in \$/MWh) for the month, expressed as a percent of the Load Weighted Real-Time LMP (also in \$/MWh) in the Reliability Region for the month, exceed 150% of the average total Real-Time NCPC Charges for LSCPR in that Reliability Region (in \$/MWh) for the immediate prior twelve months (again expressed as a percent of the Load Weighted Real-Time LMP (also expressed in \$/MWh)).

6.3 Increases in Other Charges: Within 60 days of approval of this Settlement, ISO-NE shall inform the ISO-NE stakeholders of a process for reporting significant out-of-merit charges other than Real-Time NCPC Charges for LSCPR.

Under such process, the incurrence of such charges will trigger reasonable and appropriate reporting obligations comparable to the obligations imposed on ISO-NE in Section 6.2(a) above.

Section 7 – Municipals Reserved Litigation Rights:

7.1 (a) Nothing in this Settlement is intended to prevent one or more of the Municipals, as of January 2, 2008, from seeking relief from SEMA NCPC Charges for LSCPR through litigation against ISO-NE or the Transmission Owners over whether consistent with Applicable Criteria as defined in Section 6.1(b) such charges could be or should be reduced through implementation of an SPS or Post-First Contingency Switching arrangement. However, any financial relief from such excess charges shall be limited to the difference between the SEMA NCPC Charges for LSCPR imposed on the Municipals and the charges that would have been imposed if an SPS or Post-First Contingency Switching arrangement had been implemented. Such relief shall be prospective from the date of filing of a proceeding seeking such relief (which date shall not be prior to January 2, 2008), except that the Municipals are entitled to seek relief for the three-month period prior to the date of initiating such proceeding.

(b) This Section 7.1 does not create any rights that would not exist in the absence of the Settlement.

(c) Each Party retains all rights to respond in opposition or to remain silent, as it sees fit, to any such actions taken or proceedings initiated by one or more Municipals under this Section 7.1.

7.2 The Parties, other than the Municipals, agree not to seek a change (in NEPOOL or before the Commission) in the ISO-NE definition of the SEMA Reliability Region to become effective prior to June 1, 2010; provided that the Municipals may seek such a change to become effective no earlier than January 1, 2008.

Section 8 – Further Adjustments:

(a) The LSEs, including but not limited to those that are suppliers of National Grid and/or NSTAR under Basic Service Contracts, will not seek any reimbursements or payments, in addition to those provided in this Settlement, from National Grid or NSTAR of any kind with respect to Canal Out-of-Merit Charges, including but not limited to SEMA NCPC Charges for LSCPR, for the period January 2006 through May 2010 in any forum; provided that this sentence shall not be construed as reducing or modifying any obligations that NSTAR or National Grid otherwise have for passthrough of Canal Out-of-Merit Charges under Basic Service Contracts with the LSEs.

(b) NSTAR and National Grid will not seek any payments from the Municipals or LSEs with respect to 2006 SEMA NCPC Charges for LSCPR of any kind in any forum in

addition to the payments provided for by this Settlement; provided that this sentence shall not be construed as reducing or modifying any obligations that the Municipals and LSEs otherwise have under bilateral contracts with NSTAR and National Grid.

(c) No Party shall propose, or argue, either to the Commission or within the ISO-NE or NEPOOL process, or vote within either process, for Market Rule amendments that would provide for a different mechanism for allocation of NCPG Charges for LSCPR, or shall seek or support reclassification of ISO-NE's designation of Canal as a LSCPR during the Moratorium Period other than as provided in Sections 4, 5, or 7 of this Settlement. Except for amendments authorized by Section 4.2(a), the Parties shall oppose any Market Rule amendments that would provide for a different mechanism for allocation of NCPG Charges for LSCPR than provided in Section 4.1 and Sections 5.1 and 5.2 or re-classification of ISO-NE's designation of Canal as a LSCPR during the Moratorium Period proposed by persons who are not Parties to the Settlement.

