

July 27, 2021

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The Honorable Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

**Re: Revisions to Schedules 20A, 21, 21-GMP and 21-VTransco of the ISO  
New England Open Access Transmission Tariff to Comply with Order  
No. 676-I; Docket No. ER21-\_\_\_-000**

Dear Secretary Bose:

In compliance with Order No. 676-I,<sup>1</sup> the Participating Transmission Owners Administrative Committee (“PTO AC”), on behalf of the Participating Transmission Owners in New England (“PTOs”); the Schedule 20A Service Providers (“SSPs”); Green Mountain Power Corporation (“GMP”); Vermont Transco LLC (“VTransco,” and together with the PTO AC, SSPs and GMP, the “Filing Parties”); and ISO New England Inc. (“ISO-NE”)<sup>2</sup> hereby submit to the Federal Energy Regulatory Commission (“FERC” or the “Commission”) revisions to Schedule 21-Common and Schedule 20A-Common of the ISO OATT to include certain updated business practice standards adopted by the Wholesale Electric Quadrant (“WEQ”) of the North American Energy Standards Board (“NAESB”) and incorporated by reference in the Commission’s regulations through Order No. 676-I (the “Tariff Revisions”).<sup>3</sup>

Consistent with Order No. 676-I, the Filing Parties respectfully request that the Commission accept the Tariff Revisions as proposed in this filing, without modification or condition, as of the date the Commission may determine in an order accepting the revisions.

## **I. DESCRIPTION OF THE FILING PARTIES AND COMMUNICATIONS**

The PTOs and the SSPs are providers of certain transmission services under the auspices of the Regional Transmission Organization (“RTO”) for New England, ISO-NE.

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<sup>1</sup> *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-I, 170 FERC ¶ 61,062 (2020) (“Order No. 676-I”).

<sup>2</sup> ISO-NE joins this filing solely in its capacity as administrator of the ISO-NE Open Access Transmission Tariff (“ISO OATT”).

<sup>3</sup> Capitalized terms used but not otherwise defined in this transmittal letter are intended to have the meanings given to such terms in Version 003 of the WEQ Standards adopted by NAESB, the Transmission Operating Agreement, or the ISO Tariff, including the ISO OATT.

ISO-NE operates the New England bulk power system and administers New England's organized wholesale electricity market pursuant to the ISO Tariff and operating agreements with the New England transmission owners. In its capacity as the RTO for New England, ISO-NE has the responsibility to protect the short-term reliability of the New England Control Area and to operate the system according to reliability standards established by Northeast Power Coordinating Council, Inc. ("NPCC") and the North American Electric Reliability Corporation ("NERC").

### **A. The PTOs**

Many of the PTOs<sup>4</sup> are Transmission Providers that offer both Local Network Service ("LNS") and Local Point-to-Point Service to Transmission Customers over Non-PTF Transmission Facilities ("Local Service") on an open-access basis under Schedule 21 of the ISO OATT. Pursuant to the terms of the Transmission Operating Agreement ("TOA") among the PTOs and ISO-NE, the PTOs own, physically operate and maintain Transmission Facilities in New England and ISO-NE has Operating Authority (as defined in Schedule 3.02 of the TOA) over the Transmission Facilities of the PTOs, including those used to provide service under Schedule 21.

Schedule 21 of the ISO OATT is comprised of two distinct parts. First, under the common provisions of Schedule 21 ("Schedule 21–Common"), the PTOs have collectively accumulated the common terms and conditions of Local Service applicable to transmission service over the local facilities of all of the PTOs providing Local Service. Second, each PTO providing Local Service has its own individual Schedule 21 schedule ("Local Service Schedule"), containing the rates, terms and conditions applicable to service over the Local Facilities owned by that particular PTO. The Schedule 21 Local Service Schedules primarily contain the rates that would apply for transmission service over the Local Facilities owned by the particular PTO, and may also

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<sup>4</sup> The PTOs are: Town of Braintree Electric Light Department; Central Maine Power Company; Chicopee Electric Light Department; Connecticut Municipal Electric Energy Cooperative; Connecticut Transmission Municipal Electric Energy Cooperative; Eversource Energy Service Company on behalf of certain of its affiliates: The Connecticut Light and Power Company and Public Service Company of New Hampshire; NSTAR Electric Company; Fitchburg Gas and Electric Light Company; Green Mountain Power Corporation; Town of Hudson Light and Power Department; Maine Electric Power Company; The City of Holyoke Gas and Electric Department; Massachusetts Municipal Wholesale Electric Company; Town of Middleborough Gas & Electric Department; New England Power Company d/b/a National Grid; New Hampshire Electric Cooperative, Inc.; New Hampshire Transmission, LLC; Town of Norwood Municipal Light Department; Town of Reading Municipal Light Department; Shrewsbury Electric and Cable Operations; Stowe Electric Department; Taunton Municipal Lighting Plant; The United Illuminating Company; Unitil Energy Systems, Inc.; Vermont Electric Cooperative, Inc.; Vermont Electric Power Company, Inc.; Vermont Public Power Supply Authority; Vermont Transco, LLC; Versant Power; and Town of Wallingford, Connecticut Department of Public Utilities Electric Division.

include terms and conditions of service in addition to those contained in Schedule 21-Common.

## **B. The SSPs**

The SSPs are those Transmission Providers who hold certain rights to the transmission capacity over the Phase I/II High Voltage Direct Current Interconnection (“Phase I/II HVDC-TF”) between Québec, Canada and New England and who make those rights available for re-sale on an open-access basis to Transmission Customers under Schedule 20A of the ISO OATT.<sup>5</sup> The SSPs are a subset of the Interconnection Rights Holders (“IRH”), the entities that pay for the Phase I/II HVDC-TF and in return receive the rights to the transmission capacity under certain financial support agreements. ISO-NE has operating authority over the Phase I/II HVDC-TF in accordance with the HVDC Transmission Operating Agreement (“HVDC TOA”) and has rights related to the ISO OATT provisions governing the offering of transmission service over the Phase I/II HVDC-TF in accordance with the Phase I/II HVDC TF Transmission Service Administration Agreement (“TSAA”).<sup>6</sup>

Since their construction, the Phase I/II HVDC-TF have been operated on a coordinated basis among the Asset Owners, the local satellite control center and, initially, the staff of the New England Power Pool, subsequently, ISO-NE. Operations have been coordinated with HQTÉ, the owner and operator of the Canadian portion of the Phase I/II facilities, pursuant to an existing Asset Owners Agreement between the Asset Owners and Hydro-Quebec and an Interconnection Operators Agreement between ISO-NE and Hydro-Québec. The HVDC TOA clarified and formalized the existing operating arrangements between the Asset Owners and ISO-NE.

The Asset Owners are parties to support agreements under which all rights to use transmission capacity over the Phase I/II HVDC-TF have been transferred to the IRH through at least October 2040 subject to the obligation of the IRH to make support payments.<sup>7</sup> In recognition of this fact, the Commission granted the Asset Owners a

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<sup>5</sup> The SSPs include: Central Maine Power Company (“CMP”); Green Mountain Power Corp.; New England Power Company; Eversource Energy Service Company on behalf of certain of its affiliates: The Connecticut Light and Power Company and Public Service Company of New Hampshire; NSTAR Electric Company; The United Illuminating Company; Vermont Electric Cooperative; and Versant Power.

<sup>6</sup> The HVDC TOA and TSAA were accepted by the Commission on May 25, 2005. *ISO New England Inc., et al.*, 111 FERC ¶ 61,244 (2005).

<sup>7</sup> The Commission recently approved an Offer of Settlement extending these rights until October 31, 2040. *See, New England Hydro-Transmission Elec. Co., et al.*, 175 FERC § 61,140 (2021).

waiver from the requirement to file an OATT for the Phase I/II HVDC-TF.<sup>8</sup> In that waiver order, however, the Commission did indicate that public utilities with “control” over Phase I/II transmission service should include terms and conditions governing resale of their Use Rights on the Phase I/II HVDC-TF in their individual OATTs. Those public utilities are the SSPs. The SSPs are, therefore, the IRH that are transmission providers and offer any unused portion of their Use Rights under an open access transmission tariff. Consistent with the Commission’s directive, a number of public utility IRH included rates, terms and conditions for Phase I/II transmission service in their individual local OATTs.

The SSPs administer transmission service over the Phase I/II HVDC-TF pursuant to the TSAA and Schedule 20A of the ISO OATT. Schedule 20A is comprised of two parts. Part I contains the common terms and conditions for transmission service over the Phase I/II HVDC-TF. Part II contains the individual rate schedules of each of the SSPs for Phase I/II HVDC-TF Service.

### **C. GMP**

GMP is a vertically integrated electric utility engaged primarily in the distribution and sale of electricity to retail and wholesale electric service customers within the State of Vermont. GMP serves more than 265,000 customers throughout Vermont. GMP is a member, along with other Vermont entities, of Vermont Transco LLC (“VTransco”), which owns the principal electric transmission facilities in Vermont, and of Vermont Electric Power Company (“VELCO”), the manager of VTransco that operates and manages the transmission facilities. GMP also directly owns transmission facilities in Vermont that operate at voltages below 115 kV and is a joint owner of Phase I/Phase II interconnections between Hydro-Québec in Canada and utilities in New England. GMP is a PTO and SSP that provides local and HVDC-TF transmission service pursuant to Schedule 21-GMP and Schedule 20A-GMP of the ISO OATT.

### **D. VTransco**

VTransco is a manager-managed Vermont limited liability company formed in 2006 for the purpose of acquiring and owning Vermont’s high-voltage electric transmission system (115 kV and above). VTransco is owned by VELCO and 17 electric distribution utilities (an investor-owned utility, two rural electric cooperatives, and fourteen municipal electric systems). VTransco provides service to its owners and the Vermont Department of Public Service under the 1991 Vermont Transmission

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<sup>8</sup> *Black Creek Hydro, Inc., et al.*, 76 FERC ¶ 61,250 (1996), *order on reh’g*, 77 FERC ¶ 61,232 (1996).

Agreement (“VTA”).<sup>9</sup> VTransco is also a PTO and provides local transmission service pursuant to Schedule 21-VTransco of the ISO OATT.

As explained below, GMP and VTransco are each sponsoring minor clean up revisions to Schedule 21-GMP and Schedule 21-VTransco, respectively, to remove references to NAESB Version 002.1 standards that GMP and VTransco should have deleted as part of the PTOs’ Order No. 676-H compliance filing in Docket No. ER15-517-002.

### **E. Communications**

All correspondence and communications in this proceeding should be addressed to the undersigned for the PTO AC and SSPs as follows:

<p>Mary E. Grover, Esq.* Eversource Energy 800 Boylston Street, P1700 Boston, MA 02199-8003 (617) 424-2105 E-mail: <a href="mailto:mary.grover@eversource.com">mary.grover@eversource.com</a></p> <p><b>PTO AC Legal Working Group Chair on behalf of the PTO Administrative Committee</b></p>	<p>Patrick J. Tarmey, Esq.* National Grid 40 Sylvan Road Waltham, MA 02451 (781) 907-2190 E-mail: <a href="mailto:patrick.tarmey@nationalgrid.com">patrick.tarmey@nationalgrid.com</a></p> <p><b>On behalf of the Schedule 20A Service Providers</b></p>
<p>Carolyn B. Anderson* Assistant General Counsel Green Mountain Power Corporation 2152 Post Road Rutland, VT 05701 (802) 770-3253 E-mail: <a href="mailto:Carolyn.Anderson@greenmountainpower.com">Carolyn.Anderson@greenmountainpower.com</a></p>	<p>Mark Sciarrotta* Associate General Counsel and Sustainability Director Vermont Electric Power Company, Inc., as Manager of Vermont Transco LLC 336 Pinnacle Ridge Road Rutland, VT 05701 (802) 770-6339 E-mail: <a href="mailto:msciarrotta@velco.com">msciarrotta@velco.com</a></p>
<p>Graham Jesmer, Esq.* ISO New England, Inc. One Sullivan Road Holyoke, MA 01040-2841 (413) 540-4557 E-mail: <a href="mailto:gjesmer@iso-ne.com">gjesmer@iso-ne.com</a></p>	

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<sup>9</sup> Vermont Transco LLC FERC Rate Schedule No. 1.

\*Persons designated for service.<sup>10</sup>

## II. BACKGROUND

On February 4, 2020, the Commission issued Order No. 676-I, which amended its regulations to incorporate by reference the latest version (Version 003.2) of the Standards for Business Practices and Communication Protocols for Public Utilities adopted by the WEQ of NAESB, with certain enumerated exceptions. The new standards adopted by the Commission were initially filed as a package on December 8, 2017, and include minor clarifications and updates submitted by NAESB on June 5, 2019, and July 23, 2019 respectively. Order No. 676-I requires RTOs and ISOs to revise their open access transmission tariffs to include revised standards WEQ-000, -001, -002, -003, -004, -006, -008, -012, -013, and -015, as well new standards WEQ-022 and -023. Public utilities were required to modify their respective OATTs to include these references and to make a compliance filing through eTariff no later than ninety (90) days from the date the final rule is published in the Federal Register (May 26, 2020), using an indeterminate effective date (12/31/9998) for the tariff records.

On March 18, 2020, Southwest Power Pool, Inc. (“SPP”) and Midcontinent Independent System Operator (“MISO”) submitted a motion to request an extension of time for utilities to comply with Order No 676-I.<sup>11</sup> The motion requested an extension until October 27, 2021, because, MISO and SPP argued, Open Access Technology International, Inc. (“OATI”) which provides Open Access Same-Time Information System (“OASIS”) software would not have completed software developments necessary for the implementation of certain of the new NAESB Standards prior to May 26, 2020.

On April 3, 2020, the Commission granted the motion and stated that the “deadline for public utilities required to make a compliance filing through e-Tariff is extended from May 25, 2020, up to and including July 27, 2021.”<sup>12</sup> The Commission further stated that it “will determine an implementation date for all utilities, including utilities whose tariffs incorporate each version of the NAESB standards, without

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<sup>10</sup> Due to the joint nature of this filing, as described above, the Filing Parties respectfully request a waiver of Section 385.203(b)(3) of the Commission’s regulations to allow the inclusion of more than two persons on the service list in this proceeding.

<sup>11</sup> Joint Motion for Extension of Time, Alternative Request for Clarification, and Request for Expedited Ruling of Southwest Power Pool, Inc. and Midcontinent Independent System Operator, Docket Nos. RM05-5-025, *et al.* (Mar. 18, 2020).

<sup>12</sup> Notice of Extension of Time, Docket No. RM05-5-028 (April 3, 2020).

modification, when the version is accepted by the Commission, no sooner than three months following the submission of compliance filings (i.e., October 27, 2021).”<sup>13</sup>

On March 5, 2020, Southern Company Services, Inc., filed a Request for Clarification or, in the alternative, Request for Rehearing of Order No. 676-I.<sup>14</sup> Edison Electric Institute (“EEI”) and OATI filed separate requests for clarification and comments.<sup>15</sup> The requests were focused on the application of the Commission’s *Dynegy* policy,<sup>16</sup> which generally relates to a customer’s right to keep its contractual rights to point-to-point firm transmission service on the original path it has reserved while the customer’s request for a redirect is pending, relative to new WEQ 001-9.5; as well as certain procedural matters regarding the form of the filing required under Order No. 676-I. The Commission issued an Order on Clarification on November 25, 2020,<sup>17</sup> which provided clarification on the application of the *Dynegy* policy and stated that existing tariff schedules may be modified in order to comply with Order No. 676-I.

### III. DESCRIPTION OF TARIFF REVISIONS

In accordance with Order No. 676-I, the Filing Parties have modified Schedule 21-Common and Schedule 20A-Common of the ISO OATT to include the revised and new WEQ standards enumerated by the Commission. The revised Schedule 21-Common and Schedule 20A-Common explicitly identify the incorporated provisions and build on the Filing Parties’ previous compliance filing on July 16, 2015 in Docket No. ER15-517-002,<sup>18</sup> that incorporated the complete set of Version 003 Business Practice Standards into

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<sup>13</sup> *Id.*

<sup>14</sup> Request for Clarification or, in the Alternative, Request for Rehearing of Southern Company Services, Inc., acting as agent for Alabama Power Company, et al. of the February 4, 2020 under RM05-5, Docket No. RM05-5-028 (March 5, 2020).

<sup>15</sup> Comment of Open Access Technology International, Inc. under RM05-5-025, et. al. (March 5, 2020); Request for Clarification of the Edison Electric Institute of the February 4, 2020 Order under RM05-5 (March 5, 2020).

<sup>16</sup> *Dynegy Power Marketing, Inc. v. Southwest Power Pool, Inc.*, 99 FERC ¶ 61,054, at P 9 (2002) (*Dynegy*).

<sup>17</sup> Order on Clarification, 173 FERC ¶ 61,173.

<sup>18</sup> *ISO New England Inc., et al.*, Revisions to ISO New England Inc. Open Access Transmission Tariff Related to Order No. 676-H in Compliance with Order Issued on May 19, 2015; Docket No. ER15-517-002 (July 16, 2015).

Schedule 21-Common and Schedule 20A-Common without modification, to the extent they apply to the Filing Parties.

Additionally, GMP and VTransco sponsor minor clean-up revisions to Schedule 21-GMP and Schedule 21-VTransco, respectively, to remove references to NAESB Version 002.1 standards originally included in compliance with Order No. 676-E. These references were inadvertently retained when the Version 003 Business Practice Standards were incorporated by reference into Schedule 21-Common and Schedule 20A-Common in Docket No. ER15-517-002.<sup>19</sup>

All references to NAESB WEQ standards will be now incorporated in Schedule 21-Common.

The tariff sheets submitted in this compliance filing include:

- ISO OATT, Schedule 20A-Common
- ISO OATT, Schedule 21-Common
- ISO OATT, Schedule 21-GMP
- ISO OATT, Schedule 21-VTransco

#### IV. CONCLUSION

For the reasons stated herein, the Filing Parties respectfully request that the Commission accept the revisions to Schedule 20A-Common and Schedule 21-Common contained in this filing to become effective as of the date the Commission may determine in an order accepting the revisions.<sup>20</sup> Please direct any questions to the undersigned counsel for the Filing Parties.

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<sup>19</sup> In connection with its approval of a Joint Offer of Settlement in Docket No. ER20-2054, the Commission approved revisions to Schedule 21-GMP and Schedule 21-VTransco that, *inter alia*, remove the references to Version 002.1 standards effective January 1, 2022. *See*, delegated letter order issued on February 24, 2021 in Docket No. ER20-2054-001. GMP and VTransco submit the enclosed tariff revisions to ensure its tariff records are compliant with Order No. 676-I in case the Commission accepts these tariff revisions with an effective date prior to January 1, 2022.

<sup>20</sup> If the effective date is prior to January 1, 2022, then GMP and VTransco request that the Commission accept the revisions to Schedule 21-GMP and Schedule 21-VTransco as of that effective date.



Respectfully submitted,

<p>By: <u>/s/ Patrick J. Tarmey</u> Patrick J. Tarmey National Grid 40 Sylvan Road Waltham, MA 02451 (781) 907-2190 E-mail: <a href="mailto:patrick.tarmey@nationalgrid.com">patrick.tarmey@nationalgrid.com</a></p> <p>Counsel for National Grid on behalf of the Schedule 20A Service Providers</p>	<p>By: <u>/s/ Mary E. Grover</u> Mary E. Grover Chair, PTO AC Legal Working Group c/o Eversource Energy 800 Boylston Street, P1700 Boston, MA 02199-8003 (617) 424-2105 <a href="mailto:mary.grover@eversource.com">mary.grover@eversource.com</a></p> <p>Counsel for PTO Administrative Committee</p>
<p>By: <u>/s/ Carolyn B. Anderson</u> Carolyn B. Anderson Assistant General Counsel Green Mountain Power Corporation 2152 Post Road Rutland, VT 05701 (802) 770-3253 E-mail: <a href="mailto:Carolyn.Anderson@greenmountainpower.com">Carolyn.Anderson@greenmountainpower.com</a></p> <p>Counsel for Green Mountain Power Company</p>	<p>By: <u>/s/ Mark Sciarrotta</u> Mark Sciarrotta Associate General Counsel and Sustainability Director Vermont Electric Power Company, Inc., as Manager of Vermont Transco LLC 336 Pinnacle Ridge Road Rutland, VT 05701 (802) 770-6339 E-mail: <a href="mailto:msciarrotta@velco.com">msciarrotta@velco.com</a></p> <p>Counsel for Vermont Transco LLC</p>
<p>By: <u>/s/ Graham Jesmer</u> Graham Jesmer, Esq. ISO New England Inc. One Sullivan Road Holyoke, MA 01040-2841 (413) 540-4557 E-mail: <a href="mailto:gjesmer@iso-ne.com">gjesmer@iso-ne.com</a></p> <p>Counsel for ISO New England Inc.</p>	

**SCHEDULE 20A**  
**POINT-TO-POINT SERVICE OVER THE**  
**PHASE I/II HVDC TRANSMISSION FACILITIES**  
**(PHASE I/II HVDC-TF SERVICE)**

In order to ensure continuity of service to customers, all agreements for transmission service over the Phase I/II HVDC-TF in effect as of the effective date of this Schedule 20A will remain in full force and effect under this Schedule 20A. This Schedule 20A contains the general terms and conditions regarding the treatment of Phase I/II HVDC-TF Service under the Tariff. In the event of a conflict between the terms and conditions of Part I and Part II of this Schedule, the terms and conditions of Part II shall govern. Phase I/II HVDC-TF Service is a Point-To-Point Service offered by certain Interconnection Rights Holders (“IRH”) under this Schedule 20A. Such IRH are referred to herein as the “Schedule 20A Service Providers”, have Phase I/II HVDC-TF Service Schedules in Part II of this Schedule 20A, and are listed on the ISO OASIS. Phase I/II HVDC-TF Service shall be offered to Eligible Customers by Schedule 20A Service Providers through their Phase I/II HVDC-TF Transmission Provider Page in accordance with this Schedule 20A and the HVDC Transmission Operating Agreement and is subject to the rights and obligations of the IRHs under the Restated Use Agreement, the Support Agreements, and the Phase I/II HVDC-TF Transmission Service Administration Agreement. Phase I/II HVDC-TF Service under this Schedule 20A is offered by the Schedule 20A Service Providers based on their Use Rights and on any Use Rights that they offer on behalf of any other IRH that are not Schedule 20A Service Providers. Pursuant to Section 2 of Part 1 of this Schedule 20A and subject to mutually agreeable contractual arrangements, the Schedule 20A Service Providers will offer, through this Schedule 20A and their Phase I/II HVDC-TF Transmission Provider Page, the Use Rights of any IRHs that are not Schedule 20A Service Providers. This Schedule 20A also includes the specific rates, terms and conditions for Phase I/II HVDC-TF Service for individual Schedule 20A Service Providers. All Transmission Customers taking Phase I/II HVDC-TF Service shall be subject to and comply with the terms and conditions of this Schedule 20A and the Tariff. The specific terms and conditions for rates and charges of the individual Schedule 20A Service Providers’ offering of their Phase I/II HVDC-TF Use Rights are found in the Phase I/II HVDC-TF Service Schedules in Part II of this Schedule 20A.

## **I. PHASE I/II HVDC-TF POINT-TO-POINT SERVICE**

### **1. Definitions**

Capitalized terms used and defined in this Schedule 20A shall have the meaning given them under this Schedule. Capitalized terms used and not defined in this Schedule 20A but defined in other sections of the Tariff shall have the meaning given them under those sections. Capitalized terms used in this Schedule 20A that are not defined in it or elsewhere in the Tariff shall have the meanings in the Restated Use Agreement or those customarily attributed to applicable criteria, rules, standards and operating procedures.

**1.1 Interconnection Rights Holders (“IRHs”):** means the entities that pay for and hold exclusive Use Rights to the transfer capability of the Phase I/II HVDC-TF, as granted under the Support Agreements and as further provided for under the Restated Use Agreement, either (i) directly, by virtue of being parties to the Support Agreements, or (ii) indirectly (“Indirect IRH(s)”), through a Transfer Agreement.

**1.2 Phase I/II HVDC-TF:** means the transmission facilities, identified in Schedule 2.01 (a) of the HVDC Transmission Operating Agreement or its successor schedule, constructed in two phases (“Phase I” and “Phase II”) that comprise the United States segment of the 2000 MW transmission interconnection which connects the Hydro-Quebec TransÉnergie control area and the New England Control Area. Phase I is the United States portion of the 450 kV high-voltage, direct-current (“Phase I/II HVDC”) transmission line from a terminal at the Des Cantons Substation on the Hydro-Quebec system near Sherbrooke, Quebec to a terminal with a nominal transfer capability of 690 MW at the Monroe Converter Station in New Hampshire. Phase II is the United States portion of the facilities required to increase to 2000 MW the nominal transfer capability of the Phase I/II HVDC-TF, including an extension of the Phase I/II HVDC transmission line from the terminus of Phase I at the Monroe Converter Station through New Hampshire to a terminal at the Sandy Pond Converter Station in Massachusetts. Phase I/II HVDC-TF is a form of OTF, as defined under Section II.1.85 of the Tariff.

**1.3 Phase I/II HVDC-TF Owners:** are: New England Hydro-Transmission Electric Company, Inc.; New England Hydro-Transmission Corporation; New England Electric Transmission Corporation; and Vermont Electric Transmission Company. The Phase I facilities in the United States are owned by New England Electric Transmission Corporation and Vermont Electric Transmission Company. The Phase II facilities in the United States are owned by New England Hydro-Transmission Electric Company, Inc. and New England Hydro-Transmission Corporation. The Phase I/II HVDC-TF Owners are parties to financial support agreements (the “Support Agreements”) with the IRHs.

**1.4 Phase I/II HVDC-TF Service:** means Firm and Non-Firm Point-To-Point Service over the Phase I/II HVDC-TF.

**1.5 Phase I/II HVDC-TF Service Agreement:** means an executed or unexecuted agreement for Phase I/II HVDC-TF Service, as reflected in Attachment A to Part I of this Schedule 20A.

**1.6 Phase I/II HVDC-TF Transmission Service Administration Agreement:** means the agreement among the ISO, the Schedule 20A Service Providers, and the IRH Management Committee specifying the rights and obligations of the parties regarding transmission service over the Phase I/II HVDC-TF, dated April 1, 2005, as may be amended and restated from time to time, and any successor agreement.

**1.7 Phase I/II HVDC-TF Service Charge:** is the charge for Phase I/II HVDC-TF Service, which shall be determined pursuant to arrangements between the applicable Schedule 20A Service Provider and Eligible Customers that take Phase I/II HVDC-TF Service under this Schedule 20A. The charge for Phase I/II HVDC-TF Service shall be determined by the applicable Phase I/II HVDC-TF Service Schedule in Part II of this Schedule 20A.

**1.8 Phase I/II HVDC-TF Service Schedule:** is an individual Schedule 20A Service Provider's schedule in Part II of this Schedule 20A that sets forth the terms and conditions for rates and charges, as applicable to Phase I/II HVDC-TF Service offered by that Schedule 20A Service Provider.

**1.9 Phase I/II HVDC-TF Transmission Provider Page:** means the respective Transmission Provider pages of the Schedule 20A Service Providers, which are located on the ISO OASIS, through which Phase I/II HVDC-TF Service is offered. Some of the information posted on the Transmission Provider pages of the Schedule 20A Service Providers shall include: values for Available Transmission Capability (ATC); offerings for Phase I/II HVDC-TF Service; and procedures for the application for and acquisition of Phase I/II HVDC-TF Service.

**1.10 Pre-Confirmed Request:** is an OASIS transmission service request that commits the Transmission Customer to take and pay for the requested Phase I/II HVDC-TF Service upon acceptance on OASIS by the Schedule 20A Service Provider that can provide the requested Phase I/II HVDC-TF Service.

**1.11 Restated Use Agreement:** is the Agreement among the IRH with respect to the Use Rights, dated as of December 1, 1981, as amended or restated as of September 1, 1985, November 19, 1997, April 8, 1998, and June 1, 2002, and as it may be further amended or restated from time to time.

**1.12 Schedule 20A Service Provider:** is an individual IRH that has a Phase I/II HVDC-TF Service Schedule and offers its own Use Rights or the Use Rights of other IRHs under this Schedule 20A.

**1.12a Submittal Window:** is the 5 minute window, beginning immediately after the expiration of the “no earlier than” request time, within which all service requests will be deemed to have been submitted simultaneously.

**1.13 Support Agreements:** are the certain agreements between the Phase I/II HVDC-TF Owners and the IRH that are not Indirect IRHs, under which the IRH are granted the exclusive rights to the transfer capability of the Phase I/II HVDC-TF and the obligation to pay the costs of the Phase I/II HVDC-TF.

**1.14 Transfer Agreement:** is an agreement, pursuant to the Restated Use Agreement, under which an IRH may transfer all or part of its Use Rights to another entity for a specified period of time.

**1.15 Transmission Customer:** is, for purposes of this Schedule 20A, an Eligible Customer that is receiving or has received Phase I/II HVDC-TF Service.

**1.16 Use Rights:** are the exclusive rights to the Combined Percentage Interest of the transfer capability of the Phase I/II HVDC-TF granted to the each of the IRH under the Support Agreement in exchange for the IRH’s obligation to pay for the Phase I/II HVDC-TF. The maximum MW amount of Use Rights that a Schedule 20A Service Provider may make available is its Combined Percentage Interest times the posted TTC value, plus the maximum MW amount of Use Rights of any other IRH on whose behalf the Schedule 20A Service Provider is posting, rounded down to whole MW.

**1.17 FERC: The Federal Energy Regulatory Commission.**

## **2. Phase I/II HVDC-TF Service**

Phase I/II HVDC-TF Service is a Point-To-Point Service offered by the Schedule 20A Service Providers over Phase I/II HVDC-TF using the transfer capability associated with their own Use Rights and the Use Rights of any other IRH that has contracted with a Schedule 20A Service Provider for the offering of Use Rights under this Schedule 20A. Not all IRHs are FERC-jurisdictional utilities and, as such, these IRHs are not required to offer transmission service for their share of the Phase I/II HVDC-TF. An IRH that is not a Schedule 20A Service Provider may, however, choose to make all or a portion of its rights available through an individual Schedule 20A Service Provider and its Phase I/II HVDC-TF Service Schedule by entering into a Transfer Agreement. Subject to a mutually agreeable Transfer Agreement and associated contractual arrangements, a Schedule 20A Service Provider will offer the Use Rights of any other IRH that wishes to make its Use Rights available under this Schedule 20A. In the event that the parties cannot agree on a Transfer Agreement and associated contractual arrangements, either party may petition the FERC for relief.

### **2.1 Nature of Phase I/II HVDC-TF Service**

#### **(a) Term of Phase I/II HVDC-TF Service:**

(i) Firm Phase I/II HVDC-TF Service: The minimum term of Firm Phase I/II HVDC-TF Service shall be one day and the maximum term shall be that specified in the Phase I/II HVDC-TF Service Agreement.

(ii) Non-Firm Phase I/II HVDC-TF Service: Non-Firm Phase I/II HVDC-TF Service will be available for periods ranging from one hour to one month and shall be that specified in the Phase I/II HVDC-TF Service Agreement. A Transmission Customer that purchases Non-Firm Phase I/II HVDC-TF Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies may be greater than one month, subject to the requirements of this Schedule 20A.

#### **(b) Reservation, Interruption and Curtailment Priority for Phase I/II HVDC-TF Service:**

(i) The Schedule 20A Service Providers, individually or collectively, shall post on the Phase I/II HVDC-TF Transmission Provider Page, rules setting reservation, interruption and Curtailment priorities for Firm and Non-Firm Phase I/II HVDC-TF Service. Such rules shall be non-discriminatory and consistent with Commission Orders and shall also be in accordance with the Restated Use Agreement.

In instances where an IRH is not a Schedule 20A Service Provider and it desires to offer its Use Rights, that IRH shall arrange for the posting of the associated transmission service and associated reservations on a Phase I/II HVDC-TF Transmission Provider Page.

Each Schedule 20A Service Provider shall be responsible for calculating the ATC for its Use Rights and for the Use Rights of any other IRH with whom it has contracted to offer such Use Rights, and for posting such ATC values on its Phase I/II HVDC-TF Transmission Provider Page.

Phase I/II HVDC-TF reservation priorities shall be established separately from PTF, other OTF or MTF reservation priorities.

(ii) If a Schedule 20A Service Provider fails to post such rules, then reservation, interruption and Curtailment priorities for Firm and Non-Firm Phase I/II HVDC-TF Service shall be those established by relevant reliability authorities (e.g., the Northeast Power Coordinating Council) and under such scheduling and curtailment rules as may be accepted and/or approved by the FERC for participation in the regional electricity markets.

(iii) Firm Phase I/II HVDC-TF Service Reservation Priority: The Phase I/II HVDC-TF reservation priority for either Long-Term or Short-Term Firm Phase I/II HVDC-TF Service shall be determined on a first come first served basis by the date and time of the service request, with requests received within the Submittal Window being subject to the procedures described in Section 2.1(b)(vi) below. However, Pre-Confirmed Requests for Short-Term Point-To-Point Transmission Service will receive priority over earlier-submitted requests that are not pre-confirmed and that have equal or shorter duration. Among requests with the same duration and, as relevant, pre-confirmation status (pre-confirmed or not pre-confirmed), priority will be given to a Transmission Customer's request that offers the highest price, followed by the date and time of the request.



(iv) If the Phase I/II HVDC-TF becomes oversubscribed, requests for service may preempt competing reservations up to the following conditional reservation deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all requests and reservations, a Transmission Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Firm Phase I/II HVDC-TF Service will be granted if the Transmission Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section I.2.1(f) of this Schedule 20A) from being notified by the Schedule 20A Service Provider of a longer-term competing request for Firm Phase I/II HVDC-TF Service. When a longer duration request preempts multiple shorter duration reservations, the shorter duration reservations shall have simultaneous opportunities to exercise the right of first refusal. Duration, price and time of response will be used to determine the order by which the multiple shorter duration reservations will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of this Schedule 20A. Firm Phase I/II HVDC-TF Service will always have a reservation priority over Non-Firm Phase I/II HVDC-TF Service under the Tariff.

(v) Non-Firm Phase I/II HVDC-TF Service Reservation Priority: Non-Firm Phase I/II HVDC-TF Service shall be available from transfer capability in excess of that needed for reliable service to Long-Term and Short-Term Firm Phase I/II HVDC-TF Service. A higher reservation priority will be assigned first to Non-Firm Phase I/II HVDC-TF Service requests or reservations with a longer duration of service than those reservations with a shorter duration and second to Pre-Confirmed Requests. Competing requests of the same pre-confirmation status and equal duration for Non-Firm Phase I/II HVDC-TF Service will be prioritized based on the highest price offered by the Transmission Customer for the transmission service, or in the event the price for all Transmission Customers is the same, will be prioritized on a first-come, first-served basis (i.e., in the chronological sequence in which each Transmission Customer has reserved service). Requests for monthly service received within the Submittal Window shall be subject to the procedures described in Section 2.1(b)(vi) below. Transmission Customers that have already reserved shorter-term service over Phase I/II HVDC-TF have the right of first refusal to match any longer-term request before being preempted, provided that such Transmission Customer's

advance reservation is consistent with any modified request for Non-Firm Phase I/II HVDC-TF Service.

(vi) Requests for Firm and monthly Non-Firm Phase I/II HVDC-TF Service are subject to a Submittal Window and to an allocation in accordance with the procedures of this section.

Each Schedule 20A Service Provider will refuse those service requests for the same increment and class of service from the same Transmission Customer which, in aggregate, exceeds that Schedule 20A Service Provider's posted ATC. A single service request will be refused if it exceeds the posted ATC. If multiple identical service requests, as defined by NAESB Standard 001-0.5, for the entire posted ATC are received within the Submittal Window, only the first of those service requests will be considered valid. The remaining identical service requests will be refused.

If sufficient transfer capability is not available to meet all service requests for Phase I/II HVDC-TF Service submitted within the Submittal Window, the Schedule 20A Service Providers will allocate among valid requests received in the Submittal Window, allocating ATC pro-rata, on a whole MW basis, among those requests of the longest duration first and subject to the following order: pre-confirmed Firm, Firm, pre-confirmed Non-Firm and Non-Firm. If the total amount of valid pre-confirmed service requests exceeds a Schedule 20A Service Provider's Firm ATC, each valid pre-confirmed service request for Firm Phase I/II HVDC-TF Service will be multiplied by the ratio of that Schedule 20A Service Provider's Firm or Non-Firm ATC, as applicable, to the total MWs of valid Firm or Non-Firm pre-confirmed service requests, as applicable. If the total amount of valid pre-confirmed Firm service requests does not exceed ATC for Firm Phase I/II HVDC-TF Service, then any remaining non pre-confirmed Firm service requests will be allocated similarly across remaining ATC. Non-Firm service requests for monthly service will follow the same methodology for any remaining ATC.

If a customer withdraws its service request after it has been accepted but prior to the Customer Confirmation Time Limit as identified in FERC Order 638, the pro rata allocation of ATC for the remaining valid service requests will be recalculated and the service requests will be updated accordingly on OASIS.

The Schedule 20A Service Providers will address queue flooding, queue hoarding and denial of service in accordance with in NAESB WEQ-001. If the Schedule 20A Service Providers detect any of the above activities, the Schedule 20A Service Providers may extend the Submittal Window by additional 5 minute increments.

Each Schedule 20A Service Provider reserves the right to develop additional allocation criteria in the event that the above criteria do not address a particular situation that occurs during the Submittal Window. Such criteria shall either be included in the Business Practice posted on the Schedule 20A Service Provider's Phase I/II HVDC-TF Transmission Provider Page or the Schedule 20A Service Providers will file with the Commission, changes to this Schedule 20A, in compliance with applicable Commission regulations.

In cases where valid service requests received in the Submittal Window result in residual MW(s), the Schedule 20A Service Providers will allocate, via counter offer, the residual MW(s) to the first valid service request queued in the Submittal Window. In cases where more than one residual MW is available, 1 MW will be allocated, via counter offer, to each valid service request, starting with the first valid service request in the Submittal Window and moving to the next until all such MW(s) have been allocated.

**(c) Use of Phase I/II HVDC-TF Service By a Transmission Customer:** A Transmission Customer shall take and pay for Phase I/II HVDC-TF Service for the transmission of any scheduled Real-Time Energy Market transaction (including imports of energy into, exports of energy out of, and wheels of energy through, the New England Control Area ) that requires the use of the Phase I/II HVDC-TF. If a Transmission Customer elects to take Phase I/II HVDC-TF Service, it must first reserve transmission capability (i.e., a confirmed advance Phase I/II HVDC-TF Service reservation) to allow both the delivery of energy and/or capacity to it over the Phase I/II HVDC-TF (to the extent permitted under the Tariff) commensurate with the associated Phase I/II HVDC-TF Service reservation designated by it in a Completed Application for Phase I/II HVDC-TF Service and the delivery of Energy and/or capacity to or from it over the Phase I/II HVDC-TF to the extent permitted under the Tariff. A Transmission Customer that takes Phase I/II HVDC-TF Service under this Schedule 20A must also take any other applicable service, in accordance with the Tariff.

**(d) Phase I/II HVDC-TF Service Agreements:** A standard form Phase I/II HVDC-TF Service Agreement (Attachment A to Part I of this Schedule 20A) will be offered to an Eligible Customer when it submits a Completed Application for Phase I/II HVDC-TF Service pursuant to this Schedule 20A. Executed Phase I/II HVDC-TF Service Agreements that contain the information required under this Schedule 20A will be reported and/or filed by the Schedule 20A Service Provider with the Commission in compliance with applicable Commission regulations. An Eligible Customer that uses Phase I/II HVDC-TF Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Phase I/II HVDC-TF Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement.

**(e) Classification of Phase I/II HVDC-TF Service:**

(i) Transmission Customers requesting Phase I/II HVDC-TF Service do so with the full realization that such service is subject to availability and Curtailment pursuant to Section II.44 of the Tariff and that the ISO will redispatch all Resources subject to its control, pursuant to the Tariff, in order to meet load and to accommodate External Transactions. Transmission Customers will be charged for the Congestion Costs and any other costs associated with such redispatch in accordance with the Tariff.

(ii) The Point of Receipt and Point of Delivery on the Phase I/II HVDC-TF at which transmission capacity is reserved for Phase I/II HVDC-TF Service by the Transmission Customer shall be set forth in the Phase I/II HVDC-TF Service Agreement for such service along with a corresponding capacity reservation over the Phase I/II HVDC-TF. The Point of Receipt and Point of Delivery for Phase I/II HVDC-TF Service shall be as mutually agreed upon by the Schedule 20A Service Provider and the Transmission Customer for Phase I/II HVDC-TF Service.

(iii) Non-Firm Phase I/II HVDC-TF Service shall be offered on an hourly, daily, weekly or monthly basis, under applicable terms and conditions contained in this Schedule 20A, and shall not exceed one month's reservation. Firm Phase I/II HVDC-TF Service shall be offered on a daily, weekly, monthly or yearly basis under the applicable terms and conditions contained in this Schedule 20A.

(iv) The Transmission Customer's Reserved Capacity over the Phase I/II HVDC-TF shall be the sum of its Phase I/II HVDC-TF Service reservations.

**(f) Scheduling Associated with Phase I/II HVDC-TF Service:** An advance reservation is required for Phase I/II HVDC-TF Service for any External Transaction that imports energy into, exports energy out of, or wheels energy through, the New England Control Area over the Phase I/II HVDC-TF. The External Transaction, with its supporting advance reservation, shall be submitted by the Transmission Customer for inclusion in the Real-Time Energy Market pursuant to the Tariff and in accordance with applicable ISO New England Operating Procedures. External Transactions submitted into the Real-Time Energy Market and associated with Phase I/II HVDC-TF Service shall be dispatched pursuant to the Tariff. Transmission Customers will be charged for the Congestion Costs and any other costs associated with such dispatch in accordance with the Tariff.

**(g) Curtailment Associated with Phase I/II HVDC-TF Service:** When the ISO determines that an electrical emergency exists on the New England Transmission System, the ISO shall implement emergency procedures to effect a Curtailment of Phase I/II HVDC-TF Service. The ISO will redispatch all Resources subject to its control, pursuant to the Tariff, in order to meet load and to accommodate External Transactions. External Transactions using Phase I/II HVDC-TF Service shall be curtailed or interrupted in accordance with Section II.44 of the Tariff. Transmission Customers will be charged for the Congestion Costs and any other costs associated with such redispatch in accordance with the Tariff. Pursuant to such redispatch, in the event that ISO exercises its right to effect a Curtailment of Phase I/II HVDC-TF Service, in whole or part, no credit or other adjustment shall be provided as a result of the Curtailment with respect to the charges payable by the Transmission Customer.

**2.2 Transmission Customer Responsibility for Other Service:** Phase I/II HVDC-TF Service only provides transmission service over the Phase I/II HVDC-TF. The Transmission Customer is responsible for obtaining and paying any applicable costs associated with any service on other transmission facilities that may be required to complete a transaction that utilizes Phase I/II HVDC-TF Service.

**2.3 Availability of Phase I/II HVDC-TF Service:** An Eligible Customer having a Phase I/II HVDC-TF Service Agreement with a Schedule 20A Service Provider is a Transmission

Customer (except as provided below) that may utilize the Use Rights offered by that Schedule 20A Service Provider for the transmission of any scheduled Real-Time transaction (includes imports of energy into, exports of energy out of, and wheels of energy through, the New England Control Area ) that requires the use of the Phase I/II HVDC-TF. Such service shall be provided and administered by the individual Schedule 20A Service Provider and shall be requested pursuant to the applicable terms and conditions of this Schedule 20A. Phase I/II HVDC-TF Service is available to any Eligible Customer who meets the financial assurance requirements of this Schedule 20A. The provision of Phase I/II HVDC-TF Service under this Schedule 20A requires that the Transmission Customer acquire an advance reservation over the Phase I/II HVDC-TF prior to the scheduling of an associated Real-Time transaction that requires the use of the Phase I/II HVDC-TF.

**2.4 Reservation Priority For Existing Firm Service Customers:** Existing firm service customers (wholesale requirements and transmission-only, with a contract term of five years or more), have the right to elect to continue to take Phase I/II HVDC-TF Service from the Schedule 20A Service Providers when the contract expires, rolls over or is renewed, subject to the rights and obligations of the Schedule 20A Service Providers under the Restated Use Agreement, the Support Agreements, and the Phase I/II HVDC-TF Transmission Service Administration Agreement. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Schedule 20A Service Provider or elects to purchase capacity and energy from another supplier. If at the end of the contract term, the Schedule 20A Service Provider's Use Rights cannot accommodate all of the requests for Phase I/II HVDC-TF Service, the existing firm service customer must agree to accept a contract term at least equal to the longest competing request by any new Transmission Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service; provided that, the firm service customer shall have a right of first refusal at the end of such service only if the new contract is for five years or more. The existing firm service customer must provide notice to the Schedule 20A Service Provider whether it will exercise its right of first refusal no less than one year prior to the expiration date of its Phase I/II HVDC-TF Service Agreement. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of five years or longer, subject to the rights and obligations of the Schedule 20A Service Providers under the Restated Use Agreement, the Support Agreements, and the Phase I/II HVDC-TF Transmission Service Administration Agreement. Service Agreements subject to a right of first refusal entered into

prior to the date of the Schedule 20A Service Providers' filing adopting the reformed rollover language herein in compliance with Order No. 890 or associated with a transmission service request received prior to July 13, 2007, unless terminated, will become subject to the five year/one year requirement on the first rollover date after the date of the Schedule 20A Service Providers' filing adopting the reformed rollover language herein in compliance with Order No. 890; provided that, the one year notice requirement shall apply to such service agreements with five years or more left in their terms as of the date of the Schedule 20A Service Providers' filing adopting the reformed rollover language herein in compliance with Order No. 890.

### **3. Transmission Customer Responsibilities**

**3.1 Conditions Required of Transmission Customers:** Phase I/II HVDC-TF Service will be provided by the Schedule 20A Service Provider only if the following conditions are satisfied by the Transmission Customer.

- (a)** The Transmission Customer has submitted a Completed Application for Phase I/II HVDC-TF Service in accordance with this Schedule 20A;
- (b)** The Transmission Customer continues to qualify as an Eligible Customer;
- (c)** The Transmission Customer and the Schedule 20A Service Provider have executed a Phase I/II HVDC-TF Service Agreement pursuant to this Schedule 20A;
- (d)** The Transmission Customer agrees to have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Point of Receipt prior to the time service commences;
- (e)** The Transmission Customer agrees to submit External Transactions into the New England Markets in accordance with the applicable ISO New England Operating Documents;
- (f)** The Transmission Customer agrees to pay for Phase I/II HVDC-TF Service Charges, any Congestion Costs or other redispatch costs chargeable to such Transmission Customer under this Schedule 20A, and the Tariff, whether or not the Transmission Customer takes service for the full term of its Phase I/II HVDC-TF Service reservation;

(g) The Transmission Customer has an advance reservation with a Schedule 20A Service Provider for Phase I/II HVDC-TF Service;

(h) The Transmission Customer meets the creditworthiness procedures in Attachment L to the Schedule 20A Service Provider's Phase I/II HVDC-TF Service Schedule in Part II of Schedule 20A; and

(i) The Transmission Customer provides the information required by the ISO's regional system planning process.

**3.2 Transmission Customer Responsibility for Third-Party Arrangements:** Any arrangements for Transmission Service and the scheduling of transactions that may be required by neighboring electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by ISO, notification to ISO identifying such neighboring electric systems and authorizing them to schedule the transactions to be transmitted pursuant to the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt.

The Transmission Customer shall arrange for Transmission Service, as necessary, in accordance with the Tariff. The ISO will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

#### **4. Procedures for Arranging Phase I/II HVDC-TF Service**

**4.1 Application:** Eligible Customers seeking Phase I/II HVDC-TF Service must submit a Completed Application for Phase I/II HVDC-TF Service to the Schedule 20A Service Provider in accordance with the applicable section of this Schedule 20A and in accordance with the Schedule 20A Service Provider's rules, as posted on the Phase I/II HVDC-TF Transmission Provider Page. The Schedule 20A Service Provider shall post a copy of its form of Application for Phase I/II HVDC-TF Service on its Phase I/II HVDC-TF Transmission Provider Page.



**4.2 Completed Application:** A Completed Application for Phase I/II HVDC-TF Service shall provide all of the information included at 18 C.F.R. § 2.20 of the Commission's regulations, including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under this Schedule 20A;
- (iii) The Point(s) of Receipt and Point(s) of Delivery;
- (iv) The maximum amount of capacity and energy expected to be utilized under the Phase I/II HVDC-TF Service Agreement;
- (v) The Service Commencement Date and the term of the requested Phase I/II HVDC-TF Service;
- (vi) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Phase I/II HVDC-TF. Customers may combine their requests for Phase I/II HVDC-TF Service in order to satisfy the minimum transmission capacity requirement;
- (vii) A statement indicating that if the Transmission Customer submits a Pre-Confirmed Request, then the Transmission Customer will take and pay for the requested Phase I/II HVDC-TF Service upon acceptance on OASIS by the Schedule 20A Service Provider that can provide the requested Phase I/II HVDC-TF Service; and
- (viii) Any additional information required by the ISO's regional system planning process.
- (ix) In addition to the information specified above and when required to properly evaluate the application for service, the Schedule 20A Service Provider also may request that the Eligible Customer provide the following:

- ☐ ☐ The location of the generating facility(ies) supplying the capacity and energy, and the location of the load ultimately served by the capacity and energy transmitted.
- ☐ ☐ A description of the supply characteristics of the capacity and energy to be delivered.

**4.3 Deposit:** If required by the Schedule 20A Service Provider, a Completed Application for Phase I/II HVDC-TF Service by a Transmission Customer shall also include a deposit of either (a) one (1) month's charge for Reserved Capacity over the Phase I/II HVDC-TF for service requests of one (1) month or greater or (b) the full charge for Reserved Capacity over the Phase I/II HVDC-TF for service requests of less than one (1) month. If the Application for Phase I/II HVDC-TF Service is rejected by the Schedule 20A Service Provider because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a request for proposals (RFP), the deposit will be returned with interest, less any reasonable costs incurred by the Schedule 20A Service Provider, the ISO or any affected Transmission Owners in connection with the review of the Application for Phase I/II HVDC-TF Service. If an Application for Phase I/II HVDC-TF Service is withdrawn or the Eligible Customer decides not to enter into a Phase I/II HVDC-TF Service Agreement, the deposit will be refunded in full, with interest, less reasonable costs incurred by the Schedule 20A Service Provider, the ISO or any affected Transmission Owners to the extent such costs have not already been recovered from the Eligible Customer. The Schedule 20A Service Provider will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. If a Phase I/II HVDC-TF Service Agreement is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Phase I/II HVDC-TF Service Agreement. Applicable interest will be calculated in accordance with Commission regulations from the day the deposit is credited to the Schedule 20A Service Provider's account.

**4.4 Notice of Deficient Application:** If an Application for Phase I/II HVDC-TF Service fails to meet the requirements of this Schedule 20A, the Schedule 20A Service Provider will notify the entity requesting service within fifteen (15) days of the Schedule 20A Service Provider's receipt of the Application for Phase I/II HVDC-TF Service of the reasons for such failure. The Schedule 20A Service Provider and the Eligible Customer will attempt to remedy minor deficiencies in the Application for Phase I/II HVDC-TF Service through informal communications. If such efforts are unsuccessful, the Schedule 20A Service Provider will return the Application for Phase I/II HVDC-TF Service, along with any deposit (less the reasonable

costs incurred by the Schedule 20A Service Provider, the ISO or any affected Transmission Owners in connection with the Application for Phase I/II HVDC-TF Service), with interest, to the Eligible Customer. Upon receipt of a new or revised Application for Phase I/II HVDC-TF Service that fully complies with the requirements of this Schedule 20A, the Eligible Customer will be assigned a new reservation priority based upon the date of receipt by the Schedule 20A Service Provider of the new or revised Application for Phase I/II HVDC-TF Service.

**4.5 Response to a Completed Application:** Following receipt of a Completed Application for Phase I/II HVDC-TF Service, the Eligible Customer will be notified as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application for Phase I/II HVDC-TF Service. Responses by the Schedule 20A Service Provider must be made as soon as practicable to all Completed Applications for Phase I/II HVDC-TF Service and the timing of such responses must be made on a nondiscriminatory basis.

**4.6 Execution of Phase I/II HVDC-TF Service Agreement:** Whenever the Schedule 20A Service Provider determines that the requested service can be provided, it will notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application for Phase I/II HVDC-TF Service, and will tender a Phase I/II HVDC-TF Service Agreement to the Eligible Customer. Failure of an Eligible Customer to execute and return the Phase I/II HVDC-TF Service Agreement or request the filing of an unexecuted Phase I/II HVDC-TF Service Agreement, within fifteen (15) days after it is tendered by the Schedule 20A Service Provider, shall be deemed a withdrawal and termination of the Application for Phase I/II HVDC-TF Service and any deposit (less the reasonable costs incurred by the Schedule 20A Service Provider, the ISO and any affected Transmission Owners in connection with the Application for Phase I/II HVDC-TF Service) submitted will be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Completed Application for Phase I/II HVDC-TF Service after such withdrawal and termination.

**4.7 Reservation of Phase I/II HVDC-TF Service:** OASIS requests for yearly or monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly, daily and hourly service shall be submitted no earlier than twenty-one (21) days before service is to commence.

**4.8 Extensions for Commencement of Firm Phase I/II HVDC-TF Service:** The Transmission Customer can obtain, subject to availability, up to five one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Phase I/II HVDC-TF Service for each year or fraction thereof within 15 days of notifying the Schedule 20A Service Provider it intends to extend the commencement of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Phase I/II HVDC-TF Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity over the Phase I/II HVDC-TF, the original Reserved Capacity over the Phase I/II HVDC-TF will be released unless the following condition is satisfied: within thirty (30) days, the original Transmission Customer agrees to pay the applicable rate for Firm Phase I/II HVDC-TF Service for its Reserved Capacity over the Phase I/II HVDC-TF for the period that its reservation overlaps the period covered by such Eligible Customer's Completed Application for Phase I/II HVDC-TF Service. In the event the Transmission Customer elects to release the Reserved Capacity over the Phase I/II HVDC-TF, the reservation fees or portions thereof previously paid will be forfeited.

**4.9 Confidentiality of Information and Standards of Conduct.** The Schedule 20A Service Provider will treat all information included in the Completed Application for Phase I/II HVDC-TF Service as confidential in accordance with the standards of conduct contained in 18 C.F.R. Part 37 of the Commission's regulations except to the extent that disclosure of such information is required by this Schedule 20A, the Phase I/II HVDC-TF Service Agreement, Schedule 20A Service Provider's Business Practices, by regulatory or judicial order, or for reliability purposes pursuant to Good Utility Practice.

**5. Determination of Available Transfer Capability**

The Schedule 20A Service Provider will make a determination on a non-discriminatory basis of ATC pursuant to Attachment C to this Schedule 20A and Section II, Attachment C of the Tariff.

**6. Payment for Phase I/II HVDC-TF Service**

**6.1 Phase I/II HVDC-TF Service Charge:** A Transmission Customer shall pay the Schedule 20A Service Provider's Phase I/II HVDC-TF Service Charge to the Schedule 20A Service Provider under the terms of this Schedule 20A.

**6.2 Discounts:** Information regarding any discounts to the Phase I/II HVDC-TF Service Charge shall be offered by the Schedule 20A Service Provider in a not unduly discriminatory manner and posted on its Phase I/II HVDC-TF Transmission Provider Page pursuant to Commission regulations. Three principal requirements apply to discounts for transmission service over the Phase I/II HVDC-TF: (1) any offer of a discount made by a Schedule 20A Service Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted by the Schedule 20A Service Provider on the OASIS. For any discount agreed upon for service on a path, from Point(s) of Receipt to Point(s) of Delivery, the individual Schedule 20A Service Provider must offer the same discounted Phase I/II HVDC-TF Service rate for the same time period to all of its Eligible Customers.

**6.3 Resales:** The rates and rules governing charges and discounts stated in Sections 6.1 and 6.2 above shall not apply to resales of transmission service, compensation for which shall be governed by Section 8 of this Schedule 20A.

## **7. Changes in Service Specifications of Phase I/II HVDC-TF Service**

**7.1 Modification on a Firm Basis:** Any request by a Transmission Customer to modify Point(s) of Receipt and Point(s) of Delivery on a firm basis shall be treated as a new request for Phase I/II HVDC-TF Service in accordance with this Schedule 20A, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation over the Phase I/II HVDC-TF does not exceed the amount reserved in the existing Phase I/II HVDC-TF Service Agreement. While such new request is pending, the Transmission Customer shall retain its reservation priority for service at the firm Receipt Point(s) and Delivery Point(s) specified in the Transmission Customer's existing Phase I/II HVDC-TF Service Agreement.

**7.2 Modifications on a Non-Firm Basis:** The Transmission Customer taking Firm Phase I/II HVDC-TF Service may submit a request to the Schedule 20A Service Provider for transmission service on a non-firm basis over Point(s) of Receipt and Point(s) of Delivery other

than those specified in the Phase I/II HVDC-TF Service Agreement (“Secondary Receipt and Delivery Points”), in amounts not to exceed the Transmission Customer’s firm capacity reservation over the Phase I/II HVDC-TF, without incurring an additional Non-Firm Phase I/II HVDC-TF Service charge or executing a new Phase I/II HVDC-TF Service Agreement, subject to the following conditions:

- (a) Phase I/II HVDC-TF Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis, and will not displace any firm or non-firm Phase I/II HVDC-TF Service reserved by Transmission Customers under this Schedule;
- (b) the Transmission Customer shall retain its right to schedule Firm Phase I/II HVDC-TF Service at the Point(s) of Receipt and Point(s) of Delivery specified in the relevant Phase I/II HVDC-TF Service Agreement in the amount of the Transmission Customer’s original Phase I/II HVDC-TF Service reservation over the Phase I/II HVDC-TF; and
- (c) Phase I/II HVDC-TF Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Phase I/II HVDC-TF Service under this Schedule. However, all other requirements of this Schedule (except as to Phase I/II HVDC-TF Service charges) shall apply to Phase I/II HVDC-TF Service on a non-firm basis over Secondary Receipt and Delivery Points.

## **8. Sale, Assignment or Transfer of Phase I/II HVDC-TF Service**

**8.1 Procedures for Sale, Assignment or Transfer of Service:** Pursuant to Commission-approved rules posted by the Schedule 20A Service Provider on its Phase I/II HVDC-TF Transmission Provider Page, and subject to the requirements of the Restated Use Agreement, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Phase I/II HVDC-TF Service Agreement, but only to another Eligible Customer (the “Assignee”). The Transmission Customer that sells, assigns or transfers its rights under its Phase I/II HVDC-TF Service Agreement is hereafter referred to as the “Reseller” as the term is used throughout this Schedule 20A. Compensation to Resellers shall be at rates established by agreement between the Reseller and the Assignee.

The Assignee must execute a service agreement with the Schedule 20A Service Provider governing reassignments of transmission service prior to the date on which the reassigned service commences. The Schedule 20A Service Provider shall charge the Reseller, as appropriate, at the rate stated in the Reseller's Service Agreement with the Schedule 20A Service Provider or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee's Service Agreement with the Schedule 20A Service Provider or the associated OASIS schedule; provided that, such credit shall be reversed in the event of non-payment by the Assignee. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Phase I/II HVDC-TF Service Agreement, the Assignee shall receive the same services as did the Reseller and the transmission priority of service for the Assignee shall be the same as that of the Reseller. The Assignee shall be subject to all terms and conditions of this Schedule 20A. If the Assignee requests a change in service, the reservation priority of service will be determined by the Schedule 20A Service Provider pursuant to this Schedule 20A.

**8.2 Limitations on and Obligations of Assignment or Transfer of Service:** If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Phase I/II HVDC-TF Service Agreement, the Schedule 20A Service Provider will consent to such change subject to the provisions of this Schedule 20A, provided that the change will not impair the operation of the New England Markets or the operation and reliability of the New England Transmission System. The Reseller shall remain liable for the performance of all obligations under the Phase I/II HVDC-TF Service Agreement, except as specifically agreed to by the Schedule 20A Service Provider, the Reseller and the Assignee through an amendment to the Phase I/II HVDC-TF Service Agreement.

**8.3 Information on Resale of Service:** In accordance with this Schedule 20A, Transmission Customers may use the Phase I/II HVDC-TF Transmission Provider Page to post information regarding transmission capacity over the Phase I/II HVDC-TF available for resale. All sales or assignments of capacity must be conducted through or otherwise posted on the Schedule 20A Service Provider's OASIS on or before the date the reassigned service commences and are subject to Section 8.1.

## **9. Real Power Losses**

Real power losses across the Phase I/II HVDC-TF shall be allocated solely to Transmission Customers that use Phase I/II HVDC-TF. Such allocation for transactions across the Phase I/II HVDC-TF shall be pursuant to the Tariff and in accordance with the operating protocols adopted by TransÉnergie and the Phase I/II HVDC-TF Owners. The Transmission Customer will be responsible for the losses associated with Phase I/II HVDC-TF Service, in addition to any losses associated with other transmission service under the Tariff.

**10. No Obligation to Build or Expand the Phase I/II HVDC-TF**

A Schedule 20A Service Provider's status under the Tariff shall not impose any obligation on it to build transmission facilities or expand the Phase I/II HVDC-TF. The offering of Phase I/II HVDC-TF Service under the Tariff shall not impose on the Phase I/II HVDC-TF Owners, the IRH or the ISO an obligation to build any transmission facilities to accommodate Phase I/II HVDC-TF Service.

**11. No Effect on PTF Rates**

Inclusion of Phase I/II HVDC-TF Service under the Tariff shall not affect rates for service on the PTF under the Tariff.

**12. Ancillary Services**

Transmission Customers taking service over the Phase I/II HVDC-TF Transmission System are required to acquire Ancillary Services from (a) the Schedule 20A Service Provider pursuant to the provisions within Section II to this Schedule 20A and (b) the Control Area Operator pursuant to the provisions within the Tariff. The specific Ancillary Services, prices and/or compensation methods are described in Section II to this Schedule 20A and in the applicable Schedules of the OATT.

**13. Congestion Costs and FTRs**

Congestion Costs will not be calculated, and therefore FTRs will not be offered, between any set of points on the Phase I/II HVDC-TF. Transmission Customers taking Phase I/II HVDC-TF Service in conjunction with service over the PTF, however, shall be subject to applicable Congestion Costs for any use of the PTF.

**14. Creditworthiness**

Each Schedule 20A Service Provider will specify its Creditworthiness procedures in Attachment L to its Phase I/II HVDC-TF Service Schedule in Part II of Schedule 20A.



## **15. Billing and Payment**

**15.1 Billing Procedure:** Within a reasonable time after the first day of each month, the Schedule 20A Service Provider shall submit an invoice to the Transmission Customer for the charges for all Phase I/II HVDC-TF Service furnished under this Schedule 20A during the preceding month. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to the Schedule 20A Service Provider, or by wire transfer to a bank named by the Schedule 20A Service Provider.

**15.2 Interest on Unpaid Balances:** Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations. Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the Schedule 20A Service Provider.

**15.3 Customer Default:** In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Schedule 20A Service Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Schedule 20A Service Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the Schedule 20A Service Provider may initiate a proceeding with the Commission to terminate Phase I/II HVDC-TF Service but shall not terminate such service until the Commission approves any such request. In the event of a billing dispute between the Schedule 20A Service Provider and the Transmission Customer, the Schedule 20A Service Provider will continue to provide Phase I/II HVDC-TF Service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of Phase I/II HVDC-TF Service, then the Schedule 20A Service Provider may provide notice to the Transmission Customer of its intention to suspend such service in sixty (60) days, in accordance with Commission policy.

## **16. Standards for Business Practices and Communication Protocols for Public Utilities**

The following NAESB WEQ ~~Version 003~~ Standards are hereby incorporated by reference in this Schedule 20A to the extent they apply to the Schedule 20A Service Providers:

- WEQ-000, Abbreviations, Acronyms, and Definition of Terms (WEQ Version 003.1, September 30, 2015) (including only the definitions of Interconnection Monitor, Time Error, and Time Error Correction), ~~WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Oct. 4, 2012, Nov. 28, 2012 and Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);~~
- WEQ-000, Abbreviations, Acronyms, and Definition of Terms (WEQ Version 003.2, December 8, 2017) (with minor correction applied July 23, 2019);
- WEQ-001, Open Access Same-Time Information System (OASIS), [OASIS] Version 2.2 (WEQ Version 003.2, December 8, 2017), excluding standards WEQ-001-0 preamble text, WEQ-001-10 preamble text~~OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013) excluding Standards 001-9.5, 001-10.5, 001-14.1.3, 001-15.1.2 and 001-106.2.5;~~
- WEQ-002, Open Access Same-Time Information System (OASIS) Business Practice Standards and Communication Protocols (S&CP), [OASIS] Version 2.2 (WEQ Version 003.2, December 8, 2017)~~OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Nov. 28, 2012 and Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);~~
- WEQ-003, Open Access Same-Time Information System (OASIS) Data Dictionary Business Practice Standards, [OASIS] Version 2.2 (WEQ Version 003.2, December 8, 2017) (with minor corrections applied July 23, 2019)~~OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);~~
- WEQ-004, Coordinate Interchange (WEQ Version 003.2, December 8, 2017),~~WEQ Version 003, July 31, 2012 (as modified by NAESB final actions ratified on December 28, 2012);~~
- WEQ-005, Area Control Error (ACE) Equation Special Cases (WEQ Version 003.2, December 8, 2017),~~WEQ Version 003, July 31, 2012);~~
- WEQ-006, Manual Time Error Correction (WEQ Version 003.1, September 30, 2015),~~WEQ Version 003, July 31, 2012;~~
- WEQ-007, Inadvertent Interchange Payback (WEQ Version 003.2, December 8, 2017),~~WEQ Version 003, July 31, 2012;~~
- WEQ-008, Transmission Loading Relief (TLR) – Eastern Interconnection (WEQ Version 003.2, December 8, 2017),~~WEQ Version 003, July 31, 2012 (with minor corrections applied November 28, 2012);~~
- WEQ-011, Gas / Electric Coordination (WEQ Version 003.2, December 8, 2017),~~WEQ Version 003, July 31, 2012;~~

- WEQ-012, Public Key Infrastructure (PKI) (WEQ Version 003.2, December 8, 2017)~~WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on October 4, 2012~~);
- WEQ-013, Open Access Same-Time Information System (OASIS) Implementation Guide, [OASIS] Version 2.2 (WEQ Version 003.2, December 8, 2017)~~OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013)~~);
- WEQ-015, Measurement and Verification of Wholesale Electricity Demand Response (WEQ Version 003.2, December 8, 2017), ~~WEQ Version 003, July 31, 2012~~; and
- WEQ-021, Measurement and Verification of Energy Efficiency Products (WEQ Version 003.2, December 8, 2017), ~~WEQ Version 003, July 31, 2012~~;
- WEQ-022, Electric Industry Registry Business Practice Standards (WEQ Version 003.2, December 8, 2017); and
- WEQ-023, Modeling. The following standards are incorporated by reference: WEQ-023-5; WEQ-023-5.1; WEQ-023-5.1.1; WEQ-023-5.1.2; WEQ-023.5.1.2.1; WEQ-023-5.1.2.2; WEQ-023-5.1.2.3; WEQ-023-5.1.3; WEQ-023-5.2; WEQ-023-6; WEQ-023-6.1; WEQ-023-6.1.1; WEQ-023-6.1.2; and WEQ-023-A Appendix A. (WEQ Version 003.2, December 8, 2017).

