

**AMENDED AND RESTATED INTERCONNECTION AGREEMENT  
BY AND BETWEEN  
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.  
AND  
ASTORIA ENERGY LLC**

**DATED AS OF November 3, 2011**

**DESIGNATED SERVICE AGREEMENT NO. 330  
UNDER  
NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.  
FERC OPEN ACCESS TRANSMISSION TARIFF  
ORIGINAL VOLUME NO. 1**

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This AMENDED AND RESTATED INTERCONNECTION AGREEMENT (including the Schedules hereto, this "Agreement") dated as of November 3, 2011, by and between CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., a New York corporation ("Con Edison"), and ASTORIA ENERGY LLC, a Delaware corporation ("Generator", and collectively with Con Edison, the "Parties"),

#### WITNESSES

**WHEREAS**, Generator proposes to construct and operate a nominal 550 MW electric generating facility and to install it at 17-10 Steinway Street in the Borough of Queens, New York:

**WHEREAS**, Con Edison intends to continue to conduct its transmission and distribution operations from their present locations;

**WHEREAS**, Generator desires to interconnect its proposed generating facility with Con Edison's transmission and distribution facilities;

**WHEREAS**, Con Edison and Generator have entered into a Master Power Purchase and Sale Agreement ("Master Agreement"), dated April 29, 2003, providing for the sale and purchase of capacity and energy produced by Generator's proposed generating facility; and

**WHEREAS**, the Parties desire to define their responsibilities and obligations with respect to the interconnection and operation of their assets and facilities as set forth herein.

**NOW, THEREFORE**, in consideration of the mutual representations, covenants and agreements hereinafter set forth, and intending to be legally bound hereby, the Parties hereto agree as follows:

#### ARTICLE I

##### DefinitionsARTICLE IDefinitions{tc \l1 "ARTICLE IDefinitions}

**SECTION 1.01. Definitions**SECTION1.01. Definitions{tc \l2 "**SECTION1.01. Definitions**}. As used in this Agreement, all capitalized terms shall have the following meanings:

"Agreement" shall have the meaning set forth in the Preamble.

"Applicable Legal Requirements" shall have the meaning set forth in Section 2.01(b).

"Attachment Facilities" means all equipment owned by Generator that is installed in the Substation on Generator's side of the Point of Interconnection, including a portion of the Generator Lead, potheads, grounding equipment, and disconnect switches.

"Code of Conduct" shall have the meaning set forth in Section 2.02(c).

"Con Edison" shall have the meaning set forth in the Preamble.

"Con Edison Assets" means the Transmission System (including the Substation) and related property, machinery, equipment, facilities and systems owned by Con Edison.

"Con Edison Indemnatee" shall have the meaning set forth in Section 5.15(b)

"Con Edison Senior System Operator" shall have the meaning set forth in Section 3.12(b).

"Confidential Information" shall have the meaning set forth in Section 5.03(a).

"Decommissioning" means the complete retirement and removal of the Generating Facilities from service and the restoration of the site of the facilities (and all surface and subsurface elements thereof including soils, surface water and groundwater), as well as any planning and other activities relating thereto, including (i) the dismantlement, removal, or storage of the Generating Facilities, in whole or in part, and (ii) any activities necessary for the retirement, dismantlement, removal, and storage of the Generating Facilities to comply with Applicable Laws (including Environmental Laws). "Decommission" shall have a correlative meaning.

"Delivery Revenue Meter" means a Revenue Meter and associated current transformers and potential transformers that comprises part of a Delivery Revenue Meter System.

"Delivery Revenue Meter Systems" means Revenue Meter Systems used to measure the transfer of Station-Use Energy from Con Edison to Generator (not including any Primary Revenue Meters that are designated as bi-directional on Schedule 3.05 (a)(i)).

"Disclosing Party" shall have the meaning set forth in Section 5.03(a).

"Energy Control Center" means the headquarters of Con Edison's transmission operations.

"Environmental Laws" means all applicable federal, state, local and foreign laws (including common law), treaties, regulations, rules, ordinances, codes, decrees, judgments, directives, orders (including consent orders), Environmental Permits and New York State Department of Environmental Conservation Technical Administrative Guidance Memoranda and other guidance documents issued or published by any Governmental Authority, in each case, relating to pollution, protection of the environment, natural resources or human health and safety, including laws relating to the presence, Release of, or exposure to, Hazardous Substances, or otherwise relating to the generation, manufacture, processing, distribution, use, treatment, storage, transport, recycling or handling of, or arrangement for such activities with respect to, Hazardous Substances.

"Environmental Permits" means the permits, licenses, consents, approvals and other governmental authorizations with respect to Environmental Laws relating primarily to the power generation operations of the Generating Plant.

"Entering Party" shall have the meaning set forth in Section 2.02(b).

"FERC" means the Federal Energy Regulatory Commission.

"Force Majeure Event" shall have the meaning set forth in Section 5.02(a).

"Generating Facilities" means the Generating Units and any additional generating plants, gas turbines or other generating facilities constructed by Generator after the Interconnection Date at the site of the Generating Units.

"Generating Units" means the steam and gas turbine electric generators listed on Schedule 1.01(a).

"Generator" shall have the meaning set forth in the Preamble.

"Generator Assets" means the Generating Facilities and related property, machinery, equipment, facilities and systems, including the Generator Leads and Attachment Facilities, delineated on Annex II as owned by Generator.

"Generator Indemnatee" shall have the meaning set forth in Section 5.15(a).

"Generator Lead" means one of the two electric transmission circuits, consisting of aerial, surface, and subsurface transmission facilities and supporting structures, appurtenances, equipment, and fittings, that connect the bus on Generator's premises to the potheads in the Substation.

"Generator Operations Manager" shall have the meaning set forth in Section 3.12(a).

"Good Utility Practice" shall have the meaning set forth in Section 2.01.

"Governmental Authority" means any federal, state, local, domestic or foreign government or any court, administrative or regulatory agency, board, committee or commission or other governmental entity or instrumentality, domestic, foreign or supranational or any department thereof.

"Hazardous Substances" means (i) any petroleum, petroleum products or byproducts and all other hydrocarbons, petrochemicals, crude oil or any fraction thereof, coal ash, radon gas, asbestos, asbestos-containing material, urea formaldehyde, polychlorinated biphenyls, chlorofluorocarbons and other ozone-depleting substances; and (ii) any chemical, material, substance or waste (including thermal discharges) that is prohibited, limited or regulated by or pursuant to any Environmental Law.

"Indemnatee" shall mean Con Edison Indemnatee or Generator Indemnatee, as applicable.

"Interconnection" means the act of electrically connecting the Generating Facilities to Con Edison's Transmission System so that the Generating Facilities can deliver their output to the Transmission System.

"Interconnection Date" means the date on which the Interconnection first occurs; if the Generator Assets are constructed in phases, "Interconnection Date" shall mean the earliest date on which the output from any Generating Unit can be delivered to the Transmission System.

"ISO" means the New York Independent System Operator or any successor entity.

"ISO Rules" means the ISO automated billing system procedures, operating procedures, and market rules, as well as any other rules, requirements, and procedures adopted by the ISO pursuant to the ISO Services Tariff or otherwise from time to time in effect and the related ISO agreements.

"Law" means any statute, law (including common law), treaty, order, judgment, decree, directive, code, ordinance, rule or regulation or similar issuance by a Governmental Authority having the effect of law.

"Master Agreement", as referenced in the Preamble, means the Master Power Purchase and Sale Agreement, dated April 29, 2003, between the Parties, including the associated Cover Sheet and Confirmation for Transaction.

"NERC" means North American Electric Reliability Council or any successor entity.

"NPCC" means the Northeast Power Coordinating Council or any successor entity.

"NYPSC" means the New York State Public Service Commission.

"NYSRC" means the New York State Reliability Council or any successor entity.

"Operating Procedures" means the agreements, procedures, practices and/or rules (including Annex I hereto) agreed to by the Parties, as amended from time to time, governing the Parties' implementation of their respective duties and responsibilities under this Agreement.

"Operations Manager" means Generator's Operations Manager or the Con Edison Senior System Operator.

"Party" shall have the meaning set forth in the Preamble.

"Permits" means all certificates, permits, licenses, consents, approvals and other governmental authorizations (other than Environmental Permits) relating primarily to the Generating Facilities or the ownership, operation or use thereof.