(d) Except (i) as limited by Section 7.1 as to the Municipals, (ii) as to the Transmission Owners' satisfaction of their obligations to the LSEs and Municipals under this Settlement, (iii) as to dispute resolution under Section 6.1(j), (iv) as to rights of an LSE for passthrough of Canal Out-of-Merit charges under a Basic Service Contract, (v)

as to any rights to recover NCPC charges pursuant to the allocation methodology in Section 5, and (vi) any action to enforce this Settlement, the entry into this Settlement by each Municipal and each LSE constitutes a release by it of any claim, cause of action or liability against the Transmission Owners before any federal or state court or administrative agency arising out of or related to Canal Out-of-Merit Charges during 2006 and the Moratorium Period.

Section 9 – Indemnification and Related Provisions:

9.1 Despite being notified of the Proceedings through public notice and normal NEPOOL channels, certain non-Municipal Market Participants who serve load, or are eligible to serve load, in SEMA and who have been or will be billed for SEMA NCPC Charges for LSCPR to the extent they serve load in SEMA did not participate in the Proceeding (“Non-Participating LSE”). In addition, ISO-NE has informed the Parties that (i) under the ISO-NE Billing Policy a Market Participant, including a Non-Participating LSE, is allowed to submit an RBA within three months of the date of the monthly bill for which adjustment is sought; (ii) each LSE has submitted a timely RBA contesting its bills for SEMA NCPC Charges for LSCPR with respect to service provided in January 2006 and thereafter; (iii) as of the date of execution of this Settlement Agreement, no Non-Participating LSE has submitted an RBA disputing its bills based on

being charged for SEMA NCPC Charges for LSCPR; (iv) the time period under the ISO-NE Billing Policy for submission of RBAs for 2006 SEMA NCPC Charges for LSCPR reflected in initial settlement invoices expired prior to the date of execution of the Settlement Agreement; and (v) any RBAs for 2006 SEMA NCPC Charges for LSCPR that might be submitted based on resettlement invoices would be limited to the amount of any change between the initial settlement invoice and the resettlement invoice.

9.2 It is the intent of the Parties that this Settlement Agreement resolve all issues relating to the classification of Canal as LSCPR during its operation Out-of-Merit and to the allocation of NCPC Charges for LSCPR during the period from January 1, 2006 through May 31, 2010. The Parties further intend that any Non-Participating LSE that does not submit a timely RBA for 2006 SEMA NCPC Charges for LSCPR or does not participate in Settlement negotiations in the Proceeding is: (a) ineligible to participate in the \$20.5 million reimbursements to LSEs set forth in Section 3 of this Settlement; and (b) should be precluded from disputing SEMA NCPC Charges for LSCPR through May 31, 2010. Subject to the exceptions in the last sentence of this Section 9.2, all Parties agree to support those positions before the Commission and in any other forum in which the issue may arise, and shall oppose any attempt by the Commission or any non-Party to change the allocation of NCPC Charges for LSCPR as

provided for in this Settlement during such period. This provision does not limit the rights established by Sections 4.2, 5.4 and 7 of this Settlement.

9.3 In the event that, despite Section 9.2 above, the Commission ultimately finds that one or more Non-Participating LSEs is entitled to share in the \$20.5 million reimbursement to be provided under this Settlement, the following shall occur:

(a) NSTAR and National Grid shall not make any additional payments to such Non-Participating LSEs or be otherwise responsible for increasing the \$20.5 million reimbursement identified in Section 3 in order to satisfy the claims of any such Non-Participating LSE for 2006 SEMA NCPC Charges for LSCPR and shall not be responsible for any other compensation to resolve the claims of such Non-Participating LSEs for 2006 SEMA NCPC Charges for LSCPR.