## **SCHEDULE 20A**

### **ATTACHMENT A**

#### **PHASE I/II HVDC-TF SERVICE AGREEMENT**

This Phase I/II HVDC-TF Service Agreement (“Service Agreement”), dated as of \_\_\_\_\_, is entered into, by and between \_\_\_\_\_ (“Schedule 20A Service Provider”) and \_\_\_\_\_ (“Transmission Customer”).

#### **PART I – General Terms and Conditions**

1. Service Provided: Phase I/II HVDC-TF Service under Part II, Schedule 20A of the ISO New England Inc., Transmission, Markets and Services Tariff (“Tariff”) (Check applicable service):

☐ Non-Firm (Part I) ☐ Firm (Parts I & II)

2. The Transmission Customer is an Eligible Customer under the Tariff and is a party to either a Market Participant Service Agreement or a Transmission Service Agreement.

3. The Transmission Customer has submitted a Completed Application and the required deposit, if applicable, for Phase I/II HVDC-TF Service under this Service Agreement and the Tariff.

4. The Transmission Customer agrees to supply information associated with its request for Phase I/II HVDC-TF Service to the Schedule 20A Service Provider that the Schedule 20A Service Provider deems reasonably necessary in accordance with Schedule 20A and Good Utility Practice in order for it to receive the requested service.

5. The Schedule 20A Service Provider agrees to provide and the Transmission Customer agrees to take and pay for Phase I/II HVDC-TF Service in accordance with the provisions of the Tariff and this Service Agreement.

6. Service will be subject to some combination of the charges detailed in Part II, Schedule 20A of the Tariff. The appropriate charges will be determined in accordance with the terms and conditions of Schedule 20A.

7. Any notice or request made to or by either party regarding this Service Agreement shall be made to the representative of the other party as indicated below.

Transmission Customer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Schedule 20A Service Provider:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. The Tariff is incorporated herein and made a part hereof.

9. Nothing contained in this Service Agreement shall be construed as affecting in any way the right of the Schedule 20A Service Provider to file with the Commission under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder for a change in any rates, terms and conditions of this Service Agreement. Nothing contained in this Service Agreement shall be construed as affecting in any way the ability of the Transmission Customer to file with the Commission under Section 206 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder for a change in any rates, terms and conditions of this Service Agreement.

10. Phase I/II HVDC-TF Service under this Service Agreement shall commence on the later of: (1) \_\_\_\_\_, or (2) such other date as it is permitted to become effective by the Commission. Service shall terminate on \_\_\_\_\_.

## PART II – Firm Phase I/II HVDC-TF Service

### 1. Specifications for Phase I/II HVDC-TF Service.

- a. Term of Transaction: \_\_\_\_\_
- b. Description of capacity and energy to be transmitted over the Phase I/II HVDC-TF including the electric Control Area in which the transaction originates:  
\_\_\_\_\_  
\_\_\_\_\_
- c. Point(s) of Receipt and Capacity Reservation:  
\_\_\_\_\_  
\_\_\_\_\_
- d. Delivering Party: \_\_\_\_\_
- e. Point(s) of Delivery and Capacity Reservation:  
\_\_\_\_\_  
\_\_\_\_\_
- f. Receiving Party: \_\_\_\_\_
- g. Reserved Capacity: \_\_\_\_\_
- h. Service under this Service Agreement shall be subject to the following charges:  
\_\_\_\_\_  
\_\_\_\_\_

Additional terms and conditions as may be specified in individual Schedule 20A Service Providers' Service Schedule:

\_\_\_\_\_  
\_\_\_\_\_

IN WITNESS WHEREOF, the Parties have caused this Phase I/II HVDC-TF Service Agreement to be executed by their respective authorized officials.

Transmission Customer:

By: \_\_\_\_\_  
Name Title Date

\_\_\_\_\_  
Print Name

Schedule 20A Service Provider:

By: \_\_\_\_\_  
Name Title Date

\_\_\_\_\_  
Print Name

## **SCHEDULE 20A**

### **ATTACHMENT A-1**

#### **Form of PHASE I/II-TF Service Agreement For The Resale, Reassignment or Transfer of Point-To-Point Phase I/II HVDC-TF Service**

1. This Phase I/II HVDC-TF Service Agreement (“Service Agreement”), dated as of \_\_\_\_\_, is entered into, by and between \_\_\_\_\_ (“Schedule 20A Service Provider”) and \_\_\_\_\_ (“Assignee”).
2. The Assignee has been determined by the Schedule 20A Service Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.
3. The terms and conditions for the transaction entered into under this Service Agreement shall be subject to the terms and conditions of Part I of Schedule 20A and the Schedule 20A Service Provider’s Service Schedule of Schedule 20A, except for those terms and conditions negotiated by the Reseller of the reassigned transmission capacity (pursuant to Section I.8.1 of this Tariff) and the Assignee, to include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller’s Points of Receipt and Points of Delivery will be subject to the provisions of Section I.8.2 of this Tariff.
4. The Schedule 20A Service Provider shall credit the Reseller for the price reflected in the Assignee’s Service Agreement or the associated OASIS schedule.
5. Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.



Schedule 20A Service Provider:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Assignee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Schedule 20A Service Provider:

By: \_\_\_\_\_  
Name Title Date

\_\_\_\_\_  
Print Name

Assignee:

By: \_\_\_\_\_  
Name Title Date

\_\_\_\_\_  
Print Name

**Specifications For The Resale, Reassignment Or Transfer of  
Long-Term Firm Point-To-Point Phase I/II HVDC-TF Service**

1. Term of Transaction: \_\_\_\_\_

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

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

2. Description of capacity and energy to be transmitted by the Schedule 20A Service Provider including the electric Control Area in which the transaction originates.

\_\_\_\_\_

3. Point(s) of Receipt: \_\_\_\_\_

Delivering Party: \_\_\_\_\_

4. Point(s) of Delivery: \_\_\_\_\_

Receiving Party: \_\_\_\_\_

5. Maximum amount of reassigned capacity: \_\_\_\_\_

6. Designation of party(ies) subject to reciprocal service obligation: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

7. Name(s) of any Intervening Systems providing transmission service: \_\_\_\_\_

\_\_\_\_\_

(Name of Transmission Owner) Open Access Transmission Tariff

8. Service under this Service Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge: \_\_\_\_\_  
\_\_\_\_\_

8.2 System Impact and/or Facilities Study Charge(s):  
\_\_\_\_\_  
\_\_\_\_\_

8.3 Direct Assignment Facilities Charge: \_\_\_\_\_  
\_\_\_\_\_

8.4 Ancillary Services Charges: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9.0 Name of Reseller of the reassigned transmission capacity:  
\_\_\_\_\_

## **II. PHASE I/II HVDC-TF SERVICE SCHEDULES**

The specific terms and conditions for rates and charges of the individual Schedule 20A Service Providers' offering of their Phase I/II HVDC-TF Use Rights are found in the Phase I/II HVDC-TF Service Schedules in this Part II of Schedule 20A.

## **SCHEDULE 20A**

### **ATTACHMENT C**

#### **METHODOLOGY TO ASSESS AVAILABLE TRANSFER CAPABILITY**

##### **1. INTRODUCTION**

This Attachment C to Schedule 20A applies to the calculation of transfer capability of the Phase I/II HVDC-TF by the Schedule 20A Service Providers.

##### **1.1 Scope of Document**

This Attachment C to Schedule 20A addresses the following items with respect to the Phase I/II HVDC-TF between the Hydro-Quebec Control Area and the New England Control Area for the Schedule 20A Service Providers:

- Total Transfer Capability (TTC) methodology
- Available Transfer Capability (ATC) methodology
- Existing Transmission Commitments (ETC)
- Use of Transmission Reliability Margin (TRM)
- Use of Capacity Benefit Margin (CBM)
- Use of Roll-over Rights (ROR) in the calculation of ETC

##### **1.2 Overview of Phase I/II HVDC-TF**

The Phase I/II HVDC-TF is a 2,000 MW HVDC tie line in New England that interconnects the New England Control Area with the Hydro-Québec Control Area in the Province of Québec, Canada. This HVDC line has one termination point in New England (with paired operation with complementary facilities in Québec). The specific facilities in New England are the Sandy Pond HVDC Terminal, which interconnects Central Massachusetts and the Nicolet and/or Radisson HVDC terminals of Hydro-Québec. Additional information on the Phase I/II HVDC-TF can be found at ISO New England OASIS web site under the “IRH”.

### 1.3 Definitions

Capitalized terms used and defined in this Attachment C to Schedule 20A shall have the meaning given them under this Attachment. Capitalized terms used and not defined in this Schedule 20A but defined in other sections of Schedule 20A or the ISO Tariff shall have the meaning given them under those sections. Capitalized terms used in this Attachment C to Schedule 20A that are not defined in it or elsewhere in Schedule 20A or the ISO Tariff shall have the meanings in the Restated Use Agreement or those customarily attributed to applicable criteria, rules, standards and operating procedures.

**Balancing Authority (BA):** 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:** 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.

**Export:** New England to Hydro-Quebec

**Import:** Hydro-Quebec to New England

**Operating Horizon (OH):** For the purposes of this document,

- CVPS resets the OH at 16:00 eastern prevailing time each day. At that time, the OH spans from 16:00 through midnight two days out for a total of 56 hours. As time progresses the total hours remaining in the OH decreases until 16:00 the following day when the OH is once again reset to 56 hours.
- All SSPs (except CVPS) individually reset their OHs at noon eastern prevailing time each day. At that time, the OH spans from noon through midnight of the next day for a total of 36 hours. As time progresses the total hours remaining in the OH decreases until noon the following day when the OH is once again reset to 36 hours.

**Planning Horizon (PH):** For the purpose of this Attachment C to Schedule 20A, PH for any Schedule 20A Service Provider is any period before the OH.

**Scheduling Horizon (SH):** For the purpose of this Attachment C to Schedule 20A, SH is Real-Time and the hour before and utilizes Firm and Non-Firm Phase I/II HVDC-TF Service pursuant to ISO New England Operating Documents.

## **2. PHASE I/II HVDC-TF TOTAL TRANSFER CAPABILITY (TTC)**

The Total Transfer Capability (TTC) is the amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of all transmission lines (or paths) between those areas under specified system conditions. TTC for the Phase I/II HVDC-TF is calculated by the ISO as Transmission Operator using the NERC Standard MOD-029-1 Rated System Path Methodology and posted on the ISO New England OASIS site. Therefore, all requirements associated with the documentation of TTC methodology are addressed in Sections 1 and 3 of Section II, Attachment C – Available Transfer Capability Methodology of the ISO Tariff.

## **3. PHASE I/II HVDC-TF AVAILABLE TRANSFER CAPABILITY (ATC)**

### **General**

NERC standards: MOD-001-1 – Available Transmission System Capability and MOD-029-1 – Rated System Path Methodology define the required items to be identified when describing a transmission provider's ATC methodology. However, several of those items are not applicable to the Phase I/II HVDC-TF due to the fact that the Phase I/II HVDC-TF is a DC facility and sinks into a region where advance transmission service is not required. Because of this arrangement, loop flow is not an issue; and since associated Regional Transmission Service is not sold in advance of real-time flow within ISO New England, the flow on the Phase I/II HVDC-TF does not typically impact the calculation of any other transfer capability.

Each Schedule 20A Service Provider, based on its Planning and Operating Horizon timing guidelines, will calculate and post as specified in Section 5 of this document Firm and Non-Firm Phase I/II HVDC-TF ATC separately using the NERC Standard MOD-029-1 Rated System Path Methodology.

### **Phase I/II HVDC-TF Capacity Benefit Margin (CBM)**

CBM is defined as the amount of firm transmission transfer capability set aside by a TSP for use by the Load Serving Entities. The use of CBM on Phase I/II HVDC-TF is governed by the overall ISO approach

to capacity planning requirements in the ISO New England Operating Documents. Load Serving Entities operating within the New England Control Area are required to arrange their Capacity Requirements prior to the beginning of any given month in accordance with the ISO Tariff. As such, no CBM on Phase I/II HVDC-TF is set aside by any SSP for use by Load Serving Entities in ATC calculations. Therefore CBM is zero and will not be included in the calculations of ATC. As long as this market design is in place in New England, the CBM will continue to be set to zero.

#### **Existing Transmission Commitments, Firm (ETC<sub>F</sub>)**

The ETC<sub>F</sub> are those Phase I/II HVDC-TF confirmed Firm transmission reservation (PTP<sub>F</sub>) plus any rollover rights for Firm transmission reservations (ROR<sub>F</sub>) that have been exercised. There are no allowances necessary for Native Load forecast commitments (NL<sub>F</sub>), Network Integration Transmission Service (NITS<sub>F</sub>), grandfathered Transmission Service (GF<sub>F</sub>) and other service(s), contract(s) or agreement(s) (OS<sub>F</sub>) to be considered in the ETC<sub>F</sub> calculation.

#### **Existing Transmission Commitments, Non-Firm (ETC<sub>NF</sub>)**

The ETC<sub>NF</sub> are those Phase I/II HVDC-TF confirmed Non-Firm transmission reservations (PTP<sub>NF</sub>). There are no allowances necessary for Non-Firm Network Integration Transmission Service (NITS<sub>NF</sub>), Non-Firm grandfathered Transmission Service (GF<sub>NF</sub>) or other service(s), contract(s) or agreement(s) (OS<sub>NF</sub>).

#### **Transmission Reliability Margin (TRM)**

The TRM is the amount of transmission transfer capability necessary to provide reasonable assurance that the interconnected transmission network will be secure. TRM accounts for the inherent uncertainty in system conditions and the need for operating flexibility to ensure reliable system operation as system conditions change. TRM is only applicable to Firm Phase I/II HVDC-TF ATC and shall not be applied to Non-Firm Phase I/II HVDC-TF ATC.

The ISO, as Transmission Operator, is responsible for calculating the TRM on the Phase I/II HVDC-TF interface. The Phase I/II HVDC-TF interface poses one of the largest contingency risks in the NYISO, PJM and New England Control Areas. As such, the Import TRM on the Phase I/II HVDC-TF is directly related to these operational limits which can be enforced at any time and the Import TRM is calculated as TTC minus the largest single source contingency. Therefore the SSPs set the Import TRM at 800 MW such that Firm Transmission Service is not sold above this operational limit.



Export TRM is established based on the methodology to account for operational uncertainties on the Hydro-Quebec TransEnergie transmission system. Therefore, the Export TRM is calculated as TTC minus these operational uncertainties.

For additional information on TRM, refer to the ISO Tariff, Attachment C – Available Transfer Capability Methodology, Section 5.2.2 – TRM Calculation for the OTF.

#### **4. CALCULATION OF PHASE I/II HVDC-TF ATC**

##### **4.1 Calculation of Phase I/II HVDC-TF Firm ATC ( $ATC_F$ )**

###### **4.1.1 Calculation of $ATC_F$ in the PH**

Consistent with the NERC definition,  $ATC_F$  is the capability for Firm transmission reservations that remain after allowing for  $ETC_F$ , CBM, TRM,  $Postbacks_F$  and  $counterflows_F$ .

As discussed above, Phase I/II HVDC-TF CBM is zero. Firm Transmission Service over the Phase I/II HVDC-TF that is available in the Planning Horizon (PH) includes: Yearly, Monthly, Weekly, and Daily.  $Postbacks_F$  and  $counterflows_F$  of Phase I/II HVDC-TF transmission reservations are not considered in the  $ATC_F$  calculation. Therefore,  $ATC_F$  in the PH is equal to the TTC minus  $ETC_F$  and TRM.

###### **4.1.2 Calculation of $ATC_F$ in the OH**

Consistent with the NERC definition,  $ATC_F$  is the capability for Firm transmission reservations that remain after allowing for  $ETC_F$ , CBM, TRM,  $Postbacks_F$  and  $counterflows_F$ .

As discussed above, Phase I/II HVDC-TF CBM is zero. Daily Firm Transmission Service over the Phase I/II HVDC-TF is the only firm service offered in the Operating Horizon (OH).  $Postbacks_F$  and  $counterflows_F$  of Phase I/II HVDC-TF transmission reservations are not considered in the  $ATC_F$  calculation. Therefore,  $ATC_F$  in the OH is equal to the TTC minus  $ETC_F$  and TRM.

##### **4.2 Calculation of Non-Firm ATC ( $ATC_{NF}$ )**

###### **4.2.1 Calculation of $ATC_{NF}$ in the PH**

$ATC_{NF}$  is the capability for Non-Firm transmission reservations that remain after allowing for  $ETC_F$ ,  $ETC_{NF}$ , scheduled CBM ( $CBM_S$ ), unreleased TRM ( $TRM_U$ ), Non-Firm Postbacks ( $Postbacks_{NF}$ ) and Non-Firm counterflows ( $counterflows_{NF}$ ).

As discussed above, the CBM for Phase I/II HVDC-TF is zero. Non-Firm ATC available in the PH includes: Monthly, Weekly, Daily and Hourly.  $TRM_U$ ,  $Postbacks_{NF}$  and  $counterflows_{NF}$  of Phase I/II HVDC-TF transmission reservations are not considered in this calculation. Therefore,  $ATC_{NF}$  in the PH is equal to the TTC minus  $ETC_F$  and  $ETC_{NF}$ .

#### **4.2.2 Calculation of $ATC_{NF}$ in the OH**

$ATC_{NF}$  available in the OH includes: Daily and Hourly.

$TRM_U$  and  $counterflows_{NF}$  are not considered in this calculation and CBM is zero. Therefore,  $ATC_{NF}$  in the OH is equal to the TTC minus  $ETC_F$ , and  $ETC_{NF}$  plus  $Postbacks_{NF}$ .

#### **4.3 Negative ATC**

Due to the calculation methodologies defined above, typically there should not be negative ATC values posted.

### **5. POSTING OF PHASE I/II HVDC-TF ATC**

#### **5.1 Location of ATC Posting**

ATC values are posted separately on the Phase I/II HVDC-TF Transmission Provider's Page for the Schedule 20A Service Providers. In addition, a summary of the level of service available from the Schedule 20A Service Providers is available on the ISO New England OASIS site under the "IRH".

#### **5.2 Updates To ATC**

When any of the variables in the ATC equations change, the ATC values are recalculated and immediately posted.

#### **5.3 Coordination of ATC Calculations**

The Phase I/II HVDC-TF is a controllable DC inter-Control Area tie line. Therefore it is not necessary to coordinate the Phase I/II HVDC-TF ATC values with the Hydro-Québec Control Area.

## 5.4 Load Forecast

The Phase I/II HVDC-TF is a controllable DC inter-Control Area tie line. Therefore, the ISO load forecast has no impact on the Phase I/II HVDC-TF ATC. The ISO is responsible for calculating the load forecast for the region and posts the load forecast on the ISO New England OASIS site.

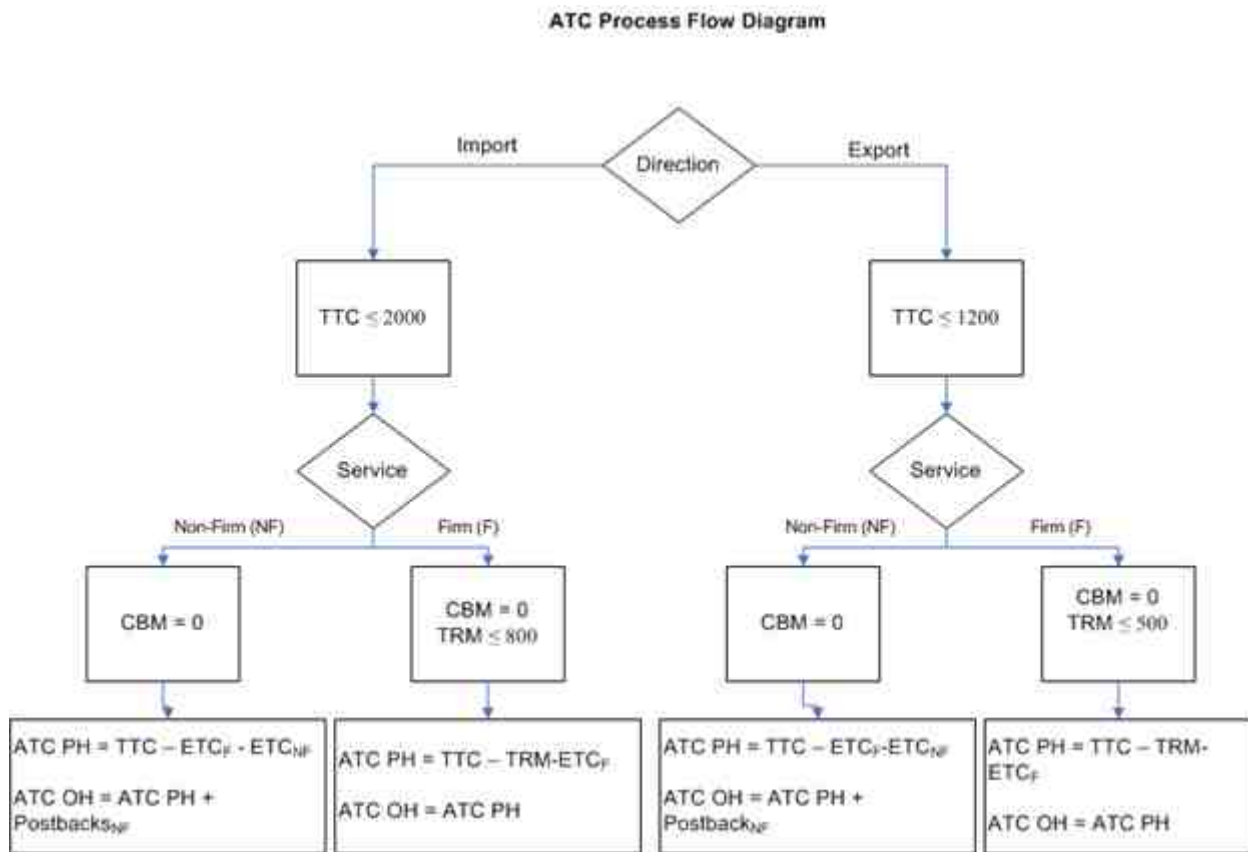
## 5.5 ATC Mathematical Algorithms

The mathematical algorithms are posted on the ISO New England OASIS web site at [http://www.oatiaoasis.com/ISNE/ISNEdocs/sched20A\\_atc\\_algorithm.docx](http://www.oatiaoasis.com/ISNE/ISNEdocs/sched20A_atc_algorithm.docx). Each SSP will provide a link to this document on their individual web sites.

## 5.6 Generation and Transmission Outages

The Phase I/II HVDC-TF is a controllable DC inter-Control Area tie line and therefore generation or transmission outages have no impact on the Phase I/II HVDC-TF ATC.

## 6. ATC PROCESS FLOW DIAGRAM



**SCHEDULE 20A**  
**POINT-TO-POINT SERVICE OVER THE**  
**PHASE I/II HVDC TRANSMISSION FACILITIES**  
**(PHASE I/II HVDC-TF SERVICE)**

In order to ensure continuity of service to customers, all agreements for transmission service over the Phase I/II HVDC-TF in effect as of the effective date of this Schedule 20A will remain in full force and effect under this Schedule 20A. This Schedule 20A contains the general terms and conditions regarding the treatment of Phase I/II HVDC-TF Service under the Tariff. In the event of a conflict between the terms and conditions of Part I and Part II of this Schedule, the terms and conditions of Part II shall govern. Phase I/II HVDC-TF Service is a Point-To-Point Service offered by certain Interconnection Rights Holders (“IRH”) under this Schedule 20A. Such IRH are referred to herein as the “Schedule 20A Service Providers”, have Phase I/II HVDC-TF Service Schedules in Part II of this Schedule 20A, and are listed on the ISO OASIS. Phase I/II HVDC-TF Service shall be offered to Eligible Customers by Schedule 20A Service Providers through their Phase I/II HVDC-TF Transmission Provider Page in accordance with this Schedule 20A and the HVDC Transmission Operating Agreement and is subject to the rights and obligations of the IRHs under the Restated Use Agreement, the Support Agreements, and the Phase I/II HVDC-TF Transmission Service Administration Agreement. Phase I/II HVDC-TF Service under this Schedule 20A is offered by the Schedule 20A Service Providers based on their Use Rights and on any Use Rights that they offer on behalf of any other IRH that are not Schedule 20A Service Providers. Pursuant to Section 2 of Part 1 of this Schedule 20A and subject to mutually agreeable contractual arrangements, the Schedule 20A Service Providers will offer, through this Schedule 20A and their Phase I/II HVDC-TF Transmission Provider Page, the Use Rights of any IRHs that are not Schedule 20A Service Providers. This Schedule 20A also includes the specific rates, terms and conditions for Phase I/II HVDC-TF Service for individual Schedule 20A Service Providers. All Transmission Customers taking Phase I/II HVDC-TF Service shall be subject to and comply with the terms and conditions of this Schedule 20A and the Tariff. The specific terms and conditions for rates and charges of the individual Schedule 20A Service Providers’ offering of their Phase I/II HVDC-TF Use Rights are found in the Phase I/II HVDC-TF Service Schedules in Part II of this Schedule 20A.

## **I. PHASE I/II HVDC-TF POINT-TO-POINT SERVICE**

### **1. Definitions**

Capitalized terms used and defined in this Schedule 20A shall have the meaning given them under this Schedule. Capitalized terms used and not defined in this Schedule 20A but defined in other sections of the Tariff shall have the meaning given them under those sections. Capitalized terms used in this Schedule 20A that are not defined in it or elsewhere in the Tariff shall have the meanings in the Restated Use Agreement or those customarily attributed to applicable criteria, rules, standards and operating procedures.

**1.1 Interconnection Rights Holders (“IRHs”):** means the entities that pay for and hold exclusive Use Rights to the transfer capability of the Phase I/II HVDC-TF, as granted under the Support Agreements and as further provided for under the Restated Use Agreement, either (i) directly, by virtue of being parties to the Support Agreements, or (ii) indirectly (“Indirect IRH(s)”), through a Transfer Agreement.

**1.2 Phase I/II HVDC-TF:** means the transmission facilities, identified in Schedule 2.01 (a) of the HVDC Transmission Operating Agreement or its successor schedule, constructed in two phases (“Phase I” and “Phase II”) that comprise the United States segment of the 2000 MW transmission interconnection which connects the Hydro-Quebec TransÉnergie control area and the New England Control Area. Phase I is the United States portion of the 450 kV high-voltage, direct-current (“Phase I/II HVDC”) transmission line from a terminal at the Des Cantons Substation on the Hydro-Quebec system near Sherbrooke, Quebec to a terminal with a nominal transfer capability of 690 MW at the Monroe Converter Station in New Hampshire. Phase II is the United States portion of the facilities required to increase to 2000 MW the nominal transfer capability of the Phase I/II HVDC-TF, including an extension of the Phase I/II HVDC transmission line from the terminus of Phase I at the Monroe Converter Station through New Hampshire to a terminal at the Sandy Pond Converter Station in Massachusetts. Phase I/II HVDC-TF is a form of OTF, as defined under Section II.1.85 of the Tariff.

**1.3 Phase I/II HVDC-TF Owners:** are: New England Hydro-Transmission Electric Company, Inc.; New England Hydro-Transmission Corporation; New England Electric Transmission Corporation; and Vermont Electric Transmission Company. The Phase I facilities in the United States are owned by New England Electric Transmission Corporation and Vermont Electric Transmission Company. The Phase II facilities in the United States are owned by New England Hydro-Transmission Electric Company, Inc. and New England Hydro-Transmission Corporation. The Phase I/II HVDC-TF Owners are parties to financial support agreements (the “Support Agreements”) with the IRHs.

**1.4 Phase I/II HVDC-TF Service:** means Firm and Non-Firm Point-To-Point Service over the Phase I/II HVDC-TF.

**1.5 Phase I/II HVDC-TF Service Agreement:** means an executed or unexecuted agreement for Phase I/II HVDC-TF Service, as reflected in Attachment A to Part I of this Schedule 20A.

**1.6 Phase I/II HVDC-TF Transmission Service Administration Agreement:** means the agreement among the ISO, the Schedule 20A Service Providers, and the IRH Management Committee specifying the rights and obligations of the parties regarding transmission service over the Phase I/II HVDC-TF, dated April 1, 2005, as may be amended and restated from time to time, and any successor agreement.

**1.7 Phase I/II HVDC-TF Service Charge:** is the charge for Phase I/II HVDC-TF Service, which shall be determined pursuant to arrangements between the applicable Schedule 20A Service Provider and Eligible Customers that take Phase I/II HVDC-TF Service under this Schedule 20A. The charge for Phase I/II HVDC-TF Service shall be determined by the applicable Phase I/II HVDC-TF Service Schedule in Part II of this Schedule 20A.

**1.8 Phase I/II HVDC-TF Service Schedule:** is an individual Schedule 20A Service Provider's schedule in Part II of this Schedule 20A that sets forth the terms and conditions for rates and charges, as applicable to Phase I/II HVDC-TF Service offered by that Schedule 20A Service Provider.

**1.9 Phase I/II HVDC-TF Transmission Provider Page:** means the respective Transmission Provider pages of the Schedule 20A Service Providers, which are located on the ISO OASIS, through which Phase I/II HVDC-TF Service is offered. Some of the information posted on the Transmission Provider pages of the Schedule 20A Service Providers shall include: values for Available Transmission Capability (ATC); offerings for Phase I/II HVDC-TF Service; and procedures for the application for and acquisition of Phase I/II HVDC-TF Service.

**1.10 Pre-Confirmed Request:** is an OASIS transmission service request that commits the Transmission Customer to take and pay for the requested Phase I/II HVDC-TF Service upon acceptance on OASIS by the Schedule 20A Service Provider that can provide the requested Phase I/II HVDC-TF Service.

**1.11 Restated Use Agreement:** is the Agreement among the IRH with respect to the Use Rights, dated as of December 1, 1981, as amended or restated as of September 1, 1985, November 19, 1997, April 8, 1998, and June 1, 2002, and as it may be further amended or restated from time to time.

**1.12 Schedule 20A Service Provider:** is an individual IRH that has a Phase I/II HVDC-TF Service Schedule and offers its own Use Rights or the Use Rights of other IRHs under this Schedule 20A.

**1.12a Submittal Window:** is the 5 minute window, beginning immediately after the expiration of the “no earlier than” request time, within which all service requests will be deemed to have been submitted simultaneously.

**1.13 Support Agreements:** are the certain agreements between the Phase I/II HVDC-TF Owners and the IRH that are not Indirect IRHs, under which the IRH are granted the exclusive rights to the transfer capability of the Phase I/II HVDC-TF and the obligation to pay the costs of the Phase I/II HVDC-TF.

**1.14 Transfer Agreement:** is an agreement, pursuant to the Restated Use Agreement, under which an IRH may transfer all or part of its Use Rights to another entity for a specified period of time.

**1.15 Transmission Customer:** is, for purposes of this Schedule 20A, an Eligible Customer that is receiving or has received Phase I/II HVDC-TF Service.

**1.16 Use Rights:** are the exclusive rights to the Combined Percentage Interest of the transfer capability of the Phase I/II HVDC-TF granted to the each of the IRH under the Support Agreement in exchange for the IRH’s obligation to pay for the Phase I/II HVDC-TF. The maximum MW amount of Use Rights that a Schedule 20A Service Provider may make available is its Combined Percentage Interest times the posted TTC value, plus the maximum MW amount of Use Rights of any other IRH on whose behalf the Schedule 20A Service Provider is posting, rounded down to whole MW.

**1.17 FERC: The Federal Energy Regulatory Commission.**



## **2. Phase I/II HVDC-TF Service**

Phase I/II HVDC-TF Service is a Point-To-Point Service offered by the Schedule 20A Service Providers over Phase I/II HVDC-TF using the transfer capability associated with their own Use Rights and the Use Rights of any other IRH that has contracted with a Schedule 20A Service Provider for the offering of Use Rights under this Schedule 20A. Not all IRHs are FERC-jurisdictional utilities and, as such, these IRHs are not required to offer transmission service for their share of the Phase I/II HVDC-TF. An IRH that is not a Schedule 20A Service Provider may, however, choose to make all or a portion of its rights available through an individual Schedule 20A Service Provider and its Phase I/II HVDC-TF Service Schedule by entering into a Transfer Agreement. Subject to a mutually agreeable Transfer Agreement and associated contractual arrangements, a Schedule 20A Service Provider will offer the Use Rights of any other IRH that wishes to make its Use Rights available under this Schedule 20A. In the event that the parties cannot agree on a Transfer Agreement and associated contractual arrangements, either party may petition the FERC for relief.

### **2.1 Nature of Phase I/II HVDC-TF Service**

#### **(a) Term of Phase I/II HVDC-TF Service:**

(i) Firm Phase I/II HVDC-TF Service: The minimum term of Firm Phase I/II HVDC-TF Service shall be one day and the maximum term shall be that specified in the Phase I/II HVDC-TF Service Agreement.

(ii) Non-Firm Phase I/II HVDC-TF Service: Non-Firm Phase I/II HVDC-TF Service will be available for periods ranging from one hour to one month and shall be that specified in the Phase I/II HVDC-TF Service Agreement. A Transmission Customer that purchases Non-Firm Phase I/II HVDC-TF Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies may be greater than one month, subject to the requirements of this Schedule 20A.

#### **(b) Reservation, Interruption and Curtailment Priority for Phase I/II HVDC-TF Service:**

(i) The Schedule 20A Service Providers, individually or collectively, shall post on the Phase I/II HVDC-TF Transmission Provider Page, rules setting reservation, interruption and Curtailment priorities for Firm and Non-Firm Phase I/II HVDC-TF Service. Such rules shall be non-discriminatory and consistent with Commission Orders and shall also be in accordance with the Restated Use Agreement.

In instances where an IRH is not a Schedule 20A Service Provider and it desires to offer its Use Rights, that IRH shall arrange for the posting of the associated transmission service and associated reservations on a Phase I/II HVDC-TF Transmission Provider Page.

Each Schedule 20A Service Provider shall be responsible for calculating the ATC for its Use Rights and for the Use Rights of any other IRH with whom it has contracted to offer such Use Rights, and for posting such ATC values on its Phase I/II HVDC-TF Transmission Provider Page.

Phase I/II HVDC-TF reservation priorities shall be established separately from PTF, other OTF or MTF reservation priorities.

(ii) If a Schedule 20A Service Provider fails to post such rules, then reservation, interruption and Curtailment priorities for Firm and Non-Firm Phase I/II HVDC-TF Service shall be those established by relevant reliability authorities (e.g., the Northeast Power Coordinating Council) and under such scheduling and curtailment rules as may be accepted and/or approved by the FERC for participation in the regional electricity markets.

(iii) Firm Phase I/II HVDC-TF Service Reservation Priority: The Phase I/II HVDC-TF reservation priority for either Long-Term or Short-Term Firm Phase I/II HVDC-TF Service shall be determined on a first come first served basis by the date and time of the service request, with requests received within the Submittal Window being subject to the procedures described in Section 2.1(b)(vi) below. However, Pre-Confirmed Requests for Short-Term Point-To-Point Transmission Service will receive priority over earlier-submitted requests that are not pre-confirmed and that have equal or shorter duration. Among requests with the same duration and, as relevant, pre-confirmation status (pre-confirmed or not pre-confirmed), priority will be given to a Transmission Customer's request that offers the highest price, followed by the date and time of the request.

(iv) If the Phase I/II HVDC-TF becomes oversubscribed, requests for service may preempt competing reservations up to the following conditional reservation deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all requests and reservations, a Transmission Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Firm Phase I/II HVDC-TF Service will be granted if the Transmission Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section I.2.1(f) of this Schedule 20A) from being notified by the Schedule 20A Service Provider of a longer-term competing request for Firm Phase I/II HVDC-TF Service. When a longer duration request preempts multiple shorter duration reservations, the shorter duration reservations shall have simultaneous opportunities to exercise the right of first refusal. Duration, price and time of response will be used to determine the order by which the multiple shorter duration reservations will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of this Schedule 20A. Firm Phase I/II HVDC-TF Service will always have a reservation priority over Non-Firm Phase I/II HVDC-TF Service under the Tariff.

(v) Non-Firm Phase I/II HVDC-TF Service Reservation Priority: Non-Firm Phase I/II HVDC-TF Service shall be available from transfer capability in excess of that needed for reliable service to Long-Term and Short-Term Firm Phase I/II HVDC-TF Service. A higher reservation priority will be assigned first to Non-Firm Phase I/II HVDC-TF Service requests or reservations with a longer duration of service than those reservations with a shorter duration and second to Pre-Confirmed Requests. Competing requests of the same pre-confirmation status and equal duration for Non-Firm Phase I/II HVDC-TF Service will be prioritized based on the highest price offered by the Transmission Customer for the transmission service, or in the event the price for all Transmission Customers is the same, will be prioritized on a first-come, first-served basis (i.e., in the chronological sequence in which each Transmission Customer has reserved service). Requests for monthly service received within the Submittal Window shall be subject to the procedures described in Section 2.1(b)(vi) below. Transmission Customers that have already reserved shorter-term service over Phase I/II HVDC-TF have the right of first refusal to match any longer-term request before being preempted, provided that such Transmission Customer's

advance reservation is consistent with any modified request for Non-Firm Phase I/II HVDC-TF Service.

(vi) Requests for Firm and monthly Non-Firm Phase I/II HVDC-TF Service are subject to a Submittal Window and to an allocation in accordance with the procedures of this section.

Each Schedule 20A Service Provider will refuse those service requests for the same increment and class of service from the same Transmission Customer which, in aggregate, exceeds that Schedule 20A Service Provider's posted ATC. A single service request will be refused if it exceeds the posted ATC. If multiple identical service requests, as defined by NAESB Standard 001-0.5, for the entire posted ATC are received within the Submittal Window, only the first of those service requests will be considered valid. The remaining identical service requests will be refused.

If sufficient transfer capability is not available to meet all service requests for Phase I/II HVDC-TF Service submitted within the Submittal Window, the Schedule 20A Service Providers will allocate among valid requests received in the Submittal Window, allocating ATC pro-rata, on a whole MW basis, among those requests of the longest duration first and subject to the following order: pre-confirmed Firm, Firm, pre-confirmed Non-Firm and Non-Firm. If the total amount of valid pre-confirmed service requests exceeds a Schedule 20A Service Provider's Firm ATC, each valid pre-confirmed service request for Firm Phase I/II HVDC-TF Service will be multiplied by the ratio of that Schedule 20A Service Provider's Firm or Non-Firm ATC, as applicable, to the total MWs of valid Firm or Non-Firm pre-confirmed service requests, as applicable. If the total amount of valid pre-confirmed Firm service requests does not exceed ATC for Firm Phase I/II HVDC-TF Service, then any remaining non pre-confirmed Firm service requests will be allocated similarly across remaining ATC. Non-Firm service requests for monthly service will follow the same methodology for any remaining ATC.

If a customer withdraws its service request after it has been accepted but prior to the Customer Confirmation Time Limit as identified in FERC Order 638, the pro rata allocation of ATC for the remaining valid service requests will be recalculated and the service requests will be updated accordingly on OASIS.

The Schedule 20A Service Providers will address queue flooding, queue hoarding and denial of service in accordance with in NAESB WEQ-001. If the Schedule 20A Service Providers detect any of the above activities, the Schedule 20A Service Providers may extend the Submittal Window by additional 5 minute increments.

Each Schedule 20A Service Provider reserves the right to develop additional allocation criteria in the event that the above criteria do not address a particular situation that occurs during the Submittal Window. Such criteria shall either be included in the Business Practice posted on the Schedule 20A Service Provider's Phase I/II HVDC-TF Transmission Provider Page or the Schedule 20A Service Providers will file with the Commission, changes to this Schedule 20A, in compliance with applicable Commission regulations.

In cases where valid service requests received in the Submittal Window result in residual MW(s), the Schedule 20A Service Providers will allocate, via counter offer, the residual MW(s) to the first valid service request queued in the Submittal Window. In cases where more than one residual MW is available, 1 MW will be allocated, via counter offer, to each valid service request, starting with the first valid service request in the Submittal Window and moving to the next until all such MW(s) have been allocated.

**(c) Use of Phase I/II HVDC-TF Service By a Transmission Customer:** A Transmission Customer shall take and pay for Phase I/II HVDC-TF Service for the transmission of any scheduled Real-Time Energy Market transaction (including imports of energy into, exports of energy out of, and wheels of energy through, the New England Control Area ) that requires the use of the Phase I/II HVDC-TF. If a Transmission Customer elects to take Phase I/II HVDC-TF Service, it must first reserve transmission capability (i.e., a confirmed advance Phase I/II HVDC-TF Service reservation) to allow both the delivery of energy and/or capacity to it over the Phase I/II HVDC-TF (to the extent permitted under the Tariff) commensurate with the associated Phase I/II HVDC-TF Service reservation designated by it in a Completed Application for Phase I/II HVDC-TF Service and the delivery of Energy and/or capacity to or from it over the Phase I/II HVDC-TF to the extent permitted under the Tariff. A Transmission Customer that takes Phase I/II HVDC-TF Service under this Schedule 20A must also take any other applicable service, in accordance with the Tariff.

**(d) Phase I/II HVDC-TF Service Agreements:** A standard form Phase I/II HVDC-TF Service Agreement (Attachment A to Part I of this Schedule 20A) will be offered to an Eligible Customer when it submits a Completed Application for Phase I/II HVDC-TF Service pursuant to this Schedule 20A. Executed Phase I/II HVDC-TF Service Agreements that contain the information required under this Schedule 20A will be reported and/or filed by the Schedule 20A Service Provider with the Commission in compliance with applicable Commission regulations. An Eligible Customer that uses Phase I/II HVDC-TF Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Phase I/II HVDC-TF Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement.

**(e) Classification of Phase I/II HVDC-TF Service:**

(i) Transmission Customers requesting Phase I/II HVDC-TF Service do so with the full realization that such service is subject to availability and Curtailment pursuant to Section II.44 of the Tariff and that the ISO will redispatch all Resources subject to its control, pursuant to the Tariff, in order to meet load and to accommodate External Transactions. Transmission Customers will be charged for the Congestion Costs and any other costs associated with such redispatch in accordance with the Tariff.

(ii) The Point of Receipt and Point of Delivery on the Phase I/II HVDC-TF at which transmission capacity is reserved for Phase I/II HVDC-TF Service by the Transmission Customer shall be set forth in the Phase I/II HVDC-TF Service Agreement for such service along with a corresponding capacity reservation over the Phase I/II HVDC-TF. The Point of Receipt and Point of Delivery for Phase I/II HVDC-TF Service shall be as mutually agreed upon by the Schedule 20A Service Provider and the Transmission Customer for Phase I/II HVDC-TF Service.

(iii) Non-Firm Phase I/II HVDC-TF Service shall be offered on an hourly, daily, weekly or monthly basis, under applicable terms and conditions contained in this Schedule 20A, and shall not exceed one month's reservation. Firm Phase I/II HVDC-TF Service shall be offered on a daily, weekly, monthly or yearly basis under the applicable terms and conditions contained in this Schedule 20A.

(iv) The Transmission Customer's Reserved Capacity over the Phase I/II HVDC-TF shall be the sum of its Phase I/II HVDC-TF Service reservations.

**(f) Scheduling Associated with Phase I/II HVDC-TF Service:** An advance reservation is required for Phase I/II HVDC-TF Service for any External Transaction that imports energy into, exports energy out of, or wheels energy through, the New England Control Area over the Phase I/II HVDC-TF. The External Transaction, with its supporting advance reservation, shall be submitted by the Transmission Customer for inclusion in the Real-Time Energy Market pursuant to the Tariff and in accordance with applicable ISO New England Operating Procedures. External Transactions submitted into the Real-Time Energy Market and associated with Phase I/II HVDC-TF Service shall be dispatched pursuant to the Tariff. Transmission Customers will be charged for the Congestion Costs and any other costs associated with such dispatch in accordance with the Tariff.

**(g) Curtailment Associated with Phase I/II HVDC-TF Service:** When the ISO determines that an electrical emergency exists on the New England Transmission System, the ISO shall implement emergency procedures to effect a Curtailment of Phase I/II HVDC-TF Service. The ISO will redispatch all Resources subject to its control, pursuant to the Tariff, in order to meet load and to accommodate External Transactions. External Transactions using Phase I/II HVDC-TF Service shall be curtailed or interrupted in accordance with Section II.44 of the Tariff. Transmission Customers will be charged for the Congestion Costs and any other costs associated with such redispatch in accordance with the Tariff. Pursuant to such redispatch, in the event that ISO exercises its right to effect a Curtailment of Phase I/II HVDC-TF Service, in whole or part, no credit or other adjustment shall be provided as a result of the Curtailment with respect to the charges payable by the Transmission Customer.

**2.2 Transmission Customer Responsibility for Other Service:** Phase I/II HVDC-TF Service only provides transmission service over the Phase I/II HVDC-TF. The Transmission Customer is responsible for obtaining and paying any applicable costs associated with any service on other transmission facilities that may be required to complete a transaction that utilizes Phase I/II HVDC-TF Service.

**2.3 Availability of Phase I/II HVDC-TF Service:** An Eligible Customer having a Phase I/II HVDC-TF Service Agreement with a Schedule 20A Service Provider is a Transmission

Customer (except as provided below) that may utilize the Use Rights offered by that Schedule 20A Service Provider for the transmission of any scheduled Real-Time transaction (includes imports of energy into, exports of energy out of, and wheels of energy through, the New England Control Area ) that requires the use of the Phase I/II HVDC-TF. Such service shall be provided and administered by the individual Schedule 20A Service Provider and shall be requested pursuant to the applicable terms and conditions of this Schedule 20A. Phase I/II HVDC-TF Service is available to any Eligible Customer who meets the financial assurance requirements of this Schedule 20A. The provision of Phase I/II HVDC-TF Service under this Schedule 20A requires that the Transmission Customer acquire an advance reservation over the Phase I/II HVDC-TF prior to the scheduling of an associated Real-Time transaction that requires the use of the Phase I/II HVDC-TF.

**2.4 Reservation Priority For Existing Firm Service Customers:** Existing firm service customers (wholesale requirements and transmission-only, with a contract term of five years or more), have the right to elect to continue to take Phase I/II HVDC-TF Service from the Schedule 20A Service Providers when the contract expires, rolls over or is renewed, subject to the rights and obligations of the Schedule 20A Service Providers under the Restated Use Agreement, the Support Agreements, and the Phase I/II HVDC-TF Transmission Service Administration Agreement. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Schedule 20A Service Provider or elects to purchase capacity and energy from another supplier. If at the end of the contract term, the Schedule 20A Service Provider's Use Rights cannot accommodate all of the requests for Phase I/II HVDC-TF Service, the existing firm service customer must agree to accept a contract term at least equal to the longest competing request by any new Transmission Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service; provided that, the firm service customer shall have a right of first refusal at the end of such service only if the new contract is for five years or more. The existing firm service customer must provide notice to the Schedule 20A Service Provider whether it will exercise its right of first refusal no less than one year prior to the expiration date of its Phase I/II HVDC-TF Service Agreement. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of five years or longer, subject to the rights and obligations of the Schedule 20A Service Providers under the Restated Use Agreement, the Support Agreements, and the Phase I/II HVDC-TF Transmission Service Administration Agreement. Service Agreements subject to a right of first refusal entered into



prior to the date of the Schedule 20A Service Providers' filing adopting the reformed rollover language herein in compliance with Order No. 890 or associated with a transmission service request received prior to July 13, 2007, unless terminated, will become subject to the five year/one year requirement on the first rollover date after the date of the Schedule 20A Service Providers' filing adopting the reformed rollover language herein in compliance with Order No. 890; provided that, the one year notice requirement shall apply to such service agreements with five years or more left in their terms as of the date of the Schedule 20A Service Providers' filing adopting the reformed rollover language herein in compliance with Order No. 890.

### **3. Transmission Customer Responsibilities**

**3.1 Conditions Required of Transmission Customers:** Phase I/II HVDC-TF Service will be provided by the Schedule 20A Service Provider only if the following conditions are satisfied by the Transmission Customer.

- (a)** The Transmission Customer has submitted a Completed Application for Phase I/II HVDC-TF Service in accordance with this Schedule 20A;
- (b)** The Transmission Customer continues to qualify as an Eligible Customer;
- (c)** The Transmission Customer and the Schedule 20A Service Provider have executed a Phase I/II HVDC-TF Service Agreement pursuant to this Schedule 20A;
- (d)** The Transmission Customer agrees to have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Point of Receipt prior to the time service commences;
- (e)** The Transmission Customer agrees to submit External Transactions into the New England Markets in accordance with the applicable ISO New England Operating Documents;
- (f)** The Transmission Customer agrees to pay for Phase I/II HVDC-TF Service Charges, any Congestion Costs or other redispatch costs chargeable to such Transmission Customer under this Schedule 20A, and the Tariff, whether or not the Transmission Customer takes service for the full term of its Phase I/II HVDC-TF Service reservation;

(g) The Transmission Customer has an advance reservation with a Schedule 20A Service Provider for Phase I/II HVDC-TF Service;

(h) The Transmission Customer meets the creditworthiness procedures in Attachment L to the Schedule 20A Service Provider's Phase I/II HVDC-TF Service Schedule in Part II of Schedule 20A; and

(i) The Transmission Customer provides the information required by the ISO's regional system planning process.

**3.2 Transmission Customer Responsibility for Third-Party Arrangements:** Any arrangements for Transmission Service and the scheduling of transactions that may be required by neighboring electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by ISO, notification to ISO identifying such neighboring electric systems and authorizing them to schedule the transactions to be transmitted pursuant to the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt.

The Transmission Customer shall arrange for Transmission Service, as necessary, in accordance with the Tariff. The ISO will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

#### **4. Procedures for Arranging Phase I/II HVDC-TF Service**

**4.1 Application:** Eligible Customers seeking Phase I/II HVDC-TF Service must submit a Completed Application for Phase I/II HVDC-TF Service to the Schedule 20A Service Provider in accordance with the applicable section of this Schedule 20A and in accordance with the Schedule 20A Service Provider's rules, as posted on the Phase I/II HVDC-TF Transmission Provider Page. The Schedule 20A Service Provider shall post a copy of its form of Application for Phase I/II HVDC-TF Service on its Phase I/II HVDC-TF Transmission Provider Page.

**4.2 Completed Application:** A Completed Application for Phase I/II HVDC-TF Service shall provide all of the information included at 18 C.F.R. § 2.20 of the Commission's regulations, including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under this Schedule 20A;
- (iii) The Point(s) of Receipt and Point(s) of Delivery;
- (iv) The maximum amount of capacity and energy expected to be utilized under the Phase I/II HVDC-TF Service Agreement;
- (v) The Service Commencement Date and the term of the requested Phase I/II HVDC-TF Service;
- (vi) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Phase I/II HVDC-TF. Customers may combine their requests for Phase I/II HVDC-TF Service in order to satisfy the minimum transmission capacity requirement;
- (vii) A statement indicating that if the Transmission Customer submits a Pre-Confirmed Request, then the Transmission Customer will take and pay for the requested Phase I/II HVDC-TF Service upon acceptance on OASIS by the Schedule 20A Service Provider that can provide the requested Phase I/II HVDC-TF Service; and
- (viii) Any additional information required by the ISO's regional system planning process.
- (ix) In addition to the information specified above and when required to properly evaluate the application for service, the Schedule 20A Service Provider also may request that the Eligible Customer provide the following:

- ☐ ☐ The location of the generating facility(ies) supplying the capacity and energy, and the location of the load ultimately served by the capacity and energy transmitted.
- ☐ ☐ A description of the supply characteristics of the capacity and energy to be delivered.

**4.3      Deposit:** If required by the Schedule 20A Service Provider, a Completed Application for Phase I/II HVDC-TF Service by a Transmission Customer shall also include a deposit of either (a) one (1) month's charge for Reserved Capacity over the Phase I/II HVDC-TF for service requests of one (1) month or greater or (b) the full charge for Reserved Capacity over the Phase I/II HVDC-TF for service requests of less than one (1) month. If the Application for Phase I/II HVDC-TF Service is rejected by the Schedule 20A Service Provider because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a request for proposals (RFP), the deposit will be returned with interest, less any reasonable costs incurred by the Schedule 20A Service Provider, the ISO or any affected Transmission Owners in connection with the review of the Application for Phase I/II HVDC-TF Service. If an Application for Phase I/II HVDC-TF Service is withdrawn or the Eligible Customer decides not to enter into a Phase I/II HVDC-TF Service Agreement, the deposit will be refunded in full, with interest, less reasonable costs incurred by the Schedule 20A Service Provider, the ISO or any affected Transmission Owners to the extent such costs have not already been recovered from the Eligible Customer. The Schedule 20A Service Provider will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. If a Phase I/II HVDC-TF Service Agreement is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Phase I/II HVDC-TF Service Agreement. Applicable interest will be calculated in accordance with Commission regulations from the day the deposit is credited to the Schedule 20A Service Provider's account.

**4.4      Notice of Deficient Application:** If an Application for Phase I/II HVDC-TF Service fails to meet the requirements of this Schedule 20A, the Schedule 20A Service Provider will notify the entity requesting service within fifteen (15) days of the Schedule 20A Service Provider's receipt of the Application for Phase I/II HVDC-TF Service of the reasons for such failure. The Schedule 20A Service Provider and the Eligible Customer will attempt to remedy minor deficiencies in the Application for Phase I/II HVDC-TF Service through informal communications. If such efforts are unsuccessful, the Schedule 20A Service Provider will return the Application for Phase I/II HVDC-TF Service, along with any deposit (less the reasonable

costs incurred by the Schedule 20A Service Provider, the ISO or any affected Transmission Owners in connection with the Application for Phase I/II HVDC-TF Service), with interest, to the Eligible Customer. Upon receipt of a new or revised Application for Phase I/II HVDC-TF Service that fully complies with the requirements of this Schedule 20A, the Eligible Customer will be assigned a new reservation priority based upon the date of receipt by the Schedule 20A Service Provider of the new or revised Application for Phase I/II HVDC-TF Service.

**4.5 Response to a Completed Application:** Following receipt of a Completed Application for Phase I/II HVDC-TF Service, the Eligible Customer will be notified as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application for Phase I/II HVDC-TF Service. Responses by the Schedule 20A Service Provider must be made as soon as practicable to all Completed Applications for Phase I/II HVDC-TF Service and the timing of such responses must be made on a nondiscriminatory basis.

**4.6 Execution of Phase I/II HVDC-TF Service Agreement:** Whenever the Schedule 20A Service Provider determines that the requested service can be provided, it will notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application for Phase I/II HVDC-TF Service, and will tender a Phase I/II HVDC-TF Service Agreement to the Eligible Customer. Failure of an Eligible Customer to execute and return the Phase I/II HVDC-TF Service Agreement or request the filing of an unexecuted Phase I/II HVDC-TF Service Agreement, within fifteen (15) days after it is tendered by the Schedule 20A Service Provider, shall be deemed a withdrawal and termination of the Application for Phase I/II HVDC-TF Service and any deposit (less the reasonable costs incurred by the Schedule 20A Service Provider, the ISO and any affected Transmission Owners in connection with the Application for Phase I/II HVDC-TF Service) submitted will be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Completed Application for Phase I/II HVDC-TF Service after such withdrawal and termination.

**4.7 Reservation of Phase I/II HVDC-TF Service:** OASIS requests for yearly or monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly, daily and hourly service shall be submitted no earlier than twenty-one (21) days before service is to commence.

**4.8 Extensions for Commencement of Firm Phase I/II HVDC-TF Service:** The Transmission Customer can obtain, subject to availability, up to five one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Phase I/II HVDC-TF Service for each year or fraction thereof within 15 days of notifying the Schedule 20A Service Provider it intends to extend the commencement of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Phase I/II HVDC-TF Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity over the Phase I/II HVDC-TF, the original Reserved Capacity over the Phase I/II HVDC-TF will be released unless the following condition is satisfied: within thirty (30) days, the original Transmission Customer agrees to pay the applicable rate for Firm Phase I/II HVDC-TF Service for its Reserved Capacity over the Phase I/II HVDC-TF for the period that its reservation overlaps the period covered by such Eligible Customer's Completed Application for Phase I/II HVDC-TF Service. In the event the Transmission Customer elects to release the Reserved Capacity over the Phase I/II HVDC-TF, the reservation fees or portions thereof previously paid will be forfeited.

**4.9 Confidentiality of Information and Standards of Conduct.** The Schedule 20A Service Provider will treat all information included in the Completed Application for Phase I/II HVDC-TF Service as confidential in accordance with the standards of conduct contained in 18 C.F.R. Part 37 of the Commission's regulations except to the extent that disclosure of such information is required by this Schedule 20A, the Phase I/II HVDC-TF Service Agreement, Schedule 20A Service Provider's Business Practices, by regulatory or judicial order, or for reliability purposes pursuant to Good Utility Practice.

**5. Determination of Available Transfer Capability**

The Schedule 20A Service Provider will make a determination on a non-discriminatory basis of ATC pursuant to Attachment C to this Schedule 20A and Section II, Attachment C of the Tariff.

**6. Payment for Phase I/II HVDC-TF Service**

**6.1 Phase I/II HVDC-TF Service Charge:** A Transmission Customer shall pay the Schedule 20A Service Provider's Phase I/II HVDC-TF Service Charge to the Schedule 20A Service Provider under the terms of this Schedule 20A.

**6.2 Discounts:** Information regarding any discounts to the Phase I/II HVDC-TF Service Charge shall be offered by the Schedule 20A Service Provider in a not unduly discriminatory manner and posted on its Phase I/II HVDC-TF Transmission Provider Page pursuant to Commission regulations. Three principal requirements apply to discounts for transmission service over the Phase I/II HVDC-TF: (1) any offer of a discount made by a Schedule 20A Service Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted by the Schedule 20A Service Provider on the OASIS. For any discount agreed upon for service on a path, from Point(s) of Receipt to Point(s) of Delivery, the individual Schedule 20A Service Provider must offer the same discounted Phase I/II HVDC-TF Service rate for the same time period to all of its Eligible Customers.

**6.3 Resales:** The rates and rules governing charges and discounts stated in Sections 6.1 and 6.2 above shall not apply to resales of transmission service, compensation for which shall be governed by Section 8 of this Schedule 20A.

## **7. Changes in Service Specifications of Phase I/II HVDC-TF Service**

**7.1 Modification on a Firm Basis:** Any request by a Transmission Customer to modify Point(s) of Receipt and Point(s) of Delivery on a firm basis shall be treated as a new request for Phase I/II HVDC-TF Service in accordance with this Schedule 20A, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation over the Phase I/II HVDC-TF does not exceed the amount reserved in the existing Phase I/II HVDC-TF Service Agreement. While such new request is pending, the Transmission Customer shall retain its reservation priority for service at the firm Receipt Point(s) and Delivery Point(s) specified in the Transmission Customer's existing Phase I/II HVDC-TF Service Agreement.

**7.2 Modifications on a Non-Firm Basis:** The Transmission Customer taking Firm Phase I/II HVDC-TF Service may submit a request to the Schedule 20A Service Provider for transmission service on a non-firm basis over Point(s) of Receipt and Point(s) of Delivery other

than those specified in the Phase I/II HVDC-TF Service Agreement (“Secondary Receipt and Delivery Points”), in amounts not to exceed the Transmission Customer’s firm capacity reservation over the Phase I/II HVDC-TF, without incurring an additional Non-Firm Phase I/II HVDC-TF Service charge or executing a new Phase I/II HVDC-TF Service Agreement, subject to the following conditions:

- (a) Phase I/II HVDC-TF Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis, and will not displace any firm or non-firm Phase I/II HVDC-TF Service reserved by Transmission Customers under this Schedule;
- (b) the Transmission Customer shall retain its right to schedule Firm Phase I/II HVDC-TF Service at the Point(s) of Receipt and Point(s) of Delivery specified in the relevant Phase I/II HVDC-TF Service Agreement in the amount of the Transmission Customer’s original Phase I/II HVDC-TF Service reservation over the Phase I/II HVDC-TF; and
- (c) Phase I/II HVDC-TF Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Phase I/II HVDC-TF Service under this Schedule. However, all other requirements of this Schedule (except as to Phase I/II HVDC-TF Service charges) shall apply to Phase I/II HVDC-TF Service on a non-firm basis over Secondary Receipt and Delivery Points.

## **8. Sale, Assignment or Transfer of Phase I/II HVDC-TF Service**

**8.1 Procedures for Sale, Assignment or Transfer of Service:** Pursuant to Commission-approved rules posted by the Schedule 20A Service Provider on its Phase I/II HVDC-TF Transmission Provider Page, and subject to the requirements of the Restated Use Agreement, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Phase I/II HVDC-TF Service Agreement, but only to another Eligible Customer (the “Assignee”). The Transmission Customer that sells, assigns or transfers its rights under its Phase I/II HVDC-TF Service Agreement is hereafter referred to as the “Reseller” as the term is used throughout this Schedule 20A. Compensation to Resellers shall be at rates established by agreement between the Reseller and the Assignee.



The Assignee must execute a service agreement with the Schedule 20A Service Provider governing reassignments of transmission service prior to the date on which the reassigned service commences. The Schedule 20A Service Provider shall charge the Reseller, as appropriate, at the rate stated in the Reseller's Service Agreement with the Schedule 20A Service Provider or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee's Service Agreement with the Schedule 20A Service Provider or the associated OASIS schedule; provided that, such credit shall be reversed in the event of non-payment by the Assignee. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Phase I/II HVDC-TF Service Agreement, the Assignee shall receive the same services as did the Reseller and the transmission priority of service for the Assignee shall be the same as that of the Reseller. The Assignee shall be subject to all terms and conditions of this Schedule 20A. If the Assignee requests a change in service, the reservation priority of service will be determined by the Schedule 20A Service Provider pursuant to this Schedule 20A.

**8.2 Limitations on and Obligations of Assignment or Transfer of Service:** If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Phase I/II HVDC-TF Service Agreement, the Schedule 20A Service Provider will consent to such change subject to the provisions of this Schedule 20A, provided that the change will not impair the operation of the New England Markets or the operation and reliability of the New England Transmission System. The Reseller shall remain liable for the performance of all obligations under the Phase I/II HVDC-TF Service Agreement, except as specifically agreed to by the Schedule 20A Service Provider, the Reseller and the Assignee through an amendment to the Phase I/II HVDC-TF Service Agreement.

**8.3 Information on Resale of Service:** In accordance with this Schedule 20A, Transmission Customers may use the Phase I/II HVDC-TF Transmission Provider Page to post information regarding transmission capacity over the Phase I/II HVDC-TF available for resale. All sales or assignments of capacity must be conducted through or otherwise posted on the Schedule 20A Service Provider's OASIS on or before the date the reassigned service commences and are subject to Section 8.1.

## **9. Real Power Losses**

Real power losses across the Phase I/II HVDC-TF shall be allocated solely to Transmission Customers that use Phase I/II HVDC-TF. Such allocation for transactions across the Phase I/II HVDC-TF shall be pursuant to the Tariff and in accordance with the operating protocols adopted by TransÉnergie and the Phase I/II HVDC-TF Owners. The Transmission Customer will be responsible for the losses associated with Phase I/II HVDC-TF Service, in addition to any losses associated with other transmission service under the Tariff.

**10. No Obligation to Build or Expand the Phase I/II HVDC-TF**

A Schedule 20A Service Provider's status under the Tariff shall not impose any obligation on it to build transmission facilities or expand the Phase I/II HVDC-TF. The offering of Phase I/II HVDC-TF Service under the Tariff shall not impose on the Phase I/II HVDC-TF Owners, the IRH or the ISO an obligation to build any transmission facilities to accommodate Phase I/II HVDC-TF Service.

**11. No Effect on PTF Rates**

Inclusion of Phase I/II HVDC-TF Service under the Tariff shall not affect rates for service on the PTF under the Tariff.

**12. Ancillary Services**

Transmission Customers taking service over the Phase I/II HVDC-TF Transmission System are required to acquire Ancillary Services from (a) the Schedule 20A Service Provider pursuant to the provisions within Section II to this Schedule 20A and (b) the Control Area Operator pursuant to the provisions within the Tariff. The specific Ancillary Services, prices and/or compensation methods are described in Section II to this Schedule 20A and in the applicable Schedules of the OATT.

**13. Congestion Costs and FTRs**

Congestion Costs will not be calculated, and therefore FTRs will not be offered, between any set of points on the Phase I/II HVDC-TF. Transmission Customers taking Phase I/II HVDC-TF Service in conjunction with service over the PTF, however, shall be subject to applicable Congestion Costs for any use of the PTF.

**14. Creditworthiness**

Each Schedule 20A Service Provider will specify its Creditworthiness procedures in Attachment L to its Phase I/II HVDC-TF Service Schedule in Part II of Schedule 20A.

## **15. Billing and Payment**

**15.1 Billing Procedure:** Within a reasonable time after the first day of each month, the Schedule 20A Service Provider shall submit an invoice to the Transmission Customer for the charges for all Phase I/II HVDC-TF Service furnished under this Schedule 20A during the preceding month. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to the Schedule 20A Service Provider, or by wire transfer to a bank named by the Schedule 20A Service Provider.

**15.2 Interest on Unpaid Balances:** Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations. Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the Schedule 20A Service Provider.