"Points of Interconnection" means the points on the Transmission System, as listed on Schedule 3.04(b)(i), where electrical power generated by Generator will be delivered by Generator to the Transmission System or, under certain circumstances, where electric power will be delivered from the Transmission System, including through any intermediate distribution facilities, to Generator.

"Primary Revenue Meter" means a Revenue Meter that comprises part of a Primary Revenue Meter System.

"Primary Revenue Meter System" means Revenue Meter Systems used to measure the transfer and delivery of energy output from the Generating Facilities to Points of Interconnection (and may include bi-directional meters capable of measuring the delivery of Station-Use Energy to the Generating Facilities).

"Protective Relaying System" means the system relating to the Generator Assets comprised of components collectively used to detect defective power system elements or other conditions of an abnormal nature, initiate appropriate control circuit action in response thereto and isolate the appropriate system elements in order to ensure the safety of personnel and to minimize damage to equipment and interruption to service.

"Receiving Party" shall have the meaning set forth in Section 5.03(a).

"Release" means any actual or threatened release, spill, emission, emptying, escape, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment or within any building, structure, facility or fixture.

"Representatives" shall have the meaning set forth in Section 5.03(a).

"Revenue Meter" means all meters required by Con Edison or the ISO to measure the transfer of energy across the Points of Interconnection for billing or for other purposes.



"Revenue Meter Systems" means Revenue Meters and associated wiring and equipment.

"Station-Use Energy" shall mean all power and associated energy that Con Edison delivers at a Point of Interconnection for consumption in the Generator Assets.

"Substation" means Con Edison's Astoria East 138 kV substation.

"Substation Interface Cables" means (i) control cables and associated conduits located in the Substation which connect the Generating Facilities with Generator Assets located in the Substation and (ii) control and low voltage power cables and associated conduits located in the Substation which connect Con Edison Assets with Generator Assets.

"Substation Modifications" means the construction and modification of Substation facilities provided in Section 3.04(a)(i).

"Substation Modification Costs" means all costs associated with the Substation Modifications (including engineering, procurement, and construction costs) as provided in Section 3.04(a).

"Switching Rules" shall have the meaning set forth in Section 3.04(e).

"System Integrity" means the adequate and reliable state of operation of the Transmission System providing electric service to customers who purchase power and related services delivered through the Transmission System.

"System Upgrade Facilities" shall have the meaning set forth in Section 3.04(a)(ii).

"Tax Benefit" means, with respect to any Indemnifiable Loss for any person, the positive excess, if any, of the tax liability of such person without regard to such Indemnifiable Loss over the tax liability of such person taking into account such Indemnifiable Loss, with all other circumstances remaining unchanged.

"Tax Cost" means, with respect to any indemnity payment for any person, the positive excess, if any, of the tax liability of such person taking such indemnity payment into account over

the tax liability of such person without regard to such payment, with all other circumstances remaining unchanged.

"Transmission System" means the transmission and distribution assets owned, controlled or operated by Con Edison for purposes of providing transmission service (including point-to-point transmission service), network integration service and distribution service and other related purposes, including the real property and equipment located at the Substation, used in controlling continuity between the Generating Plant and the transmission and distribution facilities and for other purposes.

"Transmission System Operator" means the Con Edison's Energy Control Center staff operating all or any portion of the Transmission System, including the transmission facilities under the operational control of the ISO.

"Trip-Out" means the automatic opening of disconnecting devices located in the Substation or the Generating Facilities, such as circuit breakers, which is caused by the Protective Relaying System in order to isolate faulty facilities, equipment or systems.

## ARTICLE II

### General

SECTION 2.01. Compliance with Laws and Good Utility PracticeSECTION2.01. Compliance with Laws and Good Industry Practice{tc \l2 "SECTION2.01. Compliance with Laws and Good Industry Practice}. (a) Compliance. Notwithstanding any other provision in this Agreement, Con Edison shall conduct all its operations in connection with and maintain the Con Edison Assets in accordance with (a) Applicable Legal Requirements, (b) Good Utility Practice, and (c) Con Edison's specifications and procedures. Notwithstanding any other provision in this Agreement, Generator shall conduct all its operations in connection with and maintain the Generator Assets in accordance with (a) Applicable Legal Requirements, and (b) Good Utility Practice. Each of Generator and Con Edison shall make all modifications to facilities, equipment or systems that could reasonably be expected to impact the Generating Facilities or the Transmission System in accordance with Applicable Legal Requirements and Good Utility Practice. Except as otherwise provided herein, Con Edison shall not be responsible for the operation or maintenance of, or for providing, procuring or

storing spare parts for, the Generator Assets and Generator shall not be responsible for the operation or maintenance of, or for providing, procuring or storing spare parts for, the Con Edison Assets, regardless of the location of such Generator Assets or Con Edison Assets, as applicable.

(b) "Applicable Legal Requirements" means all Laws, including Environmental Laws, Environmental Permits, and Permits, from time to time in effect applicable to Con Edison or the Con Edison Assets or Generator or the Generator Assets, as applicable.

(c) "Good Utility Practice" means any of the applicable acts, practices or methods from time to time (i) (A) required by the NYSRC, NPCC, NERC or the ISO or any successor thereto, or any other organization with similar duties, including any local, state, regional, national or international reliability organization, or required by any rules issued pursuant to the authority of any such organization, in each case, with jurisdiction or authority in respect of Con Edison or the Con Edison Assets or Generator or the Generator Assets and whether or not the Party whose conduct is at issue is a member thereof, or by any other person acting pursuant to the authority of any of the foregoing entities or organizations or (B) required by the provisions of this Agreement or (ii) engaged in or approved by a significant portion of the electric utility industry in the United States at the relevant time, including reliability, operating, planning and engineering specifications, if in any case there are no acts, practices or methods required by clauses (i)(A) or (i)(B) applicable at such time; provided, however, that, in the event of any conflict among the requirements of the foregoing clauses (i)(A) and (i)(B), Good Utility Practice shall be determined by reference exclusively to the requirements and terms of clause (i)(A) and not by reference to clause (i)(B).

**SECTION 2.02. Inspections, Maintenance, Access and Information.**SECTION2.02. Inspections, Maintenance, Access and Information.{tc \l2 "SECTION2.02. Inspections, Maintenance, Access and Information."} (a) Inspections and Maintenance. Except as otherwise provided herein, each Party shall, and shall have the right, from time to time upon reasonable advance notice and in accordance with Applicable Legal Requirements, Good Utility Practice, and Con Edison's specifications and procedures to perform routine inspections, measurements, meter readings and maintenance of any facilities, equipment or systems owned by such Party that are located on the premises of the other Party, and such inspecting Party, subject to Section 2.02(b), shall

reimburse the other Party for its reasonable costs and expenses in connection therewith, including that of any escort designated by such other Party to observe such inspection; provided, however, that the Party performing such inspections, measurements, meter readings and maintenance shall use its reasonable best efforts to ensure that such activities do not interfere with the other Party's ordinary course of operations.

(b) Access. Except as provided for herein or otherwise consented to in advance by the other Party, in no event shall any employee, contractor, agent or other representative of either Party (the "Entering Party") enter into or be present on the premises of such other Party for any purpose without being accompanied by an escort designated by such other Party; provided that, as required by emergency conditions and upon notice to Generator's Operation Manager, or as required for meter reading, Con Edison and its employees, contractors, agents and other representatives shall have unescorted access to Generator's property, facilities equipment, and systems. To the extent any such Entering Party enters or is present on the premises of such other Party, it shall comply in all respects with, and perform any service or maintenance work in respect of any facilities, equipment or systems located on the premises of such other Party in accordance with such other Party's work rules and procedures, including in respect of the issuance of and requirements for work permits, and other safety, security and operating protocols and procedures, from time to time in effect. Each Party agrees to be solely responsible, and assume all liability, for the safety and supervision of its employees, contractors, agents and other representatives. The Entering Party shall reimburse such other Party for its reasonable costs and expenses in connection with the provision of access, including that of any escort designated by such other Party; provided that Con Edison shall not be required to reimburse Generator for any cost or expense in connection with access to any property, facility, equipment or system (including communications facilities, equipment and systems) to which access by Con Edison, its employees, contractors, agents and other representatives is contemplated by this Agreement or as to which an easement has been granted to Con Edison.