(b) The LSEs agree to share the proceeds of the \$20.5 million they receive with certain Non-Participating LSEs to the following extent. First, such sharing shall be limited to Non-Participating LSEs that on a timely basis submit RBAs applicable to 2006 SEMA NCPC Charges for LSCPR after the date of execution of the Settlement Agreement. Second, such sharing shall be limited to paying an eligible Non-Participating LSE up to its *pro rata* share of the \$20.5 million in proceeds from the Settlement, which share shall not exceed 40 percent of such eligible Non-Participating

LSE 2006 NCPD Charges for LSCPR for which a timely RBA was submitted. Third, responsibility for any amount paid to a Non-Participating LSE as provided in this subsection (b) will be shared among the LSEs who are Parties in the same percentages as their percentage distributions of the \$20.5 million payment under the Settlement. Fourth, any Non-Participating LSE's receipt of such payment binds that LSE to all the provisions of the Settlement Agreement. And fifth, a claim for a share of the \$20.5 million payment by such Non-Participating LSE shall have been made prior to the date that this Settlement Agreement is approved by the Commission.

(c) In the event that the offer to share reimbursement in the amount set forth in Section 9.3(b) is insufficient to satisfy a Commission order to pay any Non-Participating LSE for a claim related to 2006 SEMA NCPD Charges for LSCPR, the LSEs shall make such additional payment, unless one or more LSEs requests to terminate this Settlement Agreement within 30 days of such Commission Order. If the Settlement Agreement is terminated, ISO-NE will credit the Transmission Owners and bill the LSEs and Municipals for the reimbursements paid pursuant to Section 3, and the Parties shall reacquire all pre-existing rights and claims, including RBA claims covered by Section 3.5.

9.4 This Settlement establishes ceilings on the amount that a Transmission Owner could be allocated for any Canal Out-of-Merit Charges for 2006 and during the Moratorium Period with respect to any load served by an LSE. The 2006 ceiling is the amount paid by the Transmission Owners to the LSEs under Section 3. The Moratorium Period ceiling is the payment that the Transmission Owner would be allocated for such LSE load if the said charges were classified as NCPC Charges for LSCPR and if those charges were allocated as provided in Sections 4 and 5 hereof. The said ceilings do not include any payments that the Transmission Owners are required to make in order to pass through Canal Out-of-Merit Charges under Basic Service Contracts with the LSEs. Each LSE shall be financially responsible for any amounts in excess of the above-described ceilings associated with load served by such LSE.

9.5 (a) Subject to subsection (b) below, (i) the Commission's acceptance of the Settlement Agreement shall constitute a determination that the methods for assessing NCPC Charges for LSCPR set out in Sections 3, 4 and 5 are just and reasonable and shall be binding on all Transmission Owners, LSEs, Municipals, and Non-Participating LSEs during the Moratorium Period; and (ii) it is the intent of the Parties that, to the fullest extent permitted by law, the agreed upon methods for

assessing NCPC Charges for LSCPR shall be fixed and shall not be subject to change prior to the end of the Moratorium Period. No other change sought by a Party during the Moratorium Period shall be approved except pursuant to a finding that such methods are no longer in the public interest as defined in *FPC v. Sierra Pacific Power Co.*, 350 U.S. 348, 355 and *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956). In expressing this intent, the Parties state that they will have very substantially performed many of their obligations under this Settlement Agreement shortly after the Settlement Agreement has been approved thus causing the Parties to substantially change their circumstances and thus precluding precise recreation of the *status quo ante* in the event the Commission subsequently modifies the Settlement Agreement.

(b) Subsection (a) does not apply to any changes sought by ISO-NE pursuant to Section 5 or changes sought by one or more Parties pursuant to Sections 4 or 7 hereof.

Section 10 – Mutual Approvals and Later Litigation:

10.1 This Settlement Agreement shall not be deemed in any respect to constitute an admission of any Party that any allegation or contention in this proceeding is true or valid. In this Settlement Agreement, subject to the rights reserved to the Municipals in Section 7, the Parties are agreeing that they will not challenge ISO-NE's

flagging of Canal as LSCPR for hours when it is operated out of economic merit order during the period January 1, 2006 through May 2010.