**15.3 Customer Default:** In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Schedule 20A Service Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Schedule 20A Service Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the Schedule 20A Service Provider may initiate a proceeding with the Commission to terminate Phase I/II HVDC-TF Service but shall not terminate such service until the Commission approves any such request. In the event of a billing dispute between the Schedule 20A Service Provider and the Transmission Customer, the Schedule 20A Service Provider will continue to provide Phase I/II HVDC-TF Service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of Phase I/II HVDC-TF Service, then the Schedule 20A Service Provider may provide notice to the Transmission Customer of its intention to suspend such service in sixty (60) days, in accordance with Commission policy.

## **16. Standards for Business Practices and Communication Protocols for Public Utilities**

The following NAESB WEQ Standards are hereby incorporated by reference in this Schedule 20A to the extent they apply to the Schedule 20A Service Providers:

- WEQ-000, Abbreviations, Acronyms, and Definition of Terms (WEQ Version 003.1, September 30, 2015) (including only the definitions of Interconnection Monitor, Time Error, and Time Error Correction);
- WEQ-000, Abbreviations, Acronyms, and Definition of Terms (WEQ Version 003.2, December 8, 2017) (with minor correction applied July 23, 2019);
- WEQ-001, Open Access Same-Time Information System (OASIS), [OASIS] Version 2.2 (WEQ Version 003.2, December 8, 2017), excluding standards WEQ-001-0 preamble text, WEQ-001-10 preamble text;
- WEQ-002, Open Access Same-Time Information System (OASIS) Business Practice Standards and Communication Protocols (S&CP), [OASIS] Version 2.2 (WEQ Version 003.2, December 8, 2017);
- WEQ-003, Open Access Same-Time Information System (OASIS) Data Dictionary Business Practice Standards, [OASIS] Version 2.2 (WEQ Version 003.2, December 8, 2017) (with minor corrections applied July 23, 2019);
- WEQ-004, Coordinate Interchange (WEQ Version 003.2, December 8, 2017);
- WEQ-005, Area Control Error (ACE) Equation Special Cases (WEQ Version 003.2, December 8, 2017);
- WEQ-006, Manual Time Error Correction (WEQ Version 003.1, September 30, 2015);
- WEQ-007, Inadvertent Interchange Payback (WEQ Version 003.2, December 8, 2017);
- WEQ-008, Transmission Loading Relief (TLR) – Eastern Interconnection (WEQ Version 003.2, December 8, 2017);
- WEQ-011, Gas / Electric Coordination (WEQ Version 003.2, December 8, 2017);
- WEQ-012, Public Key Infrastructure (PKI) (WEQ Version 003.2, December 8, 2017);
- WEQ-013, Open Access Same-Time Information System (OASIS) Implementation Guide, [OASIS] Version 2.2 (WEQ Version 003.2, December 8, 2017);
- WEQ-015, Measurement and Verification of Wholesale Electricity Demand Response (WEQ Version 003.2, December 8, 2017);
- WEQ-021, Measurement and Verification of Energy Efficiency Products (WEQ Version 003.2, December 8, 2017);

- WEQ-022, Electric Industry Registry Business Practice Standards (WEQ Version 003.2, December 8, 2017); and
- WEQ-023, Modeling. The following standards are incorporated by reference: WEQ-023-5; WEQ-023-5.1; WEQ-023-5.1.1; WEQ-023-5.1.2; WEQ-023.5.1.2.1; WEQ-023-5.1.2.2; WEQ-023-5.1.2.3; WEQ-023-5.1.3; WEQ-023-5.2; WEQ-023-6; WEQ-023-6.1; WEQ-023-6.1.1; WEQ-023-6.1.2; and WEQ-023-A Appendix A. (WEQ Version 003.2, December 8, 2017).

## **SCHEDULE 20A**

### **ATTACHMENT A**

#### **PHASE I/II HVDC-TF SERVICE AGREEMENT**

This Phase I/II HVDC-TF Service Agreement (“Service Agreement”), dated as of \_\_\_\_\_, is entered into, by and between \_\_\_\_\_ (“Schedule 20A Service Provider”) and \_\_\_\_\_ (“Transmission Customer”).

#### **PART I – General Terms and Conditions**

1. Service Provided: Phase I/II HVDC-TF Service under Part II, Schedule 20A of the ISO New England Inc., Transmission, Markets and Services Tariff (“Tariff”) (Check applicable service):

☐ Non-Firm (Part I) ☐ Firm (Parts I & II)

2. The Transmission Customer is an Eligible Customer under the Tariff and is a party to either a Market Participant Service Agreement or a Transmission Service Agreement.

3. The Transmission Customer has submitted a Completed Application and the required deposit, if applicable, for Phase I/II HVDC-TF Service under this Service Agreement and the Tariff.

4. The Transmission Customer agrees to supply information associated with its request for Phase I/II HVDC-TF Service to the Schedule 20A Service Provider that the Schedule 20A Service Provider deems reasonably necessary in accordance with Schedule 20A and Good Utility Practice in order for it to receive the requested service.

5. The Schedule 20A Service Provider agrees to provide and the Transmission Customer agrees to take and pay for Phase I/II HVDC-TF Service in accordance with the provisions of the Tariff and this Service Agreement.

6. Service will be subject to some combination of the charges detailed in Part II, Schedule 20A of the Tariff. The appropriate charges will be determined in accordance with the terms and conditions of Schedule 20A.

7. Any notice or request made to or by either party regarding this Service Agreement shall be made to the representative of the other party as indicated below.

Transmission Customer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Schedule 20A Service Provider:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. The Tariff is incorporated herein and made a part hereof.

9. Nothing contained in this Service Agreement shall be construed as affecting in any way the right of the Schedule 20A Service Provider to file with the Commission under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder for a change in any rates, terms and conditions of this Service Agreement. Nothing contained in this Service Agreement shall be construed as affecting in any way the ability of the Transmission Customer to file with the Commission under Section 206 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder for a change in any rates, terms and conditions of this Service Agreement.

10. Phase I/II HVDC-TF Service under this Service Agreement shall commence on the later of: (1) \_\_\_\_\_, or (2) such other date as it is permitted to become effective by the Commission. Service shall terminate on \_\_\_\_\_.

## PART II – Firm Phase I/II HVDC-TF Service

### 1. Specifications for Phase I/II HVDC-TF Service.

- a. Term of Transaction: \_\_\_\_\_
- b. Description of capacity and energy to be transmitted over the Phase I/II HVDC-TF including the electric Control Area in which the transaction originates:  
\_\_\_\_\_  
\_\_\_\_\_
- c. Point(s) of Receipt and Capacity Reservation:  
\_\_\_\_\_  
\_\_\_\_\_
- d. Delivering Party: \_\_\_\_\_
- e. Point(s) of Delivery and Capacity Reservation:  
\_\_\_\_\_  
\_\_\_\_\_
- f. Receiving Party: \_\_\_\_\_
- g. Reserved Capacity: \_\_\_\_\_
- h. Service under this Service Agreement shall be subject to the following charges:  
\_\_\_\_\_  
\_\_\_\_\_

Additional terms and conditions as may be specified in individual Schedule 20A Service Providers' Service Schedule:

\_\_\_\_\_  
\_\_\_\_\_



IN WITNESS WHEREOF, the Parties have caused this Phase I/II HVDC-TF Service Agreement to be executed by their respective authorized officials.

Transmission Customer:

By: \_\_\_\_\_  
Name Title Date

\_\_\_\_\_  
Print Name

Schedule 20A Service Provider:

By: \_\_\_\_\_  
Name Title Date

\_\_\_\_\_  
Print Name

## **SCHEDULE 20A**

### **ATTACHMENT A-1**

#### **Form of PHASE I/II-TF Service Agreement For The Resale, Reassignment or Transfer of Point-To-Point Phase I/II HVDC-TF Service**

1. This Phase I/II HVDC-TF Service Agreement (“Service Agreement”), dated as of \_\_\_\_\_, is entered into, by and between \_\_\_\_\_ (“Schedule 20A Service Provider”) and \_\_\_\_\_ (“Assignee”).
2. The Assignee has been determined by the Schedule 20A Service Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.
3. The terms and conditions for the transaction entered into under this Service Agreement shall be subject to the terms and conditions of Part I of Schedule 20A and the Schedule 20A Service Provider’s Service Schedule of Schedule 20A, except for those terms and conditions negotiated by the Reseller of the reassigned transmission capacity (pursuant to Section I.8.1 of this Tariff) and the Assignee, to include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller’s Points of Receipt and Points of Delivery will be subject to the provisions of Section I.8.2 of this Tariff.
4. The Schedule 20A Service Provider shall credit the Reseller for the price reflected in the Assignee’s Service Agreement or the associated OASIS schedule.
5. Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Schedule 20A Service Provider:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Assignee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Schedule 20A Service Provider:

By: \_\_\_\_\_  
Name Title Date

\_\_\_\_\_  
Print Name

Assignee:

By: \_\_\_\_\_  
Name Title Date

\_\_\_\_\_  
Print Name

**Specifications For The Resale, Reassignment Or Transfer of  
Long-Term Firm Point-To-Point Phase I/II HVDC-TF Service**

1. Term of Transaction: \_\_\_\_\_

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

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

2. Description of capacity and energy to be transmitted by the Schedule 20A Service Provider including the electric Control Area in which the transaction originates.

\_\_\_\_\_

3. Point(s) of Receipt: \_\_\_\_\_

Delivering Party: \_\_\_\_\_

4. Point(s) of Delivery: \_\_\_\_\_

Receiving Party: \_\_\_\_\_

5. Maximum amount of reassigned capacity: \_\_\_\_\_

6. Designation of party(ies) subject to reciprocal service  
obligation: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

7. Name(s) of any Intervening Systems providing transmission  
service: \_\_\_\_\_

\_\_\_\_\_

(Name of Transmission Owner) Open Access Transmission Tariff

8. Service under this Service Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge: \_\_\_\_\_  
\_\_\_\_\_

8.2 System Impact and/or Facilities Study Charge(s):  
\_\_\_\_\_  
\_\_\_\_\_

8.3 Direct Assignment Facilities Charge: \_\_\_\_\_  
\_\_\_\_\_

8.4 Ancillary Services Charges: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9.0 Name of Reseller of the reassigned transmission capacity:  
\_\_\_\_\_

## **II. PHASE I/II HVDC-TF SERVICE SCHEDULES**

The specific terms and conditions for rates and charges of the individual Schedule 20A Service Providers' offering of their Phase I/II HVDC-TF Use Rights are found in the Phase I/II HVDC-TF Service Schedules in this Part II of Schedule 20A.

## **SCHEDULE 20A**

### **ATTACHMENT C**

#### **METHODOLOGY TO ASSESS AVAILABLE TRANSFER CAPABILITY**

##### **1. INTRODUCTION**

This Attachment C to Schedule 20A applies to the calculation of transfer capability of the Phase I/II HVDC-TF by the Schedule 20A Service Providers.

##### **1.1 Scope of Document**

This Attachment C to Schedule 20A addresses the following items with respect to the Phase I/II HVDC-TF between the Hydro-Quebec Control Area and the New England Control Area for the Schedule 20A Service Providers:

- Total Transfer Capability (TTC) methodology
- Available Transfer Capability (ATC) methodology
- Existing Transmission Commitments (ETC)
- Use of Transmission Reliability Margin (TRM)
- Use of Capacity Benefit Margin (CBM)
- Use of Roll-over Rights (ROR) in the calculation of ETC

##### **1.2 Overview of Phase I/II HVDC-TF**

The Phase I/II HVDC-TF is a 2,000 MW HVDC tie line in New England that interconnects the New England Control Area with the Hydro-Québec Control Area in the Province of Québec, Canada. This HVDC line has one termination point in New England (with paired operation with complementary facilities in Québec). The specific facilities in New England are the Sandy Pond HVDC Terminal, which interconnects Central Massachusetts and the Nicolet and/or Radisson HVDC terminals of Hydro-Québec. Additional information on the Phase I/II HVDC-TF can be found at ISO New England OASIS web site under the “IRH”.

### 1.3 Definitions

Capitalized terms used and defined in this Attachment C to Schedule 20A shall have the meaning given them under this Attachment. Capitalized terms used and not defined in this Schedule 20A but defined in other sections of Schedule 20A or the ISO Tariff shall have the meaning given them under those sections. Capitalized terms used in this Attachment C to Schedule 20A that are not defined in it or elsewhere in Schedule 20A or the ISO Tariff shall have the meanings in the Restated Use Agreement or those customarily attributed to applicable criteria, rules, standards and operating procedures.

**Balancing Authority (BA):** 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:** 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.

**Export:** New England to Hydro-Quebec

**Import:** Hydro-Quebec to New England

**Operating Horizon (OH):** For the purposes of this document,

- CVPS resets the OH at 16:00 eastern prevailing time each day. At that time, the OH spans from 16:00 through midnight two days out for a total of 56 hours. As time progresses the total hours remaining in the OH decreases until 16:00 the following day when the OH is once again reset to 56 hours.
- All SSPs (except CVPS) individually reset their OHs at noon eastern prevailing time each day. At that time, the OH spans from noon through midnight of the next day for a total of 36 hours. As time progresses the total hours remaining in the OH decreases until noon the following day when the OH is once again reset to 36 hours.

**Planning Horizon (PH):** For the purpose of this Attachment C to Schedule 20A, PH for any Schedule 20A Service Provider is any period before the OH.



**Scheduling Horizon (SH):** For the purpose of this Attachment C to Schedule 20A, SH is Real-Time and the hour before and utilizes Firm and Non-Firm Phase I/II HVDC-TF Service pursuant to ISO New England Operating Documents.

## **2. PHASE I/II HVDC-TF TOTAL TRANSFER CAPABILITY (TTC)**

The Total Transfer Capability (TTC) is the amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of all transmission lines (or paths) between those areas under specified system conditions. TTC for the Phase I/II HVDC-TF is calculated by the ISO as Transmission Operator using the NERC Standard MOD-029-1 Rated System Path Methodology and posted on the ISO New England OASIS site. Therefore, all requirements associated with the documentation of TTC methodology are addressed in Sections 1 and 3 of Section II, Attachment C – Available Transfer Capability Methodology of the ISO Tariff.

## **3. PHASE I/II HVDC-TF AVAILABLE TRANSFER CAPABILITY (ATC)**

### **General**

NERC standards: MOD-001-1 – Available Transmission System Capability and MOD-029-1 – Rated System Path Methodology define the required items to be identified when describing a transmission provider's ATC methodology. However, several of those items are not applicable to the Phase I/II HVDC-TF due to the fact that the Phase I/II HVDC-TF is a DC facility and sinks into a region where advance transmission service is not required. Because of this arrangement, loop flow is not an issue; and since associated Regional Transmission Service is not sold in advance of real-time flow within ISO New England, the flow on the Phase I/II HVDC-TF does not typically impact the calculation of any other transfer capability.

Each Schedule 20A Service Provider, based on its Planning and Operating Horizon timing guidelines, will calculate and post as specified in Section 5 of this document Firm and Non-Firm Phase I/II HVDC-TF ATC separately using the NERC Standard MOD-029-1 Rated System Path Methodology.

### **Phase I/II HVDC-TF Capacity Benefit Margin (CBM)**

CBM is defined as the amount of firm transmission transfer capability set aside by a TSP for use by the Load Serving Entities. The use of CBM on Phase I/II HVDC-TF is governed by the overall ISO approach

to capacity planning requirements in the ISO New England Operating Documents. Load Serving Entities operating within the New England Control Area are required to arrange their Capacity Requirements prior to the beginning of any given month in accordance with the ISO Tariff. As such, no CBM on Phase I/II HVDC-TF is set aside by any SSP for use by Load Serving Entities in ATC calculations. Therefore CBM is zero and will not be included in the calculations of ATC. As long as this market design is in place in New England, the CBM will continue to be set to zero.

#### **Existing Transmission Commitments, Firm (ETC<sub>F</sub>)**

The ETC<sub>F</sub> are those Phase I/II HVDC-TF confirmed Firm transmission reservation (PTP<sub>F</sub>) plus any rollover rights for Firm transmission reservations (ROR<sub>F</sub>) that have been exercised. There are no allowances necessary for Native Load forecast commitments (NL<sub>F</sub>), Network Integration Transmission Service (NITS<sub>F</sub>), grandfathered Transmission Service (GF<sub>F</sub>) and other service(s), contract(s) or agreement(s) (OS<sub>F</sub>) to be considered in the ETC<sub>F</sub> calculation.

#### **Existing Transmission Commitments, Non-Firm (ETC<sub>NF</sub>)**

The ETC<sub>NF</sub> are those Phase I/II HVDC-TF confirmed Non-Firm transmission reservations (PTP<sub>NF</sub>). There are no allowances necessary for Non-Firm Network Integration Transmission Service (NITS<sub>NF</sub>), Non-Firm grandfathered Transmission Service (GF<sub>NF</sub>) or other service(s), contract(s) or agreement(s) (OS<sub>NF</sub>).

#### **Transmission Reliability Margin (TRM)**

The TRM is the amount of transmission transfer capability necessary to provide reasonable assurance that the interconnected transmission network will be secure. TRM accounts for the inherent uncertainty in system conditions and the need for operating flexibility to ensure reliable system operation as system conditions change. TRM is only applicable to Firm Phase I/II HVDC-TF ATC and shall not be applied to Non-Firm Phase I/II HVDC-TF ATC.

The ISO, as Transmission Operator, is responsible for calculating the TRM on the Phase I/II HVDC-TF interface. The Phase I/II HVDC-TF interface poses one of the largest contingency risks in the NYISO, PJM and New England Control Areas. As such, the Import TRM on the Phase I/II HVDC-TF is directly related to these operational limits which can be enforced at any time and the Import TRM is calculated as TTC minus the largest single source contingency. Therefore the SSPs set the Import TRM at 800 MW such that Firm Transmission Service is not sold above this operational limit.

Export TRM is established based on the methodology to account for operational uncertainties on the Hydro-Quebec TransEnergie transmission system. Therefore, the Export TRM is calculated as TTC minus these operational uncertainties.

For additional information on TRM, refer to the ISO Tariff, Attachment C – Available Transfer Capability Methodology, Section 5.2.2 – TRM Calculation for the OTF.

#### **4. CALCULATION OF PHASE I/II HVDC-TF ATC**

##### **4.1 Calculation of Phase I/II HVDC-TF Firm ATC ( $ATC_F$ )**

###### **4.1.1 Calculation of $ATC_F$ in the PH**

Consistent with the NERC definition,  $ATC_F$  is the capability for Firm transmission reservations that remain after allowing for  $ETC_F$ , CBM, TRM,  $Postbacks_F$  and  $counterflows_F$ .

As discussed above, Phase I/II HVDC-TF CBM is zero. Firm Transmission Service over the Phase I/II HVDC-TF that is available in the Planning Horizon (PH) includes: Yearly, Monthly, Weekly, and Daily.  $Postbacks_F$  and  $counterflows_F$  of Phase I/II HVDC-TF transmission reservations are not considered in the  $ATC_F$  calculation. Therefore,  $ATC_F$  in the PH is equal to the TTC minus  $ETC_F$  and TRM.

###### **4.1.2 Calculation of $ATC_F$ in the OH**

Consistent with the NERC definition,  $ATC_F$  is the capability for Firm transmission reservations that remain after allowing for  $ETC_F$ , CBM, TRM,  $Postbacks_F$  and  $counterflows_F$ .

As discussed above, Phase I/II HVDC-TF CBM is zero. Daily Firm Transmission Service over the Phase I/II HVDC-TF is the only firm service offered in the Operating Horizon (OH).  $Postbacks_F$  and  $counterflows_F$  of Phase I/II HVDC-TF transmission reservations are not considered in the  $ATC_F$  calculation. Therefore,  $ATC_F$  in the OH is equal to the TTC minus  $ETC_F$  and TRM.

##### **4.2 Calculation of Non-Firm ATC ( $ATC_{NF}$ )**

###### **4.2.1 Calculation of $ATC_{NF}$ in the PH**

$ATC_{NF}$  is the capability for Non-Firm transmission reservations that remain after allowing for  $ETC_F$ ,  $ETC_{NF}$ , scheduled CBM ( $CBM_S$ ), unreleased TRM ( $TRM_U$ ), Non-Firm Postbacks ( $Postbacks_{NF}$ ) and Non-Firm counterflows ( $counterflows_{NF}$ ).

As discussed above, the CBM for Phase I/II HVDC-TF is zero. Non-Firm ATC available in the PH includes: Monthly, Weekly, Daily and Hourly.  $TRM_U$ ,  $Postbacks_{NF}$  and  $counterflows_{NF}$  of Phase I/II HVDC-TF transmission reservations are not considered in this calculation. Therefore,  $ATC_{NF}$  in the PH is equal to the TTC minus  $ETC_F$  and  $ETC_{NF}$ .

#### **4.2.2 Calculation of $ATC_{NF}$ in the OH**

$ATC_{NF}$  available in the OH includes: Daily and Hourly.

$TRM_U$  and  $counterflows_{NF}$  are not considered in this calculation and CBM is zero. Therefore,  $ATC_{NF}$  in the OH is equal to the TTC minus  $ETC_F$ , and  $ETC_{NF}$  plus  $Postbacks_{NF}$ .

#### **4.3 Negative ATC**

Due to the calculation methodologies defined above, typically there should not be negative ATC values posted.

### **5. POSTING OF PHASE I/II HVDC-TF ATC**

#### **5.1 Location of ATC Posting**

ATC values are posted separately on the Phase I/II HVDC-TF Transmission Provider's Page for the Schedule 20A Service Providers. In addition, a summary of the level of service available from the Schedule 20A Service Providers is available on the ISO New England OASIS site under the "IRH".

#### **5.2 Updates To ATC**

When any of the variables in the ATC equations change, the ATC values are recalculated and immediately posted.

#### **5.3 Coordination of ATC Calculations**

The Phase I/II HVDC-TF is a controllable DC inter-Control Area tie line. Therefore it is not necessary to coordinate the Phase I/II HVDC-TF ATC values with the Hydro-Québec Control Area.

## 5.4 Load Forecast

The Phase I/II HVDC-TF is a controllable DC inter-Control Area tie line. Therefore, the ISO load forecast has no impact on the Phase I/II HVDC-TF ATC. The ISO is responsible for calculating the load forecast for the region and posts the load forecast on the ISO New England OASIS site.

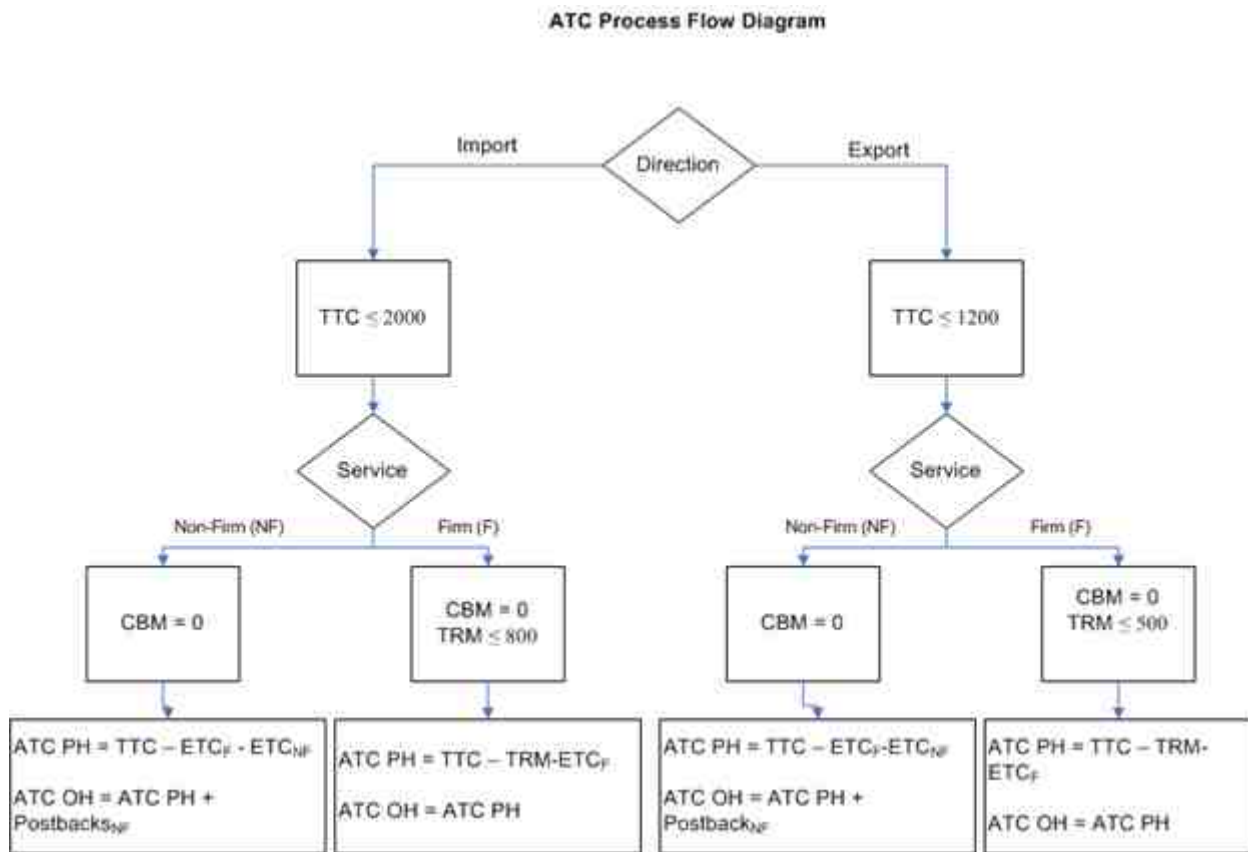
## 5.5 ATC Mathematical Algorithms

The mathematical algorithms are posted on the ISO New England OASIS web site at [http://www.oatiaoasis.com/ISNE/ISNEdocs/sched20A\\_atc\\_algorithm.docx](http://www.oatiaoasis.com/ISNE/ISNEdocs/sched20A_atc_algorithm.docx). Each SSP will provide a link to this document on their individual web sites.

## 5.6 Generation and Transmission Outages

The Phase I/II HVDC-TF is a controllable DC inter-Control Area tie line and therefore generation or transmission outages have no impact on the Phase I/II HVDC-TF ATC.

## 6. ATC PROCESS FLOW DIAGRAM



**SCHEDULE 21 - LOCAL SERVICE**

This Schedule 21 contains the main substantive provisions applicable to Local Service. It includes common PTO rates, terms and conditions for Local Point-to-Point Service and Local Network Service and PTO-specific Local Service Schedules. Retail service is not subject to this Schedule 21 unless specifically provided for in the PTO's Local Service Schedule. The rates, terms and conditions for interconnection service to generators with total generating capacity of greater than 20 MW are set forth in Schedule 22. The rates, terms and conditions for interconnection service to generators with total generating capacity of 20 MW and less are set forth in Schedule 23. To the extent applicable, the rates, terms and conditions for load interconnections are set forth under the PTO-specific Local Service Schedules.

All Transmission Customers taking Local Service shall be subject to and comply with the rates, terms and conditions of this Schedule 21 as well as any applicable Local Service Schedule. In the event of a conflict between any rate, term or condition in the Tariff and any rate, term or condition in this Schedule 21 and/or an applicable Local Service Schedule, the rate, term or condition in this Schedule 21 and/or the applicable Local Service Schedule shall govern.

The following NAESB WEQ Standards are hereby incorporated by reference in this Schedule 21 to the extent that the requirements therein apply to the PTOs:

- WEQ-000, Abbreviations, Acronyms, and Definition of Terms (WEQ Version 003.1, September 30, 2015) (including only the definitions of Interconnection Monitor, Time Error, and Time Error Correction), WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Oct. 4, 2012, Nov. 28, 2012 and Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);
- WEQ-000, Abbreviations, Acronyms, and Definition of Terms (WEQ Version 003.2, December 8, 2017) (with minor correction applied July 23, 2019);
- WEQ-001, Open Access Same-Time Information System (OASIS), [OASIS] Version 2.2 (WEQ Version 003.2, December 8, 2017), excluding standards WEQ-001-0 preamble text, WEQ-001-10 preamble text OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013) excluding Standards 001-9.5, 001-10.5, 001-14.1.3, 001-15.1.2 and 001-106.2.5;
- WEQ-002, Open Access Same-Time Information System (OASIS) Business Practice Standards and Communication Protocols (S&CP), [OASIS] Version 2.2 (WEQ Version 003.2, December 8, 2017) OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Nov. 28, 2012 and Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);
- WEQ-003, Open Access Same-Time Information System (OASIS) Data Dictionary Business Practice Standards, [OASIS] Version 2.2 (WEQ Version 003.2, December 8, 2017) (with minor

corrections applied July 23, 2019)~~OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);~~

- WEQ-004, Coordinate Interchange (WEQ Version 003.2, December 8, 2017), ~~WEQ Version 003, July 31, 2012 (as modified by NAESB final actions ratified on December 28, 2012);~~
- WEQ-005, Area Control Error (ACE) Equation Special Cases (WEQ Version 003.2, December 8, 2017), ~~WEQ Version 003, July 31, 2012);~~
- WEQ-006, Manual Time Error Correction (WEQ Version 003.1, September 30, 2015), ~~WEQ Version 003, July 31, 2012;~~
- WEQ-007, Inadvertent Interchange Payback (WEQ Version 003.2, December 8, 2017), ~~WEQ Version 003, July 31, 2012;~~
- WEQ-008, Transmission Loading Relief (TLR) – Eastern Interconnection (WEQ Version 003.2, December 8, 2017), ~~WEQ Version 003, July 31, 2012 (with minor corrections applied November 28, 2012);~~
- WEQ-011, Gas / Electric Coordination (WEQ Version 003.2, December 8, 2017), ~~WEQ Version 003, July 31, 2012;~~
- WEQ-012, Public Key Infrastructure (PKI) (WEQ Version 003.2, December 8, 2017) ~~WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on October 4, 2012);~~
- WEQ-013, Open Access Same-Time Information System (OASIS) Implementation Guide, [OASIS] Version 2.2 (WEQ Version 003.2, December 8, 2017) ~~OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);~~
- WEQ-015, Measurement and Verification of Wholesale Electricity Demand Response (WEQ Version 003.2, December 8, 2017), ~~WEQ Version 003, July 31, 2012;~~
- WEQ-021, Measurement and Verification of Energy Efficiency Products (WEQ Version 003.2, December 8, 2017), ~~WEQ Version 003, July 31, 2012.;~~
- WEQ-022, Electric Industry Registry Business Practice Standards (WEQ Version 003.2, December 8, 2017); and
- WEQ-023, Modeling. The following standards are incorporated by reference: WEQ-023-5; WEQ-023-5.1; WEQ-023-5.1.1; WEQ-023-5.1.2; WEQ-023-5.1.2.1; WEQ-023-5.1.2.2; WEQ-023-5.1.2.3; WEQ-023-5.1.3; WEQ-023-5.2; WEQ-023-6; WEQ-023-6.1; WEQ-023-6.1.1; WEQ-023-6.1.2; and WEQ-023-A Appendix A. (WEQ Version 003.2, December 8, 2017).

The PTOs will perform their functions under this Schedule 21 and the Local Service Schedules in a manner that is not inconsistent with the ISO's provision of regional service, administration of the regional



markets, dispatch of resources, and operation of the New England Transmission System for purposes of reliability.

**Pre-Confirmed Request:** Is an OASIS transmission service request that commits the Transmission Customer to take and pay for the requested Local Point-to-Point Service upon acceptance on OASIS by the PTO that can provide the requested Local Point-to-Point Service.

**Pre-RTO Local Service Agreements**<sup>1</sup>: A Transmission Customer who wishes to revise the Local Service Agreement termination date, transfer Local Service Agreement ownership, request an alternate Firm or Non-Firm Point of Receipt or Point of Delivery, or make upgrades (i.e., increase MWs served) within the terms of their existing Local Service Agreement that was in effect prior to February 1, 2005 (“Pre-RTO Local Service Agreement” as defined to Section II.1 of the OATT) shall not be required to complete an Application or execute a Local Service Agreement under this Schedule 21. Instead, the Transmission Customer shall contact the associated PTO to discuss and, if appropriate, modify its existing Pre-RTO Local Service Agreement.

A Transmission Customer who wishes to request an alternate Firm Point of Receipt or Point of Delivery or make upgrades (i.e., increase MWs served) beyond the terms of its existing Pre-RTO Local Service Agreement, shall contact the PTO to make arrangements to terminate the Transmission Customer’s existing pre-RTO Local Service Agreement and shall complete (and submit to the ISO) an Application for Local Service and then execute a Local Service Agreement under this Schedule 21.

**RTO Local Service Agreements:** For Local Service Agreements with an effective date on or after February 1, 2005 (an “RTO Local Service Agreement” as defined to Section II.1 of the OATT) a Transmission Customer who wishes to revise the Local Service Agreement termination date, transfer Local Service Agreement ownership, request an alternate Non-Firm Point of Receipt or Point of Delivery, or make upgrades (i.e., increase MWs served) within the terms of its existing Local Service Agreement under this Schedule 21, shall not be required to execute a new Local Service Agreement under this Schedule 21, however, modifications to the Transmission Customer’s existing Local Service Agreement may be required. Such modifications to an existing Local Service Agreement typically do not require an additional local or regional System Impact Study to be completed. The Transmission Customer shall complete (and submit to the ISO) an application for Local Transmission Service that reflects the

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<sup>1</sup> LSAs as defined in Section II.1 of the OATT do not include Excepted Transaction Agreements under Attachments G-1, G-2 and G-3 of the OATT.

requested modifications to the Local Service Agreement to facilitate revision of its existing Schedule 21 Local Service Agreement. A Transmission Customer who wishes to request an alternate Firm Point of Receipt or Point of Delivery or make upgrades (i.e., increase MWs served) beyond the terms of its existing RTO Local Service Agreement, shall contact the ISO to discuss and, if appropriate, terminate the Transmission Customer's existing RTO Local Service Agreement under this Schedule 21 and shall complete (and submit to the ISO) a new Application for Local Service and then execute a new Local Service Agreement under this Schedule 21.

**Reservation Priority For Existing Firm Service Customers:** Existing firm service customers (wholesale requirements and transmission only, with a contract term of five years or more), have the right to continue to take Local Service from the PTO when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the PTO or elects to purchase capacity and energy from another supplier. If at the end of the contract term, the PTO's Local Network cannot accommodate all of the requests for Local Service, the existing firm service customer must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service; provided that, the firm service customer shall have a right of first refusal at the end of such service only if the new contract is for five years or more. The existing firm service customer must provide notice to the PTO whether it will exercise its right of first refusal no less than one year prior to the expiration date of its Local Service Agreement. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of five years or longer. Local Service Agreements subject to a right of first refusal entered into prior to the date of the PTOs' filing adopting the reformed rollover language herein in compliance with Order No. 890 or associated with a transmission service request received prior to July 13, 2007, unless terminated, will become subject to the five year/one year requirement on the first rollover date after the date of the PTOs' filing adopting the reformed rollover language herein in compliance with Order No. 890; provided that, the one year notice requirement shall apply to such service agreements with five years or more left in their terms as of the date of the PTOs' filing adopting the reformed rollover language herein in compliance with Order No. 890.

**FERC:** The Federal Energy Regulatory Commission.

**Force Majeure:** Neither the ISO, a Transmission Owner nor a Customer will be considered in default as to any obligation under the Tariff if prevented from fulfilling the obligation due to an event of Force

Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder or under a Service Agreement. However, an entity whose performance under the Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under the Tariff, and shall promptly notify the ISO, the Transmission Owner or the Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

**Liability:** The ISO shall not be liable for money damages or other compensation to the Customer for actions or omissions by the ISO in performing its obligations under the Tariff or any Service Agreement thereunder, except to the extent such act or omission by the ISO is found to result from its gross negligence or willful misconduct. A Transmission Owner shall not be liable for money damages or other compensation to the Customer for action or omissions by such Transmission Owner in performing its obligations under the Tariff or any Service Agreement thereunder, except to the extent such act or omission by such Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Customer has claims against the ISO or a Transmission Owner, the Customer may only look to the assets of the ISO or a Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of the ISO or a Transmission Owner or Affiliate of either who, the Customer acknowledges and agrees, have no personal or other liability for obligations of the ISO or a Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of the ISO or a Transmission Owner or Affiliate of either. In no event shall the ISO, a Transmission Owner or any Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under the Tariff or any Service Agreement thereunder. Notwithstanding the foregoing, nothing in this section shall diminish a Customer's obligations under Section I.5.3 of the Tariff or under Schedule 21 of the OATT.

**Indemnification:** Each Customer shall at all times indemnify, defend, and save harmless the ISO and the Transmission Owners and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities by or to third parties arising out of or resulting from the performance by the ISO or Transmission Owners under the Tariff or any Service Agreement thereunder, any bankruptcy filings made by a Customer, or the actions or omissions of the Customer in connection with the Tariff or any Service Agreement thereunder, except in case of the ISO, gross negligence or willful misconduct by the ISO or its directors, officers, members, employees or agents, and, in the case of

a Transmission Owner, the gross negligence or willful misconduct by such Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of each Customer to indemnify the ISO and Transmission Owners shall be several, and not joint or joint and several.

**Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to Section I. 2 g).

**Local Network Upgrade:** Modifications or additions to the Local Network of a PTO, made in accordance with this Schedule 21, that are not Direct Assignment Facilities.

## **I. LOCAL POINT-TO-POINT SERVICE**

### **Preamble**

Eligible Customers seeking Local Point-To-Point Service on a specific Local Network shall refer to the applicable Local Service Schedule to determine any PTO-specific rates, terms, and conditions applicable to such service. Except as otherwise provided in the Local Service Schedules, Firm and Non-Firm Local Point-To-Point Service will be provided pursuant to the rates, terms and conditions set forth below. Local Point-To-Point Service is for the receipt of capacity and/or energy at designated Point(s) of Receipt and the transfer of such capacity and energy to designated Point(s) of Delivery.

A Local Point-To-Point Service Customer is not excused from any requirements of state law, or any order or regulation issued pursuant to state law, to arrange for Local Delivery Service with the PTO and distribution company providing such service and to pay all applicable charges associated with such service, including charges for stranded costs.

### **1) Nature of Firm Local Point-To-Point Service**

**a) Term:** The minimum term of Firm Local Point-To-Point Service shall be one day and the maximum term shall be specified in the Local Service Agreement.

**b) Reservation Priority:** Local Long-Term Firm Point-To-Point Service shall be available on a first-come, first-served basis, i.e., in the chronological sequence in which each Transmission Customer has reserved service. Reservations for Local Short-Term Firm Point-To-Point Service will be conditional based upon the length of the requested transaction. However, Pre-Confirmed Requests for Local Short-Term Point-to-Point Service will receive priority over earlier-submitted requests that are not pre-confirmed and that have equal or shorter duration. Among requests with the same duration and, as relevant, pre-confirmation status (pre-confirmed or not pre-confirmed), priority will be given to a Transmission Customer's request that offers the highest price, followed by the date and time of the request. If the Local Network becomes oversubscribed, requests for service may preempt competing reservations up to the following conditional reservation deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all requests and reservations, a Transmission Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Local Short-Term Firm Point-To-Point Service will be granted if the Transmission Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section I.1.h of this Schedule 21) from being notified by the PTO of a longer-term competing request for Local Short-Term Firm Point-To-Point Service. When a longer duration request preempts multiple shorter duration reservations, the shorter duration requests shall have simultaneous opportunities to exercise the right of first refusal. Duration, price and time of response will be used to determine the order by which the multiple shorter duration reservations will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of this Schedule 21. Firm Local Point-To-Point Service will always have a reservation priority over Non-Firm Local Point-To-Point Service under the Tariff. All Local Long-Term Firm Point-To-Point Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in the Local Service Schedules of this Schedule 21.

**c) Use of Firm Local Point-to-Point Service by the PTO:** The PTO will be subject to the rates, terms and conditions of this Schedule 21 when making Third-Party Sales under agreements executed on or after the effective date of the Tariff. The PTO will maintain separate accounting for any use of the Local Point-To-Point Service to make Third-Party Sales.

**d) Service Agreements:** After consultation with the PTO, the ISO shall forward a standard form of Local Service Agreement (Attachment A to this Schedule 21) to an Eligible Customer after an Eligible Customer submits a Completed Application for Local Point-To-Point Service to the ISO. Local Service Agreements executed by the Eligible Customer that contain the information required under this Schedule 21 shall also be executed by the PTO and returned to the ISO for execution and filing and/or reporting by the ISO with the Commission in compliance with applicable Commission regulations. An Eligible Customer that uses Local Point-to-Point Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Local Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Local Service Agreement.

**e) Transmission Customer Obligations for Facility Additions Costs:** In cases where the PTO, in consultation with the ISO, determines that the Local Network is not capable of providing Firm Local Point-To-Point Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Local Point-To-Point Service, or (2) interfering with the PTO's ability to meet prior firm contractual commitments to others, the PTO will be obligated to expand or upgrade its Local Network pursuant to the terms of Section I.3.d of this Schedule 21. The Transmission Customer must agree to compensate the PTO for any necessary transmission facility additions pursuant to the terms of Section I.14 of this Schedule 21. Any Local Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Local Service Agreement prior to initiating service.

**f) Curtailment of Firm Local Point-To-Point Service:** In the event that a Curtailment on the PTO's Local Network, or a portion thereof, is required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the PTO will curtail service to Network Customers and Transmission Customers taking Firm Local Point-To-Point Service on a basis comparable to the curtailment of service to the PTO's Native Load Customers. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Local Point-To-Point Service shall be subordinate to Firm Local Point-To-Point Service and Local Network Service. When the PTO determines that an electrical emergency exists on the Non-PTF and the PTO implements emergency procedures to Curtail Firm Local Service, the Transmission Customer shall make the required reductions upon request of the PTO. The PTO reserves the right to Curtail, in whole or in part, any Local Service when, in the PTO's sole discretion, an emergency or other unforeseen condition

impairs or degrades the reliability of its Local Network. The PTO will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments. Penalties for failure to Curtail shall be assessed pursuant to the applicable Local Service Schedule.

**g) Classification of Firm Local Point-To-Point Service:**

(i) The Transmission Customer taking Firm Local Point-To-Point Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section I.10.a of this Schedule 21 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section I.10.b of this Schedule 21.

(ii) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the PTO's Local Network. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.

(iii) The PTO shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. For Long-Term Firm Point-To-Point Service, each Point of Receipt at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the Local Service Agreement along with a corresponding capacity reservation associated with each Point of Receipt. For Short-Term Firm Point-To-Point Service, Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties. For Long-Term Firm Point-To-Point Service, each Point of Delivery at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the Service Agreement along with a corresponding capacity reservation associated with each Point of Delivery. For Short-Term Firm Point-To-Point Service, Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of the applicable Local Service Schedule. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in the applicable Local Service Schedule. The Local Service Schedule shall specify the rate treatment and all related terms and conditions

applicable in the event that a Transmission Customer (including Third-Party Sales by the PTO) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or uses Local Point-to-Point Service at a Point of Receipt or Point of Delivery that it has not reserved.

**h) Scheduling of Firm Local Point-To-Point Service:** Schedules for the Transmission Customer's Firm Local Point-To-Point Service must be submitted to the PTO no later than 10:00 a.m. of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 10 kW per hour. Transmission Customers within the PTO's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 10 kW per hour, may consolidate their service requests at a common point of receipt into units of 10 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The PTO will furnish hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the PTO, and the PTO shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

## **2) Nature of Non-Firm Local Point-To-Point Service**

**a) Term:** Non-Firm Local Point-To-Point Service will be available for periods ranging from one (1) hour to one (1) month. However, a purchaser of Non-Firm Local Point-To-Point Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section I.6.c of this Schedule 21.

**b) Reservation Priority:** Non-Firm Local Point-To-Point Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers, Excepted Transactions and other Transmission Customers taking Local Long-Term and Local Short-Term Firm Point-To-Point Service. Individual Local Service Schedules may contain other applicable services. A higher priority will be assigned first to requests or reservations with a longer duration of service and second to Pre-Confirmed Requests. In the event the Local Network is constrained, competing requests of



the same pre-confirmation status and equal duration will be prioritized based on the highest price offered by the Transmission Customer for the Transmission Service, or in the event the price for all Transmission Customers is the same, will be prioritized on a first-come, first-served basis, i.e., in the chronological sequence in which each customer has requested service. Transmission Customers that have already reserved shorter term service have the right of first refusal to match any longer term request before being preempted. A longer term competing request for Non-Firm Local Point-To-Point Service will be granted if the Transmission Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Local Point-To-Point Service after notification by the PTO; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section I.2.f of this Schedule 21) for Non-Firm Local Point-To-Point Service other than hourly transactions after notification by the PTO. Non-Firm Local Point-To-Point Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the OATT.

**c) Use of Non-Firm Local Point-To-Point Service by the PTO:** The PTO will be subject to the rates, terms and conditions of this Schedule 21 when making Third-Party Sales under (i) agreements executed on or after the effective date of the Tariff. The PTO will maintain separate accounting for any use of Non-Firm Local Point-To-Point Service to make Third-Party Sales.

**d) Service Agreements:** After consultation with the PTO, the ISO shall forward a standard form of Local Service Agreement (Attachment A to this Schedule 21) to an Eligible Customer after an Eligible Customer submits a Completed Application for Local Point-To-Point Service to the ISO. Local Service Agreements executed by the Eligible Customer that contain the information required under this Schedule 21 shall also be executed by the PTO and returned to the ISO for execution and filing and/or reporting by the ISO with the Commission in compliance with applicable Commission regulations. An Eligible Customer that uses Local Point-to-Point Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Local Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Local Service Agreement.

**e) Classification of Non-Firm Local Point-To-Point Service:** The PTO and the ISO undertake no obligation under the Tariff to plan the Local Network in order to have sufficient capacity for Non-Firm Local Point-To-Point Service. Parties requesting Non-Firm Local Point-To-Point Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. The Local Service Schedules shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer

(including Third-Party Sales by the PTO) exceeds its non-firm capacity reservation. Non-Firm Local Point-To-Point Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application.

**f) Scheduling of Non-Firm Local Point-To-Point Service:** Schedules for Non-Firm Local Point-To-Point Service must be submitted to the PTO no later than 2:00 p.m. of the day prior to commencement of such service. Schedules submitted after these times will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 10 kW per hour. Transmission Customers within the PTO's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 10 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 10 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The PTO will furnish hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the PTO and the PTO shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

**g) Curtailment or Interruption of Service:** The PTO reserves the right to Curtail, in whole or in part, Non-Firm Local Point-To-Point Service provided under the Tariff for reliability reasons when, an emergency or other unforeseen condition threatens to impair or degrade the reliability of the Local Network. The PTO reserves the right to Interrupt, in whole or in part, Non-Firm Local Point-To-Point Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Local Transmission Service, (2) a request for Non-Firm Local Point-To-Point Service of greater duration, (3) a request for Non-Firm Local Point-To-Point Service of equal duration with a higher price, or (4) transmission service for Network Customers from non-designated resources. The PTO also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Local Point-To-Point Service shall be subordinate to Firm Local Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm

transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Local Point-To-Point Service under the Tariff. Non-Firm Local Point-To-Point Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Local Point-To-Point Service under the Tariff. The PTO will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice and in accordance with the applicable Local Service Schedule. Penalties for failure to Curtail or Interrupt shall be assessed pursuant to the applicable Local Service Schedule.

### **3) Service Availability**

**a) General Conditions:** The PTO will provide Firm Local and Non-Firm Local Point-To-Point Service to any Transmission Customer that has met the requirements of Section I.4 of this Schedule 21.

**b) Determination of Available Transfer Capability:** The PTO shall determine available transfer capability in accordance with its respective Attachment setting forth its Methodology to Assess Available Transfer Capability.

**c) Initiating Service in the Absence of an Executed Service Agreement:** If the PTO and the Transmission Customer requesting Firm Local or Non-Firm Local Point-To-Point Service cannot agree on all of the terms and conditions of the Local Service Agreement, the ISO shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification to both the PTO and the ISO directing the ISO to file, an unexecuted Local Service Agreement containing terms and conditions deemed by the PTO (in consultation with the ISO) to be appropriate for such requested service. The PTO shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the PTO at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Section I.5.c of this Schedule 21.

**d) Obligation to Provide Transmission Service that Requires Expansion or Modification of the Local Network:** If the PTO, in consultation with the ISO, determines that a Completed Application for Firm Local Point-To-Point Service cannot be accommodated because of insufficient capability on the

Local Network, the PTO will use due diligence to expand or modify its Local Network to provide the requested Firm Local Point-To-Point Service, consistent with its planning obligations in Attachment K, provided the Transmission Customer agrees to compensate the PTO for such costs. The PTO, in consultation with the ISO, will conform to Good Utility Practice and its planning obligations in Attachment K, in determining the need for new facilities and in the design and construction of such facilities. The obligation of the PTO to expand or modify its Local Network obligation to provide the requested Firm Local Point-To-Point Service applies only to those facilities that the PTO has the right to expand or modify.

**e) Deferral of Service:** The PTO may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Local Point-To-Point Service whenever the PTO determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

**f) Other Transmission Service Schedules:** Eligible Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.

**g) Real Power Losses:** “Real Power Losses” those losses associated with transmission service as determined in accordance with Section 15.3, Section 31.6 and Schedule 21 of the OATT. Neither the ISO nor the PTOs are obligated to provide Real Power Losses. Non-PTF Real Power Losses shall be calculated and charged for in accordance with the applicable Schedule 21 Local Service Schedule.

**h) Load Shedding:** Load Shedding shall occur in accordance with the applicable Local Service Schedule to the extent provided for in such Local Service Schedule.

**4) Transmission Customer Responsibilities**

**a) Conditions Required of Transmission Customers:** Firm Local and Non-Firm Local Point-To-Point Service shall be provided only if the following conditions are satisfied by the Transmission Customer:

- (i) The Transmission Customer has pending a Completed Application for service;

- (ii) The Transmission Customer meets the creditworthiness procedures in Attachment L to the applicable PTO's Local Service Schedule;
- (iii) The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the PTO prior to the time service commences;
- (iv) The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer, whether or not the Transmission Customer takes service for the full term of its reservation;
- (v) The Transmission Customer provides the information required by the PTO's planning process established in Attachment K; and
- (vi) The Transmission Customer has executed a Local Service Agreement or has requested the filing of an unexecuted Local Service Agreement pursuant to Section I.3.c of this Schedule 21.

**b) Transmission Customer Responsibility for Third-Party Arrangements:** Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Eligible Customer requesting service. The Transmission Customer shall provide, unless waived by the ISO and the PTO, notification to the ISO and the PTO identifying such systems and authorizing them to schedule the capacity and energy to be transmitted pursuant to this Schedule 21 on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the ISO and the PTO will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

**5) Procedures for Arranging Firm Local Point-To-Point Service**

**a) Pre-RTO Local Service Agreements**

- (i) A Transmission Customer who wishes to revise the Local Service Agreement termination date, transfer Local Service Agreement ownership, or make upgrades (i.e., increase MWs served)

within the terms of its existing Firm Local Point-to-Point Service Agreement that is in effect prior to February 1, 2005 (“Pre-RTO Local Service Agreement”), shall not be required to complete an Application or execute a Local Service Agreement under this Schedule 21, however, modifications to the existing Firm Local Point-to-Point Service Agreement may be required. Instead, the Transmission Customer shall contact the associated PTO to discuss and, if appropriate, modify its existing Firm Local Point-to-Point Service Agreement.

(ii) A Transmission Customer who wishes to request an alternate Firm Point of Receipt or Point of Delivery or make upgrades (i.e., increase MWs served) beyond the terms of its existing Firm Local Point-to-Point Service Agreement, shall contact the PTO to make arrangements to terminate the Transmission Customer’s existing Local Service Agreement and shall complete (and submit to the ISO) an Application for Local Service and then execute a Local Service Agreement under this Schedule 21.

**b) RTO Local Service Agreements**

(i) A Transmission Customer who wishes to revise the Local Service Agreement termination date, transfer Local Service Agreement ownership, or make upgrades (i.e., increase MWs served) within the terms of the existing Firm Local Point-to-Point Service Agreement under this Schedule 21, shall not be required to execute a Local Service Agreement under this Schedule 21, however, modifications to the existing Firm Local Point-to-Point Service Agreement under this Schedule 21 may be required. Such modifications to an existing Local Service Agreement typically do not require an additional local or regional System Impact Study to be completed. The Transmission Customer shall complete (and submit to the ISO) an application for Local Transmission Service that reflects the requested modifications to the Local Service Agreement to facilitate revision of its existing Schedule 21 Local Service Agreement.

(ii) Transmission Customers who wish to request an alternate Firm Point of Receipt or Point of Delivery or make upgrades (i.e., increase MWs served) beyond the terms of the existing Firm Local Point-to-Point Service Agreement under this Schedule 21, shall contact the ISO to discuss and, if appropriate, terminate the Transmission Customer’s existing Local Service Agreement under this Schedule 21 and shall complete (and submit to the ISO) an Application for Local Service and then execute a new Local Service Agreement under this Schedule 21.

**c) Application:** A request for Firm Local Point-To-Point Service for periods of one year or longer must be made in a completed Application submitted to the ISO at least sixty (60) days in advance of the calendar month in which service is to commence. The PTO will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the PTO and the Eligible Customer within the time constraints provided in the applicable Local Service Schedule. A Completed Application may be submitted by transmitting the required information to the ISO by telefax. This method will provide a time-stamped record for establishing the priority of the Application.

**d) Completed Application:** A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The ISO and the PTO will treat this information as confidential except to the extent that disclosure of this information is required by the Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to the Information Policy;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service;

(viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the PTO's Local Network; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement;

(ix) A statement indicating that if the Transmission Customer submits a Pre-Confirmed Request, then the Transmission Customer will take and pay for the requested Local Service upon acceptance on OASIS by the PTO that can provide the requested Local Service; and

(x) Any additional information required by the PTO's planning process established in Attachment K.

The ISO and the PTO shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

**e) Deposit:** Except as is otherwise provided in the Local Service Schedule, a Completed Application for Firm Local Point-To-Point Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected because it does not meet the conditions for service as set forth herein, in the Local Service Schedule or, in the case of requests for service arising in connection with losing bidders, in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by the PTO in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by the PTO if the PTO is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Local Service Agreement for Firm Local Point-To-Point Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by the PTO to the extent such costs have not already been recovered by the PTO from the Eligible Customer. The PTO will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section I.5.c of this Schedule 21. If a Local Service Agreement for Firm Local Point-To-Point Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Local Service Agreement. Applicable interest shall be computed in accordance with the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to the PTO's account.



**f) Notice of Deficient Application:** If an Application fails to meet the requirements of the Tariff, the PTO shall notify the ISO within ten (10) days of the Application's receipt of the reasons for such failure, and the ISO shall, in turn, so notify the entity requesting service within five (5) days of the receipt of notice from the PTO of the reasons for such failure. The PTO will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the ISO shall return the Application. The PTO shall return any deposit, with interest, to the Eligible Customer. Upon receipt of a new or revised Application that fully complies with the requirements of this Schedule 21, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

**g) Response to a Completed Application:** Following receipt of a Completed Application for Firm Local Point-To-Point Service, the PTO shall make a determination of available transfer capability as required in Section I.3.b of this Schedule 21. Within twenty-five (25) days after the date of receipt of a Completed Application, the PTO shall notify the ISO either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application. The ISO shall so notify the Eligible Customer within five (5) days of the ISO's receipt of such notice from the PTO. Responses by the PTO and the ISO must be made as soon as practicable to all Completed Applications and the timing of such responses must be made on a non-discriminatory basis.

**h) Execution of Service Agreement:** Whenever the PTO, in consultation with the ISO, determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section I.7 of this Schedule 21 will govern the execution of a Local Service Agreement. Failure of an Eligible Customer to execute and return the Local Service Agreement or request the filing of an unexecuted service agreement pursuant to Section I.3.c of this Schedule 21 within fifteen (15) days after the Local Service Agreement is tendered will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

**i) Extensions for Commencement of Service:** The Transmission Customer can obtain, subject to availability, up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying to the PTO a non-refundable annual reservation fee equal to

one-month's charge for Firm Local Point-To-Point Service for each year or fraction thereof within 15 days of notifying the PTO it intends to extend the commencement of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Local Point-To-Point Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

**6) Procedures for Arranging Non-Firm Local Point-To-Point Service**

**a) Pre-RTO Local Service Agreements**

(i) A Transmission Customer who wishes to revise the Local Service Agreement termination date, transfer Local Service Agreement ownership, request an alternate Non-Firm Point of Receipt or Point of Delivery, or make upgrades (i.e., increase MWs served) within the terms of their existing Non-Firm Local Point-to-Point Service Agreement that is in effect prior to February 1, 2005 ("Pre-RTO Local Service Agreement"), shall not be required to complete an Application or execute a Local Service Agreement under this Schedule 21, however, modifications to the existing Non-Firm Local Point-to-Point Service Agreement may be required. The Transmission Customer shall contact the associated PTO to discuss and, if appropriate, modify the existing Non-Firm Local Point-to-Point Service Agreement.

(ii) A Transmission Customer who wishes to make upgrades (i.e., increase MWs served) beyond the terms of its existing Non-Firm Local Point-to-Point Service Agreement that is in effect prior February 1, 2005 ("Pre-RTO Local Service Agreement"), shall contact the PTO to make arrangements to terminate the Transmission Customer's existing Local Service Agreement and shall complete (and submit to the ISO) an Application for Local Service and then execute a Local Service Agreement under this Schedule 21.

**b) RTO Local Service Agreements**

(i) A Transmission Customer who wishes to revise the Local Service Agreement termination date, transfer Local Service Agreement ownership, request an alternate Non-Firm Point of Receipt or Point of Delivery, or make upgrades (i.e., increase MWs served) within the terms of the existing Non-Firm Local Point-to-Point Service Agreement under this Schedule 21, shall not be required to execute a new Local Service Agreement under this Schedule 21, however, modifications to the existing Non-Firm Local Point-to-Point Service Agreement under this Schedule 21 may be required.

Such modifications to an existing Local Service Agreement typically do not require an additional local or regional System Impact Study to be completed. The Transmission Customer shall complete (and submit to the ISO) an application for Local Transmission Service that reflects the requested modifications to the Local Service Agreement to facilitate revision of its existing Non-Firm Local Point-to-Point Service Agreement under this Schedule 21.

(ii) A Transmission Customer who wishes to request an upgrade (i.e., increase MWs served) beyond the terms of the existing Non-Firm Local Point-to-Point Service Agreement under this Schedule 21, shall contact the ISO to discuss and, if appropriate, terminate the Transmission Customer's existing Local Service Agreement under this Schedule 21 and shall complete (and submit to the ISO) a new Application for Local Service and then execute a new Local Service Agreement under this Schedule 21.

**c) Application:** Eligible Customers seeking Non-Firm Local Point-To-Point Service must submit a Completed Application to the ISO. A Completed Application may be submitted by transmitting the required information to the ISO by telefax. This method will provide a time-stamped record for establishing the service priority of the Application.

**d) Completed Application:** A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including but not limited to the following:

(i) The identity, address, telephone number and facsimile number of the entity requesting service;

(ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;

- (iii) The Point(s) of Receipt and the Point(s) of Delivery;
- (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the ISO and the PTO also may ask the Transmission Customer to provide the following:

- (vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service;
- (vii) The electrical location of the ultimate load; and
- (viii) A statement indicating that if the Transmission Customer submits a Pre-Confirmed Request, then the Transmission Customer will take and pay for the requested Local Point-to-Point Service upon acceptance on OASIS by the PTO that can provide the requested Local Service.

The ISO and the PTO will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by the Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to the ISO New England Information Policy. The ISO and the PTO shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

**e) Reservation of Non-Firm Local Point-To-Point Service:** Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than two (2) days before service is to commence, and requests for hourly service shall be submitted no earlier than noon the day before service is to commence. Requests for service received later than 2:00 p.m. prior to the day service is scheduled to commence will be accommodated if practicable.

**f) Determination of Available Transfer Capability:** The PTO shall determine available transfer capability in accordance with its respective Attachment setting forth its Methodology to Assess Available Transfer Capability.

**7) Additional Study Procedures For Firm Local Point-To-Point Service Requests**

**a) Notice of Need for System Impact Study:** After receiving a request for Firm Local Point-To-Point Service, a determination shall be made on a non-discriminatory basis as to whether a System Impact Study is needed. The ISO shall review the request to determine whether the provision of the requested service would have an impact on facilities other than Non-PTF, and if so, whether a System Impact Study is necessary to accommodate the requested service. If so, the ISO shall so inform the Eligible Customer as soon as practicable and will (in consultation with the PTO) perform a System Impact Study, as necessary, with respect to the request. A description of the ISO's methodology for completing a System Impact Study is provided in OATT Attachment D. If the ISO determines that the service would not have an impact on facilities other than Non-PTF, the PTO shall determine whether a System Impact Study is necessary to accommodate the requested service and shall so inform the Eligible Customer as soon as practicable and will (in consultation with the ISO) perform a System Impact Study, as necessary, with respect to the application. In such cases, the ISO or the PTO, as applicable, shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the ISO or the PTO, as applicable, for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the ISO or the PTO, as applicable, within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit, pursuant to Section I.5.c of this Schedule 21, shall be returned with interest. A description of the PTO's methodology for completing a System Impact Study is provided in its Local Service Schedules.

**b) System Impact Study Agreement and Cost Reimbursement:**

(i) The System Impact Study Agreement will clearly specify an estimate of the cost and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. The System Impact Study shall rely on existing transmission planning studies to the extent reasonably practicable. The Eligible Customer will not be assessed a charge for such existing

studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Local Network.

(ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.

(iii) For System Impact Studies that the PTO conducts on its own behalf, the PTO shall record the cost of the System Impact Studies pursuant to Section II.8.5 of the Tariff.

(iv) In response to multiple Eligible Customers within the same geographical or electrically interconnected area requesting that a System Impact Study for Local Service be clustered, the PTO will cluster such multiple requests if it can reasonably do so. The costs of that study shall be divided equally among the Eligible Customers, unless otherwise agreed to by the PTO and the Eligible Customers.

(v) Once a clustered study is initiated by the PTO, as evidenced by an executed System Impact Study Agreement, Eligible Customers opting out of a clustered study regarding Non-PTF facilities shall be liable for their share of the study costs as set forth in Section 7(b)(iv) above, unless otherwise agreed to by the parties to such System Impact Study Agreement.

**c) System Impact Study Procedures:** Upon receipt of an executed System Impact Study Agreement, the ISO or the PTO, as applicable, will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints identified with specificity by a transmission element or flowgate, and additional Direct Assignment Facilities or Local Network Upgrades required to provide the requested service. In the event that the ISO or the PTO, as applicable, is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The PTO will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The ISO or the PTO, as applicable, shall notify the Eligible Customer immediately

upon completion of the System Impact Study if the Local Network will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study, the Eligible Customer must execute a Local Service Agreement or request the filing of an unexecuted Local Service Agreement pursuant to Section I.3.c of this Schedule 21 or the Application shall be deemed terminated and withdrawn.

**d) Facilities Study Procedures:** If a System Impact Study indicates that additions or upgrades to facilities other than Non-PTF are needed to supply the Eligible Customer's service request or to mitigate indirect impacts on the MTF facilities, the ISO, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the ISO for performing the required Facilities Study. If a System Impact Study indicates that additions or upgrades to Non-PTF facilities are needed to supply the Eligible Customer's service request or to mitigate indirect impacts on facilities other than Non-PTF, the PTO, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the PTO for performing the required Facilities Study. For clustered studies, the cost of such studies shall be divided equally among the Eligible Customers, unless otherwise agreed to by the PTO and the Eligible Customers. Once a clustered study is initiated by the PTO, as evidenced by an executed Facilities Study Agreement, Eligible Customers opting out of a clustered study regarding Non-PTF facilities shall be liable for their share of the study costs as set forth in this Section 7(d) above, unless otherwise agreed to by the parties to such Facilities Study Agreement. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit, pursuant to Section I.5.c of this Schedule 21, shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the ISO or the PTO, as applicable, will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Facilities Study cannot be completed in the allotted time period, the Transmission Customer shall be notified and provided an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Local Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide a letter of credit

or other reasonable form of security acceptable to the PTO equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Local Service Agreement or request the filing of an unexecuted Local Service Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

**e) Facilities Study Modifications:** Any change in design arising from the inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the ISO and/or the PTO that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer.

**f) Due Diligence in Completing New Facilities:** The PTO shall use due diligence to add necessary facilities or upgrade its Local Network within a reasonable time. The PTO will not upgrade its existing or planned Local Network in order to provide the requested Firm Local Point-To-Point Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.

**g) Partial Interim Service:** If the PTO determines that it will not have adequate transfer capability to satisfy the full amount of a Completed Application for Firm Local Point-To-Point Service, the PTO nonetheless shall be obligated to offer and provide the portion of the requested Firm Local Point-To-Point Service that can be accommodated without addition of any facilities. However, the PTO shall not be obligated to provide the incremental amount of requested Firm Local Point-To-Point Service that requires the addition of facilities or upgrades to the Local Network until such facilities or upgrades have been placed in service.

**h) Expedited Procedures for New Facilities:** In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the ISO (in consultation with the PTO) to tender at one time, together with the results of required studies, an "Expedited Local Service Agreement" pursuant to which the Eligible Customer would agree to compensate the PTO for all costs incurred. In order to exercise this option, the Eligible Customer shall request in writing an expedited Local Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in



providing the requested service. While the PTO agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate the PTO for all costs incurred. The Eligible Customer shall execute and return such an Expedited Local Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

**i) Penalties for Failure to Meet Study Deadlines:** Sections I.7.c and I.7.d of this Schedule 21 require a Transmission Provider to use due diligence to meet 60-day study completion deadlines for System Impact Studies and Facilities Studies.

(i) The PTO is required to file a notice with the Commission in the event that more than twenty (20) percent of non-Affiliates' System Impact Studies and Facilities Studies completed by the PTO in any two consecutive calendar quarters are not completed within the 60-day study completion deadlines. Such notice must be filed within thirty (30) days of the end of the calendar quarter triggering the notice requirement.

(ii) For the purposes of calculating the percent of non-Affiliates' System Impact Studies and Facilities Studies processed outside of the 60-day study completion deadlines, the PTO shall consider all System Impact Studies and Facilities Studies that it completes for non-Affiliates during the calendar quarter. The percentage should be calculated by dividing the number of those studies which are completed on time by the total number of completed studies. The PTO may provide an explanation in its notification filing to the Commission if it believes there are extenuating circumstances that prevented it from meeting the 60-day study completion deadlines.