(c) Information. (i) General. Each Party shall, upon the reasonable request of the other Party, provide such other Party with information that is reasonably necessary for such requesting Party to perform its obligations under this Agreement and that, when requested by a Party, is not otherwise reasonably obtainable by such Party from the ISO. The Transmission System Operator shall comply with the applicable requirements of Con

Edison's code of conduct approved by the FERC, (as the same may be amended from time to time, the "Code of Conduct") with regard to the information that Generator provides pursuant to Section 2.02(c)(ii) or Section 3.06 and with regard to any other information that Generator provides to the Transmission System Operator pursuant to this Agreement and that is subject to the Code of Conduct. The Transmission System Operator shall not disclose such information except as permitted by the Code of Conduct or in accordance with Applicable Legal Requirements.

(ii) Generating Facilities Output Reduction or Termination. Generator shall give the Transmission System Operator reasonable advance notice of any maintenance activities (including scheduled outages of Generating Facilities), equipment tests, installation, construction or other modification that could reasonably be expected to result in a material reduction or a termination of output from the Generating Facilities.

**SECTION 2.03. No Interference****SECTION 2.03. No Interference**  
**Interference****{tc \12 "SECTION 2.03. No Interference}.**

(a) Con Edison shall maintain (or cause to be maintained) all Generator Assets located within the Substation except for the Generator Leads. Generator shall reimburse Con Edison for the cost of such maintenance in accordance with Section 4.01. Except as provided in this Section 2.03(a) or as otherwise permitted in this Agreement, neither Party shall construct, service, repair or otherwise maintain any facilities, equipment or systems owned by the other Party. To the extent that pursuant to the terms of this Agreement, a Party services, repairs or otherwise maintains or has any other obligations in respect of any facilities, equipment or systems owned by the other Party, it shall perform such services, repairs and maintenance, and otherwise discharge such duties in accordance with Applicable Legal Requirements and Good Utility Practice and, subject to reasonable consultation with the other Party in accordance with procedures to be agreed upon by the Parties, in a manner consistent with that which it applies to facilities, equipment or systems it owns.

(b) Generator shall not operate the Generating Facilities and Con Edison shall not operate the Con Edison Assets in any manner that has caused or could reasonably be expected to cause physical damage to the Con Edison Assets or the Generator Assets, respectively, or otherwise results in or could reasonably be expected to result in personal injury or loss of life, physical damage or physical harm to property, the Generating Facilities, the Transmission System or any other transmission

system to which it is interconnected, or damage or harm to System Integrity or public safety; provided that nothing in this Agreement shall prevent Con Edison from using a rapid restoration procedure in accordance with its established operating practice.

**SECTION 2.04. Emergency Procedures.SECTION2.04.**

Emergency Procedures.{tc \l2 "SECTION2.04. Emergency Procedures.}. (a) If an emergency results in or could reasonably be expected to result in personal injury or loss of life or damage or harm to property, the Generating Facilities, the Transmission System or another transmission system to which it is interconnected, System Integrity or public safety, the Party recognizing such emergency shall provide immediate oral notification to the other Party's Operations Manager, and the Parties agree to cooperate in good faith (including in respect of the sharing of information) in order to prevent, avoid or mitigate personal injury or loss of life or damage or harm to property, the Generating Facilities, the Transmission System or another transmission system to which it is interconnected, System Integrity or public safety. If requested by the notified Party, the notifying Party shall confirm the emergency notification in writing as soon as reasonably practicable.

(b) Without limiting the generality of Section 2.04(a) and to the extent permitted by Applicable Legal Requirements and Good Utility Practice, in the case of a Trip-Out, each Party shall provide the other Party's Operations Manager with immediate oral notification, which shall include, to the extent possible, all information necessary to determine the cause of the Trip-Out and the steps necessary for the restoration of service. If requested by the notified Party, the notifying Party shall confirm the emergency notification in writing as soon as reasonably practicable.

**SECTION 2.05. Additional AgreementsSECTION2.05.**

Additional Agreements{tc \l2 "SECTION2.05. Additional Agreements}. The Parties agree to, from time to time upon the reasonable request of either Party, negotiate in good faith and execute and deliver such amendments, additional contracts, agreements, instruments and documents (including Operating Procedures) to implement the terms of this Agreement, and the Parties agree to cooperate in making such filings or submissions in connection with such amendments, contracts, agreements, instruments and documents with the appropriate Governmental Authority or other organization as are required. The Parties further agree to, from time to time upon the reasonable request

of either Party, negotiate in good faith amendments to this Agreement in response to changed circumstances (including regulatory, technological, or operational circumstances) or requirements imposed by the ISO or by Law, which circumstances or requirements materially affect the Generating Facilities or the Transmission System or the electric power industry generally.

### ARTICLE III

#### Rights, Obligations and Responsibilities

ARTICLE III Continuing Rights, Obligations and Responsibilities{tc \l1 "ARTICLE III Continuing Rights, Obligations and Responsibilities}

SECTION 3.01. Testing and MaintenanceSECTION 3.01. Testing and Maintenance{tc \l2 "SECTION 3.01. Testing and Maintenance}.

(a) Generator's Equipment. Generator shall at appropriate intervals (at its own expense) or more frequently upon Con Edison's reasonable request (in which case Con Edison shall reimburse Generator for its reasonable costs and expenses in connection therewith) (i) test, calibrate, adjust and maintain pursuant to Good Utility Practice the remote reading equipment, data acquisition, Protective Relaying Systems owned by Generator and control equipment or other facilities, equipment or systems or software that Generator owns and is connected or related to the Transmission System or has or could be reasonably expected to have a material adverse effect on the Transmission System or on System Integrity, and (ii), if requested by Con Edison, promptly supply Con Edison with copies of inspection reports, installation and maintenance documents, test and calibration records, verifications and validations with respect thereto; provided that all such information shall be deemed Confidential Information and subject to Section 5.03 of this Agreement.

(b) Con Edison's Equipment. (i) General. Generator shall, at its own expense, have the right to inspect or observe Con Edison's testing, calibration and maintenance and similar activities in respect of, and installation, construction or other modifications to, Protective Relaying Systems, Revenue Meter Systems, Substation Interface Cables owned by Con Edison, and Substation Modifications in order to verify the adequate protection and safe operation thereof. Con Edison shall give Generator reasonable advance notice of any such activities that it is planning to undertake.

(ii) Protective Relaying Systems. Con Edison shall at appropriate intervals (at its own expense), or more frequently upon Generator's reasonable request, test, calibrate, adjust and maintain pursuant to Good Utility Practice all Protective Relaying Systems owned by Con Edison and all auxiliary and monitoring relays and alarms relating thereto which are owned by Con Edison and located in the Substation and related to the Generating Facilities. Generator shall have the right, upon the completion of such testing, calibration, adjustment and maintenance, to approve any necessary re-sealing of such Protective Relaying Systems and, upon written request to Con Edison, to receive copies of relevant settings, tests and work order data sheets. Con Edison reserves the right to take any such Protective Relaying System out of service as may be required in accordance with Applicable Legal Requirements and Good Utility Practice and shall provide Generator with reasonable advance notice thereof. Generator shall have the sole responsibility to provide, procure or store spare parts for such Protective Relaying Systems and Con Edison shall have no responsibility in respect thereof. The Parties shall endeavor in good faith to determine appropriate inventory levels for such spare parts. Generator shall reimburse Con Edison for its reasonable costs and expenses incurred in performing work on Protective Relaying System equipment owned by Generator.

(iii) Substation Interface Cables. Con Edison shall maintain the Substation Interface Cables that are not owned by Generator pursuant to Good Utility Practice, and Generator shall reimburse Con Edison for its reasonable costs and expenses incurred in connection therewith.

(iv) Generator shall bear all liabilities and obligations arising after the Interconnection in respect of damage to property, personal injury, death or economic loss relating to, resulting from or arising out of any Protective Relaying System or Substation Interface Cables owned, maintained or controlled by Con Edison, regardless of whether such liabilities or obligations are caused by a Con Edison Indemnitee (except where caused by the gross negligence or wilful misconduct of a Con Edison Indemnitee).