10.2 This Settlement Agreement establishes no principles and no precedent with respect to any issue in this proceeding except as it provides for a change in the Market Rules. The making of this Settlement Agreement shall not be deemed to foreclose any Party from making any contention in any future proceeding or investigation, except as to those issues and matters that are being specifically resolved by the Parties' entry into and the Commission's approval of the Settlement Agreement.

10.3 Acceptance or approval of the Settlement Agreement by the Commission shall not in any way constitute a determination by the Commission as to the merits of any allegations or contentions of any Party.

10.4 Except for actions to enforce the provisions of this Settlement, this Settlement does not create any new causes of action against ISO-NE.

10.5 Each provision of this Settlement Agreement is consideration for every other provision of this Settlement Agreement and no provision of this Settlement Agreement is severable. This Settlement Agreement is expressly conditioned upon the Commission's approval or acceptance of all its provisions, without change or condition. The Settlement is also conditioned upon the following further Commission actions:

(a) waiver of the requirements of Section 35.3 of the Commission's regulations for 60 days' prior notice under the Federal Power Act with respect to any filings required to effectuate the provisions of the Settlement.

(b) waiver by the Commission of the requirements of Section 35.13 of the Commission's regulations with respect to any such filings; and

(c) acceptance of any such filings without suspension under Section 205 of the Federal Power Act, effective as of the dates necessary to implement the Settlement.

10.6 (a) The support and vote of the LSEs and Municipals in favor of the allocation mechanism in Section 5 in NEPOOL shall be with the express understanding that the Section 5 mechanism is an essential condition of the Settlement, and the resolution that will be supported by the Parties and submitted to NEPOOL to vote on the allocation mechanism in Section 5 will include a provision stating as such and also that the vote by NEPOOL will be voided and the issue as to the appropriate allocation of NCPG Charges for LSCPR will be resubmitted to NEPOOL for a new vote if the Settlement is not approved by the Commission in its entirety without modification or condition unless such modification or condition is agreed to by the Parties.

(b) The Settlement Agreement is also expressly contingent either (i) upon retention of the existing mechanisms in Section III of the ISO-NE Tariff in effect on the date of this Settlement for allocating NCP Charges for LSCPR (except for any change permitted by Section 4.2(a)) or, (ii) upon the approval of the said resolution by NEPOOL and approval or acceptance of the allocation mechanism in Section 5 by the Commission. In the event (i) the said existing mechanism is not retained, and (ii) NEPOOL fails to approve the said resolution or NEPOOL does approve but the Commission does not approve the allocation mechanism in Section 5, this Settlement Agreement is to be withdrawn and deemed to be null and void and of no force or effect, and the rights of the Parties shall be fully preserved as if the Settlement had never been executed.

10.7 (a) Nothing in this Settlement Agreement will (1) preclude litigation (including arbitration) by any Party against Mirant, or against ISO-NE with respect to any failure by ISO-NE to correct, or to mitigate pursuant to Market Rule 1 and Appendix A of the Tariff, any act or failure to act by Mirant, or (2) require any Party to engage in such litigation. The claims against Mirant or ISO-NE described in the previous sentence shall be preserved for purposes of satisfying the ISO-NE Billing Policy despite the resolution of RBAs as set forth in Section 3.5 hereof.

(b) Any recovery that an LSE obtains from Mirant or ISO-NE with respect to 2006 SEMA NCPC Charges for LSCPR, including the associated amounts of the reimbursements recovered by their customers, and that an LSE would otherwise be entitled to receive, will be transferred to NSTAR and National Grid up to the level of (i) the Transmission Owners' Section 3 reimbursements to the LSEs, plus (ii) any payments by the Transmission Owners to ISO-NE related to the recovery from ISO-NE resulting from such litigation.¹ Any such transferred amount shall be allocated between NSTAR and National Grid as they deem appropriate with such allocated amounts returned to their respective customers. In addition, aside from the said transferred amounts, this provision does not modify any rights and obligations, including any rights to adjustments, credits or refunds, in Basic Service Contracts regarding passthrough of 2006 SEMA NCPC Charges for LSCPR under such contracts. Any additional recovery obtained by an LSE in excess of the aforesaid level and the aforesaid such rights to adjustments, credits or refunds, share shall be the property of such LSE.