(iii) The PTO is subject to an operational penalty if it completes ten (10) percent or more of non-Affiliates' System Impact Studies and Facilities Studies outside of the 60-day study completion deadlines for each of the two calendar quarters immediately following the quarter that triggered its notification filing to the Commission. The operational penalty will be assessed for each calendar quarter for which an operational penalty applies, starting with the calendar quarter immediately following the quarter that triggered the PTO's notification filing to the Commission. The operational penalty will continue to be assessed each quarter until the PTO completes at least ninety (90) percent of all non-Affiliates' System Impact Studies and Facilities Studies within the 60-day deadline.

(iv) For penalties assessed in accordance with subsection (iii) above, the penalty amount for each System Impact Study or Facilities Study shall be equal to \$500 for each day the PTO takes to complete that study beyond the 60-day deadline.

**j) Claims or Disputes:** Any claim or dispute between the PTO and the Transmission Customer with respect to a System Impact Study or Facilities Study shall be governed by the provisions of Section I.6 of the Tariff.

**8) Procedures if The PTO is Unable to Complete New Transmission Facilities for Firm Local Point-To-Point Service**

**a) Delays in Construction of New Facilities:** If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the PTO shall promptly notify the Transmission Customer. In such circumstances, the PTO shall within, thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. The PTO also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of the PTO that is reasonably needed by the Transmission Customer to evaluate any alternatives.

**b) Alternatives to the Original Facility Additions:** When the review process of Section I.8.a of this Schedule 21 determines that one or more alternatives exist to the originally planned construction project, the PTO shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request that the ISO file a revised Local Service Agreement for Firm Local Point-To-Point Service. If the alternative approach solely involves Non-Firm Local Point-To-Point Service, the PTO shall so inform the ISO, and the ISO (in consultation with the PTO) shall thereafter promptly tender to the Transmission Customer a Local Service Agreement for Non-Firm Local Point-To-Point Service providing for the service. In the event the PTO concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures of Section I.6 of the Tariff.

**c) Refund Obligation for Unfinished Facility Additions:** If the PTO and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested Firm Local Point-To-Point Service cannot be provided out of existing capability, the obligation to provide the requested service shall terminate and any deposit made by the Transmission Customer shall be returned with interest pursuant to Commission regulations 35.19a(a)(2)(iii). However, the Transmission Customer shall be responsible for all prudently incurred costs by the ISO and the PTO through the time construction was suspended, including costs for removal of unfinished facilities and any ongoing operating expenses of the unfinished facilities until they are removed.

**9) Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities**

**a) Responsibility for Third-Party System Additions:** The PTO shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The PTO will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

**b) Coordination of Third-Party System Additions:** In circumstances where the need for transmission facilities or upgrades is identified, and if such upgrades further require the addition of transmission facilities on other systems, the PTO shall have the right to coordinate construction on its own system with the construction required by others. The PTO, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The PTO shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the PTO of its intent to defer construction, the Transmission Customer may challenge the decision in accordance with Section I.6 of the Tariff.

**10) Changes in Service Specifications**

**a) Modifications On a Non-Firm Basis:** The Transmission Customer taking Firm Local Point-To-Point Service from a PTO may request transmission service on a non-firm basis over Receipt and Delivery Points of the same PTO other than those specified in the Local Service Agreement ("Secondary Receipt and Delivery Points") in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Local Point-To-Point Service charge or executing a new Local Service Agreement, subject to the following conditions. A Transmission Customer may request a modification to its Non-Firm Local Point-to-Point Service by making such a request to the PTO and the ISO, which must be made pursuant to Sections I.6. (a) and (b), as appropriate.

(a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by the PTO on behalf of its Native Load Customers.

(b) The sum of all Firm Local and Non-Firm Local Point-To-Point Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Local Service Agreement under which such services are provided.

(c) The Transmission Customer shall retain its right to schedule Firm Local Point-To-Point Service at the Receipt and Delivery Points specified in the relevant Local Service Agreement in the amount of its original capacity reservation.

(d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Local Point-To-Point Service under the Tariff. However, all other requirements of this Schedule 21 (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

**b) Modification On a Firm Basis:** Any request by a Transmission Customer to modify the Firm Local Point-to-Point Service it receives from a PTO to obtain service between different Receipt and Delivery Points on the Local Network of the same PTO on a firm basis shall be treated as a new request for service, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Local Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Local Service Agreement. A Transmission

Customer may request a modification to its Firm Local Point-to-Point Service by making such a request to the PTO and the ISO, which must be made pursuant to Sections I.5. (a) and (b), as appropriate.

## **11) Sale or Assignment of Transmission Service**

**a) Procedures for Assignment or Transfer of Service:** A Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Local Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Local Service Agreement is hereafter referred to as the “Reseller” as the term used throughout this Schedule 21. Compensation to Resellers shall be at rates established by agreement between the Reseller and the Assignee. The Assignee must execute a service agreement with the PTO governing reassignments of transmission service prior to the date on which the reassigned service commences. The PTO shall charge the Reseller, as appropriate, at the rate stated in the Reseller’s Local Service Agreement with the PTO or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee’s Service Agreement with the PTO or the associated OASIS schedule; provided that, such credit shall be reversed in the event of non-payment by the Assignee. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Local Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. The Assignee will be subject to all terms and conditions of the Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the PTO pursuant to Section I.1.b of this Schedule 21. A Transmission Customer may request a modification to its Firm Local Point-to-Point Service by making such a request to the PTO and the ISO must be made pursuant to sections I.5. (a) and (b) and I.6. (a) and (b), as appropriate.

**b) Limitations on Assignment or Transfer of Service:** If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Local Service Agreement, the PTO will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the New England Transmission System or the PTO’s distribution system, as applicable. The Assignee shall compensate the ISO and/or the PTO, as applicable, for performing any System Impact Study needed to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Local Service Agreement, except as specifically agreed to by the PTO and Reseller through an amendment to the Local Service Agreement

c) **Information on Assignment or Transfer of Service:** In accordance with Section I.11 of this Schedule 21 and applicable provisions of the Local Service Schedules, all sales or assignments of capacity must be conducted through or otherwise posted on the PTO's OASIS on or before the date the reassigned Local Point-to-Point Service commences and are subject to Section I.11.a of this Schedule 21. Resellers may also use the OASIS to post transmission capacity available for resale.

## **12) Metering and Power Factor Correction at Receipt and Delivery Points(s)**

a) **Transmission Customer Obligations:** Unless otherwise provided in the applicable Local Service Schedule, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted through Local Point-To-Point Service and to communicate the information to the PTO, Local Control Centers and the ISO. Such equipment shall remain the property of the Transmission Customer.

b) **PTO Access to Metering Data:** The PTO shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Local Service Agreement.

c) **Power Factor:** In accordance with Good Utility Practice and any applicable Local Service Schedule, the Transmission Customer is required to maintain a power factor within the same range as the PTO. The power factor requirements are specified in the Local Service Agreement where applicable.

## **13) Compensation for Local Point-To-Point Service:**

Rates for Firm Local and Non-Firm Local Point-To-Point Service are set forth in the Local Service Schedules. The applicable rates for Firm Local and Non-Firm Local Point-to-Point Service set forth in the Local Service Schedules shall be reduced to zero for the charging load of an Electric Storage Facility when the Regional Network Service charges are reduced to zero pursuant to Section II.21.3 of the OATT. This discount will only be applied to Electric Storage Facility charging load that (a) is reported under a separately identified Regional Network Load that does not include station service load or any other load and (b) is providing one or more of the following services to the ISO: reactive power voltage support, operating reserves, regulation and frequency response, balancing energy supply and demand, or addressing a reliability concern. Electric Storage Facilities shall be considered to be balancing energy

supply and demand when they are responding to ISO dispatch instructions in the Real-Time Energy Market.

**14) Compensation for New Facilities Costs:**

Whenever a System Impact Study performed in connection with the provision of Firm Local Point-To-Point Service identifies the need for new facilities, the Transmission Customer shall be responsible for the costs of the new facilities to the extent consistent with Commission policy.

**II. LOCAL NETWORK SERVICE**

**Preamble**

Eligible Customers seeking Local Network Service on a specific Local Network shall refer to the applicable Local Service Schedule to determine any PTO-specific rates, terms, and conditions applicable to such service. Except as otherwise provided in the Local Service Schedules, Local Network Service will be provided pursuant to the applicable rates, terms and conditions set forth below.

**1) Nature of Local Network Service**

Local Network Service is provided to Network Customers to serve their loads. It includes transmission service for the delivery to a Network Customer of its energy and capacity from Network Resources and delivery to or by Network Customers of energy and capacity from New England Markets transactions.

**2) Availability of Local Network Service**

**a) Eligibility to Receive Local Network Service:** Transmission Customers taking Regional Network Service must also take Local Service.

**b) Compliance With State Law:** A Network Customer is not excused from any requirements of state law, or any order or regulation issued pursuant to state law, to arrange for Local Delivery Service with the PTO and distribution company providing such service and to pay all applicable charges associated with such service, including charges for stranded costs.

**c) Scope of Service:** Local Network Service allows Network Customers to efficiently and economically utilize their resources and Interchange Transactions to serve their Local and Regional

Network Load and any additional load that may be designated pursuant to the Tariff. The Network Customer taking Local Network Service must obtain or provide Ancillary Services.

**d) PTO Responsibilities:** The PTO in accordance with the TOA will plan, construct, operate and maintain its Local Network in accordance with Good Utility Practice and its planning obligations in Attachment K in order to provide the Network Customer with Local Network Service. Each PTO, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer. This information must be consistent with the information used by the PTO to calculate available transfer capability. The PTO in accordance with the TOA shall include the Network Customer's Local Network Load in Local Network planning and shall, consistent with Good Utility Practice and Attachment K, endeavor to construct and place into service sufficient transfer capability to deliver Network Resources to serve the Network Customer's Local and Regional Network Load on a basis comparable to the PTO's delivery of its own generating and purchased resources to its Native Load Customers.

**e) Comparability of Service:** Local Network Service will be provided to the Network Customer for the delivery of energy and/or capacity from its resources to serve its Local and Regional Network Loads on a basis that is comparable to the PTO's use of its Local Network to reliably serve Native Load Customers.

**f) Real Power Losses:** "Real Power Losses" those losses associated with transmission service as determined in accordance with Section 15.3, Section 31.6 and Schedule 21 of the OATT. The PTOs are not obligated to provide Real Power Losses. Non-PTF Real Power Losses shall be calculated and charged for in accordance with the applicable Schedule 21 Local Service Schedule.

**g) Secondary Service:** The Network Customer may use the Local Network to deliver energy to its Local Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as available basis, at no additional charge. Secondary service shall not require the filing of an Application for Local Network Service under Section II of this Schedule 21. However, all other requirements of Section II of this Schedule 21 (except for transmission rates) shall apply to secondary service. Deliveries from resources other than Network Resources will have a higher priority than any Non Firm Local Point To Point Service.



**h) Restrictions on Use of Service:** The Network Customer shall not use Local Network Service for (i) sales of capacity and energy to non designated loads, or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Local Network Service shall use Local Point To Point Service for any Third Party Sale, which requires use of the Local Network. The PTO shall specify any appropriate charges and penalties and all related terms and conditions applicable in the event that a Network Customer uses Local Network Service or secondary service pursuant to Section II.2.g of this Schedule 21 to facilitate a wholesale sale that does not serve Local Network Load.

### **3) Initiating Service**

**a) Condition Precedent for Receiving Service:** Local Network Service shall be provided only if the following conditions are satisfied by the Eligible Customer: (i) the Eligible Customer completes an Application to the ISO for service, (ii) the Eligible Customer and the PTO complete the technical arrangements, and (iii) the Eligible Customer executes a Local Service Agreement with the PTO and the ISO or requests in writing that the ISO file an unexecuted Local Service Agreement containing terms and conditions deemed by the PTO (in consultation with the ISO) to be appropriate for such requested service with the Commission.

### **4) Procedures for Arranging Local Network Service**

#### **a) Pre-RTO Local Service Agreements**

(i) A Transmission Customer who wishes to revise the Local Service Agreement termination date, transfer Local Service Agreement ownership, request an alternate Point of Receipt or Point of Delivery, or make upgrades (i.e., increase MWs served) within the terms of their existing Local Service Agreement that is in effect prior to February 1, 2005 ("Pre-RTO Local Service Agreement"), shall not be required to complete an Application or execute a Local Service Agreement under this Schedule 21, however, modifications to the existing Local Service Agreement may be required. The Transmission Customer shall contact the PTO to discuss and, if appropriate, modify the existing Local Service Agreement.

(ii) A Transmission Customer who wishes to make upgrades (i.e., increase MWs served) beyond the terms of its existing Local Service Agreement that is in effect prior to February 1,

2005 ("Pre-RTO Local Service Agreement"), shall contact the PTO to make arrangements to terminate the Transmission Customer's existing Local Service Agreement and shall complete (and submit to the ISO) an Application for Local Service and then execute a Local Service Agreement under this Schedule 21.

**b) RTO Local Service Agreements**

- (i) A Transmission Customer who wishes to revise the Local Service Agreement termination date, transfer Local Service Agreement ownership, request an alternative Point of Receipt or Point of Delivery, or make upgrades (i.e., increase MWs served) within the terms of the existing Local Service Agreement under this Schedule 21, shall not be required execute a new Local Service Agreement under this Schedule 21, however, modifications to the existing Local Service Agreement under this Schedule 21 may be required. Such modifications to an existing Local Service Agreement typically do not require an additional Local or Regional System Impact Study to be completed. The Transmission Customer shall complete (and submit to the ISO) an application for Local Transmission Service that reflects the requested modifications to the Local Service Agreement to facilitate revision of its existing Schedule 21 Local Service Agreement.
- (ii) A Transmission Customer who wishes to make upgrades (i.e., increase MWs served) beyond the terms of the existing Local Service Agreement under this Schedule 21, shall contact the ISO to discuss and, if appropriate, terminate the Transmission Customer's existing Local Service Agreement under this Schedule 21 and shall complete (and submit to the ISO) a new Application for Local Service and then execute a new Local Service Agreement under this Schedule 21.

**c) Application Procedures:** An Eligible Customer requesting Local Network Service must submit an Application, with a deposit equal to the charge for one month of service, unless another charge is specified in the applicable Local Service Schedule, to the ISO as far as possible in advance of the month in which service is to commence. Completed Applications for Local Network Service will be assigned a reservation priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. A Completed Application shall provide all of the information included in 18 C.F.R. §2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the party requesting service;

(ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer;

(iii) A description of the Local Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each substation at the same transmission voltage level. The description should include a ten-year forecast of summer and winter load resource requirements beginning with the first year after the service is scheduled to commence;

(iv) The amount and location of any interruptible loads included in the Local Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the ten-year load forecast provided in response to (iii) above;

(v) A description of Network Resources (current and ten-year projection), which shall include, for each Network Resource, if the description is not otherwise available to the ISO and the PTOs:

- Unit size and amount of capacity from that unit to be designated as Network Resource
- VAR capability (both leading and lagging) of all generators
- Operating restrictions
- Any periods of restricted operations throughout the year
- Maintenance schedules
- Minimum loading level of unit
- Normal operating level of unit
- Any must-run unit designations required for system reliability or contract reasons
- Approximate variable dispatch price (\$/MWH), consistent with Market Rule 1, for redispatch computations

- Arrangements governing sale and delivery of power to third parties from generating facilities located in the New England Control Area, where only a portion of unit output is designated as a Network Resource
- Description of external purchased power designated as a Network Resource including source of supply, control area location, transmission arrangements and delivery point(s);

(vi) Description of Eligible Customer's transmission system:

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the ISO and the PTOs
- Operating restrictions needed for reliability
- Operating guides employed by system operators
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Local Network Loads and Resources
- Location of Network Resources described in subsection (v) above
- ten-year projection of system expansions or upgrades
- transmission system maps that include any proposed expansions or upgrades
- Thermal ratings of Eligible Customer's Control Area ties with other Control Areas;

(vii) Service Commencement Date and the term of the requested service. The minimum term for service is one year; and

(viii) Any additional information required of the Transmission Customer as specified in the PTO's planning process established in Attachment K.

Unless the Eligible Customer and the ISO agree to a different time frame, the ISO must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Local Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this Section, the PTO shall notify the ISO within ten (10) days of the Application's receipt of the reasons for such failure, and the ISO shall, in turn, so notify the entity requesting service within five (5) days of the receipt of notice from the PTO of the reasons for such failure. Wherever possible, the ISO and the PTO will attempt to remedy deficiencies in the Application

through informal communications with the Eligible Customer. If such efforts are unsuccessful, the ISO shall return the Application without prejudice to the Eligible Customer, who may thereafter file a new or revised Application that fully complies with the requirements of this Section. The Eligible Customer will be assigned a new reservation priority consistent with the date of the new or revised Application. The ISO and the PTO shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

**d) Technical Arrangements to be Completed Prior to Commencement of Service:** Local Network Service shall not commence until the PTO and the Network Customer, or a third party, have completed installation of all equipment specified under the Local Service Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Non-PTF. The PTO shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

**e) Network Customer Facilities:** The provision of Local Network Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the Non-PTF to the Network Customer. The Network Customer shall be solely responsible for constructing or installing and operating and maintaining all facilities on the Network Customer's side of each such delivery point or interconnection.

**f) Filing of Service Agreement:** The ISO shall file Local Service Agreements with the Commission in compliance with applicable Commission regulations.

## **5) Network Resources**

**a) Designation of Network Resources:** The Network Customer shall designate those Network Resources which are owned, purchased or leased by it. The Network Resources so designated may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Local Network Load on a non-interruptible basis. Any owned, purchased or leased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Compliance Effective Date shall be deemed to

continue to be so owned, purchased or leased by it until the Network Customer informs the ISO and the PTO of a change.

**b) Designation of New Network Resources:** The Network Customer shall identify any new Network Resources which are owned, purchased or leased by it with as much advance notice as practicable. A designation of any new Network Resource as owned, purchased or leased by the Customer must be made by a notice to the ISO and the PTO.

**c) Termination of Network Resources:** The Network Customer may terminate the designation of all or part of a Network Resource as owned, purchased or leased by it at any time but shall provide notification to the ISO and the PTO as soon as reasonably practicable.

**d) Network Customer Redispatch Obligation:** As a condition to receiving Local Network Service, the Network Customer agrees to redispatch its Network Resources as requested by the ISO and the PTO. The ISO will redispatch all Resources subject to its control, pursuant to Market Rule 1, in order to meet load and to accommodate External Transactions. The Network Customers will be charged for the Congestion Costs and any other costs associated with such redispatch in accordance with Market Rule 1.

**e) Transmission Arrangements for Network Resources Not Physically Interconnected with the PTO's Non-PTF:** The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the PTO's Non-PTF. The applicable PTO will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

**f) Limitation on Designation of Network Resources:** The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under this Schedule 21.

**g) Network Customer Owned Transmission Facilities:** The Network Customer that owns existing transmission facilities that are integrated with the PTO's Local Network may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such

consideration, the Network Customer must demonstrate that its transmission facilities are integrated into the planning and operations of the PTO to serve all of its power and transmission customers. For facilities added by the Network Customer subsequent to the effective date of a Final Rule in RM05-25-000, the Network Customer shall receive credit for such transmission facilities added if such facilities are integrated into the operations of the PTO's facilities; provided however, the Local Network Customer's transmission facilities shall be presumed to be integrated if such transmission facilities, if owned by the PTO, would be eligible for inclusion in the PTO's annual transmission revenue requirement as specified in the PTO's respective Local Service Schedule. Calculation of any credit under this subsection shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

**6) Designation of Local Network Load**

**a) Local Network Load:** The Network Customer must designate the individual Local Network Loads which it expects to have served through Local Network Service. The Local Network Loads shall be specified in the Local Service Agreement.

**b) New Local Network Loads Within the New England Control Area:** The Network Customer shall provide the ISO and the PTO with as much advance notice as reasonably practicable of the designation of new Local Network Load that will be added to the Non-PTF. A designation of new Local Network Load must be made through a modification of service pursuant to a new Application. The PTO will use due diligence to install or cause to be installed any transmission facilities required to interconnect a new Local Network Load designated by the Network Customer. The costs of new facilities required to interconnect a new Local Network Load shall be determined in accordance with the procedures provided in this Schedule 21 and shall be charged to the Network Customer in accordance with Commission policy and this Schedule 21.

**c) Local Network Load Not Physically Interconnected with the PTO:** This Section applies to both initial designation and the subsequent addition of new Local Network Load not physically interconnected with the PTO's Non-PTF. To the extent that the Network Customer desires to obtain transmission service for a load outside the Local Network, the Network Customer shall have the option of (1) electing to include the entire load as Local Network Load for all purposes under this Schedule 21 and designating Network Resources in connection with such additional Local Network Load, or (2) excluding that entire load from its Local Network Load and purchasing Local Point To Point Service under this

Schedule 21. To the extent that the Network Customer gives notice of its intent to add a new Local Network Load as part of its Local Network Load pursuant to this Section the request must be made through a modification of service pursuant to a new Application.

**d) New Interconnection Points:** To the extent the Network Customer desires to add a new Delivery Point or interconnection point between the Non-PTF and a Local Network Load, the Network Customer shall provide the ISO and the PTO with as much advance notice as reasonably practicable.

**e) Changes in Service Requests:** Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Local Network Service (the addition of a new Network Resource, if any, or designation of a new Local Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by the PTOs and charged to the Network Customer as reflected in the applicable Local Service Agreement or other appropriate agreement. However, the PTO must treat any requested change in Local Network Service in a non-discriminatory manner.

**f) Annual Load and Resource Information Updates:** The Network Customer shall provide the ISO and the PTO with annual updates of Local Network Load and Network Resource forecasts consistent with those included in its Application including, but not limited to, any information provided under Section II.3.b of this Schedule 21 pursuant to the PTO's planning process in Attachment K. The Network Customer also shall provide the ISO and the PTO with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Local Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the ability of the PTO to provide reliable service.

## **7) Additional Study Procedures For Local Network Service Requests**

**a) Notice of Need for System Impact Study:** After receiving a request for Local Network Service, a determination shall be made on a non-discriminatory basis as to whether a System Impact Study is needed. The ISO shall review the request to determine whether the provision of the requested service would have an impact on facilities other than Non-PTF, and if so, whether a System Impact Study is necessary to accommodate the requested service. If so, the ISO shall so inform the Eligible Customer as soon as practicable and will (in consultation with the PTO) perform a System Impact Study, as necessary, with respect to the request. A description of the ISO's methodology for completing a System Impact



Study is provided in OATT Attachment D. If the ISO determines that the service would not have an impact on facilities other than Non-PTF, the PTO shall determine whether a System Impact Study is necessary to accommodate the requested service and shall so inform the Eligible Customer as soon as practicable and will (in consultation with the ISO) perform a System Impact Study, as necessary, with respect to the application. In such cases, the ISO or the PTO, as applicable, shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the ISO or the PTO, as applicable, for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the ISO or the PTO, as applicable, within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest. A description of the PTO's methodology for completing a System Impact Study is provided in its Local Service Schedule.

**b) System Impact Study Agreement and Cost Reimbursement:**

- (i) The System Impact Study Agreement will clearly specify an estimate of the cost and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. The System Impact Study shall rely on existing transmission planning studies to the extent reasonably practicable. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Local Network.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that the PTO conducts on its own behalf, the PTO shall record the cost of the System Impact Studies pursuant to Section II.8.5 of the Tariff.
- (iv) In response to multiple Eligible Customers within the same electrically interconnected area requesting clustering of system Impact Study analysis for Local Service, the PTO will

accommodate such multiple requests if it can reasonable do so. The costs of such studies shall be pro-rated among the Eligible Customers on an agreed upon basis.

**c) System Impact Study Procedures:** Upon receipt of an executed System Impact Study Agreement, the ISO or the PTO, as applicable, will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints, additional Direct Assignment Facilities or Local Network Upgrades required to provide the requested service. In the event that the ISO or the PTO, as applicable, is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The PTO will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The ISO or the PTO, as applicable, shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Local Network will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study, the Eligible Customer must execute a Local Service Agreement or request the filing of an unexecuted Local Service Agreement pursuant to Section II.3.a of this Schedule 21 or the Application shall be deemed terminated and withdrawn.

**d) Facilities Study Procedures:** If a System Impact Study indicates that additions or upgrades to facilities other than Non-PTF are needed to supply the Eligible Customer's service request or to mitigate indirect impacts on the MTF facilities, the ISO, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the ISO for performing the required Facilities Study. If a System Impact Study indicates that additions or upgrades to Non-PTF facilities are needed to supply the Eligible Customer's service request or to mitigate indirect impacts on the MTF facilities, the PTO, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the PTO for performing the required Facilities Study. For clustered studies, the cost of such studies shall be pro-rated among the Eligible Customers on an agreed upon basis. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its

Application shall be deemed withdrawn and its deposit shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the ISO or the PTO, as applicable, will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Facilities Study cannot be completed in the allotted time period, the Eligible Customer shall be notified and provided an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Local Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide a letter of credit or other reasonable form of security acceptable to the PTO equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Local Service Agreement or request the filing of an unexecuted Local Service Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

In addition to the foregoing, each Facilities Study shall, if requested by the Eligible Customer, contain a non-binding estimate from the ISO of the Incremental ARRs, if any, resulting from the construction of the new facilities. After completion of the transmission upgrade or expansion, the ISO shall determine the Incremental ARRs, if any, resulting from the upgrade or expansion.

**e) Facilities Study Modifications:** Any change in design arising from the inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the ISO and/or the PTO that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer.

**f) Due Diligence in Completing New Facilities:** The PTO shall use due diligence to add necessary facilities or upgrade its Local Network within a reasonable time. The PTO will not upgrade its existing or planned Local Network in order to provide the requested Local Network Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.

**g) Claims or Disputes:** Any claim or dispute between the PTO and the Transmission Customer with respect to a System Impact Study or Facilities Study shall be governed by the provisions of Section I.6 of the Tariff.

**h) Penalties for Failure to Meet Study Deadlines:** Section I.7.i of this Schedule 21 defines penalties that apply for failure to meet the 60-day study completion due diligence deadlines for System Impact Studies and Facilities Studies under Section I of this Schedule 21. These same requirements and penalties apply to service under Section II of this Schedule 21.

## **8) Load Shedding and Curtailments**

**a) Procedures:** The PTO shall establish Load Shedding and Curtailment procedures (consistent with those of the ISO and the Local Control Center) with the objective of responding to contingencies on the Non-PTF. The PTO will notify all affected Local Network Service Customers in a timely manner of any scheduled Curtailment.

**b) Transmission Constraints:** During any period when a PTO or the Local Control Center determines that a transmission constraint exists on the Non-PTF, and such constraint may impair the reliability of the New England Transmission System, the PTO or the Local Control Center will so inform the ISO. The ISO will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of the system. To the extent the ISO determines that the reliability of the New England Transmission System can be maintained by redispatching resources, The ISO will initiate procedures to redispatch all resources on a least-cost basis without regard to the ownership of such resources.

**c) Cost Responsibility for Relieving Transmission Constraints:** Whenever the ISO implements least-cost redispatch procedures in response to a transmission constraint, the Transmission Customer will bear the costs of such redispatch in accordance with Market Rule 1.

**d) Curtailments of Scheduled Deliveries:** If a transmission constraint on the Non-PTF cannot be relieved through the implementation of least-cost redispatch procedures and the PTO determines that it is necessary to effect a Curtailment of scheduled deliveries, such schedule shall be curtailed in accordance with the terms of the Tariff.

e) **Allocation of Curtailments:** The ISO, the Transmission Owner or the Local Control Center shall on a non-discriminatory basis, effect a Curtailment of the transaction(s) that effectively relieves the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by the customers taking MTF Service and OTF Service and/or Through or Out Service and Network Customers on a non-discriminatory basis. Notwithstanding the preceding provisions of this Section, External Transactions shall be scheduled and curtailed in accordance with Section II.44 of the OATT.

f) **Load Shedding:** Load Shedding also may occur in accordance with the applicable Local Service Schedule to the extent provided for in such Local Service Schedule.

g) **System Reliability:** Notwithstanding any other provisions of this Schedule, The ISO, the PTO and the Local Control Centers reserve the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to effect a Curtailment of service without liability on the part of the ISO, the PTO or the Local Control Centers for the purpose of making necessary adjustments to, changes in, or repairs on the PTO's lines, substations and facilities, and in cases where the continuance of service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the Non-PTF or on any other system(s) directly or indirectly interconnected with the Non-PTF, the ISO, the PTO and the Local Control Centers, consistent with Good Utility Practice, also may effect a Curtailment of service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The ISO, the PTO or the Local Control Centers will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Local Network Service will be not unduly discriminatory relative to the PTO's use of the New England Transmission System on behalf of their Native Load Customers. The Local Service Schedules shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

## 9) **Rates and Charges**

Except as provided below, the Network Customer shall pay all applicable charges for Local Network Service set forth in this Schedule 21, including the Local Service Schedules, and for any Direct Assignment Facilities and its share of the cost of any required Local Network Upgrades and applicable study costs consistent with Commission policy, along with any additional charges imposed under the

Tariff. In the event the Network Customer serves Local Network Load located on more than one Local Network, the amount to be paid by it shall be separately computed for each Local Network.

The applicable charges for Local Network Service set forth in this Schedule 21, including the Local Service Schedules, shall be reduced to zero for the charging load of an Electric Storage Facility when the Regional Network Service charges are reduced to zero pursuant to Section II.21.3 of the OATT. The reduction to zero of the applicable charges shall not apply to any Direct Assignment Facilities nor the Network Customer's share of the cost of any required Local Network Upgrades and applicable study costs consistent with Commission policy, along with any additional charges imposed under the Tariff. This discount will only be applied to Electric Storage Facility charging load that (a) is reported under a separately identified Regional Network Load that does not include station service load or any other load and (b) is providing one or more of the following services to the ISO: reactive power voltage support, operating reserves, regulation and frequency response, balancing energy supply and demand, or addressing a reliability concern. Electric Storage Facilities shall be considered to be balancing energy supply and demand when they are responding to ISO dispatch instructions in the Real-Time Energy Market.

#### **10) Determination of Network Customer's Monthly Network Load**

For purposes of Local Network Service, the Network Customer's "Monthly Network Load" shall be determined in accordance with the applicable Local Service Schedule.

#### **11) Operating Arrangements**

The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the terms of the Tariff. The terms and conditions under which the Network Customer taking Local Network Service shall operate its facilities and the technical and operational matters associated with the implementation of Local Network Service shall be specified in Section II.22 of the Tariff and/or the Local Service Schedules.

**SCHEDULE 21**  
**ATTACHMENT A**  
**FORM OF LOCAL SERVICE AGREEMENT**

This LOCAL SERVICE AGREEMENT, dated as of \_\_\_\_\_, is entered into, by and between \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State/Commonwealth of \_\_\_\_\_ (“Transmission Owner”), \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State/Commonwealth of \_\_\_\_\_ (“Transmission Customer”) and ISO New England, Inc., a non-stock corporation organized and existing under the laws of the State of Delaware (“ISO”). Under this Agreement the Transmission Owner, Transmission Customer, and the ISO each may be referred to as a “Party” or collectively as the “Parties.”

**PART I – General Terms and Conditions**

1. Service Provided (Check applicable):  
☐ Local Network Service  
☐ Local Point-To-Point Service  
☐ Firm  
☐ Non-Firm  
Regional Network Service customers must take either Local Network Service or Local Point-To-Point Service.
2. The Transmission Customer is an Eligible Customer under the Tariff and is a party to either a Market Participant Service Agreement or a Transmission Service Agreement.
3. The Transmission Customer has submitted a Completed Application and the required deposit, if applicable, for service under this Local Service Agreement and the Tariff.
4. The Transmission Customer agrees to supply information to the Transmission Owner that the Transmission Owner deems reasonably necessary in accordance with Schedule 21 and Good Utility Practice in order for it to receive the requested service.
5. The Transmission Owner agrees to provide and the Transmission Customer agrees to take and pay for service in accordance with the provisions of the Tariff and this Local Service Agreement.

6. Service may be subject to some combination of the charges detailed in Schedule 21 of the OATT. The appropriate charges will be determined in accordance with the terms and conditions of Schedule 21.

7. Any notice or request made to or by either party regarding this Local Service Agreement shall be made to the representative of the other party as indicated below.

Transmission Customer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Transmission Owner:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The ISO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. The ISO New England Inc. Transmission, Markets and Services Tariff (the “Tariff”) is incorporated herein and made a part hereof. Capitalized terms used in this Local Service Agreement shall have the meanings ascribed in the Tariff.

9. Nothing contained in this Local Service Agreement shall be construed as affecting in any way the right of the Transmission Owner to file with the Commission under Section 205 of the Federal Power Act and pursuant to the Commission’s rules and regulations promulgated thereunder for a change in any rates, terms and conditions of this Local Service Agreement. Nothing contained in this Local Service Agreement shall be construed as affecting in any way the ability of the Transmission Customer to file with the Commission under Section 206 of the Federal Power Act



and pursuant to the Commission's rules and regulations promulgated thereunder for a change in any rates, terms and conditions of this Local Service Agreement.

10. Nothing contained in this Local Service Agreement shall be construed as affecting or enlarging, in whole or in part, the limited responsibility of the ISO under the Transmission Operating Agreement ("TOA") to coordinate the Transmission Owner's provision of Local Service and to determine whether the provision of Local Service would have an impact on facilities used for the provision of Regional Transmission Service.

## **PART II – Local Network Service**

1. The Transmission Customer has been determined by the Transmission Owner and the ISO to have a Completed Application for Local Network Service under the Tariff.
2. Service shall commence on the later of: (1) \_\_\_\_\_, or (2) the date on which construction of all interconnection equipment, any Direct Assignment Facilities and/or facility or Local Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service shall terminate on \_\_\_\_\_.
3. Specifications for Local Network Service.
  - a. Term of Service:
  - b. List of Network Resources and Point(s) of Receipt:
  - c. Description of capacity and energy to be transmitted:
  - d. Description of Local Network Load:
  - e. List of Point(s) of Delivery and metering point(s) when they differ from Point(s) of Delivery:
  - f. List of non-Network Resource(s), to the extent known:

g. Ancillary Services requested or proof of satisfactory arrangements for Ancillary Services:

h. Identity of Designated Agent:

Authority of Designated Agent:

Term of Designated Agent's authority:

Division of responsibilities and obligations between Transmission  
Customer and Designated Agent:

i. Interconnection facilities and associated equipment:

j. Project name:

k. Interconnecting Transmission Customer:

l. Location:

m. Transformer nameplate rating:

n. Interconnection point:

o. Additional facilities and/or associated equipment:

p. Service under this Local Service Agreement shall be subject to the following charges:

q. Additional terms and conditions:

4. Planned work schedule.

Estimated Time

Milestone

(Activity)

Period For Completion

(# of months)

5. Payment schedule and costs.

(Study grade estimate, +\_\_\_% accuracy, year \$s)

Milestone

Amount (\$)

6. Policy and practices for protection requirements for new or modified load interconnections.
7. Insurance requirements.

### **PART III – Local Point-To-Point Service**

1. The Transmission Customer has been determined by the Transmission Owner and the ISO to have a Completed Application for Local Point-To-Point Service under the Tariff.
2. Service shall commence on the later of: (1) \_\_\_\_\_, or (2) the date on which construction of any Direct Assignment Facilities and/or Local Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service shall terminate on \_\_\_\_\_.
3. Non-firm Local Point-To-Point Service shall be provided by the Transmission Owner upon request by an authorized representative of the Transmission Customer.
4. Specifications for Local Point-To-Point Service.
  - a. Term of Transaction:
  - b. Description of capacity and energy to be transmitted by the Transmission Owner including the electric Control Area in which the transaction originates:
  - c. Point(s) of Receipt:
  - d. Delivering Party:
  - e. Point(s) of Delivery:
  - f. Receiving Party:

- g. Maximum amount of capacity and energy to be transmitted (Reserved Capacity):
- h. Designation of party(ies) subject to reciprocal service obligation:
- i. Name(s) of any intervening Control Areas providing transmission service:
- j. Service under this Local Service Agreement shall be subject to the following charges:
- k. Interconnection facilities and associated equipment:
- l. Project name:
- m. Interconnecting Transmission Customer:
- n. Location:
- o. Transformer nameplate rating:
- p. Interconnection point:
- q. Additional facilities and/or associated equipment:
- r. Additional terms and conditions:

5. Planned work schedule.

Estimated Time

Milestone

(Activity)

Period For Completion

(# of months)

6. Payment schedule and costs.

(Study grade estimate, +\_\_\_% accuracy, year \$s)

Milestone

Amount (\$)

7. Policy and practices for protection requirements for new or modified load interconnections.

8. Insurance requirements.

IN WITNESS WHEREOF, the Parties have caused this Local Service Agreement to be executed by their respective authorized officials.

Transmission Customer:

By: \_\_\_\_\_  
Name Title Date

\_\_\_\_\_  
Print Name

Transmission Owner:

By: \_\_\_\_\_  
Name Title Date

\_\_\_\_\_  
Print Name

The ISO:

By: \_\_\_\_\_  
Name Title Date

\_\_\_\_\_  
Print Name

**SCHEDULE 21**  
**ATTACHMENT A-1**

**Form of Local Service Agreement For The Resale, Reassignment or Transfer of Point-To-Point  
Transmission Service**

1.0 This LOCAL SERVICE AGREEMENT, dated as of \_\_\_\_\_, is entered into, by and between \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State/Commonwealth of \_\_\_\_\_ (“Transmission Owner”), \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State/Commonwealth of \_\_\_\_\_ (“Assignee”) and ISO New England, Inc., a non-stock corporation organized and existing under the laws of the State of Delaware (“ISO”). Under this Agreement the Transmission Owner, Assignee, and the ISO each may be referred to as a “Party” or collectively as the “Parties.”

2.0 The Assignee has been determined by the Transmission Owner to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.

3.0 The terms and conditions for the transaction entered into under this Local Service Agreement shall be subject to the terms and conditions of Part I of Schedule 21 and the Transmission Owner’s Local Service Schedule of Tariff, except for those terms and conditions negotiated by the Reseller of the reassigned transmission capacity (pursuant to Section I.11.a of this Tariff) and the Assignee, to include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller’s Points of Receipt and Points of Delivery will be subject to the provisions of Section I.11.b of this Tariff.

4.0 The Transmission Owner shall credit the Reseller for the price reflected in the Assignee’s Local Service Agreement or the associated OASIS schedule.

5.0 Any notice or request made to or by either Party regarding this Local Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Owner:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The ISO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Assignee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Local Service Agreement to be executed by their respective authorized officials.

Transmission Owner:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

The ISO:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Assignee:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Specifications For The Resale, Reassignment Or Transfer of Long-Term Firm Point-To-Point  
Transmission Service

1.0 Term of Transaction: \_\_\_\_\_

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

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

2.0 Description of capacity and energy to be transmitted by Transmission Owner including the electric Control Area in which the transaction originates.

\_\_\_\_\_

3.0 Point(s) of Receipt: \_\_\_\_\_

Delivering Party: \_\_\_\_\_

4.0 Point(s) of Delivery: \_\_\_\_\_

Receiving Party: \_\_\_\_\_

5.0 Maximum amount of reassigned capacity: \_\_\_\_\_

6.0 Designation of party(ies) subject to reciprocal service obligation: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

7.0 Name(s) of any Intervening Systems providing transmission service: \_\_\_\_\_

\_\_\_\_\_

(Name of Transmission Owner) Open Access Transmission Tariff

8.0 Service under this Agreement may be subject to some combination of the charges detailed below.  
(The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)



8.1 Transmission Charge: \_\_\_\_\_

\_\_\_\_\_

8.2 System Impact and/or Facilities Study Charge(s):

\_\_\_\_\_

\_\_\_\_\_

8.3 Direct Assignment Facilities Charge: \_\_\_\_\_

\_\_\_\_\_

8.4 Ancillary Services Charges: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

9.0 Name of Reseller of the reassigned transmission capacity:

\_\_\_\_\_

## **SCHEDULE 21 - LOCAL SERVICE**

This Schedule 21 contains the main substantive provisions applicable to Local Service. It includes common PTO rates, terms and conditions for Local Point-to-Point Service and Local Network Service and PTO-specific Local Service Schedules. Retail service is not subject to this Schedule 21 unless specifically provided for in the PTO's Local Service Schedule. The rates, terms and conditions for interconnection service to generators with total generating capacity of greater than 20 MW are set forth in Schedule 22. The rates, terms and conditions for interconnection service to generators with total generating capacity of 20 MW and less are set forth in Schedule 23. To the extent applicable, the rates, terms and conditions for load interconnections are set forth under the PTO-specific Local Service Schedules.

All Transmission Customers taking Local Service shall be subject to and comply with the rates, terms and conditions of this Schedule 21 as well as any applicable Local Service Schedule. In the event of a conflict between any rate, term or condition in the Tariff and any rate, term or condition in this Schedule 21 and/or an applicable Local Service Schedule, the rate, term or condition in this Schedule 21 and/or the applicable Local Service Schedule shall govern.

The following NAESB WEQ Standards are hereby incorporated by reference in this Schedule 21 to the extent that the requirements therein apply to the PTOs:

- WEQ-000, Abbreviations, Acronyms, and Definition of Terms (WEQ Version 003.1, September 30, 2015) (including only the definitions of Interconnection Monitor, Time Error, and Time Error Correction);
- WEQ-000, Abbreviations, Acronyms, and Definition of Terms (WEQ Version 003.2, December 8, 2017) (with minor correction applied July 23, 2019);
- WEQ-001, Open Access Same-Time Information System (OASIS), [OASIS] Version 2.2 (WEQ Version 003.2, December 8, 2017), excluding standards WEQ-001-0 preamble text, WEQ-001-10 preamble text;
- WEQ-002, Open Access Same-Time Information System (OASIS) Business Practice Standards and Communication Protocols (S&CP), [OASIS] Version 2.2 (WEQ Version 003.2, December 8, 2017);
- WEQ-003, Open Access Same-Time Information System (OASIS) Data Dictionary Business Practice Standards, [OASIS] Version 2.2 (WEQ Version 003.2, December 8, 2017) (with minor corrections applied July 23, 2019);
- WEQ-004, Coordinate Interchange (WEQ Version 003.2, December 8, 2017);

- WEQ-005, Area Control Error (ACE) Equation Special Cases (WEQ Version 003.2, December 8, 2017);
- WEQ-006, Manual Time Error Correction (WEQ Version 003.1, September 30, 2015);
- WEQ-007, Inadvertent Interchange Payback (WEQ Version 003.2, December 8, 2017);
- WEQ-008, Transmission Loading Relief (TLR) – Eastern Interconnection (WEQ Version 003.2, December 8, 2017);
- WEQ-011, Gas / Electric Coordination (WEQ Version 003.2, December 8, 2017);
- WEQ-012, Public Key Infrastructure (PKI) (WEQ Version 003.2, December 8, 2017);
- WEQ-013, Open Access Same-Time Information System (OASIS) Implementation Guide, [OASIS] Version 2.2 (WEQ Version 003.2, December 8, 2017);
- WEQ-015, Measurement and Verification of Wholesale Electricity Demand Response (WEQ Version 003.2, December 8, 2017);
- WEQ-021, Measurement and Verification of Energy Efficiency Products (WEQ Version 003.2, December 8, 2017);
- WEQ-022, Electric Industry Registry Business Practice Standards (WEQ Version 003.2, December 8, 2017); and
- WEQ-023, Modeling. The following standards are incorporated by reference: WEQ-023-5; WEQ-023-5.1; WEQ-023-5.1.1; WEQ-023-5.1.2; WEQ-023-5.1.2.1; WEQ-023-5.1.2.2; WEQ-023-5.1.2.3; WEQ-023-5.1.3; WEQ-023-5.2; WEQ-023-6; WEQ-023-6.1; WEQ-023-6.1.1; WEQ-023-6.1.2; and WEQ-023-A Appendix A. (WEQ Version 003.2, December 8, 2017).

The PTOs will perform their functions under this Schedule 21 and the Local Service Schedules in a manner that is not inconsistent with the ISO's provision of regional service, administration of the regional markets, dispatch of resources, and operation of the New England Transmission System for purposes of reliability.

**Pre-Confirmed Request:** Is an OASIS transmission service request that commits the Transmission Customer to take and pay for the requested Local Point-to-Point Service upon acceptance on OASIS by the PTO that can provide the requested Local Point-to-Point Service.

**Pre-RTO Local Service Agreements**<sup>1</sup>: A Transmission Customer who wishes to revise the Local Service Agreement termination date, transfer Local Service Agreement ownership, request an alternate Firm or Non-Firm Point of Receipt or Point of Delivery, or make upgrades (i.e., increase MWs served) within the terms of their existing Local Service Agreement that was in effect prior to February 1, 2005 (“Pre-RTO Local Service Agreement” as defined to Section II.1 of the OATT) shall not be required to complete an Application or execute a Local Service Agreement under this Schedule 21. Instead, the Transmission Customer shall contact the associated PTO to discuss and, if appropriate, modify its existing Pre-RTO Local Service Agreement.

A Transmission Customer who wishes to request an alternate Firm Point of Receipt or Point of Delivery or make upgrades (i.e., increase MWs served) beyond the terms of its existing Pre-RTO Local Service Agreement, shall contact the PTO to make arrangements to terminate the Transmission Customer’s existing pre-RTO Local Service Agreement and shall complete (and submit to the ISO) an Application for Local Service and then execute a Local Service Agreement under this Schedule 21.

**RTO Local Service Agreements:** For Local Service Agreements with an effective date on or after February 1, 2005 (an “RTO Local Service Agreement” as defined to Section II.1 of the OATT) a Transmission Customer who wishes to revise the Local Service Agreement termination date, transfer Local Service Agreement ownership, request an alternate Non-Firm Point of Receipt or Point of Delivery, or make upgrades (i.e., increase MWs served) within the terms of its existing Local Service Agreement under this Schedule 21, shall not be required to execute a new Local Service Agreement under this Schedule 21, however, modifications to the Transmission Customer’s existing Local Service Agreement may be required. Such modifications to an existing Local Service Agreement typically do not require an additional local or regional System Impact Study to be completed. The Transmission Customer shall complete (and submit to the ISO) an application for Local Transmission Service that reflects the requested modifications to the Local Service Agreement to facilitate revision of its existing Schedule 21 Local Service Agreement. A Transmission Customer who wishes to request an alternate Firm Point of Receipt or Point of Delivery or make upgrades (i.e., increase MWs served) beyond the terms of its existing RTO Local Service Agreement, shall contact the ISO to discuss and, if appropriate, terminate the Transmission Customer’s existing RTO Local Service Agreement under this Schedule 21 and shall complete (and submit to the ISO) a new Application for Local Service and then execute a new Local Service Agreement under this Schedule 21.

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<sup>1</sup> LSAs as defined in Section II.1 of the OATT do not include Excepted Transaction Agreements under Attachments G-1, G-2 and G-3 of the OATT.

**Reservation Priority For Existing Firm Service Customers:** Existing firm service customers (wholesale requirements and transmission only, with a contract term of five years or more), have the right to continue to take Local Service from the PTO when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the PTO or elects to purchase capacity and energy from another supplier. If at the end of the contract term, the PTO's Local Network cannot accommodate all of the requests for Local Service, the existing firm service customer must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service; provided that, the firm service customer shall have a right of first refusal at the end of such service only if the new contract is for five years or more. The existing firm service customer must provide notice to the PTO whether it will exercise its right of first refusal no less than one year prior to the expiration date of its Local Service Agreement. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of five years or longer. Local Service Agreements subject to a right of first refusal entered into prior to the date of the PTOs' filing adopting the reformed rollover language herein in compliance with Order No. 890 or associated with a transmission service request received prior to July 13, 2007, unless terminated, will become subject to the five year/one year requirement on the first rollover date after the date of the PTOs' filing adopting the reformed rollover language herein in compliance with Order No. 890; provided that, the one year notice requirement shall apply to such service agreements with five years or more left in their terms as of the date of the PTOs' filing adopting the reformed rollover language herein in compliance with Order No. 890.

**FERC:** The Federal Energy Regulatory Commission.

**Force Majeure:** Neither the ISO, a Transmission Owner nor a Customer will be considered in default as to any obligation under the Tariff if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make hereunder or under a Service Agreement. However, an entity whose performance under the Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under the Tariff, and shall promptly notify the ISO, the Transmission Owner or the Customer, whichever is appropriate, of the commencement and end of each event of Force Majeure.

**Liability:** The ISO shall not be liable for money damages or other compensation to the Customer for actions or omissions by the ISO in performing its obligations under the Tariff or any Service Agreement thereunder, except to the extent such act or omission by the ISO is found to result from its gross negligence or willful misconduct. A Transmission Owner shall not be liable for money damages or other compensation to the Customer for action or omissions by such Transmission Owner in performing its obligations under the Tariff or any Service Agreement thereunder, except to the extent such act or omission by such Transmission Owner is found to result from its gross negligence or willful misconduct. To the extent the Customer has claims against the ISO or a Transmission Owner, the Customer may only look to the assets of the ISO or a Transmission Owner (as the case may be) for the enforcement of such claims and may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of the ISO or a Transmission Owner or Affiliate of either who, the Customer acknowledges and agrees, have no personal or other liability for obligations of the ISO or a Transmission Owner by reason of their status as directors, members, shareholders, officers, employees or agents of the ISO or a Transmission Owner or Affiliate of either. In no event shall the ISO, a Transmission Owner or any Customer be liable for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance under the Tariff or any Service Agreement thereunder. Notwithstanding the foregoing, nothing in this section shall diminish a Customer's obligations under Section I.5.3 of the Tariff or under Schedule 21 of the OATT.

**Indemnification:** Each Customer shall at all times indemnify, defend, and save harmless the ISO and the Transmission Owners and their respective directors, officers, members, employees and agents from any and all damages, losses, claims and liabilities by or to third parties arising out of or resulting from the performance by the ISO or Transmission Owners under the Tariff or any Service Agreement thereunder, any bankruptcy filings made by a Customer, or the actions or omissions of the Customer in connection with the Tariff or any Service Agreement thereunder, except in case of the ISO, gross negligence or willful misconduct by the ISO or its directors, officers, members, employees or agents, and, in the case of a Transmission Owner, the gross negligence or willful misconduct by such Transmission Owner or its directors, officers, members, employees or agents. The amount of any indemnity payment hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the indemnified party in respect of the indemnified action, claim, demand, cost, damage or liability. The obligations of each Customer to indemnify the ISO and Transmission Owners shall be several, and not joint or joint and several.

**Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to Section I. 2 g).

**Local Network Upgrade:** Modifications or additions to the Local Network of a PTO, made in accordance with this Schedule 21, that are not Direct Assignment Facilities.

## **I. LOCAL POINT-TO-POINT SERVICE**

### **Preamble**

Eligible Customers seeking Local Point-To-Point Service on a specific Local Network shall refer to the applicable Local Service Schedule to determine any PTO-specific rates, terms, and conditions applicable to such service. Except as otherwise provided in the Local Service Schedules, Firm and Non-Firm Local Point-To-Point Service will be provided pursuant to the rates, terms and conditions set forth below. Local Point-To-Point Service is for the receipt of capacity and/or energy at designated Point(s) of Receipt and the transfer of such capacity and energy to designated Point(s) of Delivery.

A Local Point-To-Point Service Customer is not excused from any requirements of state law, or any order or regulation issued pursuant to state law, to arrange for Local Delivery Service with the PTO and distribution company providing such service and to pay all applicable charges associated with such service, including charges for stranded costs.

### **1) Nature of Firm Local Point-To-Point Service**

**a) Term:** The minimum term of Firm Local Point-To-Point Service shall be one day and the maximum term shall be specified in the Local Service Agreement.

**b) Reservation Priority:** Local Long-Term Firm Point-To-Point Service shall be available on a first-come, first-served basis, i.e., in the chronological sequence in which each Transmission Customer has reserved service. Reservations for Local Short-Term Firm Point-To-Point Service will be conditional based upon the length of the requested transaction. However, Pre-Confirmed Requests for Local Short-Term Point-to-Point Service will receive priority over earlier-submitted requests that are not pre-confirmed and that have equal or shorter duration. Among requests with the same duration and, as relevant, pre-confirmation status (pre-confirmed or not pre-confirmed), priority will be given to a Transmission Customer's request that offers the highest price, followed by the date and time of the



request. If the Local Network becomes oversubscribed, requests for service may preempt competing reservations up to the following conditional reservation deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all requests and reservations, a Transmission Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Local Short-Term Firm Point-To-Point Service will be granted if the Transmission Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section I.1.h of this Schedule 21) from being notified by the PTO of a longer-term competing request for Local Short-Term Firm Point-To-Point Service. When a longer duration request preempts multiple shorter duration reservations, the shorter duration requests shall have simultaneous opportunities to exercise the right of first refusal. Duration, price and time of response will be used to determine the order by which the multiple shorter duration reservations will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of this Schedule 21. Firm Local Point-To-Point Service will always have a reservation priority over Non-Firm Local Point-To-Point Service under the Tariff. All Local Long-Term Firm Point-To-Point Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in the Local Service Schedules of this Schedule 21.

**c) Use of Firm Local Point-to-Point Service by the PTO:** The PTO will be subject to the rates, terms and conditions of this Schedule 21 when making Third-Party Sales under agreements executed on or after the effective date of the Tariff. The PTO will maintain separate accounting for any use of the Local Point-To-Point Service to make Third-Party Sales.

**d) Service Agreements:** After consultation with the PTO, the ISO shall forward a standard form of Local Service Agreement (Attachment A to this Schedule 21) to an Eligible Customer after an Eligible Customer submits a Completed Application for Local Point-To-Point Service to the ISO. Local Service Agreements executed by the Eligible Customer that contain the information required under this Schedule 21 shall also be executed by the PTO and returned to the ISO for execution and filing and/or reporting by the ISO with the Commission in compliance with applicable Commission regulations. An Eligible Customer that uses Local Point-to-Point Service at a Point of Receipt or Point of Delivery that it has not

reserved and that has not executed a Local Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Local Service Agreement.

**e) Transmission Customer Obligations for Facility Additions Costs:** In cases where the PTO, in consultation with the ISO, determines that the Local Network is not capable of providing Firm Local Point-To-Point Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Local Point-To-Point Service, or (2) interfering with the PTO's ability to meet prior firm contractual commitments to others, the PTO will be obligated to expand or upgrade its Local Network pursuant to the terms of Section I.3.d of this Schedule 21. The Transmission Customer must agree to compensate the PTO for any necessary transmission facility additions pursuant to the terms of Section I.14 of this Schedule 21. Any Local Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Local Service Agreement prior to initiating service.

**f) Curtailment of Firm Local Point-To-Point Service:** In the event that a Curtailment on the PTO's Local Network, or a portion thereof, is required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the PTO will curtail service to Network Customers and Transmission Customers taking Firm Local Point-To-Point Service on a basis comparable to the curtailment of service to the PTO's Native Load Customers. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Local Point-To-Point Service shall be subordinate to Firm Local Point-To-Point Service and Local Network Service. When the PTO determines that an electrical emergency exists on the Non-PTF and the PTO implements emergency procedures to Curtail Firm Local Service, the Transmission Customer shall make the required reductions upon request of the PTO. The PTO reserves the right to Curtail, in whole or in part, any Local Service when, in the PTO's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Local Network. The PTO will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments. Penalties for failure to Curtail shall be assessed pursuant to the applicable Local Service Schedule.

**g) Classification of Firm Local Point-To-Point Service:**

(i) The Transmission Customer taking Firm Local Point-To-Point Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section I.10.a of this Schedule 21 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section I.10.b of this Schedule 21.

(ii) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the PTO's Local Network. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.

(iii) The PTO shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. For Long-Term Firm Point-To-Point Service, each Point of Receipt at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the Local Service Agreement along with a corresponding capacity reservation associated with each Point of Receipt. For Short-Term Firm Point-To-Point Service, Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties. For Long-Term Firm Point-To-Point Service, each Point of Delivery at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the Service Agreement along with a corresponding capacity reservation associated with each Point of Delivery. For Short-Term Firm Point-To-Point Service, Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of the applicable Local Service Schedule. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in the applicable Local Service Schedule. The Local Service Schedule shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the PTO) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or uses Local Point-to-Point Service at a Point of Receipt or Point of Delivery that it has not reserved.

**h) Scheduling of Firm Local Point-To-Point Service:** Schedules for the Transmission Customer's Firm Local Point-To-Point Service must be submitted to the PTO no later than 10:00 a.m. of the day prior

to commencement of such service. Schedules submitted after 10:00 a.m. will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 10 kW per hour. Transmission Customers within the PTO's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 10 kW per hour, may consolidate their service requests at a common point of receipt into units of 10 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The PTO will furnish hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the PTO, and the PTO shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

## **2) Nature of Non-Firm Local Point-To-Point Service**

**a) Term:** Non-Firm Local Point-To-Point Service will be available for periods ranging from one (1) hour to one (1) month. However, a purchaser of Non-Firm Local Point-To-Point Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section I.6.c of this Schedule 21.

**b) Reservation Priority:** Non-Firm Local Point-To-Point Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers, Excepted Transactions and other Transmission Customers taking Local Long-Term and Local Short-Term Firm Point-To-Point Service. Individual Local Service Schedules may contain other applicable services. A higher priority will be assigned first to requests or reservations with a longer duration of service and second to Pre-Confirmed Requests. In the event the Local Network is constrained, competing requests of the same pre-confirmation status and equal duration will be prioritized based on the highest price offered by the Transmission Customer for the Transmission Service, or in the event the price for all Transmission Customers is the same, will be prioritized on a first-come, first-served basis, i.e., in the chronological sequence in which each customer has requested service. Transmission Customers that have already reserved shorter term service have the right of first refusal to match any longer term request before being preempted. A longer term competing request for Non-Firm Local Point-To-Point Service will be granted

if the Transmission Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Local Point-To-Point Service after notification by the PTO; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section I.2.f of this Schedule 21) for Non-Firm Local Point-To-Point Service other than hourly transactions after notification by the PTO. Non-Firm Local Point-To-Point Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the OATT.

**c) Use of Non-Firm Local Point-To-Point Service by the PTO:** The PTO will be subject to the rates, terms and conditions of this Schedule 21 when making Third-Party Sales under (i) agreements executed on or after the effective date of the Tariff. The PTO will maintain separate accounting for any use of Non-Firm Local Point-To-Point Service to make Third-Party Sales.

**d) Service Agreements:** After consultation with the PTO, the ISO shall forward a standard form of Local Service Agreement (Attachment A to this Schedule 21) to an Eligible Customer after an Eligible Customer submits a Completed Application for Local Point-To-Point Service to the ISO. Local Service Agreements executed by the Eligible Customer that contain the information required under this Schedule 21 shall also be executed by the PTO and returned to the ISO for execution and filing and/or reporting by the ISO with the Commission in compliance with applicable Commission regulations. An Eligible Customer that uses Local Point-to-Point Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Local Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Local Service Agreement.

**e) Classification of Non-Firm Local Point-To-Point Service:** The PTO and the ISO undertake no obligation under the Tariff to plan the Local Network in order to have sufficient capacity for Non-Firm Local Point-To-Point Service. Parties requesting Non-Firm Local Point-To-Point Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. The Local Service Schedules shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the PTO) exceeds its non-firm capacity reservation. Non-Firm Local Point-To-Point Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application.

**f) Scheduling of Non-Firm Local Point-To-Point Service:** Schedules for Non-Firm Local Point-To-Point Service must be submitted to the PTO no later than 2:00 p.m. of the day prior to commencement of such service. Schedules submitted after these times will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 10 kW per hour. Transmission Customers within the PTO's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 10 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 10 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The PTO will furnish hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the PTO and the PTO shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

**g) Curtailment or Interruption of Service:** The PTO reserves the right to Curtail, in whole or in part, Non-Firm Local Point-To-Point Service provided under the Tariff for reliability reasons when, an emergency or other unforeseen condition threatens to impair or degrade the reliability of the Local Network. The PTO reserves the right to Interrupt, in whole or in part, Non-Firm Local Point-To-Point Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Local Transmission Service, (2) a request for Non-Firm Local Point-To-Point Service of greater duration, (3) a request for Non-Firm Local Point-To-Point Service of equal duration with a higher price, or (4) transmission service for Network Customers from non-designated resources. The PTO also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Local Point-To-Point Service shall be subordinate to Firm Local Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Local Point-To-Point Service under the Tariff. Non-Firm Local Point-To-Point Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Local Point-To-Point Service under the Tariff.

The PTO will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice and in accordance with the applicable Local Service Schedule. Penalties for failure to Curtail or Interrupt shall be assessed pursuant to the applicable Local Service Schedule.

### **3) Service Availability**

**a) General Conditions:** The PTO will provide Firm Local and Non-Firm Local Point-To-Point Service to any Transmission Customer that has met the requirements of Section I.4 of this Schedule 21.

**b) Determination of Available Transfer Capability:** The PTO shall determine available transfer capability in accordance with its respective Attachment setting forth its Methodology to Assess Available Transfer Capability.

**c) Initiating Service in the Absence of an Executed Service Agreement:** If the PTO and the Transmission Customer requesting Firm Local or Non-Firm Local Point-To-Point Service cannot agree on all of the terms and conditions of the Local Service Agreement, the ISO shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification to both the PTO and the ISO directing the ISO to file, an unexecuted Local Service Agreement containing terms and conditions deemed by the PTO (in consultation with the ISO) to be appropriate for such requested service. The PTO shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the PTO at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Section I.5.c of this Schedule 21.

**d) Obligation to Provide Transmission Service that Requires Expansion or Modification of the Local Network:** If the PTO, in consultation with the ISO, determines that a Completed Application for Firm Local Point-To-Point Service cannot be accommodated because of insufficient capability on the Local Network, the PTO will use due diligence to expand or modify its Local Network to provide the requested Firm Local Point-To-Point Service, consistent with its planning obligations in Attachment K, provided the Transmission Customer agrees to compensate the PTO for such costs. The PTO, in consultation with the ISO, will conform to Good Utility Practice and its planning obligations in Attachment K, in determining the need for new facilities and in the design and construction of such

facilities. The obligation of the PTO to expand or modify its Local Network obligation to provide the requested Firm Local Point-To-Point Service applies only to those facilities that the PTO has the right to expand or modify.

**e) Deferral of Service:** The PTO may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Local Point-To-Point Service whenever the PTO determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

**f) Other Transmission Service Schedules:** Eligible Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.

**g) Real Power Losses:** “Real Power Losses” those losses associated with transmission service as determined in accordance with Section 15.3, Section 31.6 and Schedule 21 of the OATT. Neither the ISO nor the PTOs are obligated to provide Real Power Losses. Non-PTF Real Power Losses shall be calculated and charged for in accordance with the applicable Schedule 21 Local Service Schedule.

**h) Load Shedding:** Load Shedding shall occur in accordance with the applicable Local Service Schedule to the extent provided for in such Local Service Schedule.

#### **4) Transmission Customer Responsibilities**

**a) Conditions Required of Transmission Customers:** Firm Local and Non-Firm Local Point-To-Point Service shall be provided only if the following conditions are satisfied by the Transmission Customer:

(i) The Transmission Customer has pending a Completed Application for service;

(ii) The Transmission Customer meets the creditworthiness procedures in Attachment L to the applicable PTO’s Local Service Schedule;

(iii) The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the PTO prior to the time service commences;



(iv) The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer, whether or not the Transmission Customer takes service for the full term of its reservation;

(v) The Transmission Customer provides the information required by the PTO's planning process established in Attachment K; and

(vi) The Transmission Customer has executed a Local Service Agreement or has requested the filing of an unexecuted Local Service Agreement pursuant to Section I.3.c of this Schedule 21.

**b) Transmission Customer Responsibility for Third-Party Arrangements:** Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Eligible Customer requesting service. The Transmission Customer shall provide, unless waived by the ISO and the PTO, notification to the ISO and the PTO identifying such systems and authorizing them to schedule the capacity and energy to be transmitted pursuant to this Schedule 21 on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the ISO and the PTO will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

**5) Procedures for Arranging Firm Local Point-To-Point Service**

**a) Pre-RTO Local Service Agreements**

(i) A Transmission Customer who wishes to revise the Local Service Agreement termination date, transfer Local Service Agreement ownership, or make upgrades (i.e., increase MWs served) within the terms of its existing Firm Local Point-to-Point Service Agreement that is in effect prior to February 1, 2005 ("Pre-RTO Local Service Agreement"), shall not be required to complete an Application or execute a Local Service Agreement under this Schedule 21, however, modifications to the existing Firm Local Point-to-Point Service Agreement may be required. Instead, the Transmission Customer shall contact the associated PTO to discuss and, if appropriate, modify its existing Firm Local Point-to-Point Service Agreement.

(ii) A Transmission Customer who wishes to request an alternate Firm Point of Receipt or Point of Delivery or make upgrades (i.e., increase MWs served) beyond the terms of its existing Firm Local Point-to-Point Service Agreement, shall contact the PTO to make arrangements to terminate the Transmission Customer's existing Local Service Agreement and shall complete (and submit to the ISO) an Application for Local Service and then execute a Local Service Agreement under this Schedule 21.

**b) RTO Local Service Agreements**

(i) A Transmission Customer who wishes to revise the Local Service Agreement termination date, transfer Local Service Agreement ownership, or make upgrades (i.e., increase MWs served) within the terms of the existing Firm Local Point-to-Point Service Agreement under this Schedule 21, shall not be required to execute a Local Service Agreement under this Schedule 21, however, modifications to the existing Firm Local Point-to-Point Service Agreement under this Schedule 21 may be required. Such modifications to an existing Local Service Agreement typically do not require an additional local or regional System Impact Study to be completed. The Transmission Customer shall complete (and submit to the ISO) an application for Local Transmission Service that reflects the requested modifications to the Local Service Agreement to facilitate revision of its existing Schedule 21 Local Service Agreement.

(ii) Transmission Customers who wish to request an alternate Firm Point of Receipt or Point of Delivery or make upgrades (i.e., increase MWs served) beyond the terms of the existing Firm Local Point-to-Point Service Agreement under this Schedule 21, shall contact the ISO to discuss and, if appropriate, terminate the Transmission Customer's existing Local Service Agreement under this Schedule 21 and shall complete (and submit to the ISO) an Application for Local Service and then execute a new Local Service Agreement under this Schedule 21.