(v) Generator shall have the sole responsibility for the maintenance, removal and installation of any distribution transformers owned by Con Edison and located on Generator's property at or about the site of the Generator Assets and Con Edison shall have the sole responsibility to provide and procure any such replacement distribution transformers. Any such distribution transformers removed by Generator shall be left at



Generator's property line nearest the public road for Con Edison to retrieve, and any such replacement transformers provided by Con Edison shall be left at such property line for Generator to retrieve and install.

(c) Con Edison shall, consistent with the Code of Conduct, consult with Generator regarding the timing of scheduled maintenance of the Con Edison Assets that could reasonably be expected to affect operation of the Generating Facilities. Each Party shall coordinate inspections and maintenance of the Generating Facilities on the one hand and the Transmission System on the other hand so as to minimize the unavailability of transmission to and from the Generating Facilities and maximize the reliability and security of the Transmission System. Con Edison shall use all commercially reasonable efforts to schedule any testing, shutdown or withdrawal of the Transmission System to coincide with Generator's scheduled outages for the Generating Facilities. In the event Con Edison is unable to schedule the outage of its facilities to coincide with Generator's schedule, Con Edison shall notify Generator as soon as practicable of the reasons for the facilities' outage, of the time scheduled for the outage, and of its expected duration.

**SECTION 3.02. Operation of Equipment on Substation Property**  
**SECTION 3.02. Operation of Equipment on Substation Property**  
**SECTION 3.02. Operation of Equipment on Substation Property**. Con Edison shall, in accordance with Applicable Legal Requirements, Good Utility Practice and Section 3.04 of this Agreement, operate all facilities, equipment or systems owned by Generator that are located in the Substation, including circuit breakers, disconnect switches and ground switches, to the extent such facilities, equipment or systems are operated locally, and such operations shall be performed in accordance with Section 2.03(a). Generator shall not operate any such facilities, equipment or systems, except to the extent operated remotely and in accordance with Annex I hereto, and Con Edison shall be permitted to monitor such remote operation, in each case, in accordance with Section 3.04 of this Agreement. Generator shall reimburse Con Edison for its reasonable costs and expenses incurred in connection with this Section 3.02.

**SECTION 3.03. New Construction or Modifications**  
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**SECTION 3.03. New Construction or Modifications**.

(a) Right to Modify or Construct Retained. Except as

otherwise provided in this Agreement, as between Con Edison and Generator, Con Edison shall be permitted to add to or modify, or undertake new construction in respect of, the Transmission System in accordance with Applicable Legal Requirements and Good Utility Practice, and Generator shall be permitted to modify or add to the Generating Facilities in accordance with Applicable Legal Requirements and Good Utility Practice.

(b) Certain Installations, Modifications or Construction. Subject to the proviso in Section 3.04(a) and notwithstanding Section 3.03(a), no installation of, modifications to, or new construction of, facilities, equipment, systems or access thereto, including rights of way, fences and gates, shall be made by either Party which results in or could be reasonably expected to result in physical damage to the Con Edison Assets or the Generator Assets, as the case may be, or otherwise results in or could be reasonably expected to result in personal injury or loss of life, physical damage or physical harm to property, the Generating Facilities, the Transmission System or any other transmission system to which it is interconnected, or damage or harm to System Integrity or public safety.

(c) Modifications Affecting the Transmission System or Generating Facilities. In respect of the construction of the Generator Assets and of all subsequent construction work, modifications or circuit changes involving new or existing facilities, equipment, systems or circuits that could reasonably be expected to affect the operation of the Transmission System, Generator shall provide Con Edison with drawings, plans, specifications and other relevant documentation for review during the design phase of such work and Generator shall not undertake any such work without the Con Edison's consent to the proposed design (which consent shall not be unreasonably withheld or delayed). In respect of the construction of the Substation Modifications and of all subsequent construction work, modifications or circuit changes involving new or existing facilities, equipment, systems or circuits that could reasonably be expected to affect the operations of the Generating Facilities, Con Edison shall provide Generator with drawings, plans, specifications and other relevant documentation for review during the design phase of such work. The Party receiving such documents for review shall promptly review the documents and provide either its consent to the proposed design or a complete list of proposed changes that would render the proposed design acceptable. Except as provided in Section 2.03(a) with respect to the Generator Assets located within the Substation, each Party shall be responsible for its own construction work, modifications and circuit changes, and the other Party's review of, comments

(d) Con Edison Facilities and Generator Facilities. Without limiting the generality of Sections 3.03(a), (b) and (c), the applicable Party shall, as between the Parties, be permitted to upgrade, expand, enlarge, relocate or otherwise modify the Con Edison Assets or the Generating Facilities, as applicable, (i) in any manner that could not reasonably be expected to impose a substantial additional, or substantially different, physical burden on the Generating Facilities or Con Edison Assets, as applicable, beyond those in existence on the Interconnection Date, or otherwise interfere with any current or planned use thereof or (ii) otherwise as expressly permitted pursuant to an easement that is granted.

(a)(i) In order to interconnect the Generating Facilities to the Transmission System, the Substation Modifications must be constructed and the Attachment Facilities must be installed in the Substation. A description of the Substation Modifications is set forth on Schedule 3.04(a)(i) of this Agreement. Con Edison shall engineer and construct the Substation Modifications and the Attachment Facilities (other than the Generator Lead, which Generator shall install) in accordance with the Services Agreement set forth as Annex IV. The Substation Modifications and Attachment Facilities shall be owned as follows and as indicated on Annex II:

- (ii) In order for the Interconnection to occur, Con Edison must also procure and install on the Transmission System

certain "System Upgrade Facilities", as defined in the ISO's Open Access Transmission Tariff ("ISO OATT") and identified on Schedule 3.04(a)(ii). As provided by the ISO's Final Report for Generator's project, the System Upgrade Facilities shall be constructed as a component of Con Edison's Fault Duty Management Plan in accordance with the procedures established by the NYISO for such facilities. Con Edison shall own the System Upgrade Facilities.

(iii) It is understood that changes in the Substation Modifications and System Upgrade Facilities may be necessary from time to time prior to and during construction. Prior to and during construction, Con Edison shall have the right and authority to make changes in the Substation Modifications, in the location of the Attachment Facilities within the Substation, and in the System Upgrade Facilities if Con Edison, in its reasonable judgment, determines that such changes are necessary or appropriate; provided that any such changes shall not prevent the connection of the Generator Assets to the Substation and that any such changes shall not result in a material change to the reliability or deliverability of the energy output of the Generator Assets. Con Edison will notify Generator of any major change, but such changes shall not require an amendment to this Agreement. The Parties shall be responsible for the costs of changes associated with the Substation Modifications and Attachment Facilities as provided in Annex IV. Generator's responsibility for the costs of the System Upgrade Facilities is set forth in Section 3.15(c) of this Agreement.

(iv) Generator shall construct and own the Generator Leads.

(b) Con Edison shall permit the Generator Assets to be interconnected with the Transmission System at the point(s) listed on Schedule 3.04(b)(i) in accordance with the terms of this Agreement, subject to Section 3.04(c) and to the following conditions:

- (1) The Interconnection shall not occur (*i.e.*, Generator shall not close Breakers Nos. 01 and 02, as shown on Schedule 3.04(b)(ii)) prior to the completion of the installation of the System Upgrade Facilities, unless Generator, the NYISO, and Con Edison agree to, and the NYISO implements, a protocol that restricts the interconnection and operation of generating facilities under circumstances where excessive fault currents might arise on the Transmission System;