¹ The clause (ii) payments are included in the ceiling for transfers to NSTAR and National Grid because ISO-NE has no funds of its own and could assess against the Transmission Owners any amounts owed to the LSEs as a result of the subparagraph (a) litigation. If the clause (ii) payments were not included in the ceiling, the Transmission Owners would not be compensated for their Section 3 reimbursements.

(c) (i) If the Transmission Owners are not parties to the Section 10.7(a) litigation, 33.76 percent of any recovery a Municipal obtains from Mirant or ISO-NE with respect to its 2006 SEMA NCPC Charges for LSCPR (including any 2006 NCPC Charges for LSCPR for which the Municipal has been reimbursed pursuant to Section 3.1) will be transferred to the Transmission Owners up to the level of the Transmission Owners' Section 3.1 reimbursements to the Municipal less any recovery otherwise obtained by the Transmission Owners from Mirant or ISO-NE that is attributable to the Transmission Owners' Section 3.1 reimbursement to the Municipal. The amount transferred to the Transmission Owners under this subsection (i) shall be net of 33.76 percent of the Municipal's litigation cost. Thus, for example, if all Municipals participate in the litigation, if the total recovery is \$7 million, and if the Municipal litigation costs total \$500,000, the amount that would be transferred to the Transmission Owners would be 33.76 percent of \$7 million minus 33.76 percent of \$500,000. Accordingly, the amount that would be transferred to the Transmission Owners would be \$2,194,400.

(ii) If the Transmission Owners are parties to the litigation, then the following applies. If litigation recoveries are calculated in such a way that a Municipal recovers sums that are based on or associated with the Transmission Owners' Section 3.1 payment to the Municipal (the "Municipal Section 3.1 component"),

then 33.76 percent of any recovery a Municipal obtains from Mirant or ISO-NE with respect to its 2006 SEMA NCPC Charges for LSCPR will be transferred to the Transmission Owners without deduction for Municipal litigation costs up to the level of the Municipal Section 3.1 component less any recovery otherwise obtained by the Transmission Owners from Mirant or ISO-NE that is attributable to the Transmission Owners' Section 3.1 reimbursement to the Municipal.

(iii) Any amounts paid to NSTAR and National Grid under this Section 10.7(c) shall be allocated between NSTAR and National Grid as they deem appropriate, and all amounts received by them shall be returned to their respective customers in the manner in which the money for the Section 3.1 reimbursements was recovered from those customers unless otherwise directed by the MDTE. Except as otherwise provided in subsection (i) or subsection (ii), any recovery obtained by a Municipal shall be the property of such Municipal. As used herein, "Municipal" refers to a single Municipal if only one Municipal participates in the litigation against Mirant or ISO-NE or collectively to all the Municipals who participate in that litigation.

10.8. This Settlement consists of the terms and conditions set forth herein, as well as the Appendices hereto. This Settlement contains the entire agreement between the Parties and supersedes all prior negotiations, terms sheets and draft agreements.

10.9 The discussions among the Parties which produced this Settlement have been conducted on the explicit understanding, pursuant to Rule 606 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.606 (2006), that all Settlement Agreements and discussions relating thereto shall be privileged and confidential, shall be without prejudice to the position of any Party presenting any such offer or participating in any such discussion, and are not to be used in any manner in connection with this proceeding, any other proceeding, or otherwise.

10.10 Any number of counterparts of this Settlement may be executed, and each shall have the same force and effect as an original instrument, and as if all the Parties to all the counterparts had signed the same instrument.

10.11 This Settlement may not be amended without the written agreement of all Parties.

IN WITNESS WHEREOF, the Parties hereto, as of May 18, 2007, through their respective representatives who represent that they are fully authorized to do so on behalf of their principals, have hereunto set their hands and seals.