**c) Application:** A request for Firm Local Point-To-Point Service for periods of one year or longer must be made in a completed Application submitted to the ISO at least sixty (60) days in advance of the calendar month in which service is to commence. The PTO will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the PTO and the Eligible Customer within the time constraints provided in the applicable Local Service Schedule. A Completed Application

may be submitted by transmitting the required information to the ISO by telefax. This method will provide a time-stamped record for establishing the priority of the Application.

**d) Completed Application:** A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The ISO and the PTO will treat this information as confidential except to the extent that disclosure of this information is required by the Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to the Information Policy;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service;
- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the PTO's Local Network; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement;
- (ix) A statement indicating that if the Transmission Customer submits a Pre-Confirmed Request, then the Transmission Customer will take and pay for the requested Local Service upon acceptance on OASIS by the PTO that can provide the requested Local Service; and

- (x) Any additional information required by the PTO's planning process established in Attachment K.

The ISO and the PTO shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

**e) Deposit:** Except as is otherwise provided in the Local Service Schedule, a Completed Application for Firm Local Point-To-Point Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected because it does not meet the conditions for service as set forth herein, in the Local Service Schedule or, in the case of requests for service arising in connection with losing bidders, in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by the PTO in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by the PTO if the PTO is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Local Service Agreement for Firm Local Point-To-Point Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by the PTO to the extent such costs have not already been recovered by the PTO from the Eligible Customer. The PTO will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section I.5.c of this Schedule 21. If a Local Service Agreement for Firm Local Point-To-Point Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Local Service Agreement. Applicable interest shall be computed in accordance with the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to the PTO's account.

**f) Notice of Deficient Application:** If an Application fails to meet the requirements of the Tariff, the PTO shall notify the ISO within ten (10) days of the Application's receipt of the reasons for such failure, and the ISO shall, in turn, so notify the entity requesting service within five (5) days of the receipt of notice from the PTO of the reasons for such failure. The PTO will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the ISO shall return the Application. The PTO shall return any deposit, with

interest, to the Eligible Customer. Upon receipt of a new or revised Application that fully complies with the requirements of this Schedule 21, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

**g) Response to a Completed Application:** Following receipt of a Completed Application for Firm Local Point-To-Point Service, the PTO shall make a determination of available transfer capability as required in Section I.3.b of this Schedule 21. Within twenty-five (25) days after the date of receipt of a Completed Application, the PTO shall notify the ISO either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application. The ISO shall so notify the Eligible Customer within five (5) days of the ISO's receipt of such notice from the PTO. Responses by the PTO and the ISO must be made as soon as practicable to all Completed Applications and the timing of such responses must be made on a non-discriminatory basis.

**h) Execution of Service Agreement:** Whenever the PTO, in consultation with the ISO, determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section I.7 of this Schedule 21 will govern the execution of a Local Service Agreement. Failure of an Eligible Customer to execute and return the Local Service Agreement or request the filing of an unexecuted service agreement pursuant to Section I.3.c of this Schedule 21 within fifteen (15) days after the Local Service Agreement is tendered will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

**i) Extensions for Commencement of Service:** The Transmission Customer can obtain, subject to availability, up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying to the PTO a non-refundable annual reservation fee equal to one-month's charge for Firm Local Point-To-Point Service for each year or fraction thereof within 15 days of notifying the PTO it intends to extend the commencement of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Local Point-To-Point Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the

Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

**6) Procedures for Arranging Non-Firm Local Point-To-Point Service**

**a) Pre-RTO Local Service Agreements**

(i) A Transmission Customer who wishes to revise the Local Service Agreement termination date, transfer Local Service Agreement ownership, request an alternate Non-Firm Point of Receipt or Point of Delivery, or make upgrades (i.e., increase MWs served) within the terms of their existing Non-Firm Local Point-to-Point Service Agreement that is in effect prior to February 1, 2005 ("Pre-RTO Local Service Agreement"), shall not be required to complete an Application or execute a Local Service Agreement under this Schedule 21, however, modifications to the existing Non-Firm Local Point-to-Point Service Agreement may be required. The Transmission Customer shall contact the associated PTO to discuss and, if appropriate, modify the existing Non-Firm Local Point-to-Point Service Agreement.

(ii) A Transmission Customer who wishes to make upgrades (i.e., increase MWs served) beyond the terms of its existing Non-Firm Local Point-to-Point Service Agreement that is in effect prior February 1, 2005 ("Pre-RTO Local Service Agreement"), shall contact the PTO to make arrangements to terminate the Transmission Customer's existing Local Service Agreement and shall complete (and submit to the ISO) an Application for Local Service and then execute a Local Service Agreement under this Schedule 21.

**b) RTO Local Service Agreements**

(i) A Transmission Customer who wishes to revise the Local Service Agreement termination date, transfer Local Service Agreement ownership, request an alternate Non-Firm Point of Receipt or Point of Delivery, or make upgrades (i.e., increase MWs served) within the terms of the existing Non-Firm Local Point-to-Point Service Agreement under this Schedule 21, shall not be required to execute a new Local Service Agreement under this Schedule 21, however, modifications to the existing Non-Firm Local Point-to-Point Service Agreement under this Schedule 21 may be required.

Such modifications to an existing Local Service Agreement typically do not require an additional local or regional System Impact Study to be completed. The Transmission Customer shall complete (and submit to the ISO) an application for Local Transmission Service that reflects the requested modifications to the Local Service Agreement to facilitate revision of its existing Non-Firm Local Point-to-Point Service Agreement under this Schedule 21.

(ii) A Transmission Customer who wishes to request an upgrade (i.e., increase MWs served) beyond the terms of the existing Non-Firm Local Point-to-Point Service Agreement under this Schedule 21, shall contact the ISO to discuss and, if appropriate, terminate the Transmission Customer's existing Local Service Agreement under this Schedule 21 and shall complete (and submit to the ISO) a new Application for Local Service and then execute a new Local Service Agreement under this Schedule 21.

**c) Application:** Eligible Customers seeking Non-Firm Local Point-To-Point Service must submit a Completed Application to the ISO. A Completed Application may be submitted by transmitting the required information to the ISO by telefax. This method will provide a time-stamped record for establishing the service priority of the Application.

**d) Completed Application:** A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The Point(s) of Receipt and the Point(s) of Delivery;
- (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the ISO and the PTO also may ask the Transmission Customer to provide the following:

- (vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service;
- (vii) The electrical location of the ultimate load; and
- (viii) A statement indicating that if the Transmission Customer submits a Pre-Confirmed Request, then the Transmission Customer will take and pay for the requested Local Point-to-Point Service upon acceptance on OASIS by the PTO that can provide the requested Local Service.

The ISO and the PTO will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by the Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to the ISO New England Information Policy. The ISO and the PTO shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

**e) Reservation of Non-Firm Local Point-To-Point Service:** Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than two (2) days before service is to commence, and requests for hourly service shall be submitted no earlier than noon the day before service is to commence. Requests for service received later than 2:00 p.m. prior to the day service is scheduled to commence will be accommodated if practicable.

**f) Determination of Available Transfer Capability:** The PTO shall determine available transfer capability in accordance with its respective Attachment setting forth its Methodology to Assess Available Transfer Capability.

## **7) Additional Study Procedures For Firm Local Point-To-Point Service Requests**



**a) Notice of Need for System Impact Study:** After receiving a request for Firm Local Point-To-Point Service, a determination shall be made on a non-discriminatory basis as to whether a System Impact Study is needed. The ISO shall review the request to determine whether the provision of the requested service would have an impact on facilities other than Non-PTF, and if so, whether a System Impact Study is necessary to accommodate the requested service. If so, the ISO shall so inform the Eligible Customer as soon as practicable and will (in consultation with the PTO) perform a System Impact Study, as necessary, with respect to the request. A description of the ISO's methodology for completing a System Impact Study is provided in OATT Attachment D. If the ISO determines that the service would not have an impact on facilities other than Non-PTF, the PTO shall determine whether a System Impact Study is necessary to accommodate the requested service and shall so inform the Eligible Customer as soon as practicable and will (in consultation with the ISO) perform a System Impact Study, as necessary, with respect to the application. In such cases, the ISO or the PTO, as applicable, shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the ISO or the PTO, as applicable, for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the ISO or the PTO, as applicable, within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit, pursuant to Section I.5.c of this Schedule 21, shall be returned with interest. A description of the PTO's methodology for completing a System Impact Study is provided in its Local Service Schedules.

**b) System Impact Study Agreement and Cost Reimbursement:**

- (i) The System Impact Study Agreement will clearly specify an estimate of the cost and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. The System Impact Study shall rely on existing transmission planning studies to the extent reasonably practicable. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Local Network.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.

(iii) For System Impact Studies that the PTO conducts on its own behalf, the PTO shall record the cost of the System Impact Studies pursuant to Section II.8.5 of the Tariff.

(iv) In response to multiple Eligible Customers within the same geographical or electrically interconnected area requesting that a System Impact Study for Local Service be clustered, the PTO will cluster such multiple requests if it can reasonably do so. The costs of that study shall be divided equally among the Eligible Customers, unless otherwise agreed to by the PTO and the Eligible Customers.

(v) Once a clustered study is initiated by the PTO, as evidenced by an executed System Impact Study Agreement, Eligible Customers opting out of a clustered study regarding Non-PTF facilities shall be liable for their share of the study costs as set forth in Section 7(b)(iv) above, unless otherwise agreed to by the parties to such System Impact Study Agreement.

**c) System Impact Study Procedures:** Upon receipt of an executed System Impact Study Agreement, the ISO or the PTO, as applicable, will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints identified with specificity by a transmission element or flowgate, and additional Direct Assignment Facilities or Local Network Upgrades required to provide the requested service. In the event that the ISO or the PTO, as applicable, is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The PTO will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The ISO or the PTO, as applicable, shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Local Network will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study, the Eligible Customer must execute a Local Service Agreement or request the filing of an unexecuted Local Service Agreement pursuant to Section I.3.c of this Schedule 21 or the Application shall be deemed terminated and withdrawn.

**d) Facilities Study Procedures:** If a System Impact Study indicates that additions or upgrades to facilities other than Non-PTF are needed to supply the Eligible Customer's service request or to mitigate indirect impacts on the MTF facilities, the ISO, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the ISO for performing the required Facilities Study. If a System Impact Study indicates that additions or upgrades to Non-PTF facilities are needed to supply the Eligible Customer's service request or to mitigate indirect impacts on facilities other than Non-PTF, the PTO, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the PTO for performing the required Facilities Study. For clustered studies, the cost of such studies shall be divided equally among the Eligible Customers, unless otherwise agreed to by the PTO and the Eligible Customers. Once a clustered study is initiated by the PTO, as evidenced by an executed Facilities Study Agreement, Eligible Customers opting out of a clustered study regarding Non-PTF facilities shall be liable for their share of the study costs as set forth in this Section 7(d) above, unless otherwise agreed to by the parties to such Facilities Study Agreement. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit, pursuant to Section I.5.c of this Schedule 21, shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the ISO or the PTO, as applicable, will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Facilities Study cannot be completed in the allotted time period, the Transmission Customer shall be notified and provided an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Local Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide a letter of credit or other reasonable form of security acceptable to the PTO equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Local Service Agreement or request the filing of an unexecuted Local Service Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

e) **Facilities Study Modifications:** Any change in design arising from the inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the ISO and/or the PTO that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer.

f) **Due Diligence in Completing New Facilities:** The PTO shall use due diligence to add necessary facilities or upgrade its Local Network within a reasonable time. The PTO will not upgrade its existing or planned Local Network in order to provide the requested Firm Local Point-To-Point Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.

g) **Partial Interim Service:** If the PTO determines that it will not have adequate transfer capability to satisfy the full amount of a Completed Application for Firm Local Point-To-Point Service, the PTO nonetheless shall be obligated to offer and provide the portion of the requested Firm Local Point-To-Point Service that can be accommodated without addition of any facilities. However, the PTO shall not be obligated to provide the incremental amount of requested Firm Local Point-To-Point Service that requires the addition of facilities or upgrades to the Local Network until such facilities or upgrades have been placed in service.

h) **Expedited Procedures for New Facilities:** In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the ISO (in consultation with the PTO) to tender at one time, together with the results of required studies, an "Expedited Local Service Agreement" pursuant to which the Eligible Customer would agree to compensate the PTO for all costs incurred. In order to exercise this option, the Eligible Customer shall request in writing an expedited Local Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While the PTO agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate the PTO for all costs incurred. The Eligible Customer shall execute and return such an Expedited Local Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

**i) Penalties for Failure to Meet Study Deadlines:** Sections I.7.c and I.7.d of this Schedule 21 require a Transmission Provider to use due diligence to meet 60-day study completion deadlines for System Impact Studies and Facilities Studies.

(i) The PTO is required to file a notice with the Commission in the event that more than twenty (20) percent of non-Affiliates' System Impact Studies and Facilities Studies completed by the PTO in any two consecutive calendar quarters are not completed within the 60-day study completion deadlines. Such notice must be filed within thirty (30) days of the end of the calendar quarter triggering the notice requirement.

(ii) For the purposes of calculating the percent of non-Affiliates' System Impact Studies and Facilities Studies processed outside of the 60-day study completion deadlines, the PTO shall consider all System Impact Studies and Facilities Studies that it completes for non-Affiliates during the calendar quarter. The percentage should be calculated by dividing the number of those studies which are completed on time by the total number of completed studies. The PTO may provide an explanation in its notification filing to the Commission if it believes there are extenuating circumstances that prevented it from meeting the 60-day study completion deadlines.

(iii) The PTO is subject to an operational penalty if it completes ten (10) percent or more of non-Affiliates' System Impact Studies and Facilities Studies outside of the 60-day study completion deadlines for each of the two calendar quarters immediately following the quarter that triggered its notification filing to the Commission. The operational penalty will be assessed for each calendar quarter for which an operational penalty applies, starting with the calendar quarter immediately following the quarter that triggered the PTO's notification filing to the Commission. The operational penalty will continue to be assessed each quarter until the PTO completes at least ninety (90) percent of all non-Affiliates' System Impact Studies and Facilities Studies within the 60-day deadline.

(iv) For penalties assessed in accordance with subsection (iii) above, the penalty amount for each System Impact Study or Facilities Study shall be equal to \$500 for each day the PTO takes to complete that study beyond the 60-day deadline.

j) **Claims or Disputes:** Any claim or dispute between the PTO and the Transmission Customer with respect to a System Impact Study or Facilities Study shall be governed by the provisions of Section I.6 of the Tariff.

8) **Procedures if The PTO is Unable to Complete New Transmission Facilities for Firm Local Point-To-Point Service**

a) **Delays in Construction of New Facilities:** If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the PTO shall promptly notify the Transmission Customer. In such circumstances, the PTO shall within, thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. The PTO also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of the PTO that is reasonably needed by the Transmission Customer to evaluate any alternatives.

b) **Alternatives to the Original Facility Additions:** When the review process of Section I.8.a of this Schedule 21 determines that one or more alternatives exist to the originally planned construction project, the PTO shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request that the ISO file a revised Local Service Agreement for Firm Local Point-To-Point Service. If the alternative approach solely involves Non-Firm Local Point-To-Point Service, the PTO shall so inform the ISO, and the ISO (in consultation with the PTO) shall thereafter promptly tender to the Transmission Customer a Local Service Agreement for Non-Firm Local Point-To-Point Service providing for the service. In the event the PTO concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures of Section I.6 of the Tariff.

c) **Refund Obligation for Unfinished Facility Additions:** If the PTO and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested Firm Local Point-To-Point Service cannot be provided out of existing capability, the obligation to provide the requested service shall terminate and any deposit made by the Transmission Customer shall be returned with interest pursuant to Commission regulations 35.19a(a)(2)(iii). However, the Transmission Customer shall be responsible for all prudently incurred costs by the ISO and the PTO through the time construction was

suspended, including costs for removal of unfinished facilities and any ongoing operating expenses of the unfinished facilities until they are removed.

**9) Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities**

**a) Responsibility for Third-Party System Additions:** The PTO shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The PTO will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

**b) Coordination of Third-Party System Additions:** In circumstances where the need for transmission facilities or upgrades is identified, and if such upgrades further require the addition of transmission facilities on other systems, the PTO shall have the right to coordinate construction on its own system with the construction required by others. The PTO, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The PTO shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the PTO of its intent to defer construction, the Transmission Customer may challenge the decision in accordance with Section I.6 of the Tariff.

**10) Changes in Service Specifications**

**a) Modifications On a Non-Firm Basis:** The Transmission Customer taking Firm Local Point-To-Point Service from a PTO may request transmission service on a non-firm basis over Receipt and Delivery Points of the same PTO other than those specified in the Local Service Agreement ("Secondary Receipt and Delivery Points") in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Local Point-To-Point Service charge or executing a new Local Service Agreement, subject to the following conditions. A Transmission Customer may request a modification to its Non-

Firm Local Point-to-Point Service by making such a request to the PTO and the ISO, which must be made pursuant to Sections I.6. (a) and (b), as appropriate.

(a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by the PTO on behalf of its Native Load Customers.

(b) The sum of all Firm Local and Non-Firm Local Point-To-Point Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Local Service Agreement under which such services are provided.

(c) The Transmission Customer shall retain its right to schedule Firm Local Point-To-Point Service at the Receipt and Delivery Points specified in the relevant Local Service Agreement in the amount of its original capacity reservation.

(d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Local Point-To-Point Service under the Tariff. However, all other requirements of this Schedule 21 (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

**b) Modification On a Firm Basis:** Any request by a Transmission Customer to modify the Firm Local Point-to-Point Service it receives from a PTO to obtain service between different Receipt and Delivery Points on the Local Network of the same PTO on a firm basis shall be treated as a new request for service, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Local Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Local Service Agreement. A Transmission Customer may request a modification to its Firm Local Point-to-Point Service by making such a request to the PTO and the ISO, which must be made pursuant to Sections I.5. (a) and (b), as appropriate.

## **11) Sale or Assignment of Transmission Service**

**a) Procedures for Assignment or Transfer of Service:** A Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Local Service Agreement, but only to another



Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Local Service Agreement is hereafter referred to as the “Reseller” as the term used throughout this Schedule 21. Compensation to Resellers shall be at rates established by agreement between the Reseller and the Assignee. The Assignee must execute a service agreement with the PTO governing reassignments of transmission service prior to the date on which the reassigned service commences. The PTO shall charge the Reseller, as appropriate, at the rate stated in the Reseller’s Local Service Agreement with the PTO or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee’s Service Agreement with the PTO or the associated OASIS schedule; provided that, such credit shall be reversed in the event of non-payment by the Assignee. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Local Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. The Assignee will be subject to all terms and conditions of the Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the PTO pursuant to Section I.1.b of this Schedule 21. A Transmission Customer may request a modification to its Firm Local Point-to-Point Service by making such a request to the PTO and the ISO must be made pursuant to sections I.5. (a) and (b) and I.6. (a) and (b), as appropriate.

**b) Limitations on Assignment or Transfer of Service:** If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Local Service Agreement, the PTO will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the New England Transmission System or the PTO’s distribution system, as applicable. The Assignee shall compensate the ISO and/or the PTO, as applicable, for performing any System Impact Study needed to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Local Service Agreement, except as specifically agreed to by the PTO and Reseller through an amendment to the Local Service Agreement

**c) Information on Assignment or Transfer of Service:** In accordance with Section I.11 of this Schedule 21 and applicable provisions of the Local Service Schedules, all sales or assignments of capacity must be conducted through or otherwise posted on the PTO’s OASIS on or before the date the reassigned Local Point-to-Point Service commences and are subject to Section I.11.a of this Schedule 21. Resellers may also use the OASIS to post transmission capacity available for resale.

## **12) Metering and Power Factor Correction at Receipt and Delivery Points(s)**

**a) Transmission Customer Obligations:** Unless otherwise provided in the applicable Local Service Schedule, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted through Local Point-To-Point Service and to communicate the information to the PTO, Local Control Centers and the ISO. Such equipment shall remain the property of the Transmission Customer.

**b) PTO Access to Metering Data:** The PTO shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Local Service Agreement.

**c) Power Factor:** In accordance with Good Utility Practice and any applicable Local Service Schedule, the Transmission Customer is required to maintain a power factor within the same range as the PTO. The power factor requirements are specified in the Local Service Agreement where applicable.

## **13) Compensation for Local Point-To-Point Service:**

Rates for Firm Local and Non-Firm Local Point-To-Point Service are set forth in the Local Service Schedules. The applicable rates for Firm Local and Non-Firm Local Point-to-Point Service set forth in the Local Service Schedules shall be reduced to zero for the charging load of an Electric Storage Facility when the Regional Network Service charges are reduced to zero pursuant to Section II.21.3 of the OATT. This discount will only be applied to Electric Storage Facility charging load that (a) is reported under a separately identified Regional Network Load that does not include station service load or any other load and (b) is providing one or more of the following services to the ISO: reactive power voltage support, operating reserves, regulation and frequency response, balancing energy supply and demand, or addressing a reliability concern. Electric Storage Facilities shall be considered to be balancing energy supply and demand when they are responding to ISO dispatch instructions in the Real-Time Energy Market.

## **14) Compensation for New Facilities Costs:**

Whenever a System Impact Study performed in connection with the provision of Firm Local Point-To-Point Service identifies the need for new facilities, the Transmission Customer shall be responsible for the costs of the new facilities to the extent consistent with Commission policy.

## **II. LOCAL NETWORK SERVICE**

### **Preamble**

Eligible Customers seeking Local Network Service on a specific Local Network shall refer to the applicable Local Service Schedule to determine any PTO-specific rates, terms, and conditions applicable to such service. Except as otherwise provided in the Local Service Schedules, Local Network Service will be provided pursuant to the applicable rates, terms and conditions set forth below.

### **1) Nature of Local Network Service**

Local Network Service is provided to Network Customers to serve their loads. It includes transmission service for the delivery to a Network Customer of its energy and capacity from Network Resources and delivery to or by Network Customers of energy and capacity from New England Markets transactions.

### **2) Availability of Local Network Service**

**a) Eligibility to Receive Local Network Service:** Transmission Customers taking Regional Network Service must also take Local Service.

**b) Compliance With State Law:** A Network Customer is not excused from any requirements of state law, or any order or regulation issued pursuant to state law, to arrange for Local Delivery Service with the PTO and distribution company providing such service and to pay all applicable charges associated with such service, including charges for stranded costs.

**c) Scope of Service:** Local Network Service allows Network Customers to efficiently and economically utilize their resources and Interchange Transactions to serve their Local and Regional Network Load and any additional load that may be designated pursuant to the Tariff. The Network Customer taking Local Network Service must obtain or provide Ancillary Services.

**d) PTO Responsibilities:** The PTO in accordance with the TOA will plan, construct, operate and maintain its Local Network in accordance with Good Utility Practice and its planning obligations in Attachment K in order to provide the Network Customer with Local Network Service. Each PTO, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer. This information must be consistent with the information used by the PTO to calculate available transfer capability. The PTO in accordance with the TOA shall include the

Network Customer's Local Network Load in Local Network planning and shall, consistent with Good Utility Practice and Attachment K, endeavor to construct and place into service sufficient transfer capability to deliver Network Resources to serve the Network Customer's Local and Regional Network Load on a basis comparable to the PTO's delivery of its own generating and purchased resources to its Native Load Customers.

**e) Comparability of Service:** Local Network Service will be provided to the Network Customer for the delivery of energy and/or capacity from its resources to serve its Local and Regional Network Loads on a basis that is comparable to the PTO's use of its Local Network to reliably serve Native Load Customers.

**f) Real Power Losses:** "Real Power Losses" those losses associated with transmission service as determined in accordance with Section 15.3, Section 31.6 and Schedule 21 of the OATT. The PTOs are not obligated to provide Real Power Losses. Non-PTF Real Power Losses shall be calculated and charged for in accordance with the applicable Schedule 21 Local Service Schedule.

**g) Secondary Service:** The Network Customer may use the Local Network to deliver energy to its Local Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as available basis, at no additional charge. Secondary service shall not require the filing of an Application for Local Network Service under Section II of this Schedule 21. However, all other requirements of Section II of this Schedule 21 (except for transmission rates) shall apply to secondary service. Deliveries from resources other than Network Resources will have a higher priority than any Non Firm Local Point To Point Service.

**h) Restrictions on Use of Service:** The Network Customer shall not use Local Network Service for (i) sales of capacity and energy to non designated loads, or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Local Network Service shall use Local Point To Point Service for any Third Party Sale, which requires use of the Local Network. The PTO shall specify any appropriate charges and penalties and all related terms and conditions applicable in the event that a Network Customer uses Local Network Service or secondary service pursuant to Section II.2.g of this Schedule 21 to facilitate a wholesale sale that does not serve Local Network Load.

### **3) Initiating Service**

**a) Condition Precedent for Receiving Service:** Local Network Service shall be provided only if the following conditions are satisfied by the Eligible Customer: (i) the Eligible Customer completes an Application to the ISO for service, (ii) the Eligible Customer and the PTO complete the technical arrangements, and (iii) the Eligible Customer executes a Local Service Agreement with the PTO and the ISO or requests in writing that the ISO file an unexecuted Local Service Agreement containing terms and conditions deemed by the PTO (in consultation with the ISO) to be appropriate for such requested service with the Commission.

#### **4) Procedures for Arranging Local Network Service**

##### **a) Pre-RTO Local Service Agreements**

(i) A Transmission Customer who wishes to revise the Local Service Agreement termination date, transfer Local Service Agreement ownership, request an alternate Point of Receipt or Point of Delivery, or make upgrades (i.e., increase MWs served) within the terms of their existing Local Service Agreement that is in effect prior to February 1, 2005 (“Pre-RTO Local Service Agreement”), shall not be required to complete an Application or execute a Local Service Agreement under this Schedule 21, however, modifications to the existing Local Service Agreement may be required. The Transmission Customer shall contact the PTO to discuss and, if appropriate, modify the existing Local Service Agreement.

(ii) A Transmission Customer who wishes to make upgrades (i.e., increase MWs served) beyond the terms of its existing Local Service Agreement that is in effect prior to February 1, 2005 (“Pre-RTO Local Service Agreement”), shall contact the PTO to make arrangements to terminate the Transmission Customer’s existing Local Service Agreement and shall complete (and submit to the ISO) an Application for Local Service and then execute a Local Service Agreement under this Schedule 21.

##### **b) RTO Local Service Agreements**

(i) A Transmission Customer who wishes to revise the Local Service Agreement termination date, transfer Local Service Agreement ownership, request an alternative Point of Receipt or Point of Delivery, or make upgrades (i.e., increase MWs served) within the terms of the existing

Local Service Agreement under this Schedule 21, shall not be required execute a new Local Service Agreement under this Schedule 21, however, modifications to the existing Local Service Agreement under this Schedule 21 may be required. Such modifications to an existing Local Service Agreement typically do not require an additional Local or Regional System Impact Study to be completed. The Transmission Customer shall complete (and submit to the ISO) an application for Local Transmission Service that reflects the requested modifications to the Local Service Agreement to facilitate revision of its existing Schedule 21 Local Service Agreement.

(ii) A Transmission Customer who wishes to make upgrades (i.e., increase MWs served) beyond the terms of the existing Local Service Agreement under this Schedule 21, shall contact the ISO to discuss and, if appropriate, terminate the Transmission Customer's existing Local Service Agreement under this Schedule 21 and shall complete (and submit to the ISO) a new Application for Local Service and then execute a new Local Service Agreement under this Schedule 21.

**c) Application Procedures:** An Eligible Customer requesting Local Network Service must submit an Application, with a deposit equal to the charge for one month of service, unless another charge is specified in the applicable Local Service Schedule, to the ISO as far as possible in advance of the month in which service is to commence. Completed Applications for Local Network Service will be assigned a reservation priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. A Completed Application shall provide all of the information included in 18 C.F.R. §2.20 including but not limited to the following:

(i) The identity, address, telephone number and facsimile number of the party requesting service;

(ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer;

(iii) A description of the Local Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each substation at the same transmission voltage level. The description should include a ten-year forecast of summer and winter load resource requirements beginning with the first year after the service is scheduled to commence;

(iv) The amount and location of any interruptible loads included in the Local Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the ten-year load forecast provided in response to (iii) above;

(v) A description of Network Resources (current and ten-year projection), which shall include, for each Network Resource, if the description is not otherwise available to the ISO and the PTOs:

- Unit size and amount of capacity from that unit to be designated as Network Resource
- VAR capability (both leading and lagging) of all generators
- Operating restrictions
- Any periods of restricted operations throughout the year
- Maintenance schedules
- Minimum loading level of unit
- Normal operating level of unit
- Any must-run unit designations required for system reliability or contract reasons
- Approximate variable dispatch price (\$/MWH), consistent with Market Rule 1, for redispatch computations
- Arrangements governing sale and delivery of power to third parties from generating facilities located in the New England Control Area, where only a portion of unit output is designated as a Network Resource
- Description of external purchased power designated as a Network Resource including source of supply, control area location, transmission arrangements and delivery point(s);

(vi) Description of Eligible Customer's transmission system:

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the ISO and the PTOs

- Operating restrictions needed for reliability
- Operating guides employed by system operators
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Local Network Loads and Resources
- Location of Network Resources described in subsection (v) above
- ten-year projection of system expansions or upgrades
- transmission system maps that include any proposed expansions or upgrades
- Thermal ratings of Eligible Customer's Control Area ties with other Control Areas;

(vii) Service Commencement Date and the term of the requested service. The minimum term for service is one year; and

(viii) Any additional information required of the Transmission Customer as specified in the PTO's planning process established in Attachment K.

Unless the Eligible Customer and the ISO agree to a different time frame, the ISO must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Local Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this Section, the PTO shall notify the ISO within ten (10) days of the Application's receipt of the reasons for such failure, and the ISO shall, in turn, so notify the entity requesting service within five (5) days of the receipt of notice from the PTO of the reasons for such failure. Wherever possible, the ISO and the PTO will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the ISO shall return the Application without prejudice to the Eligible Customer, who may thereafter file a new or revised Application that fully complies with the requirements of this Section. The Eligible Customer will be assigned a new reservation priority consistent with the date of the new or revised Application. The ISO and the PTO shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

**d) Technical Arrangements to be Completed Prior to Commencement of Service:** Local Network Service shall not commence until the PTO and the Network Customer, or a third party, have completed installation of all equipment specified under the Local Service Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Non-PTF. The PTO shall exercise reasonable efforts, in coordination with the



Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

**e) Network Customer Facilities:** The provision of Local Network Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the Non-PTF to the Network Customer. The Network Customer shall be solely responsible for constructing or installing and operating and maintaining all facilities on the Network Customer's side of each such delivery point or interconnection.

**f) Filing of Service Agreement:** The ISO shall file Local Service Agreements with the Commission in compliance with applicable Commission regulations.

## **5) Network Resources**

**a) Designation of Network Resources:** The Network Customer shall designate those Network Resources which are owned, purchased or leased by it. The Network Resources so designated may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Local Network Load on a non-interruptible basis. Any owned, purchased or leased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Compliance Effective Date shall be deemed to continue to be so owned, purchased or leased by it until the Network Customer informs the ISO and the PTO of a change.

**b) Designation of New Network Resources:** The Network Customer shall identify any new Network Resources which are owned, purchased or leased by it with as much advance notice as practicable. A designation of any new Network Resource as owned, purchased or leased by the Customer must be made by a notice to the ISO and the PTO.

**c) Termination of Network Resources:** The Network Customer may terminate the designation of all or part of a Network Resource as owned, purchased or leased by it at any time but shall provide notification to the ISO and the PTO as soon as reasonably practicable.

**d) Network Customer Redispatch Obligation:** As a condition to receiving Local Network Service, the Network Customer agrees to redispatch its Network Resources as requested by the ISO and the PTO. The ISO will redispatch all Resources subject to its control, pursuant to Market Rule 1, in order to meet load and to accommodate External Transactions. The Network Customers will be charged for the Congestion Costs and any other costs associated with such redispatch in accordance with Market Rule 1.

**e) Transmission Arrangements for Network Resources Not Physically Interconnected with the PTO's Non-PTF:** The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the PTO's Non-PTF. The applicable PTO will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

**f) Limitation on Designation of Network Resources:** The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under this Schedule 21.

**g) Network Customer Owned Transmission Facilities:** The Network Customer that owns existing transmission facilities that are integrated with the PTO's Local Network may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration, the Network Customer must demonstrate that its transmission facilities are integrated into the planning and operations of the PTO to serve all of its power and transmission customers. For facilities added by the Network Customer subsequent to the effective date of a Final Rule in RM05-25-000, the Network Customer shall receive credit for such transmission facilities added if such facilities are integrated into the operations of the PTO's facilities; provided however, the Local Network Customer's transmission facilities shall be presumed to be integrated if such transmission facilities, if owned by the PTO, would be eligible for inclusion in the PTO's annual transmission revenue requirement as specified in the PTO's respective Local Service Schedule. Calculation of any credit under this subsection shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

**6) Designation of Local Network Load**

- a) **Local Network Load:** The Network Customer must designate the individual Local Network Loads which it expects to have served through Local Network Service. The Local Network Loads shall be specified in the Local Service Agreement.
- b) **New Local Network Loads Within the New England Control Area:** The Network Customer shall provide the ISO and the PTO with as much advance notice as reasonably practicable of the designation of new Local Network Load that will be added to the Non-PTF. A designation of new Local Network Load must be made through a modification of service pursuant to a new Application. The PTO will use due diligence to install or cause to be installed any transmission facilities required to interconnect a new Local Network Load designated by the Network Customer. The costs of new facilities required to interconnect a new Local Network Load shall be determined in accordance with the procedures provided in this Schedule 21 and shall be charged to the Network Customer in accordance with Commission policy and this Schedule 21.
- c) **Local Network Load Not Physically Interconnected with the PTO:** This Section applies to both initial designation and the subsequent addition of new Local Network Load not physically interconnected with the PTO's Non-PTF. To the extent that the Network Customer desires to obtain transmission service for a load outside the Local Network, the Network Customer shall have the option of (1) electing to include the entire load as Local Network Load for all purposes under this Schedule 21 and designating Network Resources in connection with such additional Local Network Load, or (2) excluding that entire load from its Local Network Load and purchasing Local Point To Point Service under this Schedule 21. To the extent that the Network Customer gives notice of its intent to add a new Local Network Load as part of its Local Network Load pursuant to this Section the request must be made through a modification of service pursuant to a new Application.
- d) **New Interconnection Points:** To the extent the Network Customer desires to add a new Delivery Point or interconnection point between the Non-PTF and a Local Network Load, the Network Customer shall provide the ISO and the PTO with as much advance notice as reasonably practicable.
- e) **Changes in Service Requests:** Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Local Network Service (the addition of a new Network Resource, if any, or designation of a new Local Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by the PTOs and charged to the Network

Customer as reflected in the applicable Local Service Agreement or other appropriate agreement. However, the PTO must treat any requested change in Local Network Service in a non-discriminatory manner.

**f) Annual Load and Resource Information Updates:** The Network Customer shall provide the ISO and the PTO with annual updates of Local Network Load and Network Resource forecasts consistent with those included in its Application including, but not limited to, any information provided under Section II.3.b of this Schedule 21 pursuant to the PTO's planning process in Attachment K. The Network Customer also shall provide the ISO and the PTO with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Local Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the ability of the PTO to provide reliable service.

**7) Additional Study Procedures For Local Network Service Requests**

**a) Notice of Need for System Impact Study:** After receiving a request for Local Network Service, a determination shall be made on a non-discriminatory basis as to whether a System Impact Study is needed. The ISO shall review the request to determine whether the provision of the requested service would have an impact on facilities other than Non-PTF, and if so, whether a System Impact Study is necessary to accommodate the requested service. If so, the ISO shall so inform the Eligible Customer as soon as practicable and will (in consultation with the PTO) perform a System Impact Study, as necessary, with respect to the request. A description of the ISO's methodology for completing a System Impact Study is provided in OATT Attachment D. If the ISO determines that the service would not have an impact on facilities other than Non-PTF, the PTO shall determine whether a System Impact Study is necessary to accommodate the requested service and shall so inform the Eligible Customer as soon as practicable and will (in consultation with the ISO) perform a System Impact Study, as necessary, with respect to the application. In such cases, the ISO or the PTO, as applicable, shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the ISO or the PTO, as applicable, for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the ISO or the PTO, as applicable, within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest. A

description of the PTO's methodology for completing a System Impact Study is provided in its Local Service Schedule.

**b) System Impact Study Agreement and Cost Reimbursement:**

(i) The System Impact Study Agreement will clearly specify an estimate of the cost and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. The System Impact Study shall rely on existing transmission planning studies to the extent reasonably practicable. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Local Network.

(ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.

(iii) For System Impact Studies that the PTO conducts on its own behalf, the PTO shall record the cost of the System Impact Studies pursuant to Section II.8.5 of the Tariff.

(iv) In response to multiple Eligible Customers within the same electrically interconnected area requesting clustering of system Impact Study analysis for Local Service, the PTO will accommodate such multiple requests if it can reasonable do so. The costs of such studies shall be pro-rated among the Eligible Customers on an agreed upon basis.

**c) System Impact Study Procedures:** Upon receipt of an executed System Impact Study Agreement, the ISO or the PTO, as applicable, will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints, additional Direct Assignment Facilities or Local Network Upgrades required to provide the requested service. In the event that the ISO or the PTO, as applicable, is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The

PTO will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The ISO or the PTO, as applicable, shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Local Network will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study, the Eligible Customer must execute a Local Service Agreement or request the filing of an unexecuted Local Service Agreement pursuant to Section II.3.a of this Schedule 21 or the Application shall be deemed terminated and withdrawn.

**d) Facilities Study Procedures:** If a System Impact Study indicates that additions or upgrades to facilities other than Non-PTF are needed to supply the Eligible Customer's service request or to mitigate indirect impacts on the MTF facilities, the ISO, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the ISO for performing the required Facilities Study. If a System Impact Study indicates that additions or upgrades to Non-PTF facilities are needed to supply the Eligible Customer's service request or to mitigate indirect impacts on the MTF facilities, the PTO, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the PTO for performing the required Facilities Study. For clustered studies, the cost of such studies shall be pro-rated among the Eligible Customers on an agreed upon basis. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the ISO or the PTO, as applicable, will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Facilities Study cannot be completed in the allotted time period, the Eligible Customer shall be notified and provided an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Local Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide a letter of credit or other reasonable form of security acceptable to the PTO equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Local Service

Agreement or request the filing of an unexecuted Local Service Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

In addition to the foregoing, each Facilities Study shall, if requested by the Eligible Customer, contain a non-binding estimate from the ISO of the Incremental ARRs, if any, resulting from the construction of the new facilities. After completion of the transmission upgrade or expansion, the ISO shall determine the Incremental ARRs, if any, resulting from the upgrade or expansion.

**e) Facilities Study Modifications:** Any change in design arising from the inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the ISO and/or the PTO that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer.

**f) Due Diligence in Completing New Facilities:** The PTO shall use due diligence to add necessary facilities or upgrade its Local Network within a reasonable time. The PTO will not upgrade its existing or planned Local Network in order to provide the requested Local Network Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.

**g) Claims or Disputes:** Any claim or dispute between the PTO and the Transmission Customer with respect to a System Impact Study or Facilities Study shall be governed by the provisions of Section I.6 of the Tariff.

**h) Penalties for Failure to Meet Study Deadlines:** Section I.7.i of this Schedule 21 defines penalties that apply for failure to meet the 60-day study completion due diligence deadlines for System Impact Studies and Facilities Studies under Section I of this Schedule 21. These same requirements and penalties apply to service under Section II of this Schedule 21.

## **8) Load Shedding and Curtailments**

**a) Procedures:** The PTO shall establish Load Shedding and Curtailment procedures (consistent with those of the ISO and the Local Control Center) with the objective of responding to contingencies on

the Non-PTF. The PTO will notify all affected Local Network Service Customers in a timely manner of any scheduled Curtailment.

**b) Transmission Constraints:** During any period when a PTO or the Local Control Center determines that a transmission constraint exists on the Non-PTF, and such constraint may impair the reliability of the New England Transmission System, the PTO or the Local Control Center will so inform the ISO. The ISO will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of the system. To the extent the ISO determines that the reliability of the New England Transmission System can be maintained by redispatching resources, The ISO will initiate procedures to redispatch all resources on a least-cost basis without regard to the ownership of such resources.

**c) Cost Responsibility for Relieving Transmission Constraints:** Whenever the ISO implements least-cost redispatch procedures in response to a transmission constraint, the Transmission Customer will bear the costs of such redispatch in accordance with Market Rule 1.

**d) Curtailments of Scheduled Deliveries:** If a transmission constraint on the Non-PTF cannot be relieved through the implementation of least-cost redispatch procedures and the PTO determines that it is necessary to effect a Curtailment of scheduled deliveries, such schedule shall be curtailed in accordance with the terms of the Tariff.

**e) Allocation of Curtailments:** The ISO, the Transmission Owner or the Local Control Center shall on a non-discriminatory basis, effect a Curtailment of the transaction(s) that effectively relieves the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by the customers taking MTF Service and OTF Service and/or Through or Out Service and Network Customers on a non-discriminatory basis. Notwithstanding the preceding provisions of this Section, External Transactions shall be scheduled and curtailed in accordance with Section II.44 of the OATT.

**f) Load Shedding:** Load Shedding also may occur in accordance with the applicable Local Service Schedule to the extent provided for in such Local Service Schedule.

**g) System Reliability:** Notwithstanding any other provisions of this Schedule, The ISO, the PTO and the Local Control Centers reserve the right, consistent with Good Utility Practice and on a not unduly



discriminatory basis, to effect a Curtailment of service without liability on the part of the ISO, the PTO or the Local Control Centers for the purpose of making necessary adjustments to, changes in, or repairs on the PTO's lines, substations and facilities, and in cases where the continuance of service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the Non-PTF or on any other system(s) directly or indirectly interconnected with the Non-PTF, the ISO, the PTO and the Local Control Centers, consistent with Good Utility Practice, also may effect a Curtailment of service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The ISO, the PTO or the Local Control Centers will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Local Network Service will be not unduly discriminatory relative to the PTO's use of the New England Transmission System on behalf of their Native Load Customers. The Local Service Schedules shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

## **9) Rates and Charges**

Except as provided below, the Network Customer shall pay all applicable charges for Local Network Service set forth in this Schedule 21, including the Local Service Schedules, and for any Direct Assignment Facilities and its share of the cost of any required Local Network Upgrades and applicable study costs consistent with Commission policy, along with any additional charges imposed under the Tariff. In the event the Network Customer serves Local Network Load located on more than one Local Network, the amount to be paid by it shall be separately computed for each Local Network.

The applicable charges for Local Network Service set forth in this Schedule 21, including the Local Service Schedules, shall be reduced to zero for the charging load of an Electric Storage Facility when the Regional Network Service charges are reduced to zero pursuant to Section II.21.3 of the OATT. The reduction to zero of the applicable charges shall not apply to any Direct Assignment Facilities nor the Network Customer's share of the cost of any required Local Network Upgrades and applicable study costs consistent with Commission policy, along with any additional charges imposed under the Tariff. This discount will only be applied to Electric Storage Facility charging load that (a) is reported under a separately identified Regional Network Load that does not include station service load or any other load and (b) is providing one or more of the following services to the ISO: reactive power voltage support, operating reserves, regulation and frequency response, balancing energy supply and demand, or addressing a reliability concern. Electric Storage Facilities shall be considered to be balancing energy

supply and demand when they are responding to ISO dispatch instructions in the Real-Time Energy Market.

**10) Determination of Network Customer's Monthly Network Load**

For purposes of Local Network Service, the Network Customer's "Monthly Network Load" shall be determined in accordance with the applicable Local Service Schedule.

**11) Operating Arrangements**

The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the terms of the Tariff. The terms and conditions under which the Network Customer taking Local Network Service shall operate its facilities and the technical and operational matters associated with the implementation of Local Network Service shall be specified in Section II.22 of the Tariff and/or the Local Service Schedules.

**SCHEDULE 21**  
**ATTACHMENT A**  
**FORM OF LOCAL SERVICE AGREEMENT**

This LOCAL SERVICE AGREEMENT, dated as of \_\_\_\_\_, is entered into, by and between \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State/Commonwealth of \_\_\_\_\_ (“Transmission Owner”), \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State/Commonwealth of \_\_\_\_\_ (“Transmission Customer”) and ISO New England, Inc., a non-stock corporation organized and existing under the laws of the State of Delaware (“ISO”). Under this Agreement the Transmission Owner, Transmission Customer, and the ISO each may be referred to as a “Party” or collectively as the “Parties.”

**PART I – General Terms and Conditions**

1. Service Provided (Check applicable):  
☐ Local Network Service  
☐ Local Point-To-Point Service  
☐ Firm  
☐ Non-Firm  
Regional Network Service customers must take either Local Network Service or Local Point-To-Point Service.
2. The Transmission Customer is an Eligible Customer under the Tariff and is a party to either a Market Participant Service Agreement or a Transmission Service Agreement.
3. The Transmission Customer has submitted a Completed Application and the required deposit, if applicable, for service under this Local Service Agreement and the Tariff.
4. The Transmission Customer agrees to supply information to the Transmission Owner that the Transmission Owner deems reasonably necessary in accordance with Schedule 21 and Good Utility Practice in order for it to receive the requested service.
5. The Transmission Owner agrees to provide and the Transmission Customer agrees to take and pay for service in accordance with the provisions of the Tariff and this Local Service Agreement.

6. Service may be subject to some combination of the charges detailed in Schedule 21 of the OATT. The appropriate charges will be determined in accordance with the terms and conditions of Schedule 21.

7. Any notice or request made to or by either party regarding this Local Service Agreement shall be made to the representative of the other party as indicated below.

Transmission Customer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Transmission Owner:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The ISO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. The ISO New England Inc. Transmission, Markets and Services Tariff (the “Tariff”) is incorporated herein and made a part hereof. Capitalized terms used in this Local Service Agreement shall have the meanings ascribed in the Tariff.

9. Nothing contained in this Local Service Agreement shall be construed as affecting in any way the right of the Transmission Owner to file with the Commission under Section 205 of the Federal Power Act and pursuant to the Commission’s rules and regulations promulgated thereunder for a change in any rates, terms and conditions of this Local Service Agreement. Nothing contained in this Local Service Agreement shall be construed as affecting in any way the ability of the Transmission Customer to file with the Commission under Section 206 of the Federal Power Act

and pursuant to the Commission's rules and regulations promulgated thereunder for a change in any rates, terms and conditions of this Local Service Agreement.

10. Nothing contained in this Local Service Agreement shall be construed as affecting or enlarging, in whole or in part, the limited responsibility of the ISO under the Transmission Operating Agreement ("TOA") to coordinate the Transmission Owner's provision of Local Service and to determine whether the provision of Local Service would have an impact on facilities used for the provision of Regional Transmission Service.

## **PART II – Local Network Service**

1. The Transmission Customer has been determined by the Transmission Owner and the ISO to have a Completed Application for Local Network Service under the Tariff.
2. Service shall commence on the later of: (1) \_\_\_\_\_, or (2) the date on which construction of all interconnection equipment, any Direct Assignment Facilities and/or facility or Local Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service shall terminate on \_\_\_\_\_.
3. Specifications for Local Network Service.
  - a. Term of Service:
  - b. List of Network Resources and Point(s) of Receipt:
  - c. Description of capacity and energy to be transmitted:
  - d. Description of Local Network Load:
  - e. List of Point(s) of Delivery and metering point(s) when they differ from Point(s) of Delivery:
  - f. List of non-Network Resource(s), to the extent known:

g. Ancillary Services requested or proof of satisfactory arrangements for Ancillary Services:

h. Identity of Designated Agent:

Authority of Designated Agent:

Term of Designated Agent's authority:

Division of responsibilities and obligations between Transmission  
Customer and Designated Agent:

i. Interconnection facilities and associated equipment:

j. Project name:

k. Interconnecting Transmission Customer:

l. Location:

m. Transformer nameplate rating:

n. Interconnection point:

o. Additional facilities and/or associated equipment:

p. Service under this Local Service Agreement shall be subject to the following charges:

q. Additional terms and conditions:

4. Planned work schedule.

Estimated Time

Milestone

(Activity)

Period For Completion

(# of months)

5. Payment schedule and costs.

(Study grade estimate, +\_\_\_% accuracy, year \$s)

Milestone

Amount (\$)

6. Policy and practices for protection requirements for new or modified load interconnections.
7. Insurance requirements.

### **PART III – Local Point-To-Point Service**

1. The Transmission Customer has been determined by the Transmission Owner and the ISO to have a Completed Application for Local Point-To-Point Service under the Tariff.
2. Service shall commence on the later of: (1) \_\_\_\_\_, or (2) the date on which construction of any Direct Assignment Facilities and/or Local Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service shall terminate on \_\_\_\_\_.
3. Non-firm Local Point-To-Point Service shall be provided by the Transmission Owner upon request by an authorized representative of the Transmission Customer.
4. Specifications for Local Point-To-Point Service.
  - a. Term of Transaction:
  - b. Description of capacity and energy to be transmitted by the Transmission Owner including the electric Control Area in which the transaction originates:
  - c. Point(s) of Receipt:
  - d. Delivering Party:
  - e. Point(s) of Delivery:
  - f. Receiving Party:

- g. Maximum amount of capacity and energy to be transmitted (Reserved Capacity):
- h. Designation of party(ies) subject to reciprocal service obligation:
- i. Name(s) of any intervening Control Areas providing transmission service:
- j. Service under this Local Service Agreement shall be subject to the following charges:
- k. Interconnection facilities and associated equipment:
- l. Project name:
- m. Interconnecting Transmission Customer:
- n. Location:
- o. Transformer nameplate rating:
- p. Interconnection point:
- q. Additional facilities and/or associated equipment:
- r. Additional terms and conditions:

5. Planned work schedule.

Estimated Time

Milestone

(Activity)

Period For Completion

(# of months)

6. Payment schedule and costs.

(Study grade estimate, +\_\_\_% accuracy, year \$s)

Milestone

Amount (\$)



7. Policy and practices for protection requirements for new or modified load interconnections.

8. Insurance requirements.

IN WITNESS WHEREOF, the Parties have caused this Local Service Agreement to be executed by their respective authorized officials.

Transmission Customer:

By: \_\_\_\_\_  
Name Title Date

\_\_\_\_\_  
Print Name

Transmission Owner:

By: \_\_\_\_\_  
Name Title Date

\_\_\_\_\_  
Print Name

The ISO:

By: \_\_\_\_\_  
Name Title Date

\_\_\_\_\_  
Print Name

**SCHEDULE 21**  
**ATTACHMENT A-1**

**Form of Local Service Agreement For The Resale, Reassignment or Transfer of Point-To-Point  
Transmission Service**

1.0 This LOCAL SERVICE AGREEMENT, dated as of \_\_\_\_\_, is entered into, by and between \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State/Commonwealth of \_\_\_\_\_ (“Transmission Owner”), \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State/Commonwealth of \_\_\_\_\_ (“Assignee”) and ISO New England, Inc., a non-stock corporation organized and existing under the laws of the State of Delaware (“ISO”). Under this Agreement the Transmission Owner, Assignee, and the ISO each may be referred to as a “Party” or collectively as the “Parties.”

2.0 The Assignee has been determined by the Transmission Owner to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.

3.0 The terms and conditions for the transaction entered into under this Local Service Agreement shall be subject to the terms and conditions of Part I of Schedule 21 and the Transmission Owner’s Local Service Schedule of Tariff, except for those terms and conditions negotiated by the Reseller of the reassigned transmission capacity (pursuant to Section I.11.a of this Tariff) and the Assignee, to include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller’s Points of Receipt and Points of Delivery will be subject to the provisions of Section I.11.b of this Tariff.

4.0 The Transmission Owner shall credit the Reseller for the price reflected in the Assignee’s Local Service Agreement or the associated OASIS schedule.

5.0 Any notice or request made to or by either Party regarding this Local Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Owner:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The ISO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Assignee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Local Service Agreement to be executed by their respective authorized officials.

Transmission Owner:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

The ISO:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Assignee:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Specifications For The Resale, Reassignment Or Transfer of Long-Term Firm Point-To-Point  
Transmission Service

1.0 Term of Transaction: \_\_\_\_\_

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

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

2.0 Description of capacity and energy to be transmitted by Transmission Owner including the electric Control Area in which the transaction originates.

\_\_\_\_\_

3.0 Point(s) of Receipt: \_\_\_\_\_

Delivering Party: \_\_\_\_\_

4.0 Point(s) of Delivery: \_\_\_\_\_

Receiving Party: \_\_\_\_\_

5.0 Maximum amount of reassigned capacity: \_\_\_\_\_

6.0 Designation of party(ies) subject to reciprocal service obligation: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

7.0 Name(s) of any Intervening Systems providing transmission service: \_\_\_\_\_

\_\_\_\_\_

(Name of Transmission Owner) Open Access Transmission Tariff

8.0 Service under this Agreement may be subject to some combination of the charges detailed below.  
(The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge: \_\_\_\_\_

\_\_\_\_\_

8.2 System Impact and/or Facilities Study Charge(s):

\_\_\_\_\_

\_\_\_\_\_

8.3 Direct Assignment Facilities Charge: \_\_\_\_\_

\_\_\_\_\_

8.4 Ancillary Services Charges: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

9.0 Name of Reseller of the reassigned transmission capacity:

\_\_\_\_\_

**SCHEDULE 21-GMP**  
**LOCAL SERVICE SCHEDULE**

In accordance with paragraphs 126-130 of Commission Order No. 676-E, the NAESB Version 002.1 Standards listed below apply to the provision of transmission service pursuant to this Schedule 21-GMP for service provided hereunder by Green Mountain Power Corporation:

Gas/Electric Coordination (WEQ-011, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009), Standards 011-1.2 and 011-1.3

## I. COMMON SERVICE PROVISIONS

This Local Service Schedule, designated as Schedule 21-GMP, governs the terms and conditions of service taken by Transmission Customers over Green Mountain Power Corporation's Transmission System. In the event of any conflict between the terms of this Schedule 21-GMP and the other provisions of the Tariff, the provisions of this Schedule 21-GMP shall control.

### 1. DEFINITIONS

The following definitions apply to capitalized terms in this Schedule 21-GMP. Any capitalized terms not defined herein shall have the meaning ascribed to such term in Schedule 21-Common or the Tariff.

#### 1.1 **2012 Effective Period:**

The period beginning with the effective date of this Schedule 21-GMP and continuing through December 31, 2012.

#### 1.2 **Affiliate:**

With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

#### 1.3 **Annual Transmission Revenue Requirement:**

The total annual cost of Green Mountain's Transmission System shall be the amount specified in Attachment D-1 and Attachment E until amended by Green Mountain or modified by the Commission.

#### 1.4 **Annual True-Up:**

The reconciliation to actual costs of the estimated costs used for billing purposes under Section 4.0 of this Local Service Schedule for any Service Year.

#### 1.5 **Green Mountain or GMP:**

Green Mountain Power Corporation

#### 1.6 **Green Mountain's Annual Transmission System Peak:**

The maximum firm usage of Green Mountain's Transmission System in any hour during the twelve months ending with the billing month as determined pursuant to Section 13.2 of this Schedule 21-GMP.

**1.7 Green Mountain's Transmission System:**

The Non-PTF owned, controlled or operated by Green Mountain (other than Green Mountain's share of transmission capacity from Hydro-Quebec under the Block Loading Transmission Facilities Agreement dated February 15, 1989) that are used to provide transmission service under this Schedule 21-GMP.

**1.8 Highgate Converter:**

The 225 MW AC/DC Converter at Highgate, Vermont, which connects the Vermont and Quebec grids, and associated AC facilities.

**1.9 Load Ratio Share:**

The ratio of a rolling 12 month average of Network Customer's Local Network Load to a rolling 12 month average of Green Mountain's Transmission System Peak for each month as computed pursuant to Sections 13.1 and 13.2 of this Schedule 21-GMP.

**1.10 Local Network Operating Agreement:**

An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Local Network Service under Schedule 21 and this Schedule 21-GMP.

**1.11 Local Network Operating Committee:**

A group made up of representatives from the Network Customer(s) and Green Mountain established to coordinate operating criteria and other technical considerations required for implementation of Local Network Service under Schedule 21 and this Schedule 21-GMP.

**1.12 NPCC:**

The Northeast Power Coordinating Council.

**1.13 Parties:**

Green Mountain and the Transmission Customer receiving Local Service under this Schedule 21-GMP.

**1.14 Service Year**

The period of January 1 through December 31 of each year in which service is provided under this Schedule 21-GMP.



**1.15 System Condition:**

A specified condition on the Transmission Provider's system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority to Section 1.7.f of Schedule 21. Such conditions must be identified in the Transmission Customer's Service Agreement.

**1.16 Tariff:**

ISO New England Inc.'s Transmission, Markets and Services Tariff or its successor.

**2. INITIAL ALLOCATION AND RENEWAL PROCEDURES**

**2.1 Reservation Priority For Existing Firm Service Customers:**

See Schedule 21 Part I § 1.b.

**3. ANCILLARY SERVICES**

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. Green Mountain is required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer taking Local Service from Green Mountain is required to purchase, the following Ancillary Services: (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation or Other Sources.

In addition, the Transmission Customer is required to purchase additional Ancillary Services under the terms and conditions of the Tariff. The Transmission Customer may not decline the Green Mountain's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by Green Mountain associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve. Green Mountain shall also assess a penalty for any unauthorized use of any Ancillary Services by the Transmission Customer, in accordance with the provisions in Section 8.3 of this Schedule 21-GMP.

**3.1 Scheduling, System Control and Dispatch Service:**

The rates and/or methodology are described in Schedule 1.

### **3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service:**

The rates and/or methodology are described in Schedule 2.

## **4. BILLING AND PAYMENT**

### **4.1.1 Estimated Billing, Annual True-Up, Review and Challenge Procedures:**

These provisions apply to Local Network Service.

#### **4.1.1.1 Billing:**

Within ten days after the first day of each month, Green Mountain shall submit an invoice to the Network Customer for the charges for all services furnished under this Schedule 21-GMP during the preceding month. The invoice shall be paid by the Network Customer within twenty-five (25) days from the date of mailing of the invoice. All payments shall be made in immediately available funds payable to Green Mountain, or by wire transfer to a bank named by Green Mountain. Monthly billings to Network Customers shall be based on estimates as provided in Section 4.1.1.2 and shall be subject to the Annual True-Up as provided in Section 4.1.1.3.

#### **4.1.1.2 Annual Forecast:**

##### **(i) Estimates:**

Billings for Local Network Service hereunder shall be based on cost estimates made by Green Mountain subject to Annual True-Up when actual costs for the Service Year are known. No later than October 15 of each year, Green Mountain will provide to its Network Customers and its Long-Term Local Point-to-Point Service Customers, and cause to be posted on its website and the OASIS, non-binding cost estimates for the next Service Year (the "Annual Forecast"). These cost estimates will be prepared by taking into account any available budget information for the Service Year. The resulting cost estimates will be applied to each Network Customer's most recently available load ratio share for Local Network Load for purposes of preparing a revenue comparison.

Green Mountain will provide cost component details to support the estimates, as well as documentation and information necessary to understand and evaluate the implementation of the Formula Rate for either the correctness of inputs and calculations, or the reasonableness of the costs to be recovered in the Formula Rate, and sufficient to enable Interested Parties to replicate the Formula Rate as implemented by Green Mountain, in order to support its estimated charges.

As part of its Annual Forecast, Green Mountain will also disclose in writing and explain any change in accounting that would affect inputs to the Formula Rate or the resulting charges billed under the Formula Rate (“Material Accounting Change”). Such Material Accounting Changes include, but are not limited to, (1) the initial implementation of an accounting standard or policy; (2) the initial implementation of accounting practices for unusual or unconventional items where the Commission has not provided specific accounting direction; (3) corrections of errors and prior period adjustments; (4) the implementation of new estimation methods or policies that change prior estimates; and (5) changes to income tax elections.

Green Mountain will make available to any Interested Party a fully functional Excel file containing that year’s Annual Forecast data, including the populated Formula Rate template and associated workpapers, with all links intact. Green Mountain will also provide to each Interested Party (1) a link to Green Mountain’s FERC Form No. 1, which shall be posted on Green Mountain’s website and the OASIS, with references to specific pages within the FERC Form No. 1 that support its Annual Forecast; and (2) any other documentation and worksheets necessary to understand and evaluate the implementation of the Formula Rate in the Annual Forecast in sufficient detail and with sufficient explanation to demonstrate that each input to the Formula Rate is consistent with the requirements of the Formula Rate, as well as to support Green Mountain’s transmission asset values, relevant costs, billing determinant loads, and other transmission charge components. Green Mountain will meet with each Interested Party, as reasonably requested, to review this material and resolve any concerns.

For purposes of this Section 4.1.1.2 and 4.1.1.3, “Interested Parties” includes Network and Long-Term Local Point-to-Point Service Customers, the Vermont Department of Public Service, the New Hampshire Public Utilities Commission, and the Vermont and New Hampshire attorney generals. With respect to any Service Year, Interested Parties also includes any person seeking to obtain information and/or to participate in the review processes for that Service Year pursuant to Sections 4.1.1.2 and 4.1.1.3.

**(ii) Discovery and Annual Forecast Revisions:**

During the period between October 15 and November 15, Interested Parties shall be entitled to serve reasonable information and document requests on Green Mountain, provided that such requests are relevant to the development of the Annual Forecast. Green Mountain will make a good faith effort to respond to such requests within ten business days. Green Mountain shall modify the Annual Forecast to reflect any changes that it and the Interested Parties agree upon by no later than December 10 of each year. No later than December 15, Green Mountain will

provide to Interested Parties, and cause to be posted on its website and the OASIS, final cost estimates for the next Service Year, which cost estimates will be used for billing purposes in the next Service Year.

**(iii) Annual Forecast Informational Filing:**

No later than January 15, or on the first business day thereafter of each year, Green Mountain shall file with FERC for informational purposes an Annual Forecast Informational Filing containing Green Mountain's Annual Forecast for the current Service Year, as amended to reflect any changes that it and the Interested Parties have agreed upon by December 10 of the previous year, and to include the information furnished pursuant to Section 4.1.1.2 (ii).

The Annual Informational Filing shall make note of any aspects of the Formula Rate or its inputs that are the subject of an ongoing dispute under the challenge procedures described in Section 4.1.1.3 (iii), below. This Annual Forecast Informational Filing shall not require Commission action.

**(iv) Annual Forecast Challenges:**

(1) Interested Parties may challenge any element of Green Mountain's Annual Forecast for a Service Year that represents a "Material Accounting Change" as defined in Subsection 4.1.1.2(i), or an error in applying or a deviation from Green Mountain's Formula Rate set forth in Attachments D-1 and D-2 provided that such Material Accounting Change, error or deviation has an impact of \$60,000 or more on the portion of the Annual Transmission Revenue Requirement that is allocable to the Schedule 21 Customers in the Annual Forecast for a Service Year. A challenge may be raised through an Informal Challenge, and, as described in Section 4.1.1.3 (iii)(A), if Green Mountain and the Challenging Party are unable to resolve the Informal Challenge to any such element, by filing a Formal Challenge, as described in Section 4.1.1.3 (iii)(C). Unless mutually extended by the challenging Interested Party, any Informal Challenge must be submitted within 30 days following the filing of the Annual Forecast Informational, and any Formal Challenge must be filed within 60 days of the of the submission of the Informal Challenge.

(2) The failure to raise challenges to any such elements, as described in Paragraph 1, of an Annual Forecast shall not preclude raising such challenges to such items in the Annual True-Up for that Service Year. Nothing in this Subsection (iv) precludes the filing of a complaint pursuant to the provisions of Section 206 of the FPA to any element of the Annual Forecast.

#### **4.1.1.3 Annual True-Up:**

##### **(i) Annual True-Up Procedures:**

(1) The Annual True-Up shall occur no later than the sixth month of the calendar year following the close of the Service Year to which the Annual True-Up relates. To the extent bill adjustments, either increases or decreases, are required pursuant to the Annual True-Up, such adjustments shall bear interest calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii).

(2) The Annual True-Up shall be performed by recalculation of the costs for the Service Year based on Green Mountain's actual Annual Transmission Revenue Requirement and load information as reported in the FERC Form No. 1 for that Service Year, which cost and load information shall be used to develop a Monthly Demand Charge, defined in Section 13.3, to be used in the Annual True-Up. Any difference between the estimated Monthly Demand Charge and the actual Monthly Demand Charge shall be collected from or refunded to the Network Customer in the month of June of the calendar year following the Service Year.

(3) As part of its Annual True-Up process, Green Mountain will disclose in writing and explain any Material Accounting Change that would affect inputs to the Formula Rate or the resulting charges billed under the Formula Rate. Green Mountain shall also identify any items included in the Formula Rate at an amount other than on a historical cost basis, and shall provide for the identification of any reorganization or merger transactions occurring in 2013 or thereafter and explain the effect of the accounting for such transactions on inputs to the Formula Rate. To the extent these Material Accounting Changes and other matters affect Green Mountain's inputs to the Formula Rate, Green Mountain will provide a narrative explanation of the individual impact of those items on charges billed under the Formula Rate. The Annual True-Up shall also be accompanied by supplementary information which shall (i) detail any data used in the Annual True-Up not directly taken from Green Mountain's FERC Form No. 1 Report and (ii) identify any FERC Form No. 1 Account used to record expenses during the Service Year that was not used in the preceding Service Year. The supplementary information shall be certified by an officer of Green Mountain.

(4) The Annual True-Up shall include an attestation by a Company officer that "to the best of the affiant's knowledge, information and belief the data employed in the Annual True-Up reflect Green Mountain's per book costs for the Service Year, conform to Green Mountain's FERC

Form No. 1 Report for the Service Year, conform in all material respects to the FERC Uniform System of Accounts, and have been developed in accordance with the provisions of this rate schedule.”