- (2) Notwithstanding Section 3.04(b)(1), Generator may connect the Generator Assets to the Transmission System prior to the Interconnection Date, for purposes of receiving Station-Use Energy, but Generator shall configure and operate that connection in a manner that prevents the Generator Assets from creating potential fault currents on the Transmission System;
- (3) Generator shall (i) demonstrate that the electrical characteristics of the installed Generator Assets are the same as those of the equipment that was contemplated in and studied by the System Reliability Impact Study done by Shaw Power Technologies dated April 21, 2002, or (ii) (A) demonstrate that any difference in the electrical characteristics of such installed and studied equipment will not adversely affect the reliability of the Transmission System or (B) take any action that the ISO deems necessary to eliminate such adverse reliability effect;
- (4) If the Interconnection Date does not occur prior to November 1, 2006, and if the ISO determines that the time between the completion of the System Reliability Impact Study and the completion of the construction of the Generation Facilities has resulted in material changes to the bulk power system and so requires, Generator shall, prior to the Interconnection, demonstrate through an updated technical analysis that the project can be reliably interconnected to the transmission system;
- (5) Any expansion of the generating capacity of the Generating Units (including in respect of any repowering of the Generating Units) and the interconnection of any other generating units will require a separate interconnection agreement with Con Edison; and
- (6) In accordance with Local Reliability Rule No. 3 of the New York State Reliability Council ("NYSRC") (Con Edison System Operation Procedure SO 3-17-10), the Generating Facilities shall be designed and constructed so that they can automatically switch fuel usage, from natural gas to fuel oil, without interrupting plant output upon notification from the Con Edison System Operator or upon experiencing a low gas pressure condition. The Generating Facilities shall have the required equipment (including storage tanks and control systems) to perform such automatic fuel switching. Generator shall provide a technical description of such

automatic switching capability no later than September 1, 2004. Generator shall also physically demonstrate such capability no later than 30 days after the date of "Substantial Completion" of its Generation Facilities, as that term is defined in Generator's contract with its prime contractor. All operations of the Generation Facilities shall be in compliance with all of the NYSRC rules. On any day during the period between the date of Substantial Completion and the date on which Generator physically demonstrates the automatic switching capability, if the Generating Facilities have been selected by the ISO to operate for commercial rather than testing purposes, and if Con Edison has declared a minimum oil burn day in accordance with the applicable rules of the NYSRC and the ISO and with Procedure SO 3-17-10, the Generation Facilities shall burn liquid fuel and not natural gas during the designated hours on that day.

(c) The interconnection of the Generating Facilities with the Transmission System shall be subject to limitation or interruption upon the activation of facilities, equipment and systems designed to protect any of the Generating Facilities or the Transmission System or System Integrity or public safety and may otherwise be subject to extended outages due to the failure of facilities, equipment or systems or for necessary maintenance, repair, testing, or modification of facilities; provided, however, that Con Edison shall use its reasonable best efforts in accordance with Applicable Legal Requirements and Good Utility Practice to prevent such interruption or limitation and shall restore such interconnection as promptly as possible. Con Edison shall, consistent with the Code of Conduct, give Generator reasonable advance notice of any scheduled interruption of interconnection of the Generating Facilities with the Transmission System. Notwithstanding any other provision in this Agreement to the contrary, except to the extent that any such outage or other interruption in interconnection results in whole or in part from the gross negligence or willful or wanton acts or omissions to act of Con Edison, Con Edison, to the fullest extent permitted by law, shall in no event have any liability whatsoever, whether direct or indirect, to Generator therefor, including in respect of lost revenues or lost power or capacity charges or in respect of deficiency charges.

(d) If Generator fails to operate and maintain the Generating Facilities as provided in this Agreement, Con Edison may, subject to Applicable Legal Requirements and Good Utility Practice, discontinue, curtail, interrupt or reduce Generator's

interconnection with the Transmission System until such failure has been corrected, to the extent that such failure has or could be reasonably expected to have a material adverse effect on the Substation or the Transmission System, or otherwise result in personal injury or loss of life or physical damage or physical harm to property, the Generating Facilities, the Substation, the Transmission System or any other transmission system to which it is interconnected, or damage or harm to System Integrity, or public safety. In the absence of an emergency, Con Edison shall provide Generator with reasonable advance notice of its intention to discontinue, curtail, interrupt or reduce interconnection service in response to the interfering condition and where practical allow reasonable time for Generator to remove the interfering condition before the discontinuation, curtailment, interruption or reduction commences. Con Edison's judgment with regard to the interruption of service under this section shall be made pursuant to Good Utility Practice.

(e) Notwithstanding any other provision of this Agreement or the Operating Procedures, the operational jurisdiction governing the interconnection of the Generating Facilities with the Transmission System (including, but not limited to, operating and/or notice and/or approval to operate circuit breakers, disconnect switches and ground switches) shall be in accordance with Annexes I and II.

(f) Switching, Tagging and Grounding. Subject to Section 2.01, each Party shall comply with Con Edison's General Instructions Governing Work on System Electrical Equipment, as from time to time in effect (the "Switching Rules"), promulgated pursuant to the requirements of 29 C.F.R. 1910.269, or any successor thereto or replacement thereof. Con Edison shall have no liability to Generator in connection with the compliance or noncompliance by Generator with the Switching Rules and Generator agrees to hold Con Edison harmless from any liability as a result thereof.

### **SECTION 3.05. Revenue Metering.**

(a) General. (i) The Primary Revenue Meters and Delivery Revenue Meters are listed on Schedule 3.05(a)(i) and shall be installed and maintained at the locations designated on that schedule.

(ii) If any Revenue Meter and its associated Point of Interconnection are not at the same location, the readings from such Revenue Meter shall be appropriately adjusted to account for energy losses between such Revenue Meter and such Point of

Interconnection as if the meter were located at the Point of Interconnection.

(iii) Each Party shall, upon reasonable notice from the other Party, except in the case of an emergency, comply with any reasonable request of the other concerning the scheduling and performance of manual Revenue Meter readings, the sealing of Revenue Meters, the presence of a representative of the other Party when Revenue Meters are read, Revenue Meter seals are broken and tests are conducted, and other matters affecting the accuracy of the measurement of electricity delivered to or from the Generating Facilities. Without limiting the generality of the foregoing, Generator shall have the right to witness all manual reading and testing, calibration, adjustment and maintenance of Revenue Meters, and any resealing of Revenue Meters. If either Party believes that there has been a failure or stoppage of any Revenue Meter or any associated data acquisition and transmission equipment, it shall immediately notify the other Party orally, such notice to be promptly confirmed in writing, and the Parties shall cooperate in taking all necessary steps to restore to operation all Revenue Meters and associated data acquisition and transmission equipment as soon as reasonably possible.

(b) Primary Meter Systems. (i) Unless the Parties agree otherwise, Generator shall provide and own all Primary Revenue Meter Systems. The Primary Revenue Meters shall satisfy industry standards for accuracy and shall be subject to Con Edison's approval. If Con Edison provides the Primary Revenue Meter Systems or any portion thereof, Generator shall reimburse Con Edison for its reasonable costs and expenses.

(ii) Notwithstanding Generator's ownership of the Primary Revenue Meter Systems, Con Edison shall control, have custody of, and read all Primary Revenue Meters. Generator shall reimburse Con Edison for its reasonable costs and expenses in connection with reading the Primary Revenue Meters and processing data received thereby. Generator shall provide reasonable access to Con Edison, at Generator's sole cost and expense, for the purpose of reading Primary Revenue Meters.

(iii) Con Edison will provide (or reimburse Generator for) and own the current transformers and potential transformers associated with the Primary Revenue Meters.

(iv) Con Edison shall arrange for the installation of telephone service from all Primary Revenue Meters. Generator shall reimburse Con Edison for its reasonable costs and expenses



in connection therewith. Generator shall arrange for and be responsible for keeping such telephone service in place, including the payment of any telephone service provider charges. Generator shall be permitted, in accordance with Applicable Legal Requirements and any applicable tariff, to arrange at its own expense for Con Edison to install and maintain appropriate equipment for Generator to obtain access to pulse output from each Revenue Meter. Con Edison shall provide a demarcation terminal block that connects to the pulse output from the meters within the revenue metering cabinet. The Generator shall be permitted to install equipment for receiving the pulses and transmitting the associated data.

(v) Con Edison shall at appropriate intervals, or more frequently upon Generator's reasonable request, test, calibrate and maintain the Primary Revenue Meter Systems, and Generator shall reimburse Con Edison for its reasonable costs and expenses in connection therewith.

(vi) If at any time any Primary Revenue Meter is found to be inaccurate by a margin greater than that allowed under Applicable Legal Requirements or ISO Rules, then Con Edison shall repair or replace such Primary Revenue Meter, and Generator shall reimburse Con Edison for its reasonable costs and expenses in connection with such repair or replacement.

(vii) Notwithstanding other provisions of this Section 3.05, if a Primary Revenue Meter is to be used to measure the delivery of Station-Use Energy to the Generating Facilities, the meter must be certified for revenue billing by the New York State Public Service Commission and must be compatible with Con Edison's meter reading infrastructure.