[Reserved for future use.]

[Settlement Agreement Appendix A not included in Tariff]

APPENDIX B

Section 3.4 Allocation of Section 3.1 Reimbursement as between National Grid and NSTAR

The allocation between NSTAR and National Grid of the Section 3.1 reimbursement obligation, \$20.50 million to the LSEs and \$3.77 million to the Municipals for a total of \$24.27, is determined as follows.

1. NSTAR and National Grid will share payments on a load ratio basis that will account for amounts associated with Basic Service Contracts and already passed through their retail rates. NSTAR and National Grid will provide the ISO-NE with the load asset information necessary to determine the amounts of 2006 SEMA Real-Time NCPD Charges for LSCPR paid by each of them under Basic Service Contracts with passthrough provisions.

2. The ISO-NE will bill each TO the net payment ("NP") derived from the following formula:

$$NP = (\text{Total } \$) (\text{LRS}) - (\text{Pass Through } \$)$$

3. The Load Ratio Share (LRS) for each TO is its 2006 Real-Time Load Obligations for SEMA Basic Service load plus competitively supplied load, which has been reconciled and includes losses, divided by the sum of the TOs' Real-Time Load Obligations for SEMA Basic Service load plus competitively supplied load, which has been reconciled and includes losses. The 2006 Real-Time Load Obligations for SEMA Basic Service load plus competitively supplied load for NSTAR is 5,790,530 MWh and for National Grid is 6,995 MWh. The LRS for NSTAR is 45.29% and for National Grid is 54.71%.

4. The Pass Through amount for each TO is the total 2006 SEMA Real-Time NCPD charges for LSCPR paid by such TO under Basic Service contracts with passthrough provisions. The Pass Through for NSTAR is \$5,863,489 and for National Grid is \$3,515,375.

5. The Total is the sum of the \$24.27 million Section 3.1 reimbursement plus the \$9.38 million pass through as shown in Item 4.

6. The Item 2 formula with the foregoing inputs produces the following results:

$$\begin{aligned} \text{NSTAR NP} &= (\$33.65\text{M})(45.29\%) - \$5.863\text{M} = \$9.38\text{M} \\ \text{National Grid NP} &= (\$33.65\text{M})(54.71\%) - \$3.51\text{M} = \$14.89\text{M} \end{aligned}$$

7. Accordingly, the NSTAR share of the Section 3.1 reimbursement is \$9.38 million and the National Grid share of the Section 3.1 reimbursement is \$14.89 million.

[Reserved for future use.]

[Settlement Agreement Appendix C not included in Tariff]

APPENDIX D

[INCORPORATED IN MARKET RULE 1]

APPENDIX E

SEMA SCHEDULE

ACTION	DATE	COMMENTS
NSTAR and ISO presented Short Term Alternatives for PAC consideration.	5-Dec-06	ISO presented the transmission line and substation alternatives for the Short Term Upgrade Plan to the Planning Advisory Committee (PAC). The plan* consists of: (1) 115kV development of Brook St, Plympton, Mass substation and interconnection of new 115kV line from Auburn St substation, Whitman, Mass to Brook St; (2) 345kV expansion of Carver, Mass substation to create a new source with transmission Line 355; (3) install 2nd 345kV autotransformer at Carver, (4) construct a 2nd 115kV line from Carver to Tremont Station, Wareham (or from Brook St. to Manomet), and (5) a dynamic reactive source to be located at Barnstable switch. *Upgrades 1 and 2 are already included as Reliability Benefit Upgrades in the 2006 Regional System Plan.
Short Term Upgrade Plan – Upgrade #4 Option Selected	19-Jan-07	115 kV line upgrade portion of the Carver Option will be from Carver to Tremont.
NSTAR initial briefing of Stability Task Force (STF)	29-Jan-07	Began getting feedback from NEPOOL participants to identify study parameters for transient and dynamic analysis
NSTAR filing with Mass DTE for zoning and Section 72 at Brook St Station expansion	23-Feb-07	Zoning exemption required for the proposed 7 - 115kV breaker build out of Brook St substation
NSTAR placed order for <ul style="list-style-type: none"> • Carver Circuit Brkrs • 345/115kV autotransformer 	Dec-06 15-Mar-07	Lead time for manufacture and delivery of autotransformer exceeds 12 months so early order placement is needed. A second long lead time element is 345kV circuit breakers.
NSTAR and ISO make presentation to the TTF	20-Mar-07	Present results of steady state thermal and voltage testing of the Short Term Upgrade Plan for TTF review. (The TTF and STF are necessary tech evaluation precursors to proceeding to the NEPOOL Reliability Committee (RC))
NSTAR to present stability testing results to the STF	21-Mar-07	Receive initial comments on test results and additional requirements to complete review of the design. Report to be sent out two weeks in advance of the meeting. The report must include short circuit testing results.