**(ii) Annual True-Up Review Process:**

(1) No later than June 15 of the year following the Service Year, Green Mountain shall provide to each Interested Party, and shall post on Green Mountain’s website and the OASIS, the Annual True-Up. The Annual True-Up shall include the information that is reasonably necessary to determine: (1) that input data under the Formula Rate are properly recorded in any underlying workpapers; (2) that Green Mountain has properly applied the Formula Rate and the procedures in this Section 4.1.1; (3) the accuracy of data and the consistency with the Formula Rate of the actual revenue requirement and rates (including any true-up adjustment) under review; (4) accounting changes that affect Formula Rate inputs; and (5) the reasonableness of projected costs included in the projected capital addition expenditures. The Annual True-Up shall also include a fully functional Excel file containing that year’s Annual True-Up data, including the populated Formula Rate template and associated workpapers, with all links intact, as well as a link to Green Mountain’s FERC Form No. 1, which shall be posted on Green Mountain’s website and the OASIS, with references to specific pages within the FERC Form No. 1 that support its Annual True-Up. The information to be provided by Green Mountain shall be sufficient, and in sufficient detail, to allow Interested Parties to understand and evaluate the implementation of the Formula Rate for either the correctness of inputs and calculations, or the reasonableness of the costs to be recovered in the Formula Rate, and to enable Interested Parties to replicate Green Mountain’s Annual True-Up of its transmission rate. If the date for making the Annual True-Up posting should fall on a weekend or a holiday recognized by the FERC, then the posting shall be due on the next business day.

(2) No later than June 30, Green Mountain shall hold an annual meeting open to all Interested Parties, at which Green Mountain will explain and Interested Parties can review and discuss Green Mountain’s calculations.

(v) There shall be an “Audit Period” that will extend from July 1 through September 30 of the year following the Service Year; provided that Green Mountain and the Interested Parties may agree to extend the Audit Period beyond September 30 by their mutual written agreement. During the Audit Period, the Interested Parties shall have the right to conduct an audit or other inspection of the actual data used in the Annual True-Up and/or to serve reasonable information and document requests on Green Mountain, provided that such requests are relevant to the development of the Annual True-Up. Green Mountain shall not withhold information on grounds

of confidentiality, but is entitled to make such information available pursuant to a confidentiality agreement and to restrict access to non-competitive duty personnel and to other personnel whose receipt of the information would not be in violation of the Standards and/or Code of Conduct as prescribed by FERC. Green Mountain shall exercise all reasonable efforts to provide the Interested Party, within 10 business days, such additional information as the Interested Party may request in order to understand the Annual True-Up. At any time during the Annual True-Up process, to the extent requested, Green Mountain shall meet with any Interested Party to provide additional information, explanation, and/or clarification regarding the Annual True-Up as the Interested Party may request, including but not limited to information concerning Green Mountain's accounting practices, procurement methods and cost control methodologies, in an effort to resolve any concerns expressed by any Interested Party.

(4) Any Interested Party that has not resolved its Informal Challenge or Formal Challenge to an Annual True-Up may file with FERC a Complaint pursuant to Section 206 of the Federal Power Act and 18 C.F.R. § 385.206. In the event such a Complaint is filed, the disputed component or components of the Annual True-Up shall be subject to refund as of the first day of the Service Year the disputed component affected the Network Customer's charges pending the results of the Commission investigation instituted as a result of such Complaint.

(5) Neither the Company, the Customer nor any other Interested Party may use the Annual True-up process to challenge or modify any provision of Schedule 21-GMP. Any such challenge or modification must be made pursuant to Section 205 of the Federal Power Act if by the Company or Section 206 of the Federal Power Act if by the Customer.

**(iii) Challenge Procedures to the Annual True-Up:**

Interested Parties may raise challenges to Green Mountain's Annual True-Up or any aspect thereof in three ways: (i) by Informal Challenge, as described in Section 4.1.1.3 (iii)(A); (ii) by Formal Challenge, as described in Section 4.1.1.3 (iii)(C), or (iii) by filing a complaint with the FERC pursuant to Section 206 of the Federal Power Act.

**(A) Informal Challenges:**

No later than September 30 of each year, any Interested Party may notify Green Mountain in writing of any specific challenges to any component of the Annual True-Up for the preceding Service Year, including any Material Accounting Change that affects the Annual True-Up ("Informal Challenge"). Informal Challenges shall be presented in writing (including by

electronic mail) addressed to the Green Mountain representative identified for the purpose of receiving such challenges in Green Mountain's Annual True-Up, and shall be designated by the challenging Interested Party as an Informal Challenge. In response to an Informal Challenge, Green Mountain shall appoint a senior representative to work with the Interested Party (or its representatives) toward a resolution of the dispute. The representative of the Interested Party and Green Mountain's representative shall meet at least once during the 30 days following the Interested Party's submission of its challenge, and shall engage in good faith efforts (which shall include the sharing of information upon reasonable request) to resolve the dispute. Any modification to the Annual True-Up or any Material Accounting Change that results from an Informal Challenge and that is agreed upon no later than December 10 shall be promptly posted on Green Mountain's website and the OASIS and incorporated into the Annual Informational Filing. Either the challenging party or Green Mountain may terminate the Informal Challenge process at any time, by written notice to that effect to the other party. In the event the process is terminated without reaching a mutually-agreed resolution of the Informal Challenge, the challenging Interested Party is free to initiate a Formal Challenge proceeding as described in Section 4.1.1.3(iii)(C), below, or to file a complaint with FERC.

**(B) Informational Filing of Annual True-Up:**

On October 30 of each year, Green Mountain shall file with FERC its Annual True-Up, as amended to reflect any changes that it and the Interested Parties have agreed upon following the Informal Challenge procedures described in Section 4.1.1.3(iii)(A), for the penultimate Service Year. This filing shall include the information that is reasonably necessary to determine: (1) that input data under the Formula Rate are properly recorded in any underlying workpapers; (2) that Green Mountain has properly applied the Formula Rate and the procedures in this Section 4.1.1.3; (3) the accuracy of data and the consistency with the Formula Rate of the actual revenue requirement and rates (including any Annual True-Up adjustment) under review; (4) the extent to which accounting changes affect Formula Rate inputs; and (5) the reasonableness of projected costs included in the projected capital addition expenditures. The information shall also identify any Formal Challenges pertinent to the Annual True-Up. This filing is made only for informational purposes. The Commission is not expected to take (but is not precluded from taking) any action on this filing since any disputes regarding an Annual True-Up are to be made pursuant to the Informal and Formal Challenge procedures described in Section 4.1.1.3 (iii).

**(C) Formal Challenges:**



(1) A Formal Challenge is a filing made by an Interested Party to the FERC in accordance with the terms of this Section 4.1.1.3 (iii)(C) of Schedule 21-GMP, and which shall include the information required under 18 C.F.R. § 385.206 (b)(1), (2), (3), (4) and (7).

(2) If an Interested Party who has raised an Informal Challenge and Green Mountain have not resolved the Informal Challenge within thirty (30) days after its submission to Green Mountain, that Interested Party shall have an additional thirty (30) days to file a Formal Challenge with the FERC, which shall be served on Green Mountain by electronic service on the date of such filing provided, however, if the FERC initiates a proceeding to consider the Annual True-Up, Interested Parties may raise any Formal Challenges in that proceeding.

(3) An Interested Party's Formal Challenge may not raise any issue that was not the subject of that party's Informal Challenge during the Audit Period.

(4) Within twenty-one days of the date of the filing of a Formal Challenge, Green Mountain shall submit its response to the Commission and certify therein that it has served by electronic service that response on any party that has filed a Formal Challenge and on each person upon whom Green Mountain served the Annual True-Up.

(5) In any proceeding initiated by the FERC concerning the Annual True-Up or in response to a Formal Challenge, Green Mountain shall bear the burden of proving that it has correctly applied the terms of the Formula Rate. Nothing herein is intended to alter the burdens customarily applied by the FERC with respect to prudence challenges.

(6) The processes provided in this Section are additional to, and do not in any way limit, the rights or remedies of Green Mountain or Interested Parties under the Federal Power Act. Without limiting the foregoing, nothing stated in this Section shall be deemed to limit in any way the right of Green Mountain to file unilaterally, pursuant to Section 205 of the Federal Power Act and the regulations thereunder, changes to the Formula Rate or any of its stated values, or the right of any other party to request such changes pursuant to Section 206 of the Federal Power Act and the regulations thereunder. The party filing pursuant to Section 205 or 206 bears the standard burdens associated with such a filing.

#### **4.1.1.4**

On occasion, the Commission may make changes to FERC Form No. 1 or the Uniform System of Accounts. These changes could make GMP's Formula Rate, as set forth in Attachments D-1 and

D-2, inoperable or inaccurate as to those items. Therefore, on the occasion of such a change, Green Mountain will make a single-issue Section 205 filing to update the references in the Formula Rate to reflect any changes to the format and/or content of the FERC Form No. 1 or the Uniform System of Accounts. Green Mountain shall submit this filing no later than the date of submission of the Annual True-Up of the Service Year to which such change relates, and shall be effective on the date the revisions to the FERC Form No. 1 or Uniform System of Accounts, as applicable, becomes effective. Any proceedings commenced in response to this filing shall not include or allow for consideration or examination of any other aspects of the Formula Rate or other issues associated with the Formula Rate, except to the extent that the proposed changes directly impact other Formula Rate components that are not the subject of the single-issue filing. All parties will have all applicable rights under the Federal Power Act and the Commission's regulations with respect to such single-issue Section 205 filings, except as limited by this paragraph.

#### **4.1.2 Local Firm Point-to-Point Service:**

The provisions of Section 4.1.1.1 also apply to Local Point-to-Point Service except that the Local Point-to-Point Service rates are based on 2011 costs for the period through May 31, 2014. Starting June 1, 2014, the Local Point-to-Point Service Rates will be based on the preceding calendar year's actual costs. No Annual Forecast or Annual True-Up is applicable to these post-May 31, 2014 rates. For rates effective after May 31, 2014, an Interested Party may file an informal challenge with respect to a calendar year's actual costs no later than September 30 following the conclusion of the calendar year and a Formal Challenge pursuant to the provisions of Section 4.1.1.3(iii)(C).

#### **4.2 Interest on Unpaid Balances:**

Interest on any unpaid amounts owed by the Transmission Customer or refunds by Green Mountain (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by Green Mountain.

#### **4.3 Customer Default:**

In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to Green Mountain on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after Green

Mountain notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, Green Mountain may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any such request. In the event of a billing dispute between Green Mountain and the Transmission Customer, Green Mountain will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then Green Mountain may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

#### **4.4 Billing and Payments Following Merger of Central Vermont Public Service Company and Green Mountain**

Any amounts owed to or by Central Vermont Public Service Corporation under that company's Schedule 21 with respect to service provided pursuant to that schedule prior to its termination and prior to the merger of Central Vermont Public Service Corporation into Green Mountain shall be owed to or by Green Mountain and shall be paid to Green Mountain in the case of amounts owed to Central Vermont Public Service Corporation and shall be paid by Green Mountain in the case of amounts owed by Central Vermont Public Service Corporation.

### **5. ACCOUNTING FOR GREEN MOUNTAIN'S USE OF THE TARIFF**

Green Mountain shall record the following amounts, as outlined below.

#### **5.1 Transmission Revenues:**

Include in a separate operating revenue account or subaccount the revenues it receives from Local Point-To-Point Service when making Third-Party Sales.

#### **5.2 Study Costs and Revenues:**

Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies that Green Mountain conducts to determine if it must construct Local Network Upgrades necessary for its own uses, including making Third-Party Sales; and include in a separate operating revenue account or subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under this Schedule 21-GMP.

## **6. REGULATORY FILINGS**

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of Green Mountain to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation under Schedule 21-GMP, pursuant to Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under Schedule 21-GMP to exercise its rights under Section 206 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

## **7. CREDITWORTHINESS**

The creditworthiness procedures are specified in Attachment L of Schedule 21-GMP.

## **II. LOCAL POINT-TO-POINT SERVICE**

### **PREAMBLE**

Green Mountain will provide Firm and Non-Firm Local Point-To-Point Service over Green Mountain's Transmission System pursuant to the applicable terms and conditions of this Schedule 21 and this Schedule 21-GMP. Local Point-To-Point Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery.

## **8. TERMS AND CONDITIONS APPLICABLE TO ALL LOCAL POINT-TO-POINT SERVICE**

### **8.1 Determination of Available Transfer Capability:**

A description of Green Mountain's specific methodology for assessing available transfer capability posted on Green Mountain's OASIS under "ATC Information" and is contained in Attachment A to this Schedule 21-GMP.

### **8.2 Real Power Losses:**

Real power losses are associated with all transmission service. Green Mountain is not obligated to provide real power losses. The Transmission Customer is responsible for replacing losses associated with all Local Point-To-Point Service as calculated by Green Mountain. The applicable Real Power Loss factors are as follows:

Service over Green Mountain's Transmission System: 3.0 percent

Service over Green Mountain's Combined Transmission System and Distribution Facilities: 5.2 percent.

**8.3 Charges for Unauthorized Use:**

Consistent with Schedule 21-Common, Sections I.1.g and I.2.e, in the event that a Transmission Customer (including Third Party Sales by Green Mountain) exceeds its firm Reserved Capacity at any Point of Receipt or Point of Delivery, the Transmission Customer shall pay, in addition to the otherwise applicable charges, a penalty charge as follows: (1) For unauthorized use within a single day, the penalty charge shall be twice the daily rate as specified in Schedule 4 to Schedule 21-GMP. (2) For unauthorized use in two or more days in a calendar week, the penalty charge shall be twice the weekly rate as specified in Schedule 4 to Schedule 21-GMP. (3) For multiple instances of unauthorized use in more than one calendar week in a calendar month, the penalty charge shall be twice the monthly rate as specified in Schedule 4 to Schedule 21-GMP.

**8.4 Stranded Cost Recovery:**

Green Mountain may seek to recover stranded costs from the Transmission Customer pursuant to this Schedule in accordance with the terms, conditions and procedures set forth in FERC Order No. 888 or as otherwise justified. However, Green Mountain must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

**9. TERMS AND CONDITIONS APPLICABLE TO FIRM LOCAL POINT-TO-POINT SERVICE**

**9.1 Response to a Completed Application:**

Following receipt of a Completed Application for Firm Local Point-To-Point Service, Green Mountain shall make a determination of available transfer capability pursuant to Attachment A of this Schedule 21-GMP.

**9.2 Procedures for Conducting System Impact Study:**

After receiving a request for service, Green Mountain shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of Green Mountain's methodology for conducting a System Impact Study is provided in Attachment B to this Schedule 21-GMP. A description of Green Mountain's methodology for conducting a System Impact Study on a clustered basis is provided in Attachment B-1.

**9.3 Charge for Failure to Curtail Firm Local Point-To-Point Service:**

Consistent with Schedule 21, Section I.1.f, in the event a Transmission Customer fails to implement a Curtailment within ten minutes as required by Green Mountain, the Transmission Customer shall pay, in addition to any other charges for service, a charge equal to two times the amount of transmission service which the Transmission Customer fails to curtail multiplied by the applicable charge for Firm Local Point-To-Point Service for the lesser of the term of the transaction or one month.

## **10. TERMS AND CONDITIONS APPLICABLE TO NON-FIRM LOCAL POINT-TO-POINT SERVICE**

### **10.1 Reservation of Non-Firm Local Point-To-Point Service:**

Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence; requests for daily service shall be submitted no earlier than two (2) business days before service is to commence; and requests for hourly service shall be submitted no earlier than noon the last business day before service is to commence. Requests for service received later than 2:00 p.m. of the last business day before service is scheduled to commence will be accommodated if practicable.

### **10.2 Determination of Available Transfer Capability:**

Following receipt of a tendered schedule Green Mountain will make a determination on a non-discriminatory basis of available transfer capability pursuant to the procedures set out in Attachment A.

### **10.3 Charges for Failure to Curtail or Interrupt Service:**

Consistent with Schedule 21, Section I.2.g, in the event a Transmission Customer fails to implement a Curtailment within ten minutes or an Interruption within twenty minutes as required by Green Mountain, the Transmission Customer shall pay, in addition to any other charges for service, a charge equal to two times the amount of transmission service which the Transmission Customer fails to curtail or interrupt multiplied by the applicable charge for Firm Local Point-to-Point Service for the lesser of the term of the transaction or one month.

## **11. COMPENSATION FOR TRANSMISSION SERVICE**

Rates for Firm and Non-Firm Local Point-To-Point Service are provided in Schedules 3 and 4 appended to this Schedule 21-GMP: Firm Local Point-To-Point Service (Schedule 3); Non-Firm Local Point-To-Point Service (Schedule 4). Green Mountain shall use the Point-To-Point Service provisions of Schedule 21 and this Schedule 21-GMP to make its Third-Party Sales over Green Mountain's Transmission

System. Green Mountain shall account for such use at the applicable Schedule rates.

### **III. LOCAL NETWORK SERVICE**

#### **PREAMBLE**

Green Mountain will provide Local Network Service over Green Mountain's Transmission System pursuant to the applicable terms and conditions contained in the Tariff, Schedule 21, this Schedule 21-GMP and the Service Agreement.

#### **11. TERMS AND CONDITIONS APPLICABLE TO LOCAL NETWORK SERVICE**

##### **11.1 System Impact Study Procedures:**

After receiving a request for service, Green Mountain shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of Green Mountain's methodology for conducting a System Impact Study of the impact of a request for Local Network Service on Green Mountain's Transmission System is contained in Attachment B to this Schedule 21-GMP.

##### **11.2 Real Power Losses:**

Real power losses are associated with all transmission service. Green Mountain is not obligated to provide real power losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by Green Mountain. The applicable real power loss factors are as follows:

Service over Green Mountain's Transmission System: 3.0 percent

Service over Green Mountain's Transmission System and Distribution Facilities: 5.2 percent.

#### **12. LOAD SHEDDING AND CURTAILMENTS**

##### **12.1 Procedures:**

Prior to the Service Commencement Date, Green Mountain and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Local Network Operating Agreement with the objective of responding to contingencies on Green Mountain's Transmission System. The Parties will implement such programs during any period when Green Mountain or another transmission owner determines that a system contingency exists and such procedures are necessary to alleviate such contingency. Green Mountain will notify customers of necessary procedures on the Green Mountain system.

## **12.2 Transmission Constraints:**

During any period when Green Mountain determines that a transmission constraint exists on Green Mountain's Transmission System, and such constraint may impair the reliability of Green Mountain's system, Green Mountain will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of Green Mountain's system. To the extent Green Mountain determines that the reliability of Green Mountain's Transmission System can be maintained by redispatching resources, Green Mountain will initiate procedures pursuant to the Local Network Operating Agreement to redispatch all Network Resources and Green Mountain's own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between Green Mountain's use of Green Mountain's Transmission System on behalf of its Local Native Load Customers and any Network Customer's use of Green Mountain's Transmission System to serve its designated Local Network Load.

## **12.3 Cost Responsibility for Relieving Transmission Constraints:**

Whenever Green Mountain implements least-cost redispatch procedures in response to a transmission constraint, Green Mountain and Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares.

## **12.4 Curtailments of Scheduled Deliveries:**

If a transmission constraint on Green Mountain's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and Green Mountain determines that it is necessary to Curtail scheduled deliveries, the Parties shall Curtail such schedules in accordance with the Local Network Operating Agreement.

## **12.5 Allocation of Curtailments:**

Green Mountain shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by Green Mountain and Network Customers in proportion to their respective Load Ratio Shares. Green Mountain shall not direct the Network Customer to Curtail schedules to an extent greater than Green Mountain would Curtail Green Mountain's schedules under similar circumstances.

## **12.6 Load Shedding:**

To the extent that a system contingency exists on Green Mountain's Transmission System and Green Mountain determines that it is necessary for Green Mountain and the Network Customer to



shed load, the Parties shall shed load in accordance with previously established procedures under the Local Network Operating Agreement.

#### **12.7 System Reliability:**

Notwithstanding any other provisions of this Schedule, Green Mountain reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Local Network Service without liability on Green Mountain's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Local Network Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on Green Mountain's Transmission System, Green Mountain, consistent with Good Utility Practice, also may Curtail Local Network Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. Green Mountain will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Local Network Service will be not unduly discriminatory relative to Green Mountain's use of Green Mountain's Transmission System on behalf of its Native Load Customers. In the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures within ten minutes, as required by Green Mountain, the Network Customer shall pay, in addition to any other charges for service, a charge equal to two times the amount of transmission service which the Network Customer fails to curtail multiplied by the monthly charge for Firm Local Point-to-Point Service.

### **13. CHARGES FOR LOCAL NETWORK SERVICE**

#### **13.1 Determination of Network Customer's Local Network Load:**

The Network Customer's Local Network Load is its hourly load (including its designated Local Network Load served over Green Mountain's Transmission System that is not physically interconnected with Green Mountain's Transmission System) that is coincident with Green Mountain's Monthly Transmission System Peak, as determined in Section 13.2. For purposes of determining the Network Customer's Local Network Load, Green Mountain will treat as internal generation all behind-the-meter generation units with a capacity greater than or equal to 1 MW, except for qualifying Sustainably Priced Energy Enterprise Development ("SPEED") generation which will be treating in accordance with Section 13.5, below. Any such generation occurring at the time of the transmission peak will be added to the metered load of the Network Customer for purposes of calculating the Network Customer's Local Network Load.

#### **13.2 Determination of Green Mountain's Transmission System Peaks:**

Green Mountain's Transmission System Peak is the highest firm usage for the month. The transmission peak is computed each month by subtracting from the highest hourly load on Green Mountain's Transmission System in the month the coincident peak loads of all Firm and Non-Firm Local Point-To-Point Service customers pursuant to this Schedule 21-GMP and adding the Reserved Capacity of all Long-Term Firm Point-To-Point Service customers taking service pursuant to this Schedule 21-GMP at a fully-allocated embedded cost basis, measured at the time of each such peak.

### **13.3 Monthly Demand Charge:**

The Network Customer shall pay each month one twelfth of the Load Ratio Share of Green Mountain's Annual Transmission Revenue Requirement, as determined pursuant to Attachments D-1 and E. The Network Customer also shall pay a monthly charge for Substation and Line Distribution Facilities used to obtain service equal to one twelfth of the Annual Distribution Substation and Line Facilities Cost as determined pursuant to the formulas set out in Attachment D-2 and Attachment D-3, respectively; a monthly charge for metering facilities equal to the monthly Delivery Point cost as determined pursuant to the formulas set out in Attachment D-4 multiplied by the number of Points of Delivery at which the Customer takes service under this Tariff; and a charge for Regulatory Commission Expense as determined pursuant to the formulas set out in Attachment D-5.

### **13.4 Stranded Cost Recovery:**

Green Mountain may seek to recover stranded costs from the Network Customer pursuant to this Schedule in accordance with the terms, conditions and procedures set forth in FERC Order No. 888 or as otherwise justified. However, Green Mountain must separately file any proposal to recover stranded costs under Section 205 of the Federal Power Act.

### **13.5 SPEED Generation:**

Pursuant to the State of Vermont Public Service Board's September 30, 2009 *Order Establishing a Standard-Offer Program for Qualifying SPEED Resources*, qualifying SPEED generators on Green Mountain's transmission system are treated as network resources serving Green Mountain's native load, up to Green Mountain's *pro rata* share of the total SPEED generation for all utilities in Vermont. Accordingly, Green Mountain will not assess charges for Local Network Service to SPEED generators to the extent the total SPEED generation on Green Mountain's system is within Green Mountain's *pro rata* share. In the event an incremental SPEED generator on Green Mountain's system exceeds Green Mountain's *pro rata* share of the total Vermont SPEED generation, the incremental SPEED generator shall be assessed charges for Local Network Service in accordance with Section 13 of this Schedule 21-GMP.

## **14. OPERATING ARRANGEMENTS**

### **14.1 Operation under The Local Network Operating Agreement:**

The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Local Network Operating Agreement.

### **14.2 Local Network Operating Agreement:**

The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part II of Schedule 21 and this Schedule 21-GMP of the Tariff shall be specified in the Local Network Operating Agreement. The Local Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within Green Mountain's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between Green Mountain and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside Green Mountain's Transmission System, interchange schedules, unit outputs for redispatch, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of the Tariff, including scheduling protocols. The Local Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the Electric Reliability Organization as defined in 18 C.F.R. § 39.1 and NPCC, (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with Green Mountain for Scheduling, System Control and Dispatch Service and with ISO for all other Ancillary Services, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies Electric Reliability Organization and NPCC requirements. Green Mountain shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. A form of Local Network Operating Agreement is included in Attachment C.

### **14.3 Local Network Operating Committee:**

A Local Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the Local Network Operating Agreement. Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar

year.

**15. PHASE-IN PERIOD FOR LOCAL NETWORK SERVICE CHARGES**

During a five-year Phase-In period beginning with the effective date of this Schedule 21-GMP, Green Mountain will apply a credit to the Local Network Service Charges for certain Local Network Service Customers, as specified in Attachment F-2 or Attachment F-3 to this Schedule 21-GMP, and an adder to the Local Network Service Charges for other Local Network Service Customers, as specified in Attachment F-1 to this Schedule 21-GMP.

## **SCHEDULE 1**

### **Scheduling, System Control and Dispatch Service**

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided indirectly by Green Mountain making arrangements with ISO operator to perform this service for Green Mountain's Transmission System. The Transmission Customer must purchase this service from Green Mountain. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent ISO performs this service for Green Mountain, charges to the Transmission Customer are to reflect a pass-through of the costs charged to Green Mountain by that ISO.

The annual rate for Scheduling, System Control and Dispatch Service shall equal the balance in FERC Account Nos. 561.1-561.4, Load Dispatching, divided by the sum of (i) a rolling 12 month average of Network Customers' Local Network Loads computed pursuant to Section 13.1 of this Schedule 21-GMP, plus (ii) Firm Local Point-to-Point Service reservations. This annual rate is divided by 12 to determine the monthly rate. For Network Customers, this monthly rate shall be multiplied by a rolling 12 month average of the Network Customer's Local Network Load computed pursuant to Section 13.1 of this Schedule 21-GMP to determine the Schedule 1 charge each month. For Firm Local Point-to-Point Service Customers, this monthly rate shall be multiplied by the monthly Local Point-to-Point reservation.

For Scheduling, System Control and Dispatch Service provided during a year ("Service Year"), Green Mountain Power shall render estimated bills based on Green Mountain Power's estimated costs for the Service Year. Estimated bills for each Service Year shall be "trued up" to reflect actual Network Customers' rolling 12-month average, Firm Local Point-to-Point reservations and Green Mountain Power's actual costs based on Green Mountain Power's FERC Form No. 1 for that Service Year, pursuant to the Annual True-Up provisions in Section 4.1 of Schedule 21-GMP.

**SCHEDULE 2**  
**Reactive Supply and Voltage Control from**  
**Generation or Other Sources Service**

In order to maintain transmission voltages on Green Mountain's transmission facilities within acceptable limits, generation facilities under the control of the control area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation or Other Sources Service must be provided for each transaction on Green Mountain's Transmission System. The amount of Reactive Supply and Voltage Control from Generation or Other Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by Green Mountain.

Reactive Supply and Voltage Control from Generation or Other Sources Service is to be provided by ISO. The Transmission Customer must purchase this service from ISO. To the extent a Transmission Customer is a Customer under this Schedule 21-GMP but does not take Reactive Supply and Voltage Control from Generation or Other Sources Service directly from ISO, and Green Mountain obtains this service on behalf of a Transmission Customer, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to Green Mountain by ISO.

### **SCHEDULE 3**

#### **Long-Term Firm and Short-Term Firm Local Point-To-Point Service**

The Transmission Customer shall compensate Green Mountain each month for Reserved Capacity at the sum of the applicable charges set forth below:

**A. Embedded Cost Charge:**

1) **Yearly delivery:** Yearly Delivery Charge as set forth in Section 6 below, divided by 12, applied monthly.

2) **Monthly delivery:** Yearly Delivery Charge divided by 12.

3) **Weekly delivery:** Yearly Delivery Charge divided by 52.

4) **Daily delivery:** The charge for daily delivery on Monday through Friday shall be derived by dividing the Yearly Delivery Charge by 260; the charge for daily delivery on Saturday and Sunday shall be derived by dividing the Yearly Delivery Charge by 365.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows:

(1) any offer of a discount made by Green Mountain must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, Green Mountain must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

6) **Yearly Delivery Charge:**

Annual Transmission Revenue Requirement, as determined pursuant to the formulas set out in Attachments D-1 and E.

Divided by Green Mountain's Annual Transmission System Peak for the calendar year, as determined pursuant to Section 13.2

Equals Yearly Delivery Charge for Firm Point-to-Point Transmission Service.

Charges shall be revised each June 1 to reflect the costs and loads recorded in Green Mountain's most recently-filed FERC Form No. 1. Billing determinants are the Transmission Customer's Reserved Capacity.

7) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Part I.11 of Schedule 21-Common.

**B. Distribution Facilities Charge:** The Transmission Customer shall pay each month, in addition to any other charges, one-twelfth of the annual charges for any Distribution Facilities and meters which provide service to the Transmission Customer based on application of the formulas set out in Attachments D-2 (expressed on a per-kW basis) and D-3.



**SCHEDULE 4**  
**Non-Firm Local Point-To-Point Service**

The Transmission Customer shall compensate Green Mountain for Non-Firm Local Point-To-Point Service up to the sum of the applicable charges set forth below:

**A. Embedded Cost Charge:**

- 1) **Monthly delivery:** Monthly Delivery Charge as set forth in Schedule 3, Section A.2.
- 2) **Weekly delivery:** Yearly Delivery Charge as set out in Schedule 3, Section A.6, divided by 52.
- 3) **Daily delivery:** The maximum charge for daily delivery on Monday through Friday shall be derived by dividing the Yearly Delivery Charge as set out in Schedule 3, Section A.6 by 260 and the maximum charge for daily delivery on Saturday and Sunday shall be derived by dividing the Yearly Delivery Charge by 365.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

- 4) **Hourly delivery:** The charge for hourly service during On-Peak hours (between the hours of 7:00 AM and 11:00 PM) shall be derived by dividing the Yearly Delivery Charge as set out in Schedule 3, Section A.6 by 4,160, and the charge for hourly service during Off-Peak hours (all hours that are not On-Peak hours) shall be derived by dividing the Yearly Delivery Charge by 8,760.

The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

- 5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows:  
(1) any offer of a discount made by Green Mountain must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once

a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, Green Mountain must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

6) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Part I.11 of Schedule 21.

**B. Distribution Facilities Charge:** The Customer shall pay each month, in addition to any other charges, one-twelfth of the annual charges for any Distribution Facilities and meters which provide service to the Customer based on application of the formulas set out in Attachments D-2 (expressed on a per-kW basis) and D-3.

**SCHEDULE 21-GMP**  
**LOCAL SERVICE SCHEDULE**

**I. COMMON SERVICE PROVISIONS**

This Local Service Schedule, designated as Schedule 21-GMP, governs the terms and conditions of service taken by Transmission Customers over Green Mountain Power Corporation's Transmission System. In the event of any conflict between the terms of this Schedule 21-GMP and the other provisions of the Tariff, the provisions of this Schedule 21-GMP shall control.

**1. DEFINITIONS**

The following definitions apply to capitalized terms in this Schedule 21-GMP. Any capitalized terms not

defined herein shall have the meaning ascribed to such term in Schedule 21-Common or the Tariff.

**1.1 2012 Effective Period:**

The period beginning with the effective date of this Schedule 21-GMP and continuing through December 31, 2012.

**1.2 Affiliate:**

With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

**1.3 Annual Transmission Revenue Requirement:**

The total annual cost of Green Mountain's Transmission System shall be the amount specified in Attachment D-1 and Attachment E until amended by Green Mountain or modified by the Commission.

**1.4 Annual True-Up:**

The reconciliation to actual costs of the estimated costs used for billing purposes under Section 4.0 of this Local Service Schedule for any Service Year.

**1.5 Green Mountain or GMP:**

Green Mountain Power Corporation

**1.6 Green Mountain's Annual Transmission System Peak:**

The maximum firm usage of Green Mountain's Transmission System in any hour during the twelve months ending with the billing month as determined pursuant to Section 13.2 of this Schedule 21-GMP.

**1.7 Green Mountain's Transmission System:**

The Non-PTF owned, controlled or operated by Green Mountain (other than Green Mountain's share of transmission capacity from Hydro-Quebec under the Block Loading Transmission Facilities Agreement dated February 15, 1989) that are used to provide transmission service under this Schedule 21-GMP.

**1.8 Highgate Converter:**

The 225 MW AC/DC Converter at Highgate, Vermont, which connects the Vermont and Quebec grids, and associated AC facilities.

**1.9     Load Ratio Share:**

The ratio of a rolling 12 month average of Network Customer's Local Network Load to a rolling 12 month average of Green Mountain's Transmission System Peak for each month as computed pursuant to Sections 13.1 and 13.2 of this Schedule 21-GMP.

**1.10    Local Network Operating Agreement:**

An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Local Network Service under Schedule 21 and this Schedule 21-GMP.

**1.11    Local Network Operating Committee:**

A group made up of representatives from the Network Customer(s) and Green Mountain established to coordinate operating criteria and other technical considerations required for implementation of Local Network Service under Schedule 21 and this Schedule 21-GMP.

**1.12    NPCC:**

The Northeast Power Coordinating Council.

**1.13    Parties:**

Green Mountain and the Transmission Customer receiving Local Service under this Schedule 21-GMP.

**1.14    Service Year**

The period of January 1 through December 31 of each year in which service is provided under this Schedule 21-GMP.

**1.15    System Condition:**

A specified condition on the Transmission Provider's system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority to Section 1.7.f of Schedule 21. Such conditions must be identified in the Transmission Customer's Service Agreement.

**1.16    Tariff:**

ISO New England Inc.'s Transmission, Markets and Services Tariff or its successor.

**2.       INITIAL ALLOCATION AND RENEWAL PROCEDURES**

## **2.1     Reservation Priority For Existing Firm Service Customers:**

See Schedule 21 Part I § 1.b.

## **3.       ANCILLARY SERVICES**

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. Green Mountain is required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer taking Local Service from Green Mountain is required to purchase, the following Ancillary Services: (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation or Other Sources.

In addition, the Transmission Customer is required to purchase additional Ancillary Services under the terms and conditions of the Tariff. The Transmission Customer may not decline the Green Mountain's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by Green Mountain associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve. Green Mountain shall also assess a penalty for any unauthorized use of any Ancillary Services by the Transmission Customer, in accordance with the provisions in Section 8.3 of this Schedule 21-GMP.

### **3.1     Scheduling, System Control and Dispatch Service:**

The rates and/or methodology are described in Schedule 1.

### **3.2     Reactive Supply and Voltage Control from Generation or Other Sources Service:**

The rates and/or methodology are described in Schedule 2.

## **4.       BILLING AND PAYMENT**

### **4.1.1   Estimated Billing, Annual True-Up, Review and Challenge Procedures:**

These provisions apply to Local Network Service.

#### **4.1.1.1 Billing:**

Within ten days after the first day of each month, Green Mountain shall submit an invoice to the Network Customer for the charges for all services furnished under this Schedule 21-GMP during the preceding month. The invoice shall be paid by the Network Customer within twenty-five (25) days from the date of mailing of the invoice. All payments shall be made in immediately available funds payable to Green Mountain, or by wire transfer to a bank named by Green Mountain. Monthly billings to Network Customers shall be based on estimates as provided in Section 4.1.1.2 and shall be subject to the Annual True-Up as provided in Section 4.1.1.3.

#### **4.1.1.2 Annual Forecast:**

##### **(i) Estimates:**

Billings for Local Network Service hereunder shall be based on cost estimates made by Green Mountain subject to Annual True-Up when actual costs for the Service Year are known. No later than October 15 of each year, Green Mountain will provide to its Network Customers and its Long-Term Local Point-to-Point Service Customers, and cause to be posted on its website and the OASIS, non-binding cost estimates for the next Service Year (the “Annual Forecast”). These cost estimates will be prepared by taking into account any available budget information for the Service Year. The resulting cost estimates will be applied to each Network Customer’s most recently available load ratio share for Local Network Load for purposes of preparing a revenue comparison.

Green Mountain will provide cost component details to support the estimates, as well as documentation and information necessary to understand and evaluate the implementation of the Formula Rate for either the correctness of inputs and calculations, or the reasonableness of the costs to be recovered in the Formula Rate, and sufficient to enable Interested Parties to replicate the Formula Rate as implemented by Green Mountain, in order to support its estimated charges. As part of its Annual Forecast, Green Mountain will also disclose in writing and explain any change in accounting that would affect inputs to the Formula Rate or the resulting charges billed under the Formula Rate (“Material Accounting Change”). Such Material Accounting Changes include, but are not limited to, (1) the initial implementation of an accounting standard or policy; (2) the initial implementation of accounting practices for unusual or unconventional items where the Commission has not provided specific accounting direction; (3) corrections of errors and prior period adjustments; (4) the implementation of new estimation methods or policies that change prior estimates; and (5) changes to income tax elections.

Green Mountain will make available to any Interested Party a fully functional Excel file containing that year's Annual Forecast data, including the populated Formula Rate template and associated workpapers, with all links intact. Green Mountain will also provide to each Interested Party (1) a link to Green Mountain's FERC Form No. 1, which shall be posted on Green Mountain's website and the OASIS, with references to specific pages within the FERC Form No. 1 that support its Annual Forecast; and (2) any other documentation and worksheets necessary to understand and evaluate the implementation of the Formula Rate in the Annual Forecast in sufficient detail and with sufficient explanation to demonstrate that each input to the Formula Rate is consistent with the requirements of the Formula Rate, as well as to support Green Mountain's transmission asset values, relevant costs, billing determinant loads, and other transmission charge components. Green Mountain will meet with each Interested Party, as reasonably requested, to review this material and resolve any concerns.

For purposes of this Section 4.1.1.2 and 4.1.1.3, "Interested Parties" includes Network and Long-Term Local Point-to-Point Service Customers, the Vermont Department of Public Service, the New Hampshire Public Utilities Commission, and the Vermont and New Hampshire attorney generals. With respect to any Service Year, Interested Parties also includes any person seeking to obtain information and/or to participate in the review processes for that Service Year pursuant to Sections 4.1.1.2 and 4.1.1.3.

**(ii) Discovery and Annual Forecast Revisions:**

During the period between October 15 and November 15, Interested Parties shall be entitled to serve reasonable information and document requests on Green Mountain, provided that such requests are relevant to the development of the Annual Forecast. Green Mountain will make a good faith effort to respond to such requests within ten business days. Green Mountain shall modify the Annual Forecast to reflect any changes that it and the Interested Parties agree upon by no later than December 10 of each year. No later than December 15, Green Mountain will provide to Interested Parties, and cause to be posted on its website and the OASIS, final cost estimates for the next Service Year, which cost estimates will be used for billing purposes in the next Service Year.

**(iii) Annual Forecast Informational Filing:**

No later than January 15, or on the first business day thereafter of each year, Green Mountain shall file with FERC for informational purposes an Annual Forecast Informational Filing containing Green Mountain's Annual Forecast for the current Service Year, as amended to reflect



any changes that it and the Interested Parties have agreed upon by December 10 of the previous year, and to include the information furnished pursuant to Section 4.1.1.2 (ii).

The Annual Informational Filing shall make note of any aspects of the Formula Rate or its inputs that are the subject of an ongoing dispute under the challenge procedures described in Section 4.1.1.3 (iii), below. This Annual Forecast Informational Filing shall not require Commission action.

**(iv) Annual Forecast Challenges:**

(1) Interested Parties may challenge any element of Green Mountain's Annual Forecast for a Service Year that represents a "Material Accounting Change" as defined in Subsection 4.1.1.2(i), or an error in applying or a deviation from Green Mountain's Formula Rate set forth in Attachments D-1 and D-2 provided that such Material Accounting Change, error or deviation has an impact of \$60,000 or more on the portion of the Annual Transmission Revenue Requirement that is allocable to the Schedule 21 Customers in the Annual Forecast for a Service Year. A challenge may be raised through an Informal Challenge, and, as described in Section 4.1.1.3 (iii)(A), if Green Mountain and the Challenging Party are unable to resolve the Informal Challenge to any such element, by filing a Formal Challenge, as described in Section 4.1.1.3 (iii)(C). Unless mutually extended by the challenging Interested Party, any Informal Challenge must be submitted within 30 days following the filing of the Annual Forecast Informational, and any Formal Challenge must be filed within 60 days of the of the submission of the Informal Challenge.

(2) The failure to raise challenges to any such elements, as described in Paragraph 1, of an Annual Forecast shall not preclude raising such challenges to such items in the Annual True-Up for that Service Year. Nothing in this Subsection (iv) precludes the filing of a complaint pursuant to the provisions of Section 206 of the FPA to any element of the Annual Forecast.

**4.1.1.3 Annual True-Up:**

**(i) Annual True-Up Procedures:**

(1) The Annual True-Up shall occur no later than the sixth month of the calendar year following the close of the Service Year to which the Annual True-Up relates. To the extent bill adjustments, either increases or decreases, are required pursuant to the Annual True-Up, such

adjustments shall bear interest calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii).

(2) The Annual True-Up shall be performed by recalculation of the costs for the Service Year based on Green Mountain's actual Annual Transmission Revenue Requirement and load information as reported in the FERC Form No. 1 for that Service Year, which cost and load information shall be used to develop a Monthly Demand Charge, defined in Section 13.3, to be used in the Annual True-Up. Any difference between the estimated Monthly Demand Charge and the actual Monthly Demand Charge shall be collected from or refunded to the Network Customer in the month of June of the calendar year following the Service Year.

(3) As part of its Annual True-Up process, Green Mountain will disclose in writing and explain any Material Accounting Change that would affect inputs to the Formula Rate or the resulting charges billed under the Formula Rate. Green Mountain shall also identify any items included in the Formula Rate at an amount other than on a historical cost basis, and shall provide for the identification of any reorganization or merger transactions occurring in 2013 or thereafter and explain the effect of the accounting for such transactions on inputs to the Formula Rate. To the extent these Material Accounting Changes and other matters affect Green Mountain's inputs to the Formula Rate, Green Mountain will provide a narrative explanation of the individual impact of those items on charges billed under the Formula Rate. The Annual True-Up shall also be accompanied by supplementary information which shall (i) detail any data used in the Annual True-Up not directly taken from Green Mountain's FERC Form No. 1 Report and (ii) identify any FERC Form No. 1 Account used to record expenses during the Service Year that was not used in the preceding Service Year. The supplementary information shall be certified by an officer of Green Mountain.

(4) The Annual True-Up shall include an attestation by a Company officer that "to the best of the affiant's knowledge, information and belief the data employed in the Annual True-Up reflect Green Mountain's per book costs for the Service Year, conform to Green Mountain's FERC Form No. 1 Report for the Service Year, conform in all material respects to the FERC Uniform System of Accounts, and have been developed in accordance with the provisions of this rate schedule."

**(ii) Annual True-Up Review Process:**

(1) No later than June 15 of the year following the Service Year, Green Mountain shall provide to each Interested Party, and shall post on Green Mountain's website and the OASIS, the Annual True-Up. The Annual True-Up shall include the information that is reasonably necessary

to determine: (1) that input data under the Formula Rate are properly recorded in any underlying workpapers; (2) that Green Mountain has properly applied the Formula Rate and the procedures in this Section 4.1.1; (3) the accuracy of data and the consistency with the Formula Rate of the actual revenue requirement and rates (including any true-up adjustment) under review; (4) accounting changes that affect Formula Rate inputs; and (5) the reasonableness of projected costs included in the projected capital addition expenditures. The Annual True-Up shall also include a fully functional Excel file containing that year's Annual True-Up data, including the populated Formula Rate template and associated workpapers, with all links intact, as well as a link to Green Mountain's FERC Form No. 1, which shall be posted on Green Mountain's website and the OASIS, with references to specific pages within the FERC Form No. 1 that support its Annual True-Up. The information to be provided by Green Mountain shall be sufficient, and in sufficient detail, to allow Interested Parties to understand and evaluate the implementation of the Formula Rate for either the correctness of inputs and calculations, or the reasonableness of the costs to be recovered in the Formula Rate, and to enable Interested Parties to replicate Green Mountain's Annual True-Up of its transmission rate. If the date for making the Annual True-Up posting should fall on a weekend or a holiday recognized by the FERC, then the posting shall be due on the next business day.

(2) No later than June 30, Green Mountain shall hold an annual meeting open to all Interested Parties, at which Green Mountain will explain and Interested Parties can review and discuss Green Mountain's calculations.

(v) There shall be an "Audit Period" that will extend from July 1 through September 30 of the year following the Service Year; provided that Green Mountain and the Interested Parties may agree to extend the Audit Period beyond September 30 by their mutual written agreement. During the Audit Period, the Interested Parties shall have the right to conduct an audit or other inspection of the actual data used in the Annual True-Up and/or to serve reasonable information and document requests on Green Mountain, provided that such requests are relevant to the development of the Annual True-Up. Green Mountain shall not withhold information on grounds of confidentiality, but is entitled to make such information available pursuant to a confidentiality agreement and to restrict access to non-competitive duty personnel and to other personnel whose receipt of the information would not be in violation of the Standards and/or Code of Conduct as prescribed by FERC. Green Mountain shall exercise all reasonable efforts to provide the Interested Party, within 10 business days, such additional information as the Interested Party may request in order to understand the Annual True-Up. At any time during the Annual True-Up process, to the extent requested, Green Mountain shall meet with any Interested Party to provide additional information, explanation, and/or clarification regarding the Annual True-Up as the

Interested Party may request, including but not limited to information concerning Green Mountain's accounting practices, procurement methods and cost control methodologies, in an effort to resolve any concerns expressed by any Interested Party.

(4) Any Interested Party that has not resolved its Informal Challenge or Formal Challenge to an Annual True-Up may file with FERC a Complaint pursuant to Section 206 of the Federal Power Act and 18 C.F.R. § 385.206. In the event such a Complaint is filed, the disputed component or components of the Annual True-Up shall be subject to refund as of the first day of the Service Year the disputed component affected the Network Customer's charges pending the results of the Commission investigation instituted as a result of such Complaint.

(5) Neither the Company, the Customer nor any other Interested Party may use the Annual True-up process to challenge or modify any provision of Schedule 21-GMP. Any such challenge or modification must be made pursuant to Section 205 of the Federal Power Act if by the Company or Section 206 of the Federal Power Act if by the Customer.

**(iii) Challenge Procedures to the Annual True-Up:**

Interested Parties may raise challenges to Green Mountain's Annual True-Up or any aspect thereof in three ways: (i) by Informal Challenge, as described in Section 4.1.1.3 (iii)(A); (ii) by Formal Challenge, as described in Section 4.1.1.3 (iii)(C), or (iii) by filing a complaint with the FERC pursuant to Section 206 of the Federal Power Act.

**(A) Informal Challenges:**

No later than September 30 of each year, any Interested Party may notify Green Mountain in writing of any specific challenges to any component of the Annual True-Up for the preceding Service Year, including any Material Accounting Change that affects the Annual True-Up ("Informal Challenge"). Informal Challenges shall be presented in writing (including by electronic mail) addressed to the Green Mountain representative identified for the purpose of receiving such challenges in Green Mountain's Annual True-Up, and shall be designated by the challenging Interested Party as an Informal Challenge. In response to an Informal Challenge, Green Mountain shall appoint a senior representative to work with the Interested Party (or its representatives) toward a resolution of the dispute. The representative of the Interested Party and Green Mountain's representative shall meet at least once during the 30 days following the Interested Party's submission of its challenge, and shall engage in good faith efforts (which shall include the sharing of information upon reasonable request) to resolve the dispute. Any

modification to the Annual True-Up or any Material Accounting Change that results from an Informal Challenge and that is agreed upon no later than December 10 shall be promptly posted on Green Mountain's website and the OASIS and incorporated into the Annual Informational Filing. Either the challenging party or Green Mountain may terminate the Informal Challenge process at any time, by written notice to that effect to the other party. In the event the process is terminated without reaching a mutually-agreed resolution of the Informal Challenge, the challenging Interested Party is free to initiate a Formal Challenge proceeding as described in Section 4.1.1.3(iii)(C), below, or to file a complaint with FERC.

**(B) Informational Filing of Annual True-Up:**

On October 30 of each year, Green Mountain shall file with FERC its Annual True-Up, as amended to reflect any changes that it and the Interested Parties have agreed upon following the Informal Challenge procedures described in Section 4.1.1.3(iii)(A), for the penultimate Service Year. This filing shall include the information that is reasonably necessary to determine: (1) that input data under the Formula Rate are properly recorded in any underlying workpapers; (2) that Green Mountain has properly applied the Formula Rate and the procedures in this Section 4.1.1.3; (3) the accuracy of data and the consistency with the Formula Rate of the actual revenue requirement and rates (including any Annual True-Up adjustment) under review; (4) the extent to which accounting changes affect Formula Rate inputs; and (5) the reasonableness of projected costs included in the projected capital addition expenditures. The information shall also identify any Formal Challenges pertinent to the Annual True-Up. This filing is made only for informational purposes. The Commission is not expected to take (but is not precluded from taking) any action on this filing since any disputes regarding an Annual True-Up are to be made pursuant to the Informal and Formal Challenge procedures described in Section 4.1.1.3 (iii).

**(C) Formal Challenges:**

(1) A Formal Challenge is a filing made by an Interested Party to the FERC in accordance with the terms of this Section 4.1.1.3 (iii)(C) of Schedule 21-GMP, and which shall include the information required under 18 C.F.R. § 385.206 (b)(1), (2), (3), (4) and (7).

(2) If an Interested Party who has raised an Informal Challenge and Green Mountain have not resolved the Informal Challenge within thirty (30) days after its submission to Green Mountain, that Interested Party shall have an additional thirty (30) days to file a Formal Challenge with the FERC, which shall be served on Green Mountain by electronic service on the

date of such filing provided, however, if the FERC initiates a proceeding to consider the Annual True-Up, Interested Parties may raise any Formal Challenges in that proceeding.

(3) An Interested Party's Formal Challenge may not raise any issue that was not the subject of that party's Informal Challenge during the Audit Period.

(4) Within twenty-one days of the date of the filing of a Formal Challenge, Green Mountain shall submit its response to the Commission and certify therein that it has served by electronic service that response on any party that has filed a Formal Challenge and on each person upon whom Green Mountain served the Annual True-Up.

(5) In any proceeding initiated by the FERC concerning the Annual True-Up or in response to a Formal Challenge, Green Mountain shall bear the burden of proving that it has correctly applied the terms of the Formula Rate. Nothing herein is intended to alter the burdens customarily applied by the FERC with respect to prudence challenges.

(6) The processes provided in this Section are additional to, and do not in any way limit, the rights or remedies of Green Mountain or Interested Parties under the Federal Power Act. Without limiting the foregoing, nothing stated in this Section shall be deemed to limit in any way the right of Green Mountain to file unilaterally, pursuant to Section 205 of the Federal Power Act and the regulations thereunder, changes to the Formula Rate or any of its stated values, or the right of any other party to request such changes pursuant to Section 206 of the Federal Power Act and the regulations thereunder. The party filing pursuant to Section 205 or 206 bears the standard burdens associated with such a filing.

#### **4.1.1.4**

On occasion, the Commission may make changes to FERC Form No. 1 or the Uniform System of Accounts. These changes could make GMP's Formula Rate, as set forth in Attachments D-1 and D-2, inoperable or inaccurate as to those items. Therefore, on the occasion of such a change, Green Mountain will make a single-issue Section 205 filing to update the references in the Formula Rate to reflect any changes to the format and/or content of the FERC Form No. 1 or the Uniform System of Accounts. Green Mountain shall submit this filing no later than the date of submission of the Annual True-Up of the Service Year to which such change relates, and shall be effective on the date the revisions to the FERC Form No. 1 or Uniform System of Accounts, as applicable, becomes effective. Any proceedings commenced in response to this filing shall not include or allow for consideration or examination of any other aspects of the Formula Rate or

other issues associated with the Formula Rate, except to the extent that the proposed changes directly impact other Formula Rate components that are not the subject of the single-issue filing. All parties will have all applicable rights under the Federal Power Act and the Commission's regulations with respect to such single-issue Section 205 filings, except as limited by this paragraph.

#### **4.1.2 Local Firm Point-to-Point Service:**

The provisions of Section 4.1.1.1 also apply to Local Point-to-Point Service except that the Local Point-to-Point Service rates are based on 2011 costs for the period through May 31, 2014. Starting June 1, 2014, the Local Point-to-Point Service Rates will be based on the preceding calendar year's actual costs. No Annual Forecast or Annual True-Up is applicable to these post-May 31, 2014 rates. For rates effective after May 31, 2014, an Interested Party may file an informal challenge with respect to a calendar year's actual costs no later than September 30 following the conclusion of the calendar year and a Formal Challenge pursuant to the provisions of Section 4.1.1.3(iii)(C).

#### **4.2 Interest on Unpaid Balances:**

Interest on any unpaid amounts owed by the Transmission Customer or refunds by Green Mountain (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by Green Mountain.

#### **4.3 Customer Default:**

In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to Green Mountain on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after Green Mountain notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, Green Mountain may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any such request. In the event of a billing dispute between Green Mountain and the Transmission Customer, Green Mountain will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet

these two requirements for continuation of service, then Green Mountain may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

#### **4.4 Billing and Payments Following Merger of Central Vermont Public Service Company and Green Mountain**

Any amounts owed to or by Central Vermont Public Service Corporation under that company's Schedule 21 with respect to service provided pursuant to that schedule prior to its termination and prior to the merger of Central Vermont Public Service Corporation into Green Mountain shall be owed to or by Green Mountain and shall be paid to Green Mountain in the case of amounts owed to Central Vermont Public Service Corporation and shall be paid by Green Mountain in the case of amounts owed by Central Vermont Public Service Corporation.

### **5. ACCOUNTING FOR GREEN MOUNTAIN'S USE OF THE TARIFF**

Green Mountain shall record the following amounts, as outlined below.

#### **5.1 Transmission Revenues:**

Include in a separate operating revenue account or subaccount the revenues it receives from Local Point-To-Point Service when making Third-Party Sales.

#### **5.2 Study Costs and Revenues:**

Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies that Green Mountain conducts to determine if it must construct Local Network Upgrades necessary for its own uses, including making Third-Party Sales; and include in a separate operating revenue account or subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under this Schedule 21-GMP.

### **6. REGULATORY FILINGS**

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of Green Mountain to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation under Schedule 21-GMP, pursuant to Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the



ability of any Party receiving service under Schedule 21-GMP to exercise its rights under Section 206 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

## **7. CREDITWORTHINESS**

The creditworthiness procedures are specified in Attachment L of Schedule 21-GMP.

## **II. LOCAL POINT-TO-POINT SERVICE**

### **PREAMBLE**

Green Mountain will provide Firm and Non-Firm Local Point-To-Point Service over Green Mountain's Transmission System pursuant to the applicable terms and conditions of this Schedule 21 and this Schedule 21-GMP. Local Point-To-Point Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery.

## **8. TERMS AND CONDITIONS APPLICABLE TO ALL LOCAL POINT-TO-POINT SERVICE**

### **8.1 Determination of Available Transfer Capability:**

A description of Green Mountain's specific methodology for assessing available transfer capability posted on Green Mountain's OASIS under "ATC Information" and is contained in Attachment A to this Schedule 21-GMP.

### **8.2 Real Power Losses:**

Real power losses are associated with all transmission service. Green Mountain is not obligated to provide real power losses. The Transmission Customer is responsible for replacing losses associated with all Local Point-To-Point Service as calculated by Green Mountain. The applicable Real Power Loss factors are as follows:

Service over Green Mountain's Transmission System: 3.0 percent

Service over Green Mountain's Combined Transmission System and Distribution Facilities: 5.2 percent.

### **8.3 Charges for Unauthorized Use:**

Consistent with Schedule 21-Common, Sections I.1.g and I.2.e, in the event that a Transmission Customer (including Third Party Sales by Green Mountain) exceeds its firm Reserved Capacity at any Point of Receipt or Point of Delivery, the Transmission Customer shall pay, in addition to the

otherwise applicable charges, a penalty charge as follows: (1) For unauthorized use within a single day, the penalty charge shall be twice the daily rate as specified in Schedule 4 to Schedule 21-GMP. (2) For unauthorized use in two or more days in a calendar week, the penalty charge shall be twice the weekly rate as specified in Schedule 4 to Schedule 21-GMP. (3) For multiple instances of unauthorized use in more than one calendar week in a calendar month, the penalty charge shall be twice the monthly rate as specified in Schedule 4 to Schedule 21-GMP.

#### **8.4     Stranded Cost Recovery:**

Green Mountain may seek to recover stranded costs from the Transmission Customer pursuant to this Schedule in accordance with the terms, conditions and procedures set forth in FERC Order No. 888 or as otherwise justified. However, Green Mountain must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

### **9.     TERMS AND CONDITIONS APPLICABLE TO FIRM LOCAL POINT-TO-POINT SERVICE**

#### **9.1     Response to a Completed Application:**

Following receipt of a Completed Application for Firm Local Point-To-Point Service, Green Mountain shall make a determination of available transfer capability pursuant to Attachment A of this Schedule 21-GMP.

#### **9.2     Procedures for Conducting System Impact Study:**

After receiving a request for service, Green Mountain shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of Green Mountain's methodology for conducting a System Impact Study is provided in Attachment B to this Schedule 21-GMP. A description of Green Mountain's methodology for conducting a System Impact Study on a clustered basis is provided in Attachment B-1.

#### **9.3     Charge for Failure to Curtail Firm Local Point-To-Point Service:**

Consistent with Schedule 21, Section I.1.f, in the event a Transmission Customer fails to implement a Curtailment within ten minutes as required by Green Mountain, the Transmission Customer shall pay, in addition to any other charges for service, a charge equal to two times the amount of transmission service which the Transmission Customer fails to curtail multiplied by the applicable charge for Firm Local Point-To-Point Service for the lesser of the term of the transaction or one month.

### **10.    TERMS AND CONDITIONS APPLICABLE TO NON-FIRM LOCAL POINT-TO-POINT**

## **SERVICE**

### **10.1 Reservation of Non-Firm Local Point-To-Point Service:**

Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence; requests for daily service shall be submitted no earlier than two (2) business days before service is to commence; and requests for hourly service shall be submitted no earlier than noon the last business day before service is to commence. Requests for service received later than 2:00 p.m. of the last business day before service is scheduled to commence will be accommodated if practicable.

### **10.2 Determination of Available Transfer Capability:**

Following receipt of a tendered schedule Green Mountain will make a determination on a non-discriminatory basis of available transfer capability pursuant to the procedures set out in Attachment A.

### **10.3 Charges for Failure to Curtail or Interrupt Service:**

Consistent with Schedule 21, Section I.2.g, in the event a Transmission Customer fails to implement a Curtailment within ten minutes or an Interruption within twenty minutes as required by Green Mountain, the Transmission Customer shall pay, in addition to any other charges for service, a charge equal to two times the amount of transmission service which the Transmission Customer fails to curtail or interrupt multiplied by the applicable charge for Firm Local Point-to-Point Service for the lesser of the term of the transaction or one month.

## **11. COMPENSATION FOR TRANSMISSION SERVICE**

Rates for Firm and Non-Firm Local Point-To-Point Service are provided in Schedules 3 and 4 appended to this Schedule 21-GMP: Firm Local Point-To-Point Service (Schedule 3); Non-Firm Local Point-To-Point Service (Schedule 4). Green Mountain shall use the Point-To-Point Service provisions of Schedule 21 and this Schedule 21-GMP to make its Third-Party Sales over Green Mountain's Transmission System. Green Mountain shall account for such use at the applicable Schedule rates.

## **III. LOCAL NETWORK SERVICE**

### **PREAMBLE**

Green Mountain will provide Local Network Service over Green Mountain's Transmission System pursuant to the applicable terms and conditions contained in the Tariff, Schedule 21, this Schedule 21-GMP and the Service Agreement.

## **11. TERMS AND CONDITIONS APPLICABLE TO LOCAL NETWORK SERVICE**

### **11.1 System Impact Study Procedures:**

After receiving a request for service, Green Mountain shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of Green Mountain's methodology for conducting a System Impact Study of the impact of a request for Local Network Service on Green Mountain's Transmission System is contained in Attachment B to this Schedule 21-GMP.

### **11.2 Real Power Losses:**

Real power losses are associated with all transmission service. Green Mountain is not obligated to provide real power losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by Green Mountain. The applicable real power loss factors are as follows:

Service over Green Mountain's Transmission System: 3.0 percent

Service over Green Mountain's Transmission System and Distribution Facilities: 5.2 percent.

## **12. LOAD SHEDDING AND CURTAILMENTS**

### **12.1 Procedures:**

Prior to the Service Commencement Date, Green Mountain and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Local Network Operating Agreement with the objective of responding to contingencies on Green Mountain's Transmission System. The Parties will implement such programs during any period when Green Mountain or another transmission owner determines that a system contingency exists and such procedures are necessary to alleviate such contingency. Green Mountain will notify customers of necessary procedures on the Green Mountain system.

### **12.2 Transmission Constraints:**

During any period when Green Mountain determines that a transmission constraint exists on Green Mountain's Transmission System, and such constraint may impair the reliability of Green Mountain's system, Green Mountain will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of Green Mountain's system. To the extent Green Mountain determines that the reliability of Green Mountain's Transmission System can be maintained by redispatching resources, Green Mountain will initiate procedures

pursuant to the Local Network Operating Agreement to redispatch all Network Resources and Green Mountain's own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between Green Mountain's use of Green Mountain's Transmission System on behalf of its Local Native Load Customers and any Network Customer's use of Green Mountain's Transmission System to serve its designated Local Network Load.

**12.3 Cost Responsibility for Relieving Transmission Constraints:**

Whenever Green Mountain implements least-cost redispatch procedures in response to a transmission constraint, Green Mountain and Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares.

**12.4 Curtailments of Scheduled Deliveries:**

If a transmission constraint on Green Mountain's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and Green Mountain determines that it is necessary to Curtail scheduled deliveries, the Parties shall Curtail such schedules in accordance with the Local Network Operating Agreement.

**12.5 Allocation of Curtailments:**

Green Mountain shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by Green Mountain and Network Customers in proportion to their respective Load Ratio Shares. Green Mountain shall not direct the Network Customer to Curtail schedules to an extent greater than Green Mountain would Curtail Green Mountain's schedules under similar circumstances.

**12.6 Load Shedding:**

To the extent that a system contingency exists on Green Mountain's Transmission System and Green Mountain determines that it is necessary for Green Mountain and the Network Customer to shed load, the Parties shall shed load in accordance with previously established procedures under the Local Network Operating Agreement.

**12.7 System Reliability:**

Notwithstanding any other provisions of this Schedule, Green Mountain reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Local Network Service without liability on Green Mountain's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the

continuance of Local Network Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on Green Mountain's Transmission System, Green Mountain, consistent with Good Utility Practice, also may Curtail Local Network Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. Green Mountain will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Local Network Service will be not unduly discriminatory relative to Green Mountain's use of Green Mountain's Transmission System on behalf of its Native Load Customers. In the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures within ten minutes, as required by Green Mountain, the Network Customer shall pay, in addition to any other charges for service, a charge equal to two times the amount of transmission service which the Network Customer fails to curtail multiplied by the monthly charge for Firm Local Point-to-Point Service.

### **13. CHARGES FOR LOCAL NETWORK SERVICE**

#### **13.1 Determination of Network Customer's Local Network Load:**

The Network Customer's Local Network Load is its hourly load (including its designated Local Network Load served over Green Mountain's Transmission System that is not physically interconnected with Green Mountain's Transmission System) that is coincident with Green Mountain's Monthly Transmission System Peak, as determined in Section 13.2. For purposes of determining the Network Customer's Local Network Load, Green Mountain will treat as internal generation all behind-the-meter generation units with a capacity greater than or equal to 1 MW, except for qualifying Sustainably Priced Energy Enterprise Development ("SPEED") generation which will be treating in accordance with Section 13.5, below. Any such generation occurring at the time of the transmission peak will be added to the metered load of the Network Customer for purposes of calculating the Network Customer's Local Network Load.

#### **13.2 Determination of Green Mountain's Transmission System Peaks:**

Green Mountain's Transmission System Peak is the highest firm usage for the month. The transmission peak is computed each month by subtracting from the highest hourly load on Green Mountain's Transmission System in the month the coincident peak loads of all Firm and Non-Firm Local Point-To-Point Service customers pursuant to this Schedule 21-GMP and adding the Reserved Capacity of all Long-Term Firm Point-To-Point Service customers taking service pursuant to this Schedule 21-GMP at a fully-allocated embedded cost basis, measured at the time of each such peak.

### **13.3 Monthly Demand Charge:**

The Network Customer shall pay each month one twelfth of the Load Ratio Share of Green Mountain's Annual Transmission Revenue Requirement, as determined pursuant to Attachments D-1 and E. The Network Customer also shall pay a monthly charge for Substation and Line Distribution Facilities used to obtain service equal to one twelfth of the Annual Distribution Substation and Line Facilities Cost as determined pursuant to the formulas set out in Attachment D-2 and Attachment D-3, respectively; a monthly charge for metering facilities equal to the monthly Delivery Point cost as determined pursuant to the formulas set out in Attachment D-4 multiplied by the number of Points of Delivery at which the Customer takes service under this Tariff; and a charge for Regulatory Commission Expense as determined pursuant to the formulas set out in Attachment D-5.

### **13.4 Stranded Cost Recovery:**

Green Mountain may seek to recover stranded costs from the Network Customer pursuant to this Schedule in accordance with the terms, conditions and procedures set forth in FERC Order No. 888 or as otherwise justified. However, Green Mountain must separately file any proposal to recover stranded costs under Section 205 of the Federal Power Act.

### **13.5 SPEED Generation:**

Pursuant to the State of Vermont Public Service Board's September 30, 2009 *Order Establishing a Standard-Offer Program for Qualifying SPEED Resources*, qualifying SPEED generators on Green Mountain's transmission system are treated as network resources serving Green Mountain's native load, up to Green Mountain's *pro rata* share of the total SPEED generation for all utilities in Vermont. Accordingly, Green Mountain will not assess charges for Local Network Service to SPEED generators to the extent the total SPEED generation on Green Mountain's system is within Green Mountain's *pro rata* share. In the event an incremental SPEED generator on Green Mountain's system exceeds Green Mountain's *pro rata* share of the total Vermont SPEED generation, the incremental SPEED generator shall be assessed charges for Local Network Service in accordance with Section 13 of this Schedule 21-GMP.

## **14. OPERATING ARRANGEMENTS**

### **14.1 Operation under The Local Network Operating Agreement:**

The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Local Network Operating Agreement.

### **14.2 Local Network Operating Agreement:**

The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part II of Schedule 21 and this Schedule 21-GMP of the Tariff shall be specified in the Local Network Operating Agreement. The Local Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within Green Mountain's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between Green Mountain and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside Green Mountain's Transmission System, interchange schedules, unit outputs for redispatch, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of the Tariff, including scheduling protocols. The Local Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the Electric Reliability Organization as defined in 18 C.F.R. § 39.1 and NPCC, (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with Green Mountain for Scheduling, System Control and Dispatch Service and with ISO for all other Ancillary Services, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies Electric Reliability Organization and NPCC requirements. Green Mountain shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. A form of Local Network Operating Agreement is included in Attachment C.