(c) Delivery Meter Systems. (i) Con Edison shall provide, install, own, and control all Delivery Revenue Meters (including, at Con Edison's option, telephone service from each Delivery Revenue Meter with remote reading capability) in accordance with Con Edison's Schedule for Electricity Service, PSC No. 9 Electricity; General Rules, Regulations, Terms and Conditions; including particularly Sections 9 and 11 thereof. Generator shall reimburse Con Edison (including any tax effects associated with such reimbursement) for any portion of the actual cost of the Delivery Revenue Meters that exceeds the cost of the revenue meters that Con Edison would install for a non-generation customer.



disclose to any other person such information received pursuant to this Section 3.06 other than in accordance with Applicable Legal Requirements and the Code of Conduct.

**SECTION 3.07. Nondispatchability Notification****SECTION 3.07. Nondispatchability Notification****{tc \l2 "SECTION 3.07. Nondispatchability Notification}**. If any unit of any of the Generating Facilities experiences a full or partial forced outage, Generator shall immediately notify Con Edison's Energy Control Center orally of such unit's outage and the expected duration thereof. If Con Edison requests, Generator shall promptly confirm such notice in writing.

**SECTION 3.08. Miscellaneous Services****SECTION 3.08. Miscellaneous Services****{tc \l2 "SECTION 3.08. Miscellaneous Services}**.

(a) Services Provided by Con Edison. (i) Subject to any suspension in accordance with Section 3.08(a)(ii), Con Edison shall provide to Generator in respect of facilities, equipment and systems owned by Generator located on Substation property low voltage AC and DC substation service power and Generator agrees to reimburse Con Edison for any reasonable costs and expenses associated with providing such service.

(ii) Subject to Applicable Legal Requirements and Good Utility Practice, Con Edison may from time to time temporarily suspend the services set forth in Section 3.08(a)(i) for repairs, maintenance, or other reasonable purposes and shall provide Generator reasonable advance notice of any scheduled temporary suspension of services to be provided pursuant to this Section 3.08(a)(ii) reasonably in advance of such suspension. Such notification shall include an estimate of the time duration for a return to normal conditions. In the event of any unplanned or forced suspension of the services set forth in this Section 3.08, Con Edison shall immediately notify Generator orally, such notice to be promptly confirmed in writing. In the event of any suspension pursuant to this Section 3.08(a)(ii), Con Edison shall use its reasonable best efforts to promptly restore such services.

(b) Services Provided by Generator. (i) Generator acknowledges that any feeders owned by Generator and associated electrical facilities, breakers, equipment, systems and transformers owned by Generator and connected thereto and current transformers and potential transformers owned by Generator and used in relay protection circuits that protect the Con Edison

Assets are critical for the delivery of Generator's electric energy over the Transmission System and to Con Edison's operations and System Integrity and shall take all measures reasonably required for such breakers, feeders, facilities, equipment, systems and transformers to at all times remain in service. Notwithstanding Section 2.02(b), to the extent that any such feeder, breakers, current transformer or potential transformer fails to remain in service and Generator fails to promptly take any necessary corrective measures, Con Edison reserves the right, but shall have no obligation, to take any such measures or perform servicing or repairs as may be reasonably required in order to cause such feeder, breakers or relay protection circuits to resume service. Generator shall reimburse Con Edison for its reasonable costs and expenses incurred in connection with such corrective measures and servicing and repairs.

**SECTION 3.09. Communication Equipment.** Generator shall at all times, at its sole cost and expense, maintain and keep available for its sole use two diverse and redundant, in respect of each other, telecommunications links between the Generating Facilities and Con Edison's Energy Control Center for the purpose of providing Con Edison's Energy Control Center with information regarding the Generating Facilities.

**SECTION 3.10. Environmental Matters****SECTION 3.11. Environmental Matters**  
**Environmental Matters****{tc \l2 "SECTION 3.11. Environmental Matters****}.}**

(a) Cooperation. Con Edison and Generator agree to cooperate with each other concerning (i) any site plans, surveys, permits and other similar matters that affect or concern the premises of both Parties, including any plans to prevent or respond to spills of oil or Hazardous Substances or to control and monitor storm-water discharges associated with industrial or construction activities, required by any Governmental Authority and (ii) the selection of a response measure or remedial action and any follow-up or other reports required under applicable Environmental Laws in connection with any Release described in paragraph (b).

(b) Notice. Each Party shall upon discovery immediately notify the other Party orally, such notice to be promptly confirmed in writing, of any Release of Hazardous Substances (i) onto or under, or reasonably likely to migrate onto or under, the other Party's premises or (ii) originating from, or relating to, any facilities, equipment or systems owned

by the other Party that are located on the premises of, and are operated by, the notifying Party. In the event of any such Release, such notifying Party shall make all initial notifications to Governmental Authorities required under Environmental Laws and shall take all required initial response measures to contain and isolate any such Release, and to the extent the other Party is ultimately responsible under this Agreement or applicable law for remediation of such Release, the other Party shall reimburse the notifying Party for its reasonable costs and expenses incurred in connection with any such initial response measures. The Parties shall cooperate in good faith in order to reduce to the extent reasonably practicable any adverse operational and financial impact of such initial response measures.

**SECTION 3.11. Voltage and Frequency Requirements**  
**SECTION 3.12. Voltage and Frequency Requirements**  
SECTION 3.12. Voltage and Frequency Requirements. Unless otherwise agreed to in writing by the Parties or specified by the ISO, Generator shall (a) operate its interconnected Generating Facilities (i) with automatic voltage regulators and minimum excitation limiters and shall maintain voltage at the Points of Interconnection in accordance with Good Utility Practice and Con Edison's Engineering Specification EO-7000 and (ii) at frequency settings from time to time specified by Con Edison with reasonable advance notice to Generator and (b) operate within the underfrequency, overfrequency, undervoltage or overvoltage limits in respect of relays from time to time specified by Con Edison with reasonable advance notice to Generator. The currently effective EO-7000 is set forth as Annex III to this Agreement.

**SECTION 3.12. Authorized Representation**  
**SECTION 3.13. Authorized Representation**  
SECTION 3.13. Authorized Representation.  
 (a) Generator Representatives. Generator shall designate an individual or individuals who have authority to bind Generator hereunder and Con Edison shall be entitled to rely upon such designation. Generator shall also designate an individual or individuals who will be available at the Generating Facilities 365 days per year and 24 hours per day and who shall be empowered by Generator to make operational decisions hereunder on Generator's behalf ("Generator Operations Manager"). Con Edison shall also be entitled to rely on statements, actions and decisions of the Generator Operations Manager as those of Generator, unless Generator specifies otherwise in writing with respect to certain events.

(b) Con Edison Representatives. Con Edison shall designate an individual or individuals who have authority to bind Con Edison hereunder and Generator shall be entitled to rely upon such designation. Con Edison shall also designate an individual or individuals who will be available at the Con Edison's Energy Control Center 365 days per year and 24 hours per day and shall be empowered by Con Edison to make operational decisions hereunder on Con Edison's behalf ("Con Edison Senior System Operator"). Generator shall also be entitled to rely on statements, actions and decisions of the Con Edison Senior System Operator as those of Con Edison, unless Con Edison specifies otherwise in writing with respect to certain events.

**SECTION 3.13. Insurance****SECTION 3.14. Insurance****{tc \12**  
**"SECTION 3.14. Insurance".**

(a) The Parties agree to carry, at their own cost and expense and throughout the term of this Agreement, policies of insurance covering fire, liability, worker's compensation, property all-risk, comprehensive bodily injury, property damage liability and automobile liability, products, completed operations, explosion and collapse, contractual and personal injury liability and other forms of insurance relating to, in the case of Generator, the Generator Assets and, in the case of Con Edison, the Con Edison Assets. Such insurance shall be in such amounts, have such deductibles and retentions and be underwritten by such companies as would be obtained by a reasonably prudent electric power business and shall be primary and noncontributory with any insurance carried by the other Party and it shall not require that such other Party pay any premium thereunder. Notwithstanding the foregoing, either Party may self-insure against any of the liabilities set forth in the first sentence of this Section 3.13 if such Party satisfies all applicable statutory and regulatory criteria with respect to the self-insurance of the relevant liability. Upon receipt of any notice of cancellation or expiration of any such insurance policy, the Party receiving such notice shall immediately give written notice to the other Party.