NSTAR filing with Mass DTE for zoning for Carver Station expansion and for Chapter 72 review	15-Apr-07	Zoning exemptions are required for the station expansion and Chapter 72 review is required for the proposed 115kV line from Tremont to Carver.
ISO and NSTAR to present final report to the TTF	24-Apr-07	Report will incorporate comments and additional study as required such that it will be presented for TTF recommendation for approval. Report to be sent out two weeks in advance of the meeting.
NSTAR to present final report to the STF	25-Apr-07	Report will incorporate comments and additional study as required such that it will be presented for STF recommendation for approval. Report to be sent out two weeks in advance of the meeting.
Identification of the dynamic reactive device requirements based on system needs	30-April-07	
NSTAR (with ISO support) to present Short Term Upgrade update to PAC	May 07	NSTAR (with ISO support) to update PAC as to the 115 kV line alternative selected for Upgrade 4 above. This is an update to the 05-Dec-06 presentation which discussed various options. ISO to indicate plan to add Upgrades (3) and (4) to revised Project Listing
NSTAR and National Grid to send Proposed Plan Applications (PPA) to the RC for review	22-May-07	This provides one month after the final reports are presented to the TTF and STF to allow for resolution of any task force concerns before submission to the RC
RFP issued for the dynamic reactive device	30-May-07	
ISO adds project to 2 nd quarter project listing update	31-May-07	Revised project list includes Carver auto and 115 kV line alternative selected.
NSTAR and National Grid to present the PPAs to the RC	5-Jun-07	Recommendation for approval expected at this meeting

NSTAR (with ISO support) to present Short Term Upgrade update plan to PAC	June -07	NSTAR (with ISO support) to update PAC as to the dynamic reactive device selected for Upgrade (5) above. This is an update to the 05-Dec-06 presentation which discussed various options. ISO to indicate plan to add Upgrades (5) to revised Project Listing
ISO issues I.3.9 determination letter	29-Jun-07	
Begin update of I.3.9 for dynamic reactive device (if necessary)	30-July-07	
Tentative DTE zoning on Brook St	1-Aug-07	With the help of expedited treatment at the Dept early approval by this time is requested for Brook St
NSTAR to begin site work Brook St	15-Aug-07	Initial clearing leading to reconfiguration and temp /interim station installed by 10/30/2007 to permit clearing and full build out of the station to begin
ISO adds project to 2 nd quarter project listing update	30-Sept-07	Revised project list includes dynamic reactive device.
Ordering of dynamic reactive device and associated equipment	1-Aug-07	
Tentative DTE zoning on Carver Station	1-Oct-07	With the help of expedited treatment at the Dept early approval by this time is requested for Carver Station.
Brook St Station, Auburn Station and 115kV line completion	Summer 2008	This applies to Upgrade #1 (see Dec 6 item)
Carver Station and 115kV line completion	Fall 2008	This applies to Upgrades #2 through #4 (see Dec 6 item).
Dynamic reactive device completion	Late 2008	This applies to Upgrade #5 (see Dec 6 item).