#### **14.3 Local Network Operating Committee:**

A Local Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the Local Network Operating Agreement. Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

### **15. PHASE-IN PERIOD FOR LOCAL NETWORK SERVICE CHARGES**

During a five-year Phase-In period beginning with the effective date of this Schedule 21-GMP, Green Mountain will apply a credit to the Local Network Service Charges for certain Local Network Service Customers, as specified in Attachment F-2 or Attachment F-3 to this Schedule 21-GMP, and an adder to the Local Network Service Charges for other Local Network Service Customers, as specified in Attachment F-1 to this Schedule 21-GMP.





## **SCHEDULE 1**

### **Scheduling, System Control and Dispatch Service**

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided indirectly by Green Mountain making arrangements with ISO operator to perform this service for Green Mountain's Transmission System. The Transmission Customer must purchase this service from Green Mountain. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent ISO performs this service for Green Mountain, charges to the Transmission Customer are to reflect a pass-through of the costs charged to Green Mountain by that ISO.

The annual rate for Scheduling, System Control and Dispatch Service shall equal the balance in FERC Account Nos. 561.1-561.4, Load Dispatching, divided by the sum of (i) a rolling 12 month average of Network Customers' Local Network Loads computed pursuant to Section 13.1 of this Schedule 21-GMP, plus (ii) Firm Local Point-to-Point Service reservations. This annual rate is divided by 12 to determine the monthly rate. For Network Customers, this monthly rate shall be multiplied by a rolling 12 month average of the Network Customer's Local Network Load computed pursuant to Section 13.1 of this Schedule 21-GMP to determine the Schedule 1 charge each month. For Firm Local Point-to-Point Service Customers, this monthly rate shall be multiplied by the monthly Local Point-to-Point reservation.

For Scheduling, System Control and Dispatch Service provided during a year ("Service Year"), Green Mountain Power shall render estimated bills based on Green Mountain Power's estimated costs for the Service Year. Estimated bills for each Service Year shall be "trued up" to reflect actual Network Customers' rolling 12-month average, Firm Local Point-to-Point reservations and Green Mountain Power's actual costs based on Green Mountain Power's FERC Form No. 1 for that Service Year, pursuant to the Annual True-Up provisions in Section 4.1 of Schedule 21-GMP.

**SCHEDULE 2**  
**Reactive Supply and Voltage Control from**  
**Generation or Other Sources Service**

In order to maintain transmission voltages on Green Mountain's transmission facilities within acceptable limits, generation facilities under the control of the control area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation or Other Sources Service must be provided for each transaction on Green Mountain's Transmission System. The amount of Reactive Supply and Voltage Control from Generation or Other Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by Green Mountain.

Reactive Supply and Voltage Control from Generation or Other Sources Service is to be provided by ISO. The Transmission Customer must purchase this service from ISO. To the extent a Transmission Customer is a Customer under this Schedule 21-GMP but does not take Reactive Supply and Voltage Control from Generation or Other Sources Service directly from ISO, and Green Mountain obtains this service on behalf of a Transmission Customer, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to Green Mountain by ISO.

### **SCHEDULE 3**

#### **Long-Term Firm and Short-Term Firm Local Point-To-Point Service**

The Transmission Customer shall compensate Green Mountain each month for Reserved Capacity at the sum of the applicable charges set forth below:

**A. Embedded Cost Charge:**

1) **Yearly delivery:** Yearly Delivery Charge as set forth in Section 6 below, divided by 12, applied monthly.

2) **Monthly delivery:** Yearly Delivery Charge divided by 12.

3) **Weekly delivery:** Yearly Delivery Charge divided by 52.

4) **Daily delivery:** The charge for daily delivery on Monday through Friday shall be derived by dividing the Yearly Delivery Charge by 260; the charge for daily delivery on Saturday and Sunday shall be derived by dividing the Yearly Delivery Charge by 365.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows:

(1) any offer of a discount made by Green Mountain must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, Green Mountain must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

6) **Yearly Delivery Charge:**

Annual Transmission Revenue Requirement, as determined pursuant to the formulas set out in Attachments D-1 and E.

Divided by Green Mountain's Annual Transmission System Peak for the calendar year, as determined pursuant to Section 13.2

Equals Yearly Delivery Charge for Firm Point-to-Point Transmission Service.

Charges shall be revised each June 1 to reflect the costs and loads recorded in Green Mountain's most recently-filed FERC Form No. 1. Billing determinants are the Transmission Customer's Reserved Capacity.

7) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Part I.11 of Schedule 21-Common.

**B. Distribution Facilities Charge:** The Transmission Customer shall pay each month, in addition to any other charges, one-twelfth of the annual charges for any Distribution Facilities and meters which provide service to the Transmission Customer based on application of the formulas set out in Attachments D-2 (expressed on a per-kW basis) and D-3.

**SCHEDULE 4**  
**Non-Firm Local Point-To-Point Service**

The Transmission Customer shall compensate Green Mountain for Non-Firm Local Point-To-Point Service up to the sum of the applicable charges set forth below:

**A. Embedded Cost Charge:**

- 1) **Monthly delivery:** Monthly Delivery Charge as set forth in Schedule 3, Section A.2.
- 2) **Weekly delivery:** Yearly Delivery Charge as set out in Schedule 3, Section A.6, divided by 52.
- 3) **Daily delivery:** The maximum charge for daily delivery on Monday through Friday shall be derived by dividing the Yearly Delivery Charge as set out in Schedule 3, Section A.6 by 260 and the maximum charge for daily delivery on Saturday and Sunday shall be derived by dividing the Yearly Delivery Charge by 365.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

- 4) **Hourly delivery:** The charge for hourly service during On-Peak hours (between the hours of 7:00 AM and 11:00 PM) shall be derived by dividing the Yearly Delivery Charge as set out in Schedule 3, Section A.6 by 4,160, and the charge for hourly service during Off-Peak hours (all hours that are not On-Peak hours) shall be derived by dividing the Yearly Delivery Charge by 8,760.

The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

- 5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows:  
(1) any offer of a discount made by Green Mountain must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once

a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, Green Mountain must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

6) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Part I.11 of Schedule 21.

**B. Distribution Facilities Charge:** The Customer shall pay each month, in addition to any other charges, one-twelfth of the annual charges for any Distribution Facilities and meters which provide service to the Customer based on application of the formulas set out in Attachments D-2 (expressed on a per-kW basis) and D-3.

**SCHEDULE 21-VTransco**

**Local Service Schedule**

**Vermont Transco LLC**

~~In accordance with paragraphs 126-130 of Commission Order No. 676-E, the NAESB Version 002 Standards listed below apply to the provision of transmission service pursuant to this Schedule 21-VTransco for service provided hereunder by Vermont Transco LLC:~~

~~Gas/Electric Coordination (WEQ-011, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009), Standards 011.12 and 011.13.~~



## **I. COMMON SERVICE PROVISIONS**

This Local Service Schedule, designated Schedule 21-VTransco, governs the terms and conditions of service taken by Transmission Customers over VTransco's Transmission System who are not otherwise served under transmission service contracts with VTransco that are still in effect. In the event of a conflict between the provisions of this Schedule 21-VTransco and the other provisions of the Tariff, the provisions of this Schedule 21-VTransco shall control.

### **1 Definitions**

Whenever used in this Schedule 21-VTransco, in either the singular or the plural, the following capitalized terms shall have the meanings specified in this Section 1. Terms used in this Schedule 21-VTransco but not defined in this Section 1 shall have the meaning specified elsewhere in the Tariff, or if not defined therein, such terms shall have the meanings customarily attributed to such terms by the electric utility industry in New England.

**1.1 Actual Transmission Costs:** The total actual cost of VTransco's Transmission System for purposes of Local Network Service shall be the amount determined each month pursuant to the formula specified in Attachment D until amended by VTransco or modified by the Commission.

**1.2 Firm Local Point-To-Point Transmission Service:** Transmission Service that is reserved and/or scheduled between specified Points of Receipt and Delivery on VTransco's Transmission System pursuant to this Schedule 21.

**1.3 Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to the terms of this Schedule 21.

**1.4 Load Ratio Share:** Ratio of a Transmission Customer's Local Network Load to VTransco's total load computed in accordance with this Schedule 21-VTransco and calculated on a rolling twelve-month basis.

**1.5 Local Network Customer:** An entity receiving Local Network Service pursuant to the terms of this Schedule 21.

**1.6 Local Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Local Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Local Network Service under this Schedule 21.

**1.7 Local Point-To-Point Transmission Service:** The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under this Schedule 21.

**1.8 Local Reserved Capacity:** The maximum amount of capacity and energy that VTransco agrees to transmit for the Transmission Customer over VTransco's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under this Schedule 21. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

**1.9 Non-Firm Local Point-To-Point Transmission Service:** Point-To-Point Transmission Service on VTransco's Transmission System under this Schedule 21 that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption. Non-Firm Local Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

**1.10 Parties:** VTransco and the Transmission Customer receiving service under this Schedule 21-VTransco.

**1.11 Receiving Party:** The entity receiving the capacity and energy transmitted by VTransco to Point(s) of Delivery under this Schedule 21.

**1.12 Service Commencement Date:** The date that VTransco begins to provide service pursuant to the terms of an executed Service Agreement, or the date that VTransco begins to provide service in accordance with this Schedule 21.

**1.13 Short-Term Firm Local Point-To-Point Transmission Service:** Firm Local Point-To-Point Transmission Service under this Schedule 21-VTransco with a term of less than one year.

**1.14 VTransco:** Vermont Transmission Company, LLC.

**1.15 VTransco's Monthly Transmission System Peak:** The maximum firm usage of VTransco's Transmission System in a calendar month.

**1.16 VTransco's Transmission System:** The Non-PTF facilities owned, controlled or operated by VTransco that are used to provide transmission service under this Schedule 21.

## **2 [RESERVED]**

## **3 Ancillary Services**

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. VTransco offers to arrange with the ISO, and the Transmission Customer is required to purchase or otherwise obtain, the following Ancillary Services: (i) Scheduling, System Control and Dispatch. VTransco does not offer or provide any other ancillary services.

**3.1 Scheduling, System Control and Dispatch Service:** The rates and/or methodology are described in Schedule 1 of this Schedule 21-VTransco.

## **4 Billing and Payment**

**4.1 Billing Procedure:** Within a reasonable time after the first day of each month, VTransco shall submit an invoice to the Transmission Customer for the charges for all services furnished under this Schedule 21-VTransco during the preceding month.

The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to VTransco, or by wire transfer to a bank named by VTransco.

**4.2 Interest on Unpaid Balances:** Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by VTransco.

**4.3 Customer Default:** In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to VTransco on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after VTransco notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, VTransco may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any

such request. In the event of a billing dispute between VTransco and the Transmission Customer, VTransco will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then VTransco may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

## **5 Accounting for VTransco's Use of the Tariff**

VTransco shall record the following amounts, as outlined below.

**5.1 Transmission Revenues:** Include in a separate operating revenue account or sub-account the revenues it receives from Local Point-to-Point Transmission Service when making Third-Party Sales.

**5.2 Study Costs and Revenues:** Include in a separate transmission operating expense account or sub-account, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies that VTransco conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales, and include in a separate operating revenue account or sub-account the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under this Schedule 21.

## **6 Regulatory Filings**

Nothing contained in the Tariff or any exhibit, appendix, schedule, attachment or Service Agreement related thereto shall be construed as affecting in any way the right of VTransco unilaterally to file with the Commission, or make application to the Commission for changes in rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation with respect to this Schedule 21-VTransco under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder, or any other applicable statutes or regulations. Nothing contained in the Tariff or any exhibit, appendix, schedule, attachment or Service Agreement related hereto shall be construed as affecting in any way the ability of VTransco or any Transmission Customer receiving service under the Tariff to exercise any right under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

## **7 Force Majeure and Indemnification**

**7.1 Force Majeure:** An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither VTransco nor the Transmission Customer will be considered in default as to any obligation under this Schedule 21 if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Schedule 21 is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Schedule 21.

**7.2 Indemnification:** The Transmission Customer shall at all times indemnify, defend, and save VTransco harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from VTransco's performance of its obligations under this Schedule 21 on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by VTransco.

## **8 Creditworthiness**

VTransco's Creditworthiness Policy is provided in Attachment L of this Schedule 21-VTransco.

## **9 Dispute Resolution Procedures**

**9.1 Internal Dispute Resolution Procedures:** Any dispute between a Transmission Customer and VTransco involving service under this Schedule 21 (excluding disputes arising from filings or rate changes or other changes to this Schedule 21-VTransco, or to any Service Agreement entered into under this Schedule 21-VTransco, which disputes shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of VTransco and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days (or such other period as the Parties may agree upon), such dispute may be submitted to

arbitration and resolved in accordance with the arbitration procedures set forth below if the Parties in dispute agree to the use of such procedures.

**9.2 External Arbitration Procedures:** Any arbitration initiated under this Schedule 21-VTransco shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration Panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or ISO rules.

**9.3 Arbitration Decisions:** Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Schedule 21 and any Service Agreement relevant to the dispute entered into under this Schedule 21 and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

**9.4 Costs:** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

(A) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or

(B) one half the cost of the single arbitrator jointly chosen by the Parties.

**9.5 Rights Under The Federal Power Act:** Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

## **10 Real Power Losses**

Real Power Losses are associated with all transmission service. VTransco is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service provided over VTransco's Transmission System under this Schedule 21 as calculated by VTransco. The applicable Real Power Loss factor is 3.9 percent of the amount of energy to be transmitted.

## **11 Stranded Cost Recovery**

VTransco may seek to recover stranded costs from the Transmission Customer pursuant to this Schedule 21 in accordance with the terms, conditions and procedures set forth in FERC Order Nos. 888 and 888-A. However, VTransco must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

## **II. LOCAL POINT-TO-POINT TRANSMISSION SERVICE**

### **Preamble**

VTransco will provide Firm and Non-Firm Local Point-To-Point Transmission Service over VTransco's Transmission System pursuant to the applicable terms and conditions of this Schedule 21. Local Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery.

## **12 Classification of Firm Transmission Service**

The Transmission Customer will be billed for its Local Reserved Capacity under the terms of Schedule 7 of this Schedule 21-VTransco. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in this Schedule 21-VTransco. VTransco shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by VTransco) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery.

### **13. Classification of Non-Firm Point-To-Point Transmission Service**

The Transmission Customer will be billed for Non-Firm Local Point-To-Point Transmission Service pursuant to Schedule 8 of this Schedule 21-VTransco. VTransco shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third Party Sales by VTransco) exceeds its non-firm local capacity reservation. Non-Firm Local Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application.

### **14 Response to a Completed Application**

Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, VTransco shall make a determination of available transfer capability consistent with Attachment A of this Schedule 21-VTransco. VTransco shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application. Responses by VTransco must be made as soon as practicable to all completed applications (including applications by its own merchant function) and the timing of such responses must be made on a non-discriminatory basis.

### **15 Limitations on Assignment or Transfer of Service**

If an Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, VTransco will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of VTransco's Transmission System or the generating or distribution facilities of other Vermont utilities.

### **16 Metering and Power Factor Correction at Receipt and Delivery Points(s)**

**16.1 Transmission Customer Obligations:** Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under this Schedule 21 and to communicate the information to VTransco. Such equipment shall remain the property of the Transmission Customer.



**16.2 Power Factor:** Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as VTransco. The power factor requirements are specified in the Service Agreement where applicable.

## **17 Compensation for Transmission Service**

Rates for Firm and Non-Firm Local Point-To-Point Transmission Service are provided in the Schedules appended to this Schedule 21-VTransco: Long-Term Firm and Short-Term Firm Local Point-To-Point Transmission Service (Schedule 7); and Non-Firm Local Point-To-Point Transmission Service (Schedule 8). VTransco shall use this Schedule 21 to make its Third-Party Sales. VTransco shall account for such use at the applicable rates described herein.

## **III. LOCAL NETWORK SERVICE**

### **18 Secondary Service**

The Local Network Customer may use VTransco's Transmission System to deliver energy to its Local Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Deliveries from resources other than Network Resources will have a higher priority than any Non Firm Local Point-To-Point Transmission Service under this Schedule 21-VTransco.

### **19 Network Resources**

**19.1 Transmission Arrangements for Network Resources Not Physically Interconnected With VTransco:** The Local Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with VTransco's Transmission System. VTransco will undertake reasonable efforts to assist the Local Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

**19.2 Limitation on Designation of Network Resources:** The Local Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Local Network

Customer may establish that execution of a contract is contingent upon the availability of transmission service under this Schedule 21.

**19.3 Use of Interface Capacity by the Network Customer:** With the exception of any of interfaces with other transmission systems that are designated as constrained interfaces under VTransco's FERC Rate Schedule No. 1, as supplemented, there is no limitation upon a Local Network Customer's use of VTransco's Transmission System at any particular interface to integrate the Local Network Customer's Network Resources (or substitute economy purchases) with its Local Network Loads. However, a Local Network Customer's use of VTransco's total interface capacity with other transmission systems may not exceed the Local Network Customer's Load.

**19.4 Network Customer Owned Transmission Facilities:** The Local Network Customer that owns existing transmission facilities that are integrated with VTransco's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Local Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of VTransco to serve its power and transmission customers. For facilities constructed by the Local Network Customer subsequent to the Service Commencement Date, the Local Network Customer shall receive credit where such facilities are jointly planned and installed in coordination with VTransco. Calculation of the credit shall be addressed in either the Local Network Customer's Service Agreement or any other agreement between the Parties.

## **20 Local Network Load Not Physically Interconnected with VTransco**

This section applies to both the initial designation and the subsequent addition of new Local Network Load not physically interconnected with VTransco. To the extent that the Local Network Customer desires to obtain transmission service for a load not connected to VTransco's Transmission System, the Local Network Customer shall have the option of (1) electing to include the entire load as Local Network Load for all purposes under this Schedule 21 and designating Network Resources in connection with such additional Local Network Load, or (2) excluding that entire load from its Local Network Load and purchasing Local Point-To-Point Transmission Service under this Schedule 21. To the extent that the Network Customer gives notice of its intent to add a new Local Network Load as part of its Local Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

## **21 Load Shedding and Curtailment**

**21.1 Procedures:** Prior to the Service Commencement Date, VTransco and the Local Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Local Network Operating Agreement with the objective of responding to contingencies on VTransco's Transmission System. The Parties will implement such programs during any period when the ISO or VTransco determines that a system contingency exists and such procedures are necessary to alleviate such contingency. If not otherwise notified by the ISO, VTransco will notify all affected Local Network Customers in a timely manner of any scheduled Curtailment.

**21.2 Transmission Constraints:** During any period when VTransco determines that a transmission constraint exists on VTransco's Transmission System, or that the ISO determines that a transmission constraint exists on the New England Transmission System, and such constraint may impair the reliability of VTransco's Transmission System, VTransco will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of VTransco's Transmission System. To the extent VTransco determines that the reliability of VTransco's Transmission System can be maintained by redispatching resources, VTransco will work with the ISO to initiate procedures pursuant to the Local Network Operating Agreement to redispatch all Network Resources and VTransco's own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between VTransco's use of VTransco's Transmission System on behalf of its Native Load Customers and any Network Customer's use of VTransco's Transmission System to serve its designated Local Network Load.

**21.3 Cost Responsibility for Relieving Transmission Constraints:** Whenever VTransco implements least-cost redispatch procedures in response to a transmission constraint, VTransco and Local Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares.

**21.4 Curtailments of Scheduled Deliveries:** If a transmission constraint on VTransco's Transmission System or the New England Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and VTransco determines that it is necessary to Curtail scheduled deliveries, the Parties shall Curtail such schedules in accordance with the Local Network Operating Agreement.

**21.5 Allocation of Curtailments:** Working with the ISO, VTransco shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable

and consistent with Good Utility Practice, any Curtailment will be shared by VTransco and Local Network Customer in proportion to their respective Load Ratio Shares. VTransco shall not direct the Local Network Customer to Curtail schedules to an extent greater than VTransco would Curtail its own schedules under similar circumstances.

**21.6 Load Shedding:** To the extent that a system contingency exists on VTransco's Transmission System or the New England Transmission System and VTransco or the ISO determines that it is necessary for VTransco and the Local Network Customer to shed load, the Parties shall shed load in accordance with previously established procedures under the Local Network Operating Agreement.

**21.7 System Reliability:** Notwithstanding any other provisions of the Tariff, VTransco reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Local Network Service without liability on VTransco's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Local Network Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on VTransco's Transmission System or on any other system(s) directly or indirectly interconnected with VTransco's Transmission System, VTransco, consistent with Good Utility Practice, also may Curtail Local Network Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. VTransco will give the Local Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Local Network Service will be not unduly discriminatory relative to VTransco's use of VTransco's Transmission System on behalf of its Native Load Customers. VTransco shall specify the rate treatment and all related terms and conditions applicable in the event that the Local Network Customer fails to respond to established Load Shedding and Curtailment procedures.

## **22 Rates and Charges**

The Local Network Customer shall pay VTransco for any Direct Assignment Facilities, Ancillary Services, and applicable study costs, as otherwise described in this Schedule 21 and consistent with Commission policy, and also the following:

**22.1 Monthly Demand Charge:** The Local Network Customer shall pay a monthly Demand Charge, which shall be determined each month by multiplying its Load Ratio Share for that month times

VTransco's Transmission Revenue Requirement for that month as specified in Attachment D of this Schedule 21-VTransco.

**22.2 Determination of Network Customer's Monthly Local Network Load:** VTransco's monthly Local Network Load is its hourly load (including its designated Local Network Load not physically interconnected) coincident with VTransco's Monthly Transmission System Peak.

**22.3 Determination of VTransco's Monthly Transmission System Load:** VTransco's monthly transmission system load is VTransco's Monthly Transmission System Peak minus the coincident peak usage of all Firm Local Point-To-Point Transmission Service customers pursuant to this Schedule 21-VTransco plus the Local Reserved Capacity of all Firm Local Point-To-Point Transmission Service customers.

**22.4 Redispatch Charge:** The Local Network Customer shall pay a Load Ratio Share of any redispatch costs allocated between the Local Network Customer and VTransco. To the extent that VTransco incurs an obligation to the Local Network Customer for redispatch costs, such amounts shall be credited against the Local Network Customer's bill for the applicable month.

## **23 Operating Arrangements**

**23.1 Operation under The Network Operating Agreement:** The Local Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Local Network Operating Agreement.

**23.2 Network Operating Agreement:** The terms and conditions under which the Local Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of this Schedule 21 shall be specified in the Local Network Operating Agreement. The Local Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Local Network Customer within VTransco's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between VTransco and the Local Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside VTransco's Transmission System, interchange schedules, unit outputs for redispatch, voltage schedules, loss factors and other real time data), (iii) use software programs

required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of this Schedule 21, including scheduling protocols. The Local Network Operating Agreement will recognize that the Local Network Customer shall either (i) operate as a Control Area under applicable guidelines of the North American Electric Reliability Council (NERC) and the Northeast Power Coordinating Council (NPCC), (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with VTransco for Ancillary Service No. 1 , and with the ISO for Ancillary Service Nos. 2 through 7, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies NERC and NPCC requirements. VTransco shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Local Network Operating Agreement is included in Attachment C.

## **SCHEDULE 1**

### **Scheduling, System Control and Dispatch Service**

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided by VTransco making arrangements with the ISO to perform this service for VTransco's Transmission System. The Transmission Customer must purchase this service from VTransco. To the extent the ISO performs this service for VTransco; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to VTransco by the ISO. The Load Dispatching Revenue Requirement, as defined in this Schedule 1, will reflect VTransco's costs for its Load Dispatching. No subtransmission or distribution costs may be included in the Load Dispatching Revenue Requirement. The Load Dispatching Revenue Requirement will be a monthly calculation based on actual costs for the month subject to corrective adjustments after rendition. The calculation is set forth below:

The Load Dispatching Revenue Requirement shall equal the sum of Vermont Electric's (A) Load Dispatching Cost, plus or minus (B) Billing Adjustment.

- A. Load Dispatching Cost shall equal VTransco's total load dispatching expense as recorded in FERC Account No. 561.
- B. Billing Adjustment shall equal the difference in the actual cost of Load Dispatching for the two months.

## **SCHEDULE 2**

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## SCHEDULE 7

### Long-Term Firm and Short-Term Firm

### Local Point-To-Point Transmission Service

The Transmission Customer shall compensate VTransco each month for Local Reserved Capacity at the sum of the applicable charges set forth below:

- 1) **Yearly delivery charge:** the same charge as for monthly delivery per MW of Local Reserved Capacity per month.
- 2) **Monthly delivery charge:** the revenue requirement for that month divided by the coincident peak demand for that month per MW of Local Reserved Capacity per month.
- 3) **Weekly delivery charge:** the charge for monthly delivery multiplied by twelve (12) and divided by fifty-two (52) per MW of Local Reserved Capacity per week.
- 4) **Daily delivery charge:** the charge for weekly delivery divided by five (5) per MW of Local Reserved Capacity per day. The total demand charge in any week, pursuant to a reservation for daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in megawatts of Local Reserved Capacity in any day during such week.
- 5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by VTransco must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate' use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, VTransco must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on VTransco's Transmission System.
- 6) **Resales:** The rates and rules governing charges and discounts shall not apply to resales of transmission service, compensation for which shall be governed by § I.11(a) of Schedule 21.

## SCHEDULE 8

### Non-Firm Local Point-To-Point Transmission Service

The Transmission Customer shall compensate VTransco for Non-Firm Local Point-To-Point Transmission Service up to the sum of the applicable charges set forth below:

- 1) **Monthly delivery charge:** the revenue requirement for that month divided by the coincident peak demand for that month per MW of Local Reserved Capacity per month.
- 2) **Weekly delivery charge:** the charge for monthly delivery multiplied by twelve (12) and divided by fifty-two (52) per MW of Local Reserved Capacity per week.
- 3) **Daily delivery charge:** the charge for weekly delivery divided by five (5) per MW of Local Reserved Capacity per day. The total demand charge in any week, pursuant to a reservation for daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in megawatts of Reserved Capacity in any day during such week.
- 4) **Hourly delivery charge:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed the charge for daily delivery divided by sixteen (16) per MWH. The total demand charge in any day, pursuant to a reservation for hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in megawatts of Local Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for hourly delivery, shall not exceed the rate specified in section (2) above times the highest amount in megawatts of Local Reserved Capacity in any hour during such week.
- 5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by VTransco must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, VTransco must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on VTransco's Transmission System.

6)       **Resales:** The rates and rules governing charges and discounts shall not apply to resales of transmission service, compensation for which shall be governed by § I.11(a) of Schedule 21.

## ATTACHMENT A

### Available Transfer Capability Methodology

#### **Introduction and Background:**

ISO is the regional transmission organization (RTO) for the New England Control Area. The New England Control Area includes the transmission system located in the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. The New England Control Area is comprised of PTF, non-PTF, OTF, MTF, and is interconnected to three neighboring Balancing Authority Areas (“BAA”) with various interface types.

As part of its RTO responsibilities, the ISO is registered with the North American Electric Reliability Corporation (“NERC”) as several functional model entities that have responsibilities related to the calculation of ATC as defined in the following NERC Standards: MOD-001 – Available Transmission System Capability (“MOD-001”), MOD-004 – Capacity Benefit Margin (“MOD-004”), and MOD-008 – Transmission Reliability Margin Calculation Methodology (“MOD-008”). The extent of those responsibilities is based on various Commission approved transmission operating agreements and the provisions of the ISO New England Operating Documents.

Pursuant to CFR § 37.6(b)<sup>1</sup> of the FERC Regulations Transmission Provider’s are obligated to calculate and post TTC and ATC for each Posted Path.

Posted Path is defined as any control area to control area interconnection; any path for which service is denied, curtailed or interrupted for more than 24 hours in the past 12 months; and any path for which a customer requests to have ATC or TTC posted. For this last category, the posting must continue for 180 days and thereafter until 180 days have elapsed from the most recent request for service over the requested path. For purposes of this definition, an hour includes any part of any hour during which service was denied, curtailed or interrupted.

VTransco does not currently have a Posted Paths based on the above definition. However to extent that VTransco does in the future have a Posted Path VTransco will calculate TTC using NERC Standard MOD-029-1 Rated System Path Methodology as outlined below.

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<sup>1</sup> §37.6(b) Posting transfer capability. The available transfer capability on the Transmission Provider’s system (ATC) and the total transfer capability (TTC) of that system shall be calculated and posted for each Posted Path as set out in this section.



Basic information on ATC and TTC may be found on VT Transco's website at:

<http://www.vermonttransco.com/ATCTTC/Pages/default.aspx> .

**Capacity Benefit Margin (CBM):**

CBM is defined as the amount of firm transmission transfer capability set aside by a TSP for use by the Load Serving Entities. The ISO does not set aside any CBM for use by the Load Serving Entities, because of the New England approach to capacity planning requirements in the ISO New England Operating Documents. Load Serving Entities operating within the New England Control Area are required to arrange for their Capacity Requirements prior to the beginning of any given month in accordance with ISO Tariff, Section III.13.7.3.1 (Calculation of Capacity Requirement and Capacity Load Obligation). Load Serving Entities do not utilize CBM to ensure that their capacity needs are met; therefore, CBM is not applicable within the New England market design. Accordingly, for purposes of ATC calculation, As long as this market design is in place in New England, the CBM is set to zero (0). VTransco provides local transmission service over its non-PTF facilities that are connected to ISO-NE and the Vermont distribution utilities. VTransco does not reserve CBM for these paths, and the CBM is presently set to zero.

**Existing Transmission Commitments, Firm (ETC<sub>F</sub>):**

The ETC<sub>F</sub> are those confirmed Firm transmission reservation (PTP<sub>F</sub>) plus any rollover rights for Firm transmission reservations (ROR<sub>F</sub>) that have been exercised. There are no allowances necessary for Native Load forecast commitments (NL<sub>F</sub>), Network Integration Transmission Service (NITS<sub>F</sub>), grandfathered Transmission Service (GF<sub>F</sub>) and other service(s), contract(s) or agreement(s) (OS<sub>F</sub>) to be considered in the ETC<sub>F</sub> calculation.

**Existing Transmission Commitments, Non-Firm(ETC<sub>NF</sub>):**

The (ETC<sub>NF</sub>) are those confirmed Non-Firm transmission reservations (PTP<sub>NF</sub>) There are no allowances necessary for Non-Firm Network Integration Transmission Service (NITS<sub>NF</sub>), Non-Firm grandfathered Transmission Service (GF<sub>NF</sub>) or other service(s), contract(s) or agreement(s) (OS<sub>NF</sub>).

**Transmission Reliability Margin (TRM):**

The Transmission Reliability Margin (TRM) is the portion of the TTC that cannot be used for the reservation of firm transmission service because of uncertainties in system operation conditions and the need for operating flexibility to ensure reliable system operation as system conditions change. It is used only for external interfaces under the New England market design. Since VTRANSCO provides transmission service over its non-PTF

facilities that are connected only to the internal New England system, VTRANSCO does not reserve TRM for these paths, and the TRM is presently set to zero.

#### **Calculation of ATC for VTransco's Local Facilities – General Description:**

NERC Standards MOD-001-1 – Available Transmission System Capability and MOD-029-1 – Rated System Path Methodology defines the required items to be identified when describing a transmission provider's ATC methodology.

As a practical matter, the ratings of the radial transmission paths are always higher than the transmission requirements of the Transmission Customers connected to that path. As such, transmission services over these posted paths are considered to be always available.

Common practice is not to calculate or post firm and non-firm ATC values for the non-PTF assets described above, as ATC is positive and listed as 9999. Transmission customers are not restricted from reserving firm or non-firm transmission service on non-PTF facilities.

As Real-Time approaches, the ISO utilizes the Real-Time energy market rules to determine which of the submitted energy transactions will be scheduled in the coming hour. Basically, the ATC of the non-PTF assets in the New England market is almost always positive. The ATC is equal to the amount of net energy transactions that the ISO will schedule on an interface for the designated hour. With this simplified version of ATC, there is no detailed algorithm to be described or posted other than: ATC equals TTC. Thus, for those non-PTF facilities that serve as a path for the VTransco Schedule 21-Vermont Transco Point-to-Point Transmission Customers, VTransco has posted the ATC as 9999, consistent with industry practice. ATC on these paths varies depending on the time of day. However, it is posted with an ATC of "9999" to reflect the fact that there are no restrictions on these paths for commercial transactions.

#### **Calculation of $ATC_F$ in the Planning Horizon (PH):**

For purposes of this Attachment A PH is any period before the Operating Horizon. Consistent with the NERC definition,  $ATC_F$  is the capability for Firm transmission reservations that remain after allowing for TRM, CBM,  $ETC_F$ ,  $Postbacks_F$  and  $counterflows_F$ .

As discussed above, TRM and CBM are zero. Firm Transmission Service over Schedule 21-Vermont Transco that is available in the Planning Horizon (PH) includes: Yearly, Monthly, Weekly, and Daily.  $Postbacks_F$  and

counterflows<sub>F</sub> of Schedule 21-Vermont Transco transmission reservations are not considered in the ATC calculation. Therefore,  $ATC_F$  in the PH is equal to the TTC minus  $ETC_F$

**Calculation of  $ATC_F$  in the Schedule 21-Vermont Transco Operating Horizon (OH):**

For purposes of this Attachment A OH is noon eastern prevailing time each day. At that time, the OH spans from noon through midnight of the next day for a total of 36 hours. At that time progresses the total hours remaining in the OH decreases until noon the following day when the OH is once again reset to 36 hours.

Consistent with the NERC definition,  $ATC_F$  is the capability for Firm transmission reservations that remain after allowing for  $ETC_F$ , CBM, TRM, Postbacks<sub>F</sub> and counterflows<sub>F</sub>.

As discussed above, TRM and CBM is zero. Daily Firm Transmission Service over Schedule 21-Vermont Transco is the only firm service offered in the Operating Horizon (OH). Postbacks<sub>F</sub> and counterflows<sub>F</sub> of Schedule 21-Vermont Transco transmission reservations are not considered in the  $ATC_F$  calculation. Therefore,  $ATC_F$  in the OH is equal to the TTC minus  $ETC_F$ .

Because Firm Schedule 21-Vermont Transco transmission service is not offered in the Scheduling Horizon (SH):  $ATC_F$  in the SH is zero.

**Calculation of  $ATC_{NF}$  in the PH:**

$ATC_{NF}$  is the capability for Non-Firm transmission reservations that remain after allowing for  $ETC_F$ ,  $ETC_{NF}$ , scheduled CBM (CBM<sub>S</sub>), unreleased TRM (TRM<sub>U</sub>), Non-Firm Postbacks (Postbacks<sub>NF</sub>) and Non-Firm counterflows (counterflows<sub>NF</sub>).

As discussed above, the TRM and CBM for Schedule 21-Vermont Transco are zero. Non-Firm ATC available in the PH includes: Monthly, Weekly, Daily and Hourly. TRM<sub>U</sub>, Postbacks<sub>NF</sub> and counterflows<sub>NF</sub> of Schedule 21-Vermont Transco transmission reservations are not considered in this calculation. Therefore,  $ATC_{NF}$  in the PH is equal to the TTC minus  $ETC_F$  and  $ETC_{NF}$ .

**Calculation of  $ATC_{NF}$  in the OH:**

$ATC_{NF}$  available in the OH includes: Daily and Hourly.

As discussed above TRM and CBM for Schedule 21-Vermont Transco are zero.  $TRM_U$ , counterflows and  $ETC_{NF}$  are not considered in this calculation. Therefore,  $ATC_{NF}$  in the OH is equal to the TTC minus  $ETC_F$ , plus postbacks of  $PTP_F$  in OH as  $PTP_{NF}$  (Postbacks  $_{NF}$ )

### **Negative ATC:**

As stated above, the ratings of the radial transmission paths are always higher than the transmission requirements of the Transmission Customers connected to that path. As such, transmission services over these posted paths are considered to be always available.

For those non-PTF Vermont Transco facilities that are primarily radial paths that provide transmission service to directly interconnected generators it is possible, in the future, that a particular radial path may interconnect more nameplate capacity generation than the path's TTC. However, due to the ISO's security constrained dispatch methodology, the ISO will only dispatch an amount of generation interconnected to such path so as not to incur a reliability or stability violation on the subject path. Therefore, ATC in the PH, OH and SH may become zero, but will not become negative.

### **Posting of ATC Related Information - ATC Values:**

As described above, the ATC values for VTransco's non-PTF utilized for internal Point-to-Point transmission service are always positive, and are thus set at 9999. The ATC values for these internal posted paths are posted in accordance with NAESB standards on VTransco's provider page of the ISO-NE OASIS website Common practice is not to calculate or post firm and non-firm ATC values for the non-PTF assets described above, as ATC is positive and listed as 9999. Transmission customers are not restricted from reserving firm or non-firm transmission service on non-PTF facilities.

### **Updates To ATC:**

When any of the variables in the ATC equations change, the ATC values are recalculated and immediately posted.

### **Coordination of ATC Calculations:**

Schedule 21-Vermont Transco non-PTF has no external interfaces. Therefore it is not necessary to coordinate the values.

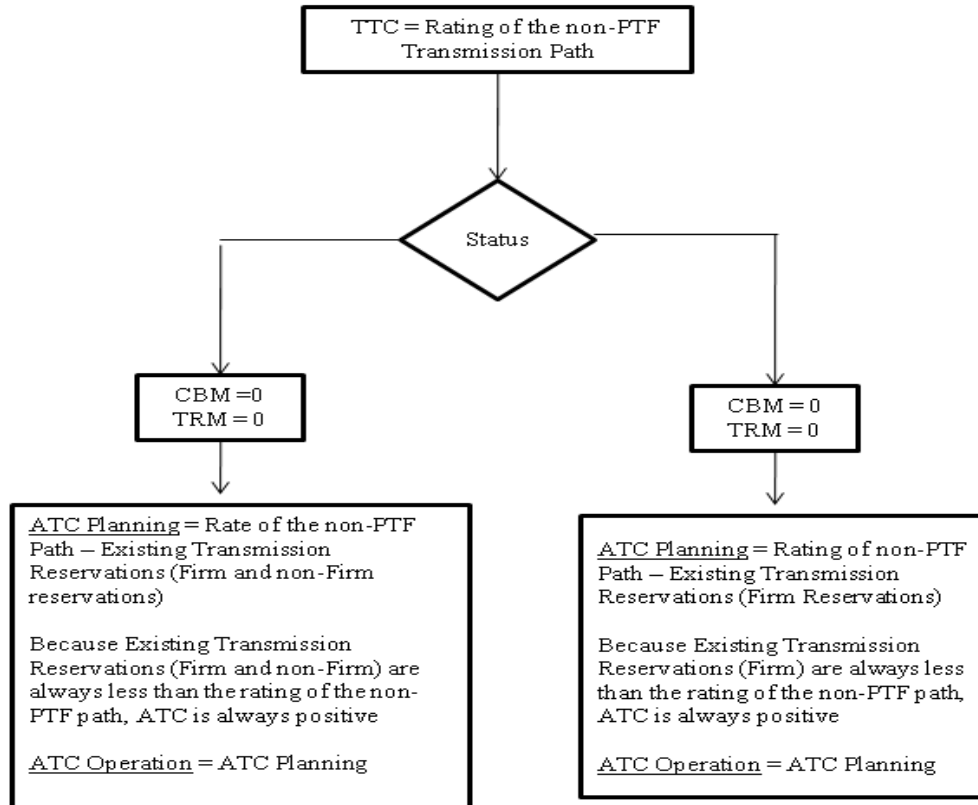
### **Mathematical Algorithms:**

A link to the actual mathematical algorithm for the calculation of ATC for VTransco's non-PTF internal interfaces is located on VTransco's website at

<http://www.vermonttransco.com/ATCTTC/Pages/default.aspx>

### Non-PTF Transmission Path ATC Process Flow Diagram

The process flow diagram illustrates the steps through which ATC is calculated both on an operating and planning horizon.



## **ATTACHMENT B**

### **Methodology for Completing a System Impact Study**

VTransco (or its designated agent) or the ISO may require System Impact Studies for the purpose of determining the feasibility of providing Long Term Firm Local Point-To-Point Transmission Service, integrating Network Resources or integrating Local Network Load for Transmission Customers (or Local Network Customers) under Schedule 21 of the Tariff. All System Impact Studies performed by VTransco will be completed using the same method employed by VTransco to provide firm transmission service to Purchasers under VTransco's FERC Rate Schedule No. 1, as supplemented. Specifically, System Impact Studies will be performed by applying NPCC Criteria and the "Reliability Standards of the New England Power Pool" while assuring that those loads fully dependent on VTransco's Transmission System that are receiving firm transmission service can be served reliably in accordance with VTransco's applicable reliability standards. The criteria, standards and guidelines referenced above are included as part of VTransco's annual FERC Form 715 filing.

## ATTACHMENT C

### Local Network Operating Agreement

This Local Network Operating Agreement is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between Vermont Transco LLC. ("VTransco"), and \_\_\_\_\_ ("Local Network Customer").

WHEREAS, VTransco has determined that the Local Network Customer has made a valid request for Local Network Service in accordance with Schedule 21 of the Tariff; and

WHEREAS, the Local Network Customer has represented that it is an Eligible Customer qualified to take service under the Tariff,

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Parties hereto agree as follows:

1. General Terms and Conditions

This Local Network Operating Agreement is an implementing agreement for Local Network Service under VTransco's Tariff and is subject to the Tariff, as the Tariff is in effect at the time this Agreement is executed or as the Tariff thereafter may be amended. The Tariff as it currently exists or is hereafter amended is incorporated herein by reference. In the case of any conflict between this Local Network Operating Agreement and the Tariff, the Local Network Operating Agreement shall control.

VTransco agrees to provide transmission service to the Local Network Customer's equipment or facilities, subject to the Local Network Customer operating its facilities in accordance with applicable criteria, rules, standards, procedures, or guidelines of VTransco, its Affiliates, the ISO, and the Northeast Power Coordinating Council ("NPCC"), as they may be adopted and/or amended from time to time. In addition to those requirements, service to the Local Network Customer's equipment or facilities is provided subject to the following specified terms and conditions.

a. Electrical Supply: The electrical supply to the Point(s) of Delivery shall be in the form of three-phase sixty hertz alternating current at a voltage class determined by mutual agreement of the parties.



b. Coordination of Operations: VTransco shall consult with the Local Network Customer regarding timing of scheduled maintenance of VTransco's Transmission System. In the event of a curtailment of service or the implementation of load shedding procedures, VTransco shall use due diligence to resume delivery of electric power as quickly as possible.

2. Reporting Obligations

a. The Local Network Customer shall be responsible for providing all information required by the ISO and NPCC and by VTransco's dispatching functions. The Local Network Customer shall respond promptly and completely to VTransco's requests for information, including but not limited to data necessary for operations, maintenance, regulatory requirements and analysis. In particular, that information may include:

i. For Local Network Loads: 10-year annual peak load forecast; load power factor performance; load shedding capability; under frequency load shedding capability; disturbance/interruption reports; protection system setting conformance; system testing and maintenance conformance; planned changes to protection systems; metering testing and maintenance conformance; planned changes in transformation capability; conformance to harmonic and voltage fluctuation limits; dead station tripping conformance; and voltage reduction capability conformance.

ii. For Network Resources and interconnected generators: 10 year forecast of generation capacity retirements and additions; generator reactive capability verification; generator under frequency relaying conformance; protection system testing and maintenance conformance; planned changes to protection system; and planned changes to generation parameters.

b. The Local Network Customer shall supply accurate and reliable information to VTransco regarding metered values for MW, MVAR, volt, amp, frequency, breaker status indication, and all other information deemed necessary by VTransco for safe and reliable operation. Information shall be gathered for electronic communication using one or more of the following: supervisory control and data acquisition ("SCADA"), remote terminal unit ("RTU") equipment, and remote access pulse recorders ("RAPR"). All equipment used for metering, SCADA, RTU, RAPR, and communications must be approved by VTransco.

3. Operational Obligations

The Local Network Customer shall request permission from VTransco prior to opening and/or closing circuit

breakers in accordance with applicable switching and operating procedures. The Local Network Customer shall carry out all switching orders from VTransco, VTransco's Designated Agent, or the ISO in a timely manner.

- a. The Local Network Customer shall balance the load at the Point(s) of Delivery such that the differences in the individual phase currents are acceptable to VTransco.
- b. The Local Network Customer's equipment shall conform with harmonic distortion and voltage fluctuation standards of VTransco.
- c. The Local Network Customer's equipment must comply with all environmental requirements to the extent they impact the operation of VTransco's system.
- d. The Local Network Customer shall operate all of its equipment and facilities connected to VTransco's system in a safe and efficient manner and in accordance with manufacturers' recommendations, Good Utility Practice, applicable regulations, and requirements of VTransco, the ISO, NPCC, the National Electric Safety Code and the National Electric Code.
- e. The Local Network Customer is responsible for supplying voltage regulation equipment on its subtransmission and distribution facilities.

#### 4. Notice of Transmission Service Interruptions

If at any time, in the reasonable exercise of VTransco's judgment, operation of the Local Network Customer's equipment adversely affects the quality of service or interferes with the safe and reliable operation of the system, VTransco may discontinue transmission service until the condition has been corrected. Unless VTransco perceives that an emergency exists or the risk of an emergency is imminent, VTransco shall give the Local Network Customer reasonable notice of its intention to discontinue transmission service and, where practical, allow suitable time for the Local Network Customer to remove the interfering condition. VTransco's judgment with regard to the discontinuance of service under this paragraph shall be made in accordance with Good Utility Practice. In the case of such discontinuance, VTransco shall immediately confer with the Local Network Customer regarding the conditions causing such discontinuance and its recommendation concerning timely correction thereof.

#### 5. Access and Control

Properly accredited representatives of VTransco shall at all reasonable times have access to the Local Network Customer's facilities to make reasonable inspections and obtain information required in connection with Schedule 21 of the Tariff. Such representatives shall make themselves known to the Local Network Customer's personnel, state the object of their visit, and conduct themselves in a manner that shall not interfere with the construction or operation of the Local Network Customer's facilities. VTransco shall have control such that it may open or close the circuit breaker or disconnect and place safety grounds at the Point(s) of Delivery, or at the station, if the Point(s) of Delivery is remote from the station.

6. Point(s) of Delivery

Local Network Service shall be provided by VTransco to the Point(s) of Delivery as specified by the Local Network Customer in accordance with the Tariff.

7. Maintenance of Equipment

- a. Unless otherwise agreed, VTransco shall own all metering equipment.
- b. The Local Network Customer shall maintain all of its equipment and facilities connected to VTransco's system in a safe and efficient manner and in accordance with manufacturers' recommendations, Good Utility Practice, applicable regulations and requirements of VTransco, the ISO and NPCC.
- c. VTransco may request that the Local Network Customer test, calibrate, verify or validate the data link, metering, data acquisition, transmission, protective, or other equipment or software owned by the Local Network Customer, consistent with the Local Network Customer's routine obligation to maintain its equipment and facilities or for the purposes of investigating potential problems on the Local Network Customer's facilities. The Local Network Customer shall be responsible for the cost to test, calibrate, verify or validate the equipment or software.
- d. The Transmissions Provider shall have the right to inspect the tests, calibrations, verifications and validations of the Local Network Customer's data link, metering, data acquisition, transmission, protective, or other equipment or other software connected to VTransco's system.

e. The Local Network Customer, at VTransco's request, shall supply VTransco with a copy of the installation, test, and calibration records of the data link, metering, data acquisition, transmission, protective or other equipment or software owned by the Local Network Customer and connected to VTransco's system.

f. VTransco shall have the right, at the Local Network Customer's expense, to monitor the factory acceptance test, the field acceptance test, and the installation of any metering, data acquisition, transmission, protective or other equipment or software owned by the Local Network Customer and connected to VTransco's system.

8. Emergency System Operations

a. The Local Network Customer's equipment and facilities, etc. shall be subject to all applicable emergency operation standards required of and by VTransco to operate in an interconnected transmission network.

b. VTransco reserves the right to take whatever actions or inactions it deems necessary during emergency operating conditions to: (i) preserve the integrity of VTransco's Transmission System, (ii) limit or prevent damage, (iii) expedite restoration of service, or (iv) preserve public safety.

9. Cost Responsibility

The Local Network Customer shall be responsible for all costs incurred by VTransco relative to the Local Network Customer's facilities. Appropriate costs may be allocated to more than one Local Network Customer, in a manner within the reasonable discretion of VTransco.

10. Additional Operational Obligations of Local Network Customer

a. Voltage or Reactive Control Requirements:

i. Unless directed otherwise by VTransco, the Local Network Customer shall ensure that all generating facilities designated as Network Resources are operated with an automatic voltage regulator(s). The Local Network Customer shall ensure that the voltage regulator(s) control voltage at the Point(s) of Receipt consistent with the range of voltage scheduled by VTransco, VTransco's agent or the ISO.

ii. At the discretion of VTransco, VTransco's Designated Agent or the ISO, the Local Network Customer may be directed to deactivate the automatic voltage regulator and to supply reactive power in accordance with a schedule which shall be provided by VTransco, VTransco's Designated Agent or the ISO, and in such event the Local Network Customer shall act in accordance with such direction.

iii. If the Local Network Customer does not have sufficient installed capacity in generating facilities designated as Network Resources to enable the Local Network Customer to operate such facilities consistent with recommendations of VTransco, or if Network Resources fail to operate at such capacity, VTransco or VTransco's Designated Agent may install, at the Local Network Customer's expense, reactive compensation equipment necessary to ensure the proper voltage or reactive supply at the Point(s) of Receipt.

b. Station Service: When generating facilities designated as Network Resources are producing electricity, the Local Network Customer shall supply its own station service power. If and when the Local Network Customer's generation facility is not producing electricity, the Local Network Customer shall obtain station service capacity and energy from the franchise utility providing service or other source.

c. Protection Requirements: Protection requirements are as defined elsewhere in this Tariff and applicable NPCC documents as may be adopted or amended from time to time.

d. Operational Obligations:

i. The ISO may require that generation facilities designated as Network Resources be equipped for Automatic Generation Control ("AGC"). The Local Network Customer shall be responsible for all costs associated with installing and maintaining an AGC system on applicable Network Resources.

ii. VTransco retains the right to require reduced generation at times when system conditions present transmission restrictions or otherwise adversely affect VTransco's other customers. VTransco shall use due diligence to resolve the problems to allow the generator to return to the operating level prior to VTransco's notice to reduce generation.

iii. All operations (including start-up, shutdown and determination of hourly generation) shall be coordinated with the ISO, VTransco or VTransco's Designated Agent.

e. Coordination of Operations:

i. The Local Network Customer shall furnish VTransco with generator annual maintenance schedules for all Network Resources and shall advise VTransco if a Network Resource is capable of participation in system restoration and/or if it has black start capability.

ii. VTransco reserves the right to specify turbine and/or generator control (e.g., droop) settings as determined by the System Impact or Facilities Study or subsequent studies. The Local Network Customer agrees to comply with such specifications by VTransco at the Local Network Customer's expense.

iii. If the generator is not dispatchable by the ISO, the Local Network Customer shall notify VTransco at least 48 hours in advance of its intent to take its resource temporarily off-line and its intent to resume generation. In circumstances such as forced outages, the Local Network Customer shall notify VTransco as promptly as possible of the Network Resource's temporary interruption of generation and/or transmission.

f. Power Factor Requirement: The Local Network Customer agrees to maintain an overall Load Power Factor and reactive power supply within predefined sub-areas as measured at the Point(s) of Delivery within ranges specified by VTransco or ISO criteria, rules and standards which identify the power factor levels that must be maintained throughout the applicable sub-area for each anticipated level of total ISO load. The Local Network Customer agrees to maintain Load Power Factor and reactive power requirements within the range specified by VTransco or the ISO, as appropriate for the sub-area based on total ISO load during that hour. The ISO may revise the power factor limits required from time to time. If the Local Network Customer lacks the capability to maintain the Load Power Factor within the ranges specified, VTransco may install, at the Local Network Customer's expense, reactive compensation equipment necessary to ensure proper load power factor at the Point(s) of Delivery.

g. Protection Requirement: The Local Network Customer's relay and protection systems must comply with all applicable VTransco, ISO and NPCC criteria, rules, procedures, guidelines, standards or requirements as may be adopted or amended from time to time.

h. Operational Obligation: The Local Network Customer shall be responsible for operating and maintaining security of its electric system in a manner that avoids adverse impact to VTransco's or other's interconnected systems and complies with all applicable VTransco, ISO and NPCC operating criteria, rules,

procedures, guidelines and interconnection standards as may be amended or adopted from time to time. These actions include, but are not limited to: Voltage Reduction Load Shedding; Under Frequency Load Shedding, Block Load Shedding; Dead Station Tripping; Transferring Load Between Point(s) of Delivery; Implementing Voluntary Load Reductions Including Interruptible Customers; Starting Stand-by Generation; Permitting VTransco Controlled Service Restoration Following Supply Delivery Contingencies on VTransco Facilities.

11. Failure to perform

If the Local Network Customer fails to carry out its obligations under this Agreement, the matter shall be subject to the dispute resolution procedures of the Tariff.

The Parties whose authorizing signatures appear below warrant that they shall abide by the foregoing terms and conditions.

VERMONT TRANSCO LLC

By:

Title:

Dated:

(Name of Local Network Customer)

By:

Title:

Dated:

## **ATTACHMENT D**

### **Transmission Revenue Requirement**

#### **For Local Network Integration Transmission Service**

VTransco owns and operates transmission facilities which are used to provide transmission service only. VTransco does not own or operate any generation or distribution facilities. VTransco only incurs transmission-related costs. Accordingly, there is no need to allocate a transmission-related portion of what otherwise would be considered a general expense. For the same reason, there is no need to refer to specific costs in the formula as "transmission-related."

The Transmission Revenue Requirement calculated below reflects all costs that VTransco incurs in connection with VTransco's Transmission System. Generation and distribution costs are not included in the Transmission Revenue Requirement. The Transmission Revenue Requirement for a particular month will be based on the most recent monthly data available at that time (which typically will be data from two months earlier). To the extent the charges for a particular month result in an over-recovery or under-recovery of VTransco's actual costs, an adjustment will be made to VTransco's Transmission Revenue Requirement as soon as possible (typically two months later when the specific data regarding the over- or under-recovery becomes available).

The calculation is set forth below:

The Transmission Revenue Requirement shall equal the sum of VTransco's: (A) Return and Income Taxes, (B) Depreciation Expense, (C) Amortization of Loss on Reacquired Debt, (D) Municipal Tax Expense, (E) Payroll Tax Expense, (F) Operation and Maintenance Expense, (G) Administrative and General Expense, minus (H) Support Revenue, plus (I) Support Expense, minus (J) Short-Term Transmission Service and (K) Rents received from Electric property and (L) Revenue received from the ISO, plus or minus (M) Billing Adjustment.

#### **Definitions**

A. Return and Income Taxes shall equal the sum of VTransco's Rate of Return, Cost of Capital, and Income Taxes.



1. Rate of Return shall equal on an annual basis: ~~11.14~~ 10.57 percent of the par value of VTransco's outstanding Class A membership units, all as shown by VTransco's books as of the beginning of such month. The above rates shall not change from month to month, but may be modified in a proceeding initiated pursuant to the Federal Power Act.
  2. Cost of Capital shall equal all fixed charges, including interest and amortization of debt discount and expense and premium on debt as recorded in FERC Account Nos. 419,427,428,431,432.
  3. Income Taxes shall equal VTransco's income taxes including taxes on or measured by income as recorded in FERC Account Nos. 409-411.
- B. Depreciation Expense shall equal VTransco's Depreciation Expense for Transmission Plant and General Plant as recorded in FERC Account Nos. 403 and 404.
- C. Amortization of Loss on Reacquired Debt shall equal VTransco's Amortization of the balance on Loss on Reacquired Debt as recorded in FERC Account No. 428.1.
- D. Municipal Tax Expense shall equal VTransco's total municipal tax expense as recorded in FERC Account No. 408.1.
- E. Payroll Tax Expense shall equal VTransco's total electric payroll tax expense as recorded in FERC Account No. 408.1.
- F. Operation and Maintenance Expense shall equal VTransco's expenses as recorded in FERC Account Nos. 560, 562-564 and 566-573 and shall exclude any Transmission Support Expense recorded in FERC Account No. 567.
- G. Administrative and General Expense shall equal VTransco's expenses as recorded in FERC Account Nos. 920-935.
- H. Transmission Support Revenues shall equal VTransco's revenue received for Transmission Support.
- I. Transmission Support Expenses shall equal VTransco's expenses as recorded in FERC Account No. 567.

J. Short-Term Transmission Service shall equal any revenues received from transmission customers as payment for short-term point-to-point transmission service taken pursuant to Schedule 7 of this Schedule 21-VTransco.

K. Rents received from Electric property shall equal VTransco's rents received for the use by others of land, buildings, and other property devoted to electric operations as recorded in FERC Account No. 454.

L. Revenue Received from the ISO shall equal revenue received under the terms of the Tariff minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission.

M. Billing Adjustment shall equal the difference in the actual cost of transmission for the two month previous minus the Revenue Received for two months previous. In the event that the FERC accounts listed above are renumbered, renamed, or otherwise modified, the above sections shall be deemed amended to incorporate such renumbered, renamed, modified or additional accounts

**Appendix A**  
**PTF and non PTF Depreciation and General Plant Amortization Rates**

Account	Description	Depreciation Rates (%) Effective July 1, 2017
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**Transmission Plant**

352.00	Structures and Improvements	2.35
353.00	Station Equipment	2.57
354.00	Towers and Fixtures	3.77
355.00	Poles and Fixtures	2.48
356.00	Overhead Conductors and Devices	1.71
357.00	Underground Conduit	2.51
357.00	Underground Conductors and Devices	2.67
359.00	Roads and Trails	1.27

**General Plant**

390.00	Structures and Improvements	2.84
392.00	Transportation Equipment	5.79
397.00	Communication Equipment	4.69

**General Plant Amortization**

391.00	Office Furniture and Equip (Pre 2013 Assets)	13.19
391.00	Office Furniture and Equip (Post 2012 Assets)	12.50
391.10	Computer Equipment (Pre 2013 Assets)	17.08
391.10	Computer Equipment (Post 2012 Assets)	20.00
391.20	Software (Pre 2013 Assets)	4.06
391.20	Software (2013-2015 Assets)	6.42
391.20	Software (Post 2015 Assets)	6.67
393.00	Stores Equipment (Pre 2013 Assets)	3.07
393.00	Stores Equipment (Post 2012 Assets)	2.86
394.00	Tools, Shops and Garage Equipment (Pre 2013 Assets)	2.48

394.00	Tools, Shops and Garage Equipment (Post 2012 Assets)	2.78
395.00	Laboratory Equipment (Pre 2013 Assets)	4.00
395.00	Laboratory Equipment (Post 2012 Assets)	4.00
398.00	Miscellaneous Equipment (Pre 2013)	30.11
398.00	Miscellaneous Equipment (Post 2012)	9.09

## **ATTACHMENT L**

### **Creditworthiness Procedures**

#### **I. Overview**

This provision is applicable to any Transmission Customer taking transmission or interconnection service (referred to as “Service” or “Services”) under ISO New England Inc., ISO New England Inc. Transmission, Markets and Services Tariff, Section II—Open Access Transmission Tariff Schedule 21-VTransco (the “Tariff”). The creditworthiness of each Transmission Customer must be established before receiving Service from VTransco. A credit review shall be conducted for each Transmission Customer not less than annually or upon reasonable request by the Transmission Customer. VTransco shall make this credit review in accordance with procedures based on specific quantitative and qualitative criteria to determine the level of secured and unsecured credit required from the Transmission Customer. A summary of VTransco’s Creditworthiness Requirements are described in this Attachment L, and posted on its website at <http://www.velco.com/Files/about%20velco/Creditworthiness.pdf>.

Upon receipt of a customer’s information, VTransco will review it for completeness and will notify the customer if additional information is required. Upon completion of an evaluation of a customer under this Policy, VTransco will forward a written evaluation if the customer is required to provide Financial Assurance.

#### **II. Financial Information:**

A) Transmission Customers requesting Service may be required to submit, if available, the following information:

- 1) All current credit rating reports from commercially accepted credit rating agencies including Standard and Poor’s, Moody’s Investors Service, and Fitch Ratings, and
- 2) Audited financial statements by a registered independent auditor for the two most recent years, or the period of its existence, if shorter than two years.

#### **III. Quantitative and Qualitative Standards for Creditworthiness Determination:**

A) Transmission Customers, rated and un-rated, will be required to meet specific quantitative creditworthiness requirements, as detailed below:

1) To qualify for unsecured credit, the Transmission Customer must meet at least one of the following criteria:

(i) the Transmission Customer must not be in default of any payment obligation under the Tariff; and

(ii) if rated, the Transmission Customer must meet one of the following criteria:

(a) the Transmission Customer has been in business at least one year and has a senior secured credit rating of at least Baa1 (Moody's) or BBB+ (Standard & Poors); or

(b) The Transmission Customer's parent company meets the criteria set out in (a) above, and the parent company provides a written guarantee that the parent company will be unconditionally responsible for all financial obligations associated with the Transmission Customer's receipt of Service.

(iii) if unrated or if rated below the BBB+/Baa1, as stated in (ii), the Transmission Customer must meet all of the following for the last 4 quarters, or the last 2 years if quarterly information is not available:

(a) A Current Ratio of at least 2.0 times (current assets divided by all current liabilities);

(b) A Total Capitalization Ratio of less than 55% debt, defined as total debt (including all capitalized leases and all short-term borrowings) divided by the sum of total shareholders' equity plus total debt;

(c) EBITDA-to-Fixed Charge Ratio of at least 3.0 times, defined as earnings before interest, taxes, depreciation and amortization divided by fixed charges (interest on debt as defined in Total Capitalization Ratio above plus preferred dividends on any outstanding preferred equity); and

(d) Unqualified audit opinions in audited financial statements provided; or

(e) The Transmission Customer's parent company meets the criteria set out in (a) through (d) above, and the parent company provides a written guarantee that the parent company will be unconditionally responsible for all financial obligations associated with the Transmission Customer's receipt of Service.

**B) Qualitative Standards for Creditworthiness Determination:**

In conjunction with the quantitative standards above, VTransco will consider qualitative standards when determining creditworthiness, such as:

- 1) Years in business: a company in business fewer than five years will be considered a greater risk.
- 2) Management's experience in the industry: a management team with an average of less than five year's experience will be considered a greater risk.
- 3) Market risk: consideration of pricing exposure, credit exposures, and operational exposures.
- 4) Litigation Risk: a pending legal action with potential monetary damages approaching 3% of gross revenues will be considered as significantly increasing company risk.
- 5) Regulatory Environment (State and Local): a company subject to significant exposure to regulatory decisions, such as key planning decisions, shall be considered as having increased risk.
- 6) Prior payment history with other Transmission Providers or other vendors: a company with an excellent payment history of greater than or equal to five years shall be considered a lesser risk.

**IV. Financial Assurance:**

A) If the Transmission Customer does not meet the Creditworthiness Requirements, then VT Transco may require the Transmission Customer to provide additional Financial Assurance by complying with one of the following:

- 1) for Service for one month or less, the Transmission Customer shall pay to VTransco or place in an escrow account that is accessible to VTransco the total charge for Service by the later of five business days prior to the commencement of Service or the time when it makes the request for Service; or

2) for Service of greater than one month, the Transmission Customer shall pay to VTransco or place in an escrow account that is accessible to VTransco the charge for each month's Service not less than five business days prior to the beginning of the month. For Network Integration Transmission Service Customers, the advance payment for each month shall be based on a reasonable estimate by VTransco of the charge for that month.

3) not less than five days prior to the commencement of Service, the Transmission Customer shall provide an unconditional and irrevocable Letter of Credit (as defined below) from a financial institution reasonably acceptable to VTransco or an alternative form of security proposed by the Transmission Customer and acceptable to VTransco and consistent with commercial practices established by the Uniform Commercial Code that is equal to the lesser of the total charge for Service or the charge for 90 days of service.

(i) "Letter of Credit" means one or more irrevocable, transferable standby letters of credit issued by a U.S. commercial bank or a U.S. branch of a foreign bank provided that such Transmission Customer is not an affiliate of such bank, and provided that such bank has an issuer and/or corporate credit rating of at least A2 from Moody's or A from Standard and Poor's or Fitch Ratings. In the event of different ratings from the rating agencies, the lowest rating shall apply.

(ii) Costs of a Letter of Credit shall be borne by the customer.

(iii) If the credit rating of the bank issuing the Letter of Credit falls below the specified rating, the customer shall notify VTransco in writing within five business days of such event and shall have two business days following written notice to provide other appropriate Financial Assurance.

## **V. Credit Levels:**

A) Transmission Customers meeting the Creditworthiness Requirements in Section III will be extended unsecured credit equivalent to 3 months of transmission charges or, for interconnections, the credit equivalent of 3 months of the annual facilities charges and other ongoing charges.

B) Transmission Customers not meeting the Creditworthiness Requirements above in Sections III and IV may not receive unsecured credit from VTransco.



## **VI. Ongoing Financial Review:**

Each Transmission Customer is required to submit to VTransco annually or when issued, as applicable:

- A) Current rating agency report;
- B) Audited financial statements from a registered independent auditor; and
- C) 10-Ks and 8-Ks, promptly on their issuance.

## **VII. Contesting Creditworthiness Determination:**

The Transmission Customer may contest VTransco's determination of creditworthiness by submitting a written request for re-evaluation within 20 calendar days. Such request should provide information supporting the basis for a request to re-evaluate a Transmission Customer's creditworthiness. VTransco will review and respond to the request within 20 calendar days.

## **VIII. Procedures for Changes in Credit Levels and Collateral Requirements:**

VTransco shall issue reasonable advance notice of changes to the credit levels and/or collateral requirements. A Transmission Customer may request that VTransco provide an explanation of the reasons for the change by contacting VTransco at:

Chief Financial Officer  
366 Pinnacle Ridge Rd.  
Rutland, VT 05701

The specific procedures for changes in credit levels and collateral requirements are as follows:

- A) General Notification process
  - 1) VTransco shall provide written notification to ISO-NE and stakeholders of any filing described above, at least 30 days in advance of such filing.