(b) The Parties agree to furnish each other with certificates of insurance evidencing the insurance coverage set forth in this Section 3.13 and, upon reasonable request, a copy of any insurance policy referred to therein.

(c) Except for worker's compensation insurance, each Party and its Affiliates shall be named as additional insureds

under the general liability insurance policies maintained by each Party pursuant to Section 3.13(a).

(d) Each Party on behalf of itself and its Affiliates shall exclude any right of subrogation under its insurance policies for any liability it has agreed to assume under this Agreement. Evidence of this requirement shall be noted on all certificates of insurance.

**SECTION 3.14. Energy Received by Generating Facilities**  
**SECTION 3.15. Energy Received by Generating Facilities**  
**Services**. (a) Generator shall take unbundled delivery service from Con Edison for the Station-Use Energy consumed in the Generating Facilities pursuant to Con Edison's then-effective NYPSC tariff(s) and to the then-effective FERC tariffs of Con Edison and the ISO, in each case as such tariff(s) may be revised or superseded from time to time. In addition, Generator, at its option, may take unbundled commodity service from Con Edison for the electric energy consumed at the Generating Facilities to the extent permitted pursuant to Con Edison's then-effective NYPSC tariff(s), as such tariff(s) may be revised or superseded from time to time. Generator agrees that it will use the Station-Use Energy only to provide light and power to the Generating Facilities and that, without the prior written consent of Con Edison, Generator will not sell or otherwise supply such energy to any third party.

(b) **Metering and Netting**. The Station-Use Energy that Generator self-supplies may be netted from Generator's total Station-Use Energy for purposes of commodity accounting and transmission charges insofar as such netting is permitted by the ISO's FERC tariff, as such tariff may be revised or superseded from time to time. The Station-Use Energy that Generator self-supplies (other than energy that Generator self-supplies behind the meters) may be netted from Generator's total Station-Use Energy for purposes of determining Con Edison's charges for distribution service only if such netting is expressly authorized by Con Edison's NYPSC tariff, as such tariff may be revised or superseded from time to time.

**Section 3.15. Costs and Expenses.**

(a) **General**. Costs and expenses charged by a Party for operations, maintenance or other work or services required under this Agreement shall be determined in accordance with the invoicing Party's applicable tariff, if any, or its rules,

procedures, or practices for billing for labor, equipment, and materials; provided that any written agreement between the Parties in respect of such labor, equipment, and materials and the costs and expenses thereof shall have precedence and shall govern. In accordance with the Master Agreement, Generator shall be responsible for facility costs as set forth in this Section 3.15. Generator shall pay Con Edison the amounts required by this Section 3.15 as such amounts, or portions of them, may be invoiced to Generator from time to time and in accordance with such invoices (including payment of any and all interest or late payment charges).

(b) Substation Modification Costs. (i) Generator shall pay Con Edison, (a) for the actual Substation Modification Costs and (b) the actual costs of engineering and installing the Attachment Facilities in the Substation, in accordance with the terms and procedures set forth in Annex IV; provided that Generator shall not be obligated to pay any such costs as it may prove to have been imprudently incurred. Estimated Substation Modification Costs are set out in Annex IV, as that annex may be supplemented or amended from time to time. However, that estimate shall not diminish, change, or affect Generator's obligation to pay to Con Edison all costs that Con Edison actually incurs, including those that exceed such estimate, in connection with the Substation Modifications and the installation and connection of Generator Assets in the Substation.

(ii) In order to undertake the Substation Modifications and to install and connect Generator Assets in the Substation, it will be necessary for Con Edison to enter into contracts with equipment suppliers and engineering and construction firms (collectively, the "Supplier/Contractor Contracts"). Because of those Supplier/Contractor Contracts and the nature of the Substation Modifications, Con Edison will have only limited ability to terminate the construction of the Substation Modifications and installation of the Attachment Facilities once such work has commenced. Accordingly, if this Agreement is terminated prior to the completion of the Substation Modifications and the Attachment Facilities for any reason referenced in Section 5.01(b) ("Construction Period Termination"), Con Edison shall have the right, but not the obligation to terminate any Supplier/Contractor Contracts that it executed in connection with the Substation Modifications or the installation and connection of the Generator Assets in the Substation.

(iii) To the extent that Con Edison does not so terminate a Supplier/Contractor Contract, Generator shall remain



liable under Section 3.15(b)(i) for the costs incurred pursuant to such contract before and after termination of this Agreement. To the extent that Con Edison does so terminate a Supplier/Contractor Contract, Con Edison may incur costs and liabilities in connection with the contract termination and/or removal of construction work in progress from the Substation ("Cancellation Costs"). In that event, Generator shall be liable for and pay Con Edison for all Cancellation Costs. If Generator fails to make such payment, Con Edison shall have the right, in addition to any other remedy available to it, to draw down under the letter of credit, described below, in an amount equal to that which Generator has failed to timely pay.

(iv) If a Construction Period Termination occurs and Con Edison terminates any Supplier/Contractor Contract, Con Edison shall have complete discretion with regard to the resolution of any termination-related claim and/or demand by any other party to the Supplier/Contractor Contract. Con Edison shall have complete discretion with respect to the removal or completion of construction work in progress, consistent with the safety, integrity, and reliability of the Transmission System.

(v) In exercising its discretion under the prior paragraphs, Con Edison shall use commercially reasonable efforts to mitigate the costs for which Generator is responsible, provided that such efforts shall not adversely affect Con Edison economically or operationally.

(vi) If the Substation Modifications create electrical capacity or "Headroom" in excess of the electrical capacity used by the Generating Facilities, Con Edison shall support Generator's claims to any economic benefits associated with such "Headroom" to which Generator may be entitled under Attachment S to the ISO Open Access Transmission Tariff.

(c) System Upgrade Facilities Costs. Generator shall pay Con Edison at least the \$10,228,000 allocated share of the first \$71 million of costs incurred by Con Edison with respect to the System Upgrade Facilities, which \$10,228,000 share has previously been allocated to Generator pursuant to Attachment S of the ISO OATT. To the fullest extent permitted by law, Generator irrevocably and unconditionally waives any and all rights and claims whatsoever, now and in the future, to pay a lower allocated share of such costs regardless of whether or not any action or proceeding that was or is now pending or is later brought before any court, agency (including the FERC), the ISO, or any other body or panel (including any arbitration or other dispute resolution body) results in a lower allocated share of

such costs for Generator or others. In addition, Generator agrees to pay to Con Edison Generator's allocated share of the costs of System Upgrade Facilities that exceed \$71 million, which share of such costs in excess of \$71 million is allocated to Generator in accordance with Attachment S of the ISO OATT or is otherwise agreed to by the Parties in writing. Any termination of this Agreement will not reduce or limit Generator's obligation to pay the amounts required by this Section 3.15(c).

(d) Security and Remedies. (i) Unless the Parties agree in writing to an alternative security arrangement, Generator shall cause an irrevocable, transferable, standby letter(s) of credit for the benefit of Con Edison to be furnished to Con Edison for purposes of securing payment by Generator of amounts owed under Paragraphs (b) and (c) of this Section 3.15 (other than Generator's \$10,228,000 share of the first \$71 million of System Upgrade Facilities costs, which is secured pursuant to the provisions of a separate security agreement). The letter(s) of credit shall be in a form reasonably acceptable to Con Edison and shall require the issuing bank to honor a sight draft(s) drawn on the bank pursuant to the letter of credit. Con Edison shall be permitted to draw against the letter(s) of credit (partial drawings shall be permitted) to satisfy any obligation(s) of Generator under such paragraphs that has (have) not been performed by Generator within the prescribed time for the performance. The letter of credit respecting payments under Paragraph (b) shall be issued in the amount(s) and at the time(s) specified in Annex IV, as may be amended or supplemented from time to time. The letter of credit respecting payments under Paragraph (c) in excess of \$10,228,000 (representing Generator's share of the first \$71 million referenced above) shall be in an amount equal to Generator's payment obligation under that Paragraph in excess of \$10,228,000 (less any amounts previously paid in excess of \$10,228,000) and shall be issued within five (5) days of the allocation of such costs to Generator by the ISO or by agreement of the Parties. The letter(s) of credit shall have an expiration date no earlier than (or be renewed or amended to have an expiration date no earlier than) 60 days after Generator's final payment of amounts owed under Paragraphs (b) and (c) of this Section 3.15.