- 2) Filing notifications shall include a detailed description of the filing, including a redlined document containing revised change(s) to the Creditworthiness Policy.
- 3) VTransco shall consult with interested stakeholders upon request.
- 4) Following Commission acceptance of such filing and upon the effective date, VTransco shall revise its Attachment L Creditworthiness Policy and an updated version of Schedule 21-VTransco shall be posted the ISO-NE website.

**B) Transmission Customer Responsibility**

When there is a change in requirements, it is the responsibility of the Customer to forward updated financial information to VTransco and indicate whether the change affects the customer's ability to meet the requirements of the Creditworthiness Policy. In such cases where the customer's status has changed, the Customer must take the steps necessary to comply with the revised requirements of the Creditworthiness Policy by the effective date of the change.

**C) Notification for Active Customers**

- 1) "Active Customers" are defined as any current Transmission Customer that has reserved Service within the last 3 months.
- 2) All Active Customers will be notified via either e-mail or U.S. mail that the above posting has been made and must follow the steps outlined in the procedure.

**IX. Posting Requirements**

**A) Changes in Customer's Financial Condition**

Each customer must inform VTransco, in writing, within five (5) business days of any material change in its financial condition or the financial condition of a parent providing a guarantee. A material change in financial condition may include, but is not limited to, the following:

- 1) Change in ownership by way of a merger, acquisition, or substantial sale of assets;

- 2) A downgrade of long- or short-term debt rating by a major rating agency;
- 3) Being placed on a credit watch with negative implications by a major rating agency;
- 4) A bankruptcy filing;
- 5) A declaration of or acknowledgement of insolvency;
- 6) A report of a significant quarterly loss or decline in earnings;
- 7) The resignation of key officer(s);
- 8) The issuance of a regulatory order and/or the filing of a lawsuit that could materially adversely impact current or future financial results

**B) Change in Creditworthiness Status:**

A customer who has been extended unsecured credit under this policy must comply with the terms of Financial Assurance in item IV if one or more of the following conditions apply:

- 1) The customer no longer meets the applicable criteria for Creditworthiness in item III;
- 2) The customer exceeds the amount of unsecured credit extended by VTransco, in which case Financial Assurance equal to the amount of excess must be provided within 5 business days; or
- 3) The customer has missed two or more payments for any of the Services offered by VTransco in the last 12 months.

**X. Suspension of Service:**

VTransco may suspend service under this Schedule 21-VTransco to a Transmission Customer under the following circumstances;

A) If a Transmission Customer that qualifies for service as a result of providing a Letter of Credit or alternative form of security does not pay its bill within 20 days of receipt of the invoice as required by this Schedule 21-VTransco, and it has not complied with the billing dispute provisions of this Schedule 21-VTransco, VTransco may suspend service 30 days after notice to the Transmission Customer and the Commission that service will be suspended unless the Transmission Customer makes payment.

B) If a Transmission Customer that qualifies for service as a result of committing to prepay for service to or place the payment in an escrow account pursuant to Section IV A 1 or Section IV A 2 fails to prepay for service or place the amount in escrow as provided in such section, VTransco may suspend service immediately upon notice to the Transmission Customer and the Commission.

C) If a Transmission Customer to whom the provisions of Sections III through XI applies fails to meet any applicable requirements, VTransco may suspend service immediately upon notice to the Transmission Customer and the Commission. The suspension of service shall continue only for as long as the circumstances that entitle VTransco to suspend service continue. A Transmission Customer is not obligated to pay for Transmission Service that is not provided as a result of a suspension of service.

**SCHEDULE 21-VTransco**

**Local Service Schedule**

**Vermont Transco LLC**

## **I. COMMON SERVICE PROVISIONS**

This Local Service Schedule, designated Schedule 21-VTransco, governs the terms and conditions of service taken by Transmission Customers over VTransco's Transmission System who are not otherwise served under transmission service contracts with VTransco that are still in effect. In the event of a conflict between the provisions of this Schedule 21-VTransco and the other provisions of the Tariff, the provisions of this Schedule 21-VTransco shall control.

### **1 Definitions**

Whenever used in this Schedule 21-VTransco, in either the singular or the plural, the following capitalized terms shall have the meanings specified in this Section 1. Terms used in this Schedule 21-VTransco but not defined in this Section 1 shall have the meaning specified elsewhere in the Tariff, or if not defined therein, such terms shall have the meanings customarily attributed to such terms by the electric utility industry in New England.

**1.1 Actual Transmission Costs:** The total actual cost of VTransco's Transmission System for purposes of Local Network Service shall be the amount determined each month pursuant to the formula specified in Attachment D until amended by VTransco or modified by the Commission.

**1.2 Firm Local Point-To-Point Transmission Service:** Transmission Service that is reserved and/or scheduled between specified Points of Receipt and Delivery on VTransco's Transmission System pursuant to this Schedule 21.

**1.3 Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to the terms of this Schedule 21.

**1.4 Load Ratio Share:** Ratio of a Transmission Customer's Local Network Load to VTransco's total load computed in accordance with this Schedule 21-VTransco and calculated on a rolling twelve-month basis.

**1.5 Local Network Customer:** An entity receiving Local Network Service pursuant to the terms of this Schedule 21.

**1.6 Local Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Local Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Local Network Service under this Schedule 21.

**1.7 Local Point-To-Point Transmission Service:** The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under this Schedule 21.

**1.8 Local Reserved Capacity:** The maximum amount of capacity and energy that VTransco agrees to transmit for the Transmission Customer over VTransco's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under this Schedule 21. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

**1.9 Non-Firm Local Point-To-Point Transmission Service:** Point-To-Point Transmission Service on VTransco's Transmission System under this Schedule 21 that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption. Non-Firm Local Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

**1.10 Parties:** VTransco and the Transmission Customer receiving service under this Schedule 21-VTransco.

**1.11 Receiving Party:** The entity receiving the capacity and energy transmitted by VTransco to Point(s) of Delivery under this Schedule 21.

**1.12 Service Commencement Date:** The date that VTransco begins to provide service pursuant to the terms of an executed Service Agreement, or the date that VTransco begins to provide service in accordance with this Schedule 21.

**1.13 Short-Term Firm Local Point-To-Point Transmission Service:** Firm Local Point-To-Point Transmission Service under this Schedule 21-VTransco with a term of less than one year.

**1.14 VTransco:** Vermont Transmission Company, LLC.

**1.15 VTransco's Monthly Transmission System Peak:** The maximum firm usage of VTransco's Transmission System in a calendar month.

**1.16 VTransco's Transmission System:** The Non-PTF facilities owned, controlled or operated by VTransco that are used to provide transmission service under this Schedule 21.

## **2 [RESERVED]**

## **3 Ancillary Services**

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. VTransco offers to arrange with the ISO, and the Transmission Customer is required to purchase or otherwise obtain, the following Ancillary Services: (i) Scheduling, System Control and Dispatch. VTransco does not offer or provide any other ancillary services.

**3.1 Scheduling, System Control and Dispatch Service:** The rates and/or methodology are described in Schedule 1 of this Schedule 21-VTransco.

## **4 Billing and Payment**

**4.1 Billing Procedure:** Within a reasonable time after the first day of each month, VTransco shall submit an invoice to the Transmission Customer for the charges for all services furnished under this Schedule 21-VTransco during the preceding month.

The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to VTransco, or by wire transfer to a bank named by VTransco.

**4.2 Interest on Unpaid Balances:** Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by VTransco.

**4.3 Customer Default:** In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to VTransco on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after VTransco notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, VTransco may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any



such request. In the event of a billing dispute between VTransco and the Transmission Customer, VTransco will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then VTransco may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

## **5 Accounting for VTransco's Use of the Tariff**

VTransco shall record the following amounts, as outlined below.

**5.1 Transmission Revenues:** Include in a separate operating revenue account or sub-account the revenues it receives from Local Point-to-Point Transmission Service when making Third-Party Sales.

**5.2 Study Costs and Revenues:** Include in a separate transmission operating expense account or sub-account, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies that VTransco conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales, and include in a separate operating revenue account or sub-account the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under this Schedule 21.

## **6 Regulatory Filings**

Nothing contained in the Tariff or any exhibit, appendix, schedule, attachment or Service Agreement related thereto shall be construed as affecting in any way the right of VTransco unilaterally to file with the Commission, or make application to the Commission for changes in rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation with respect to this Schedule 21-VTransco under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder, or any other applicable statutes or regulations. Nothing contained in the Tariff or any exhibit, appendix, schedule, attachment or Service Agreement related hereto shall be construed as affecting in any way the ability of VTransco or any Transmission Customer receiving service under the Tariff to exercise any right under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

## **7 Force Majeure and Indemnification**

**7.1 Force Majeure:** An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither VTransco nor the Transmission Customer will be considered in default as to any obligation under this Schedule 21 if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Schedule 21 is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Schedule 21.

**7.2 Indemnification:** The Transmission Customer shall at all times indemnify, defend, and save VTransco harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from VTransco's performance of its obligations under this Schedule 21 on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by VTransco.

## **8 Creditworthiness**

VTransco's Creditworthiness Policy is provided in Attachment L of this Schedule 21-VTransco.

## **9 Dispute Resolution Procedures**

**9.1 Internal Dispute Resolution Procedures:** Any dispute between a Transmission Customer and VTransco involving service under this Schedule 21 (excluding disputes arising from filings or rate changes or other changes to this Schedule 21-VTransco, or to any Service Agreement entered into under this Schedule 21-VTransco, which disputes shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of VTransco and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days (or such other period as the Parties may agree upon), such dispute may be submitted to

arbitration and resolved in accordance with the arbitration procedures set forth below if the Parties in dispute agree to the use of such procedures.

**9.2 External Arbitration Procedures:** Any arbitration initiated under this Schedule 21-VTransco shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration Panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or ISO rules.

**9.3 Arbitration Decisions:** Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Schedule 21 and any Service Agreement relevant to the dispute entered into under this Schedule 21 and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

**9.4 Costs:** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

(A) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or

(B) one half the cost of the single arbitrator jointly chosen by the Parties.

**9.5 Rights Under The Federal Power Act:** Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

## **10 Real Power Losses**

Real Power Losses are associated with all transmission service. VTransco is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service provided over VTransco's Transmission System under this Schedule 21 as calculated by VTransco. The applicable Real Power Loss factor is 3.9 percent of the amount of energy to be transmitted.

## **11 Stranded Cost Recovery**

VTransco may seek to recover stranded costs from the Transmission Customer pursuant to this Schedule 21 in accordance with the terms, conditions and procedures set forth in FERC Order Nos. 888 and 888-A. However, VTransco must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

## **II. LOCAL POINT-TO-POINT TRANSMISSION SERVICE**

### **Preamble**

VTransco will provide Firm and Non-Firm Local Point-To-Point Transmission Service over VTransco's Transmission System pursuant to the applicable terms and conditions of this Schedule 21. Local Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery.

## **12 Classification of Firm Transmission Service**

The Transmission Customer will be billed for its Local Reserved Capacity under the terms of Schedule 7 of this Schedule 21-VTransco. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in this Schedule 21-VTransco. VTransco shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by VTransco) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery.

### **13. Classification of Non-Firm Point-To-Point Transmission Service**

The Transmission Customer will be billed for Non-Firm Local Point-To-Point Transmission Service pursuant to Schedule 8 of this Schedule 21-VTransco. VTransco shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third Party Sales by VTransco) exceeds its non-firm local capacity reservation. Non-Firm Local Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application.

### **14 Response to a Completed Application**

Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, VTransco shall make a determination of available transfer capability consistent with Attachment A of this Schedule 21-VTransco. VTransco shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application. Responses by VTransco must be made as soon as practicable to all completed applications (including applications by its own merchant function) and the timing of such responses must be made on a non-discriminatory basis.

### **15 Limitations on Assignment or Transfer of Service**

If an Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, VTransco will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of VTransco's Transmission System or the generating or distribution facilities of other Vermont utilities.

### **16 Metering and Power Factor Correction at Receipt and Delivery Points(s)**

**16.1 Transmission Customer Obligations:** Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under this Schedule 21 and to communicate the information to VTransco. Such equipment shall remain the property of the Transmission Customer.

**16.2 Power Factor:** Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as VTransco. The power factor requirements are specified in the Service Agreement where applicable.

## **17 Compensation for Transmission Service**

Rates for Firm and Non-Firm Local Point-To-Point Transmission Service are provided in the Schedules appended to this Schedule 21-VTransco: Long-Term Firm and Short-Term Firm Local Point-To-Point Transmission Service (Schedule 7); and Non-Firm Local Point-To-Point Transmission Service (Schedule 8). VTransco shall use this Schedule 21 to make its Third-Party Sales. VTransco shall account for such use at the applicable rates described herein.

## **III. LOCAL NETWORK SERVICE**

### **18 Secondary Service**

The Local Network Customer may use VTransco's Transmission System to deliver energy to its Local Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Deliveries from resources other than Network Resources will have a higher priority than any Non Firm Local Point-To-Point Transmission Service under this Schedule 21-VTransco.

### **19 Network Resources**

**19.1 Transmission Arrangements for Network Resources Not Physically Interconnected With VTransco:** The Local Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with VTransco's Transmission System. VTransco will undertake reasonable efforts to assist the Local Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

**19.2 Limitation on Designation of Network Resources:** The Local Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Local Network

Customer may establish that execution of a contract is contingent upon the availability of transmission service under this Schedule 21.

**19.3 Use of Interface Capacity by the Network Customer:** With the exception of any of interfaces with other transmission systems that are designated as constrained interfaces under VTransco's FERC Rate Schedule No. 1, as supplemented, there is no limitation upon a Local Network Customer's use of VTransco's Transmission System at any particular interface to integrate the Local Network Customer's Network Resources (or substitute economy purchases) with its Local Network Loads. However, a Local Network Customer's use of VTransco's total interface capacity with other transmission systems may not exceed the Local Network Customer's Load.

**19.4 Network Customer Owned Transmission Facilities:** The Local Network Customer that owns existing transmission facilities that are integrated with VTransco's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Local Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of VTransco to serve its power and transmission customers. For facilities constructed by the Local Network Customer subsequent to the Service Commencement Date, the Local Network Customer shall receive credit where such facilities are jointly planned and installed in coordination with VTransco. Calculation of the credit shall be addressed in either the Local Network Customer's Service Agreement or any other agreement between the Parties.

## **20 Local Network Load Not Physically Interconnected with VTransco**

This section applies to both the initial designation and the subsequent addition of new Local Network Load not physically interconnected with VTransco. To the extent that the Local Network Customer desires to obtain transmission service for a load not connected to VTransco's Transmission System, the Local Network Customer shall have the option of (1) electing to include the entire load as Local Network Load for all purposes under this Schedule 21 and designating Network Resources in connection with such additional Local Network Load, or (2) excluding that entire load from its Local Network Load and purchasing Local Point-To-Point Transmission Service under this Schedule 21. To the extent that the Network Customer gives notice of its intent to add a new Local Network Load as part of its Local Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

## **21 Load Shedding and Curtailment**

**21.1 Procedures:** Prior to the Service Commencement Date, VTransco and the Local Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Local Network Operating Agreement with the objective of responding to contingencies on VTransco's Transmission System. The Parties will implement such programs during any period when the ISO or VTransco determines that a system contingency exists and such procedures are necessary to alleviate such contingency. If not otherwise notified by the ISO, VTransco will notify all affected Local Network Customers in a timely manner of any scheduled Curtailment.

**21.2 Transmission Constraints:** During any period when VTransco determines that a transmission constraint exists on VTransco's Transmission System, or that the ISO determines that a transmission constraint exists on the New England Transmission System, and such constraint may impair the reliability of VTransco's Transmission System, VTransco will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of VTransco's Transmission System. To the extent VTransco determines that the reliability of VTransco's Transmission System can be maintained by redispatching resources, VTransco will work with the ISO to initiate procedures pursuant to the Local Network Operating Agreement to redispatch all Network Resources and VTransco's own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between VTransco's use of VTransco's Transmission System on behalf of its Native Load Customers and any Network Customer's use of VTransco's Transmission System to serve its designated Local Network Load.

**21.3 Cost Responsibility for Relieving Transmission Constraints:** Whenever VTransco implements least-cost redispatch procedures in response to a transmission constraint, VTransco and Local Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares.

**21.4 Curtailments of Scheduled Deliveries:** If a transmission constraint on VTransco's Transmission System or the New England Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and VTransco determines that it is necessary to Curtail scheduled deliveries, the Parties shall Curtail such schedules in accordance with the Local Network Operating Agreement.

**21.5 Allocation of Curtailments:** Working with the ISO, VTransco shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable



and consistent with Good Utility Practice, any Curtailment will be shared by VTransco and Local Network Customer in proportion to their respective Load Ratio Shares. VTransco shall not direct the Local Network Customer to Curtail schedules to an extent greater than VTransco would Curtail its own schedules under similar circumstances.

**21.6 Load Shedding:** To the extent that a system contingency exists on VTransco's Transmission System or the New England Transmission System and VTransco or the ISO determines that it is necessary for VTransco and the Local Network Customer to shed load, the Parties shall shed load in accordance with previously established procedures under the Local Network Operating Agreement.

**21.7 System Reliability:** Notwithstanding any other provisions of the Tariff, VTransco reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Local Network Service without liability on VTransco's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Local Network Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on VTransco's Transmission System or on any other system(s) directly or indirectly interconnected with VTransco's Transmission System, VTransco, consistent with Good Utility Practice, also may Curtail Local Network Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. VTransco will give the Local Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Local Network Service will be not unduly discriminatory relative to VTransco's use of VTransco's Transmission System on behalf of its Native Load Customers. VTransco shall specify the rate treatment and all related terms and conditions applicable in the event that the Local Network Customer fails to respond to established Load Shedding and Curtailment procedures.

## **22 Rates and Charges**

The Local Network Customer shall pay VTransco for any Direct Assignment Facilities, Ancillary Services, and applicable study costs, as otherwise described in this Schedule 21 and consistent with Commission policy, and also the following:

**22.1 Monthly Demand Charge:** The Local Network Customer shall pay a monthly Demand Charge, which shall be determined each month by multiplying its Load Ratio Share for that month times

VTransco's Transmission Revenue Requirement for that month as specified in Attachment D of this Schedule 21-VTransco.

**22.2 Determination of Network Customer's Monthly Local Network Load:** VTransco's monthly Local Network Load is its hourly load (including its designated Local Network Load not physically interconnected) coincident with VTransco's Monthly Transmission System Peak.

**22.3 Determination of VTransco's Monthly Transmission System Load:** VTransco's monthly transmission system load is VTransco's Monthly Transmission System Peak minus the coincident peak usage of all Firm Local Point-To-Point Transmission Service customers pursuant to this Schedule 21-VTransco plus the Local Reserved Capacity of all Firm Local Point-To-Point Transmission Service customers.

**22.4 Redispatch Charge:** The Local Network Customer shall pay a Load Ratio Share of any redispatch costs allocated between the Local Network Customer and VTransco. To the extent that VTransco incurs an obligation to the Local Network Customer for redispatch costs, such amounts shall be credited against the Local Network Customer's bill for the applicable month.

## **23 Operating Arrangements**

**23.1 Operation under The Network Operating Agreement:** The Local Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Local Network Operating Agreement.

**23.2 Network Operating Agreement:** The terms and conditions under which the Local Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of this Schedule 21 shall be specified in the Local Network Operating Agreement. The Local Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Local Network Customer within VTransco's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between VTransco and the Local Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside VTransco's Transmission System, interchange schedules, unit outputs for redispatch, voltage schedules, loss factors and other real time data), (iii) use software programs

required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of this Schedule 21, including scheduling protocols. The Local Network Operating Agreement will recognize that the Local Network Customer shall either (i) operate as a Control Area under applicable guidelines of the North American Electric Reliability Council (NERC) and the Northeast Power Coordinating Council (NPCC), (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with VTransco for Ancillary Service No. 1 , and with the ISO for Ancillary Service Nos. 2 through 7, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies NERC and NPCC requirements. VTransco shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Local Network Operating Agreement is included in Attachment C.

## **SCHEDULE 1**

### **Scheduling, System Control and Dispatch Service**

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided by VTransco making arrangements with the ISO to perform this service for VTransco's Transmission System. The Transmission Customer must purchase this service from VTransco. To the extent the ISO performs this service for VTransco; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to VTransco by the ISO. The Load Dispatching Revenue Requirement, as defined in this Schedule 1, will reflect VTransco's costs for its Load Dispatching. No subtransmission or distribution costs may be included in the Load Dispatching Revenue Requirement. The Load Dispatching Revenue Requirement will be a monthly calculation based on actual costs for the month subject to corrective adjustments after rendition. The calculation is set forth below:

The Load Dispatching Revenue Requirement shall equal the sum of Vermont Electric's (A) Load Dispatching Cost, plus or minus (B) Billing Adjustment.

- A. Load Dispatching Cost shall equal VTransco's total load dispatching expense as recorded in FERC Account No. 561.
- B. Billing Adjustment shall equal the difference in the actual cost of Load Dispatching for the two months.

## **SCHEDULE 2**

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## SCHEDULE 7

### Long-Term Firm and Short-Term Firm

### Local Point-To-Point Transmission Service

The Transmission Customer shall compensate VTransco each month for Local Reserved Capacity at the sum of the applicable charges set forth below:

- 1) **Yearly delivery charge:** the same charge as for monthly delivery per MW of Local Reserved Capacity per month.
- 2) **Monthly delivery charge:** the revenue requirement for that month divided by the coincident peak demand for that month per MW of Local Reserved Capacity per month.
- 3) **Weekly delivery charge:** the charge for monthly delivery multiplied by twelve (12) and divided by fifty-two (52) per MW of Local Reserved Capacity per week.
- 4) **Daily delivery charge:** the charge for weekly delivery divided by five (5) per MW of Local Reserved Capacity per day. The total demand charge in any week, pursuant to a reservation for daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in megawatts of Local Reserved Capacity in any day during such week.
- 5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by VTransco must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate' use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, VTransco must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on VTransco's Transmission System.
- 6) **Resales:** The rates and rules governing charges and discounts shall not apply to resales of transmission service, compensation for which shall be governed by § I.11(a) of Schedule 21.

## SCHEDULE 8

### Non-Firm Local Point-To-Point Transmission Service

The Transmission Customer shall compensate VTransco for Non-Firm Local Point-To-Point Transmission Service up to the sum of the applicable charges set forth below:

- 1) **Monthly delivery charge:** the revenue requirement for that month divided by the coincident peak demand for that month per MW of Local Reserved Capacity per month.
- 2) **Weekly delivery charge:** the charge for monthly delivery multiplied by twelve (12) and divided by fifty-two (52) per MW of Local Reserved Capacity per week.
- 3) **Daily delivery charge:** the charge for weekly delivery divided by five (5) per MW of Local Reserved Capacity per day. The total demand charge in any week, pursuant to a reservation for daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in megawatts of Reserved Capacity in any day during such week.
- 4) **Hourly delivery charge:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed the charge for daily delivery divided by sixteen (16) per MWH. The total demand charge in any day, pursuant to a reservation for hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in megawatts of Local Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for hourly delivery, shall not exceed the rate specified in section (2) above times the highest amount in megawatts of Local Reserved Capacity in any hour during such week.
- 5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by VTransco must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, VTransco must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on VTransco's Transmission System.

6)       **Resales:** The rates and rules governing charges and discounts shall not apply to resales of transmission service, compensation for which shall be governed by § I.11(a) of Schedule 21.

## ATTACHMENT A

### Available Transfer Capability Methodology

#### **Introduction and Background:**

ISO is the regional transmission organization (RTO) for the New England Control Area. The New England Control Area includes the transmission system located in the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. The New England Control Area is comprised of PTF, non-PTF, OTF, MTF, and is interconnected to three neighboring Balancing Authority Areas (“BAA”) with various interface types.

As part of its RTO responsibilities, the ISO is registered with the North American Electric Reliability Corporation (“NERC”) as several functional model entities that have responsibilities related to the calculation of ATC as defined in the following NERC Standards: MOD-001 – Available Transmission System Capability (“MOD-001”), MOD-004 – Capacity Benefit Margin (“MOD-004”), and MOD-008 – Transmission Reliability Margin Calculation Methodology (“MOD-008”). The extent of those responsibilities is based on various Commission approved transmission operating agreements and the provisions of the ISO New England Operating Documents.

Pursuant to CFR § 37.6(b)<sup>1</sup> of the FERC Regulations Transmission Provider’s are obligated to calculate and post TTC and ATC for each Posted Path.

Posted Path is defined as any control area to control area interconnection; any path for which service is denied, curtailed or interrupted for more than 24 hours in the past 12 months; and any path for which a customer requests to have ATC or TTC posted. For this last category, the posting must continue for 180 days and thereafter until 180 days have elapsed from the most recent request for service over the requested path. For purposes of this definition, an hour includes any part of any hour during which service was denied, curtailed or interrupted.

VTransco does not currently have a Posted Paths based on the above definition. However to extent that VTransco does in the future have a Posted Path VTransco will calculate TTC using NERC Standard MOD-029-1 Rated System Path Methodology as outlined below.

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<sup>1</sup> §37.6(b) Posting transfer capability. The available transfer capability on the Transmission Provider’s system (ATC) and the total transfer capability (TTC) of that system shall be calculated and posted for each Posted Path as set out in this section.

Basic information on ATC and TTC may be found on VT Transco's website at:

<http://www.vermonttransco.com/ATCTTC/Pages/default.aspx> .

### **Capacity Benefit Margin (CBM):**

CBM is defined as the amount of firm transmission transfer capability set aside by a TSP for use by the Load Serving Entities. The ISO does not set aside any CBM for use by the Load Serving Entities, because of the New England approach to capacity planning requirements in the ISO New England Operating Documents. Load Serving Entities operating within the New England Control Area are required to arrange for their Capacity Requirements prior to the beginning of any given month in accordance with ISO Tariff, Section III.13.7.3.1 (Calculation of Capacity Requirement and Capacity Load Obligation). Load Serving Entities do not utilize CBM to ensure that their capacity needs are met; therefore, CBM is not applicable within the New England market design. Accordingly, for purposes of ATC calculation, As long as this market design is in place in New England, the CBM is set to zero (0). VTransco provides local transmission service over its non-PTF facilities that are connected to ISO-NE and the Vermont distribution utilities. VTransco does not reserve CBM for these paths, and the CBM is presently set to zero.

### **Existing Transmission Commitments, Firm (ETC<sub>F</sub>):**

The ETC<sub>F</sub> are those confirmed Firm transmission reservation (PTP<sub>F</sub>) plus any rollover rights for Firm transmission reservations (ROR<sub>F</sub>) that have been exercised. There are no allowances necessary for Native Load forecast commitments (NL<sub>F</sub>), Network Integration Transmission Service (NITS<sub>F</sub>), grandfathered Transmission Service (GF<sub>F</sub>) and other service(s), contract(s) or agreement(s) (OS<sub>F</sub>) to be considered in the ETC<sub>F</sub> calculation.

### **Existing Transmission Commitments, Non-Firm(ETC<sub>NF</sub>):**

The (ETC<sub>NF</sub>) are those confirmed Non-Firm transmission reservations (PTP<sub>NF</sub>) There are no allowances necessary for Non-Firm Network Integration Transmission Service (NITS<sub>NF</sub>), Non-Firm grandfathered Transmission Service (GF<sub>NF</sub>) or other service(s), contract(s) or agreement(s) (OS<sub>NF</sub>).

### **Transmission Reliability Margin (TRM):**

The Transmission Reliability Margin (TRM) is the portion of the TTC that cannot be used for the reservation of firm transmission service because of uncertainties in system operation conditions and the need for operating flexibility to ensure reliable system operation as system conditions change. It is used only for external interfaces under the New England market design. Since VTRANSCO provides transmission service over its non-PTF

facilities that are connected only to the internal New England system, VTRANSCO does not reserve TRM for these paths, and the TRM is presently set to zero.

**Calculation of ATC for VTransco's Local Facilities – General Description:**

NERC Standards MOD-001-1 – Available Transmission System Capability and MOD-029-1 – Rated System Path Methodology defines the required items to be identified when describing a transmission provider's ATC methodology.

As a practical matter, the ratings of the radial transmission paths are always higher than the transmission requirements of the Transmission Customers connected to that path. As such, transmission services over these posted paths are considered to be always available.

Common practice is not to calculate or post firm and non-firm ATC values for the non-PTF assets described above, as ATC is positive and listed as 9999. Transmission customers are not restricted from reserving firm or non-firm transmission service on non-PTF facilities.

As Real-Time approaches, the ISO utilizes the Real-Time energy market rules to determine which of the submitted energy transactions will be scheduled in the coming hour. Basically, the ATC of the non-PTF assets in the New England market is almost always positive. The ATC is equal to the amount of net energy transactions that the ISO will schedule on an interface for the designated hour. With this simplified version of ATC, there is no detailed algorithm to be described or posted other than: ATC equals TTC. Thus, for those non-PTF facilities that serve as a path for the VTransco Schedule 21-Vermont Transco Point-to-Point Transmission Customers, VTransco has posted the ATC as 9999, consistent with industry practice. ATC on these paths varies depending on the time of day. However, it is posted with an ATC of "9999" to reflect the fact that there are no restrictions on these paths for commercial transactions.

**Calculation of  $ATC_F$  in the Planning Horizon (PH):**

For purposes of this Attachment A PH is any period before the Operating Horizon. Consistent with the NERC definition,  $ATC_F$  is the capability for Firm transmission reservations that remain after allowing for TRM, CBM,  $ETC_F$ ,  $Postbacks_F$  and  $counterflows_F$ .

As discussed above, TRM and CBM are zero. Firm Transmission Service over Schedule 21-Vermont Transco that is available in the Planning Horizon (PH) includes: Yearly, Monthly, Weekly, and Daily.  $Postbacks_F$  and

counterflows<sub>F</sub> of Schedule 21-Vermont Transco transmission reservations are not considered in the ATC calculation. Therefore,  $ATC_F$  in the PH is equal to the TTC minus  $ETC_F$

**Calculation of  $ATC_F$  in the Schedule 21-Vermont Transco Operating Horizon (OH):**

For purposes of this Attachment A OH is noon eastern prevailing time each day. At that time, the OH spans from noon through midnight of the next day for a total of 36 hours. At that time progresses the total hours remaining in the OH decreases until noon the following day when the OH is once again reset to 36 hours.

Consistent with the NERC definition,  $ATC_F$  is the capability for Firm transmission reservations that remain after allowing for  $ETC_F$ , CBM, TRM, Postbacks<sub>F</sub> and counterflows<sub>F</sub>.

As discussed above, TRM and CBM is zero. Daily Firm Transmission Service over Schedule 21-Vermont Transco is the only firm service offered in the Operating Horizon (OH). Postbacks<sub>F</sub> and counterflows<sub>F</sub> of Schedule 21-Vermont Transco transmission reservations are not considered in the  $ATC_F$  calculation. Therefore,  $ATC_F$  in the OH is equal to the TTC minus  $ETC_F$ .

Because Firm Schedule 21-Vermont Transco transmission service is not offered in the Scheduling Horizon (SH):  $ATC_F$  in the SH is zero.

**Calculation of  $ATC_{NF}$  in the PH:**

$ATC_{NF}$  is the capability for Non-Firm transmission reservations that remain after allowing for  $ETC_F$ ,  $ETC_{NF}$ , scheduled CBM (CBM<sub>S</sub>), unreleased TRM (TRM<sub>U</sub>), Non-Firm Postbacks (Postbacks<sub>NF</sub>) and Non-Firm counterflows (counterflows<sub>NF</sub>).

As discussed above, the TRM and CBM for Schedule 21-Vermont Transco are zero. Non-Firm ATC available in the PH includes: Monthly, Weekly, Daily and Hourly. TRM<sub>U</sub>, Postbacks<sub>NF</sub> and counterflows<sub>NF</sub> of Schedule 21-Vermont Transco transmission reservations are not considered in this calculation. Therefore,  $ATC_{NF}$  in the PH is equal to the TTC minus  $ETC_F$  and  $ETC_{NF}$ .

**Calculation of  $ATC_{NF}$  in the OH:**

$ATC_{NF}$  available in the OH includes: Daily and Hourly.



As discussed above TRM and CBM for Schedule 21-Vermont Transco are zero.  $TRM_U$ , counterflows and  $ETC_{NF}$  are not considered in this calculation. Therefore,  $ATC_{NF}$  in the OH is equal to the TTC minus  $ETC_F$ , plus postbacks of  $PTP_F$  in OH as  $PTP_{NF}$  (Postbacks  $_{NF}$ )

### **Negative ATC:**

As stated above, the ratings of the radial transmission paths are always higher than the transmission requirements of the Transmission Customers connected to that path. As such, transmission services over these posted paths are considered to be always available.

For those non-PTF Vermont Transco facilities that are primarily radial paths that provide transmission service to directly interconnected generators it is possible, in the future, that a particular radial path may interconnect more nameplate capacity generation than the path's TTC. However, due to the ISO's security constrained dispatch methodology, the ISO will only dispatch an amount of generation interconnected to such path so as not to incur a reliability or stability violation on the subject path. Therefore, ATC in the PH, OH and SH may become zero, but will not become negative.

### **Posting of ATC Related Information - ATC Values:**

As described above, the ATC values for VTransco's non-PTF utilized for internal Point-to-Point transmission service are always positive, and are thus set at 9999. The ATC values for these internal posted paths are posted in accordance with NAESB standards on VTransco's provider page of the ISO-NE OASIS website Common practice is not to calculate or post firm and non-firm ATC values for the non-PTF assets described above, as ATC is positive and listed as 9999. Transmission customers are not restricted from reserving firm or non-firm transmission service on non-PTF facilities.

### **Updates To ATC:**

When any of the variables in the ATC equations change, the ATC values are recalculated and immediately posted.

### **Coordination of ATC Calculations:**

Schedule 21-Vermont Transco non-PTF has no external interfaces. Therefore it is not necessary to coordinate the values.

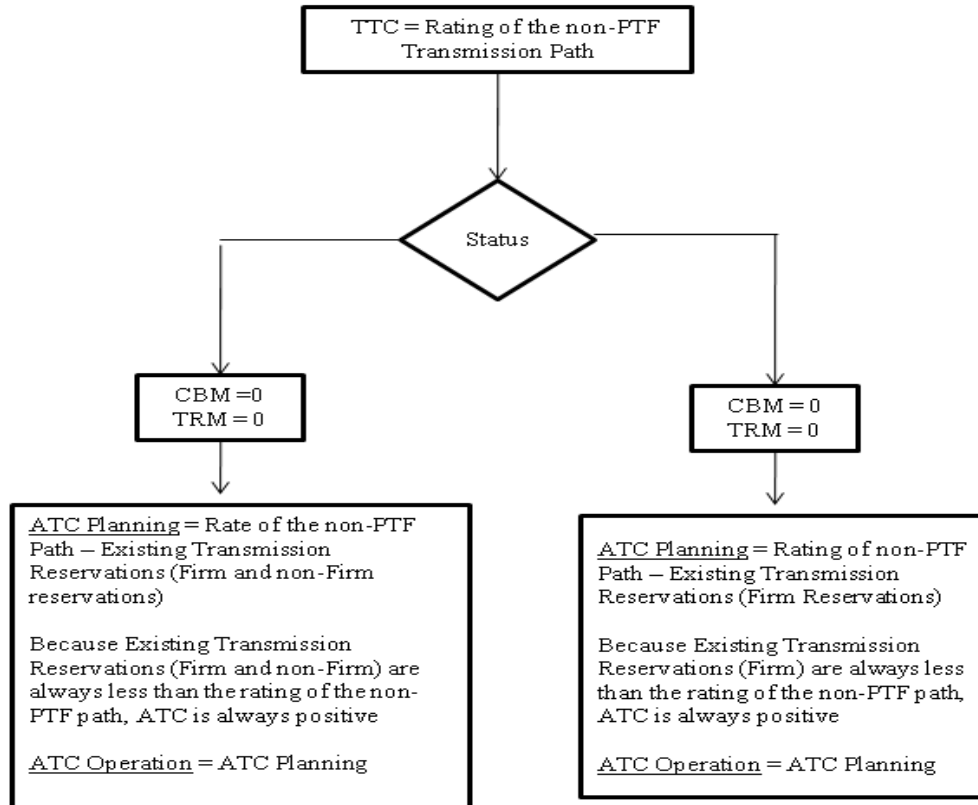
### **Mathematical Algorithms:**

A link to the actual mathematical algorithm for the calculation of ATC for VTransco's non-PTF internal interfaces is located on VTransco's website at

<http://www.vermonttransco.com/ATCTTC/Pages/default.aspx>

### Non-PTF Transmission Path ATC Process Flow Diagram

The process flow diagram illustrates the steps through which ATC is calculated both on an operating and planning horizon.



## **ATTACHMENT B**

### **Methodology for Completing a System Impact Study**

VTransco (or its designated agent) or the ISO may require System Impact Studies for the purpose of determining the feasibility of providing Long Term Firm Local Point-To-Point Transmission Service, integrating Network Resources or integrating Local Network Load for Transmission Customers (or Local Network Customers) under Schedule 21 of the Tariff. All System Impact Studies performed by VTransco will be completed using the same method employed by VTransco to provide firm transmission service to Purchasers under VTransco's FERC Rate Schedule No. 1, as supplemented. Specifically, System Impact Studies will be performed by applying NPCC Criteria and the "Reliability Standards of the New England Power Pool" while assuring that those loads fully dependent on VTransco's Transmission System that are receiving firm transmission service can be served reliably in accordance with VTransco's applicable reliability standards. The criteria, standards and guidelines referenced above are included as part of VTransco's annual FERC Form 715 filing.

## ATTACHMENT C

### Local Network Operating Agreement

This Local Network Operating Agreement is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between Vermont Transco LLC. ("VTransco"), and \_\_\_\_\_ ("Local Network Customer").

WHEREAS, VTransco has determined that the Local Network Customer has made a valid request for Local Network Service in accordance with Schedule 21 of the Tariff; and

WHEREAS, the Local Network Customer has represented that it is an Eligible Customer qualified to take service under the Tariff,

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Parties hereto agree as follows:

1. General Terms and Conditions

This Local Network Operating Agreement is an implementing agreement for Local Network Service under VTransco's Tariff and is subject to the Tariff, as the Tariff is in effect at the time this Agreement is executed or as the Tariff thereafter may be amended. The Tariff as it currently exists or is hereafter amended is incorporated herein by reference. In the case of any conflict between this Local Network Operating Agreement and the Tariff, the Local Network Operating Agreement shall control.

VTransco agrees to provide transmission service to the Local Network Customer's equipment or facilities, subject to the Local Network Customer operating its facilities in accordance with applicable criteria, rules, standards, procedures, or guidelines of VTransco, its Affiliates, the ISO, and the Northeast Power Coordinating Council ("NPCC"), as they may be adopted and/or amended from time to time. In addition to those requirements, service to the Local Network Customer's equipment or facilities is provided subject to the following specified terms and conditions.

a. Electrical Supply: The electrical supply to the Point(s) of Delivery shall be in the form of three-phase sixty hertz alternating current at a voltage class determined by mutual agreement of the parties.

b. Coordination of Operations: VTransco shall consult with the Local Network Customer regarding timing of scheduled maintenance of VTransco's Transmission System. In the event of a curtailment of service or the implementation of load shedding procedures, VTransco shall use due diligence to resume delivery of electric power as quickly as possible.

2. Reporting Obligations

a. The Local Network Customer shall be responsible for providing all information required by the ISO and NPCC and by VTransco's dispatching functions. The Local Network Customer shall respond promptly and completely to VTransco's requests for information, including but not limited to data necessary for operations, maintenance, regulatory requirements and analysis. In particular, that information may include:

i. For Local Network Loads: 10-year annual peak load forecast; load power factor performance; load shedding capability; under frequency load shedding capability; disturbance/interruption reports; protection system setting conformance; system testing and maintenance conformance; planned changes to protection systems; metering testing and maintenance conformance; planned changes in transformation capability; conformance to harmonic and voltage fluctuation limits; dead station tripping conformance; and voltage reduction capability conformance.

ii. For Network Resources and interconnected generators: 10 year forecast of generation capacity retirements and additions; generator reactive capability verification; generator under frequency relaying conformance; protection system testing and maintenance conformance; planned changes to protection system; and planned changes to generation parameters.

b. The Local Network Customer shall supply accurate and reliable information to VTransco regarding metered values for MW, MVAR, volt, amp, frequency, breaker status indication, and all other information deemed necessary by VTransco for safe and reliable operation. Information shall be gathered for electronic communication using one or more of the following: supervisory control and data acquisition ("SCADA"), remote terminal unit ("RTU") equipment, and remote access pulse recorders ("RAPR"). All equipment used for metering, SCADA, RTU, RAPR, and communications must be approved by VTransco.

3. Operational Obligations

The Local Network Customer shall request permission from VTransco prior to opening and/or closing circuit

breakers in accordance with applicable switching and operating procedures. The Local Network Customer shall carry out all switching orders from VTransco, VTransco's Designated Agent, or the ISO in a timely manner.

- a. The Local Network Customer shall balance the load at the Point(s) of Delivery such that the differences in the individual phase currents are acceptable to VTransco.
- b. The Local Network Customer's equipment shall conform with harmonic distortion and voltage fluctuation standards of VTransco.
- c. The Local Network Customer's equipment must comply with all environmental requirements to the extent they impact the operation of VTransco's system.
- d. The Local Network Customer shall operate all of its equipment and facilities connected to VTransco's system in a safe and efficient manner and in accordance with manufacturers' recommendations, Good Utility Practice, applicable regulations, and requirements of VTransco, the ISO, NPCC, the National Electric Safety Code and the National Electric Code.
- e. The Local Network Customer is responsible for supplying voltage regulation equipment on its subtransmission and distribution facilities.

#### 4. Notice of Transmission Service Interruptions

If at any time, in the reasonable exercise of VTransco's judgment, operation of the Local Network Customer's equipment adversely affects the quality of service or interferes with the safe and reliable operation of the system, VTransco may discontinue transmission service until the condition has been corrected. Unless VTransco perceives that an emergency exists or the risk of an emergency is imminent, VTransco shall give the Local Network Customer reasonable notice of its intention to discontinue transmission service and, where practical, allow suitable time for the Local Network Customer to remove the interfering condition. VTransco's judgment with regard to the discontinuance of service under this paragraph shall be made in accordance with Good Utility Practice. In the case of such discontinuance, VTransco shall immediately confer with the Local Network Customer regarding the conditions causing such discontinuance and its recommendation concerning timely correction thereof.

#### 5. Access and Control

Properly accredited representatives of VTransco shall at all reasonable times have access to the Local Network Customer's facilities to make reasonable inspections and obtain information required in connection with Schedule 21 of the Tariff. Such representatives shall make themselves known to the Local Network Customer's personnel, state the object of their visit, and conduct themselves in a manner that shall not interfere with the construction or operation of the Local Network Customer's facilities. VTransco shall have control such that it may open or close the circuit breaker or disconnect and place safety grounds at the Point(s) of Delivery, or at the station, if the Point(s) of Delivery is remote from the station.

6. Point(s) of Delivery

Local Network Service shall be provided by VTransco to the Point(s) of Delivery as specified by the Local Network Customer in accordance with the Tariff.

7. Maintenance of Equipment

- a. Unless otherwise agreed, VTransco shall own all metering equipment.
- b. The Local Network Customer shall maintain all of its equipment and facilities connected to VTransco's system in a safe and efficient manner and in accordance with manufacturers' recommendations, Good Utility Practice, applicable regulations and requirements of VTransco, the ISO and NPCC.
- c. VTransco may request that the Local Network Customer test, calibrate, verify or validate the data link, metering, data acquisition, transmission, protective, or other equipment or software owned by the Local Network Customer, consistent with the Local Network Customer's routine obligation to maintain its equipment and facilities or for the purposes of investigating potential problems on the Local Network Customer's facilities. The Local Network Customer shall be responsible for the cost to test, calibrate, verify or validate the equipment or software.
- d. The Transmissions Provider shall have the right to inspect the tests, calibrations, verifications and validations of the Local Network Customer's data link, metering, data acquisition, transmission, protective, or other equipment or other software connected to VTransco's system.



e. The Local Network Customer, at VTransco's request, shall supply VTransco with a copy of the installation, test, and calibration records of the data link, metering, data acquisition, transmission, protective or other equipment or software owned by the Local Network Customer and connected to VTransco's system.

f. VTransco shall have the right, at the Local Network Customer's expense, to monitor the factory acceptance test, the field acceptance test, and the installation of any metering, data acquisition, transmission, protective or other equipment or software owned by the Local Network Customer and connected to VTransco's system.

8. Emergency System Operations

a. The Local Network Customer's equipment and facilities, etc. shall be subject to all applicable emergency operation standards required of and by VTransco to operate in an interconnected transmission network.

b. VTransco reserves the right to take whatever actions or inactions it deems necessary during emergency operating conditions to: (i) preserve the integrity of VTransco's Transmission System, (ii) limit or prevent damage, (iii) expedite restoration of service, or (iv) preserve public safety.

9. Cost Responsibility

The Local Network Customer shall be responsible for all costs incurred by VTransco relative to the Local Network Customer's facilities. Appropriate costs may be allocated to more than one Local Network Customer, in a manner within the reasonable discretion of VTransco.

10. Additional Operational Obligations of Local Network Customer

a. Voltage or Reactive Control Requirements:

i. Unless directed otherwise by VTransco, the Local Network Customer shall ensure that all generating facilities designated as Network Resources are operated with an automatic voltage regulator(s). The Local Network Customer shall ensure that the voltage regulator(s) control voltage at the Point(s) of Receipt consistent with the range of voltage scheduled by VTransco, VTransco's agent or the ISO.

ii. At the discretion of VTransco, VTransco's Designated Agent or the ISO, the Local Network Customer may be directed to deactivate the automatic voltage regulator and to supply reactive power in accordance with a schedule which shall be provided by VTransco, VTransco's Designated Agent or the ISO, and in such event the Local Network Customer shall act in accordance with such direction.

iii. If the Local Network Customer does not have sufficient installed capacity in generating facilities designated as Network Resources to enable the Local Network Customer to operate such facilities consistent with recommendations of VTransco, or if Network Resources fail to operate at such capacity, VTransco or VTransco's Designated Agent may install, at the Local Network Customer's expense, reactive compensation equipment necessary to ensure the proper voltage or reactive supply at the Point(s) of Receipt.

b. Station Service: When generating facilities designated as Network Resources are producing electricity, the Local Network Customer shall supply its own station service power. If and when the Local Network Customer's generation facility is not producing electricity, the Local Network Customer shall obtain station service capacity and energy from the franchise utility providing service or other source.

c. Protection Requirements: Protection requirements are as defined elsewhere in this Tariff and applicable NPCC documents as may be adopted or amended from time to time.

d. Operational Obligations:

i. The ISO may require that generation facilities designated as Network Resources be equipped for Automatic Generation Control ("AGC"). The Local Network Customer shall be responsible for all costs associated with installing and maintaining an AGC system on applicable Network Resources.

ii. VTransco retains the right to require reduced generation at times when system conditions present transmission restrictions or otherwise adversely affect VTransco's other customers. VTransco shall use due diligence to resolve the problems to allow the generator to return to the operating level prior to VTransco's notice to reduce generation.

iii. All operations (including start-up, shutdown and determination of hourly generation) shall be coordinated with the ISO, VTransco or VTransco's Designated Agent.

e. Coordination of Operations:

i. The Local Network Customer shall furnish VTransco with generator annual maintenance schedules for all Network Resources and shall advise VTransco if a Network Resource is capable of participation in system restoration and/or if it has black start capability.

ii. VTransco reserves the right to specify turbine and/or generator control (e.g., droop) settings as determined by the System Impact or Facilities Study or subsequent studies. The Local Network Customer agrees to comply with such specifications by VTransco at the Local Network Customer's expense.

iii. If the generator is not dispatchable by the ISO, the Local Network Customer shall notify VTransco at least 48 hours in advance of its intent to take its resource temporarily off-line and its intent to resume generation. In circumstances such as forced outages, the Local Network Customer shall notify VTransco as promptly as possible of the Network Resource's temporary interruption of generation and/or transmission.

f. Power Factor Requirement: The Local Network Customer agrees to maintain an overall Load Power Factor and reactive power supply within predefined sub-areas as measured at the Point(s) of Delivery within ranges specified by VTransco or ISO criteria, rules and standards which identify the power factor levels that must be maintained throughout the applicable sub-area for each anticipated level of total ISO load. The Local Network Customer agrees to maintain Load Power Factor and reactive power requirements within the range specified by VTransco or the ISO, as appropriate for the sub-area based on total ISO load during that hour. The ISO may revise the power factor limits required from time to time. If the Local Network Customer lacks the capability to maintain the Load Power Factor within the ranges specified, VTransco may install, at the Local Network Customer's expense, reactive compensation equipment necessary to ensure proper load power factor at the Point(s) of Delivery.

g. Protection Requirement: The Local Network Customer's relay and protection systems must comply with all applicable VTransco, ISO and NPCC criteria, rules, procedures, guidelines, standards or requirements as may be adopted or amended from time to time.

h. Operational Obligation: The Local Network Customer shall be responsible for operating and maintaining security of its electric system in a manner that avoids adverse impact to VTransco's or other's interconnected systems and complies with all applicable VTransco, ISO and NPCC operating criteria, rules,

procedures, guidelines and interconnection standards as may be amended or adopted from time to time. These actions include, but are not limited to: Voltage Reduction Load Shedding; Under Frequency Load Shedding, Block Load Shedding; Dead Station Tripping; Transferring Load Between Point(s) of Delivery; Implementing Voluntary Load Reductions Including Interruptible Customers; Starting Stand-by Generation; Permitting VTransco Controlled Service Restoration Following Supply Delivery Contingencies on VTransco Facilities.

11. Failure to perform

If the Local Network Customer fails to carry out its obligations under this Agreement, the matter shall be subject to the dispute resolution procedures of the Tariff.

The Parties whose authorizing signatures appear below warrant that they shall abide by the foregoing terms and conditions.

VERMONT TRANSCO LLC

By:

Title:

Dated:

(Name of Local Network Customer)

By:

Title:

Dated:

## **ATTACHMENT D**

### **Transmission Revenue Requirement**

#### **For Local Network Integration Transmission Service**

VTransco owns and operates transmission facilities which are used to provide transmission service only. VTransco does not own or operate any generation or distribution facilities. VTransco only incurs transmission-related costs. Accordingly, there is no need to allocate a transmission-related portion of what otherwise would be considered a general expense. For the same reason, there is no need to refer to specific costs in the formula as "transmission-related."

The Transmission Revenue Requirement calculated below reflects all costs that VTransco incurs in connection with VTransco's Transmission System. Generation and distribution costs are not included in the Transmission Revenue Requirement. The Transmission Revenue Requirement for a particular month will be based on the most recent monthly data available at that time (which typically will be data from two months earlier). To the extent the charges for a particular month result in an over-recovery or under-recovery of VTransco's actual costs, an adjustment will be made to VTransco's Transmission Revenue Requirement as soon as possible (typically two months later when the specific data regarding the over- or under-recovery becomes available).

The calculation is set forth below:

The Transmission Revenue Requirement shall equal the sum of VTransco's: (A) Return and Income Taxes, (B) Depreciation Expense, (C) Amortization of Loss on Reacquired Debt, (D) Municipal Tax Expense, (E) Payroll Tax Expense, (F) Operation and Maintenance Expense, (G) Administrative and General Expense, minus (H) Support Revenue, plus (I) Support Expense, minus (J) Short-Term Transmission Service and (K) Rents received from Electric property and (L) Revenue received from the ISO, plus or minus (M) Billing Adjustment.

#### **Definitions**

A. Return and Income Taxes shall equal the sum of VTransco's Rate of Return, Cost of Capital, and Income Taxes.

1. Rate of Return shall equal on an annual basis: ~~11.14~~ 10.57 percent of the par value of VTransco's outstanding Class A membership units, all as shown by VTransco's books as of the beginning of such month. The above rates shall not change from month to month, but may be modified in a proceeding initiated pursuant to the Federal Power Act.
  2. Cost of Capital shall equal all fixed charges, including interest and amortization of debt discount and expense and premium on debt as recorded in FERC Account Nos. 419,427,428,431,432.
  3. Income Taxes shall equal VTransco's income taxes including taxes on or measured by income as recorded in FERC Account Nos. 409-411.
- B. Depreciation Expense shall equal VTransco's Depreciation Expense for Transmission Plant and General Plant as recorded in FERC Account Nos. 403 and 404.
- C. Amortization of Loss on Reacquired Debt shall equal VTransco's Amortization of the balance on Loss on Reacquired Debt as recorded in FERC Account No. 428.1.
- D. Municipal Tax Expense shall equal VTransco's total municipal tax expense as recorded in FERC Account No. 408.1.
- E. Payroll Tax Expense shall equal VTransco's total electric payroll tax expense as recorded in FERC Account No. 408.1.
- F. Operation and Maintenance Expense shall equal VTransco's expenses as recorded in FERC Account Nos. 560, 562-564 and 566-573 and shall exclude any Transmission Support Expense recorded in FERC Account No. 567.
- G. Administrative and General Expense shall equal VTransco's expenses as recorded in FERC Account Nos. 920-935.
- H. Transmission Support Revenues shall equal VTransco's revenue received for Transmission Support.
- I. Transmission Support Expenses shall equal VTransco's expenses as recorded in FERC Account No. 567.

J. Short-Term Transmission Service shall equal any revenues received from transmission customers as payment for short-term point-to-point transmission service taken pursuant to Schedule 7 of this Schedule 21-VTransco.

K. Rents received from Electric property shall equal VTransco's rents received for the use by others of land, buildings, and other property devoted to electric operations as recorded in FERC Account No. 454.

L. Revenue Received from the ISO shall equal revenue received under the terms of the Tariff minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission.

M. Billing Adjustment shall equal the difference in the actual cost of transmission for the two month previous minus the Revenue Received for two months previous. In the event that the FERC accounts listed above are renumbered, renamed, or otherwise modified, the above sections shall be deemed amended to incorporate such renumbered, renamed, modified or additional accounts

**Appendix A**  
**PTF and non PTF Depreciation and General Plant Amortization Rates**

<b>Account</b>	<b>Description</b>	<b>Depreciation Rates (%)</b> <b>Effective July 1, 2017</b>
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**Transmission Plant**

352.00	Structures and Improvements	2.35
353.00	Station Equipment	2.57
354.00	Towers and Fixtures	3.77
355.00	Poles and Fixtures	2.48
356.00	Overhead Conductors and Devices	1.71
357.00	Underground Conduit	2.51
357.00	Underground Conductors and Devices	2.67
359.00	Roads and Trails	1.27

**General Plant**

390.00	Structures and Improvements	2.84
392.00	Transportation Equipment	5.79
397.00	Communication Equipment	4.69

**General Plant Amortization**

391.00	Office Furniture and Equip (Pre 2013 Assets)	13.19
391.00	Office Furniture and Equip (Post 2012 Assets)	12.50
391.10	Computer Equipment (Pre 2013 Assets)	17.08
391.10	Computer Equipment (Post 2012 Assets)	20.00
391.20	Software (Pre 2013 Assets)	4.06
391.20	Software (2013-2015 Assets)	6.42
391.20	Software (Post 2015 Assets)	6.67
393.00	Stores Equipment (Pre 2013 Assets)	3.07
393.00	Stores Equipment (Post 2012 Assets)	2.86
394.00	Tools, Shops and Garage Equipment (Pre 2013 Assets)	2.48



394.00	Tools, Shops and Garage Equipment (Post 2012 Assets)	2.78
395.00	Laboratory Equipment (Pre 2013 Assets)	4.00
395.00	Laboratory Equipment (Post 2012 Assets)	4.00
398.00	Miscellaneous Equipment (Pre 2013)	30.11
398.00	Miscellaneous Equipment (Post 2012)	9.09

## **ATTACHMENT L**

### **Creditworthiness Procedures**

#### **I. Overview**

This provision is applicable to any Transmission Customer taking transmission or interconnection service (referred to as “Service” or “Services”) under ISO New England Inc., ISO New England Inc. Transmission, Markets and Services Tariff, Section II—Open Access Transmission Tariff Schedule 21-VTransco (the “Tariff”). The creditworthiness of each Transmission Customer must be established before receiving Service from VTransco. A credit review shall be conducted for each Transmission Customer not less than annually or upon reasonable request by the Transmission Customer. VTransco shall make this credit review in accordance with procedures based on specific quantitative and qualitative criteria to determine the level of secured and unsecured credit required from the Transmission Customer. A summary of VTransco’s Creditworthiness Requirements are described in this Attachment L, and posted on its website at <http://www.velco.com/Files/about%20velco/Creditworthiness.pdf>.

Upon receipt of a customer’s information, VTransco will review it for completeness and will notify the customer if additional information is required. Upon completion of an evaluation of a customer under this Policy, VTransco will forward a written evaluation if the customer is required to provide Financial Assurance.

#### **II. Financial Information:**

A) Transmission Customers requesting Service may be required to submit, if available, the following information:

- 1) All current credit rating reports from commercially accepted credit rating agencies including Standard and Poor’s, Moody’s Investors Service, and Fitch Ratings, and
- 2) Audited financial statements by a registered independent auditor for the two most recent years, or the period of its existence, if shorter than two years.

#### **III. Quantitative and Qualitative Standards for Creditworthiness Determination:**

A) Transmission Customers, rated and un-rated, will be required to meet specific quantitative creditworthiness requirements, as detailed below:

1) To qualify for unsecured credit, the Transmission Customer must meet at least one of the following criteria:

(i) the Transmission Customer must not be in default of any payment obligation under the Tariff; and

(ii) if rated, the Transmission Customer must meet one of the following criteria:

(a) the Transmission Customer has been in business at least one year and has a senior secured credit rating of at least Baa1 (Moody's) or BBB+ (Standard & Poors); or

(b) The Transmission Customer's parent company meets the criteria set out in (a) above, and the parent company provides a written guarantee that the parent company will be unconditionally responsible for all financial obligations associated with the Transmission Customer's receipt of Service.

(iii) if unrated or if rated below the BBB+/Baa1, as stated in (ii), the Transmission Customer must meet all of the following for the last 4 quarters, or the last 2 years if quarterly information is not available:

(a) A Current Ratio of at least 2.0 times (current assets divided by all current liabilities);

(b) A Total Capitalization Ratio of less than 55% debt, defined as total debt (including all capitalized leases and all short-term borrowings) divided by the sum of total shareholders' equity plus total debt;

(c) EBITDA-to-Fixed Charge Ratio of at least 3.0 times, defined as earnings before interest, taxes, depreciation and amortization divided by fixed charges (interest on debt as defined in Total Capitalization Ratio above plus preferred dividends on any outstanding preferred equity); and

(d) Unqualified audit opinions in audited financial statements provided; or

(e) The Transmission Customer's parent company meets the criteria set out in (a) through (d) above, and the parent company provides a written guarantee that the parent company will be unconditionally responsible for all financial obligations associated with the Transmission Customer's receipt of Service.

**B) Qualitative Standards for Creditworthiness Determination:**

In conjunction with the quantitative standards above, VTransco will consider qualitative standards when determining creditworthiness, such as:

- 1) Years in business: a company in business fewer than five years will be considered a greater risk.
- 2) Management's experience in the industry: a management team with an average of less than five year's experience will be considered a greater risk.
- 3) Market risk: consideration of pricing exposure, credit exposures, and operational exposures.
- 4) Litigation Risk: a pending legal action with potential monetary damages approaching 3% of gross revenues will be considered as significantly increasing company risk.
- 5) Regulatory Environment (State and Local): a company subject to significant exposure to regulatory decisions, such as key planning decisions, shall be considered as having increased risk.
- 6) Prior payment history with other Transmission Providers or other vendors: a company with an excellent payment history of greater than or equal to five years shall be considered a lesser risk.

**IV. Financial Assurance:**

A) If the Transmission Customer does not meet the Creditworthiness Requirements, then VT Transco may require the Transmission Customer to provide additional Financial Assurance by complying with one of the following:

- 1) for Service for one month or less, the Transmission Customer shall pay to VTransco or place in an escrow account that is accessible to VTransco the total charge for Service by the later of five business days prior to the commencement of Service or the time when it makes the request for Service; or

2) for Service of greater than one month, the Transmission Customer shall pay to VTransco or place in an escrow account that is accessible to VTransco the charge for each month's Service not less than five business days prior to the beginning of the month. For Network Integration Transmission Service Customers, the advance payment for each month shall be based on a reasonable estimate by VTransco of the charge for that month.

3) not less than five days prior to the commencement of Service, the Transmission Customer shall provide an unconditional and irrevocable Letter of Credit (as defined below) from a financial institution reasonably acceptable to VTransco or an alternative form of security proposed by the Transmission Customer and acceptable to VTransco and consistent with commercial practices established by the Uniform Commercial Code that is equal to the lesser of the total charge for Service or the charge for 90 days of service.

(i) "Letter of Credit" means one or more irrevocable, transferable standby letters of credit issued by a U.S. commercial bank or a U.S. branch of a foreign bank provided that such Transmission Customer is not an affiliate of such bank, and provided that such bank has an issuer and/or corporate credit rating of at least A2 from Moody's or A from Standard and Poor's or Fitch Ratings. In the event of different ratings from the rating agencies, the lowest rating shall apply.

(ii) Costs of a Letter of Credit shall be borne by the customer.

(iii) If the credit rating of the bank issuing the Letter of Credit falls below the specified rating, the customer shall notify VTransco in writing within five business days of such event and shall have two business days following written notice to provide other appropriate Financial Assurance.

## **V. Credit Levels:**

A) Transmission Customers meeting the Creditworthiness Requirements in Section III will be extended unsecured credit equivalent to 3 months of transmission charges or, for interconnections, the credit equivalent of 3 months of the annual facilities charges and other ongoing charges.

B) Transmission Customers not meeting the Creditworthiness Requirements above in Sections III and IV may not receive unsecured credit from VTransco.

## **VI. Ongoing Financial Review:**

Each Transmission Customer is required to submit to VTransco annually or when issued, as applicable:

- A) Current rating agency report;
- B) Audited financial statements from a registered independent auditor; and
- C) 10-Ks and 8-Ks, promptly on their issuance.

## **VII. Contesting Creditworthiness Determination:**

The Transmission Customer may contest VTransco's determination of creditworthiness by submitting a written request for re-evaluation within 20 calendar days. Such request should provide information supporting the basis for a request to re-evaluate a Transmission Customer's creditworthiness. VTransco will review and respond to the request within 20 calendar days.

## **VIII. Procedures for Changes in Credit Levels and Collateral Requirements:**

VTransco shall issue reasonable advance notice of changes to the credit levels and/or collateral requirements. A Transmission Customer may request that VTransco provide an explanation of the reasons for the change by contacting VTransco at:

Chief Financial Officer  
366 Pinnacle Ridge Rd.  
Rutland, VT 05701

The specific procedures for changes in credit levels and collateral requirements are as follows:

- A) General Notification process
  - 1) VTransco shall provide written notification to ISO-NE and stakeholders of any filing described above, at least 30 days in advance of such filing.

- 2) Filing notifications shall include a detailed description of the filing, including a redlined document containing revised change(s) to the Creditworthiness Policy.
- 3) VTransco shall consult with interested stakeholders upon request.
- 4) Following Commission acceptance of such filing and upon the effective date, VTransco shall revise its Attachment L Creditworthiness Policy and an updated version of Schedule 21-VTransco shall be posted the ISO-NE website.

**B) Transmission Customer Responsibility**

When there is a change in requirements, it is the responsibility of the Customer to forward updated financial information to VTransco and indicate whether the change affects the customer's ability to meet the requirements of the Creditworthiness Policy. In such cases where the customer's status has changed, the Customer must take the steps necessary to comply with the revised requirements of the Creditworthiness Policy by the effective date of the change.

**C) Notification for Active Customers**

- 1) "Active Customers" are defined as any current Transmission Customer that has reserved Service within the last 3 months.
- 2) All Active Customers will be notified via either e-mail or U.S. mail that the above posting has been made and must follow the steps outlined in the procedure.

**IX. Posting Requirements**

**A) Changes in Customer's Financial Condition**

Each customer must inform VTransco, in writing, within five (5) business days of any material change in its financial condition or the financial condition of a parent providing a guarantee. A material change in financial condition may include, but is not limited to, the following:

- 1) Change in ownership by way of a merger, acquisition, or substantial sale of assets;

- 2) A downgrade of long- or short-term debt rating by a major rating agency;
- 3) Being placed on a credit watch with negative implications by a major rating agency;
- 4) A bankruptcy filing;
- 5) A declaration of or acknowledgement of insolvency;
- 6) A report of a significant quarterly loss or decline in earnings;
- 7) The resignation of key officer(s);
- 8) The issuance of a regulatory order and/or the filing of a lawsuit that could materially adversely impact current or future financial results

**B) Change in Creditworthiness Status:**

A customer who has been extended unsecured credit under this policy must comply with the terms of Financial Assurance in item IV if one or more of the following conditions apply:

- 1) The customer no longer meets the applicable criteria for Creditworthiness in item III;
- 2) The customer exceeds the amount of unsecured credit extended by VTransco, in which case Financial Assurance equal to the amount of excess must be provided within 5 business days; or
- 3) The customer has missed two or more payments for any of the Services offered by VTransco in the last 12 months.

**X. Suspension of Service:**

VTransco may suspend service under this Schedule 21-VTransco to a Transmission Customer under the following circumstances;



A) If a Transmission Customer that qualifies for service as a result of providing a Letter of Credit or alternative form of security does not pay its bill within 20 days of receipt of the invoice as required by this Schedule 21-VTransco, and it has not complied with the billing dispute provisions of this Schedule 21-VTransco, VTransco may suspend service 30 days after notice to the Transmission Customer and the Commission that service will be suspended unless the Transmission Customer makes payment.

B) If a Transmission Customer that qualifies for service as a result of committing to prepay for service to or place the payment in an escrow account pursuant to Section IV A 1 or Section IV A 2 fails to prepay for service or place the amount in escrow as provided in such section, VTransco may suspend service immediately upon notice to the Transmission Customer and the Commission.

C) If a Transmission Customer to whom the provisions of Sections III through XI applies fails to meet any applicable requirements, VTransco may suspend service immediately upon notice to the Transmission Customer and the Commission. The suspension of service shall continue only for as long as the circumstances that entitle VTransco to suspend service continue. A Transmission Customer is not obligated to pay for Transmission Service that is not provided as a result of a suspension of service.