(ii) Such letter of credit shall be issued by a major U.S. commercial bank or the U.S. branch office of a foreign bank having, in either case, a "Credit Rating" (defined as the rating then assigned to such entity's unsecured, senior long-term debt obligations which are not supported by third party credit enhancements or, if such entity does not have a rating for its senior unsecured long-term debt, the rating then assigned to such

entity as an issuer rating) of at least (a) "A-" by the Standard & Poors Rating Group (a division of McGraw-Hill, Inc.) ("S&P") and "A3" by Moody's Investor Services, Inc. ("Moodys") if the issuing bank is rated by both S&P and Moodys, or (b) "A-" by S&P or "A3" by Moody's if the issuing bank is rated by either S&P or Moody's but not both. If the Credit Rating of the bank issuing the letter of credit falls below such levels at any time prior to the expiration of the letter of credit, or if the issuing bank repudiates its obligations under, or fails to honor or pay against, the letter of credit, Generator shall furnish or cause to be furnished to Con Edison a substitute letter of credit, meeting the requirements of Paragraph (i) above, from a bank meeting the requirements of this Paragraph (ii) within three (3) business days after Con Edison provides written notice demanding a substitute letter of credit.

(iii) In the event that Generator fails to establish or maintain the letter of credit, as described in Section 3.15(d)(ii) above, or, in the event that the letter of credit at any time has an expiration date earlier than sixty (60) days after Generator's final payment of amounts owed under Paragraphs (b) and (c) of this Section 3.15 and Generator does not, at least thirty (30) days prior to the expiration date of the letter of credit, provide an amendment to or renewal of such letter of credit to Con Edison, Con Edison may, in addition to any other remedy available to it, suspend construction of the Substation Modifications and installation and connection of the Generator Assets in the Substation.

(iv) In the event that Generator fails to timely make any payment required by Paragraphs (b) or (c) of this Section 3.15, Con Edison shall have the right, in addition to any other remedy available to it, to draw down under the letter of credit in an amount equal to that which Generator has failed to timely pay.

(e) Headroom. Con Edison may interconnect other developers' projects to the Substation, notwithstanding Generator's payment of Substation Modification Costs. Such interconnection by another developer(s) shall not reduce Generator's payment obligation under this Agreement. However, to the extent that Generator's payments for System Upgrade Facilities and Substation Modifications under this Agreement qualify as having created "Headroom" under Attachment S to the ISO OATT, Generator (not Con Edison) shall be entitled to the benefits associated with such Headroom under the ISO OATT.

(f) Maintenance Costs. As provided in the Master Agreement, Generator shall reimburse Con Edison for the cost (including overhead costs) of operating and maintaining the Substation equipment installed in conjunction with the Substation Modifications.

#### ARTICLE IV

##### Billing Procedures

**SECTION 4.01. Billing Procedures****SECTION 4.01. Billing Procedures****{tc \l2 "SECTION 4.01. Billing Procedures"}.** (a) General. The provisions of this Section 4.01 shall apply to bills and payments required under this Agreement, except with respect to services rendered by Con Edison to Generator pursuant to a filed and approved rate schedule, and unless the Parties agree in writing to different procedures with respect to a particular matter(s).

(b) Procedures. Within ten Business Days after the first day of each month, each Party shall prepare an invoice for those reimbursable costs incurred on behalf of the other Party under this Agreement during the preceding month. Invoices shall be delivered to the following addresses or fax numbers (or to such other address or fax number that a Party shall specify):

if to Generator:

Chief Executive Officer  
Astoria Energy LLC  
17-10 Steinway Street  
Astoria, New York 11105-1012

if to Con Edison:

Vice President  
System and Transmission Operations  
Consolidated Edison Company of New York, Inc.  
4 Irving Place  
New York, New York 10003

Each invoice shall delineate when such costs or services were incurred or provided, shall fully describe the costs or services incurred or rendered and shall be itemized to reflect the incurrence of such costs and the provision of such services. The amount of Generator's invoice and amount of Con Edison's invoice

for such month shall be netted, and Generator or Con Edison (as the case may be) shall pay the net amount, if any, to the other Party on or before the twentieth Business Day following receipt of the other Party's invoice. All payments shall be made in immediately available funds by wire transfer to a bank named by such Party. Payment of invoices by either Party shall not relieve the paying Party from any responsibilities or obligations it has under this Agreement, nor shall it constitute a waiver of any claims arising hereunder nor shall it prejudice either Party's right to question the correctness of such billing. Any overdue amounts shall bear interest from the due date through the date of payment at the prime rate of the JPMorgan Chase Bank in effect on the due date, except that overdue amounts for services rendered by Con Edison to Generator pursuant to a filed and approved tariff or a separate written agreement between the Parties shall be subject to the interest and late payment charges specified in such tariff or separate written agreement, as applicable. With respect to services rendered by Con Edison to Generator pursuant to a filed and approved rate schedule, the provisions of such schedule shall govern billing procedures and the applicable rate of interest on overdue amounts.

**SECTION 4.02. Billing Disputes****SECTION 4.02. Billing Disputes{tc \12 "SECTION 4.02. Billing Disputes}.** In the event of a billing dispute (other than disputes arising under a filed and approved electricity or delivery service rate schedule as to which the provisions of such schedule shall govern), the Parties shall continue to provide services to each other as long as the paying Party (i) continues to make all of the payments not in dispute and (ii) if requested by the billing Party, pays into an escrow account the disputed portion of the applicable invoice, pending resolution of such dispute.

## ARTICLE V

**Miscellaneous Provisions****ARTICLE VMiscellaneous Provisions{tc \11 "ARTICLE VMiscellaneous Provisions}**

**SECTION 5.01. Effectiveness and Term****SECTION5.01. Effectiveness and Term{tc \12 "SECTION5.01. Effectiveness and Term}.**

(a) This Agreement shall be effective as of the date first written above.

(b) This Agreement shall terminate as of the date that either Party gives written notice of such termination following the occurrence of any of the following events:

- 1) Generator terminates its efforts to obtain Permits for and to construct the Generator Assets;
- 2) A Governmental Authority denies, on a final and non-appealable basis, a Permit essential for the construction and operation of the Generator Assets; or
- 3) The Interconnection Date does not occur on or before May 1, 2007, subject to extension for a Force Majeure Event (as provided in Section 5.02) or for a delay in completion of the Substation Modifications or for the filing and pendency of any challenge to or appeal of any approval of a Government Authority or the ISO that is necessary or desirable to authorize construction or operation of the Generator Assets,

(c) Section 3.15 and Article IV shall survive the termination or expiration of this Agreement for so long as is necessary for the full satisfaction of the obligations established by that section and other provisions of this Agreement regarding the payment and reimbursement of costs. The termination or expiration of this Agreement shall not alter Generator's cost payment or reimbursement obligations under this Agreement; provided that Con Edison shall, to the extent possible, curtail the accrual of such costs as of the termination date or as soon thereafter as may be possible.

(d) The terms relating to the interconnection of the Generator Assets to the Transmission System may be affected by terms or restrictions that may be imposed by the ISO, the NYPSC or the FERC. The terms of this Agreement shall be revised prospectively to the extent necessary to accord with terms or restrictions that may be imposed by those entities by final and non-appealable actions.

(e) If this Agreement is not terminated pursuant to Section 5.01(b) above, it shall continue in full force and effect until the earlier of (i) such time as the permanent cessation of power generation functions at the Generating Facilities, together with any associated Decommissioning, has been completed by Generator or (ii) such time as the permanent cessation of interconnection functions in respect of the Transmission System, together with any associated demolition, removal or restoration of the site (to the extent required by Applicable Legal Requirements), has been completed by Con Edison. The applicable

provisions of this Agreement shall continue in effect after any termination of this Agreement to the extent necessary to provide for final billings, billing adjustments and payments pertaining to liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect.

(c) Generator and Con Edison agree that, except as provided in Section 5.01(b), this Agreement may not be terminated under any circumstances by either Party as a result of a breach, whether or not material, of the other Party or otherwise, except pursuant to an agreement in writing executed by each Party.

**SECTION 5.02. Force Majeure.** (a) Notwithstanding anything in this Agreement to the contrary, neither Party shall have any liability or be otherwise responsible to the other for its failure to carry out its obligations, with the exception of any obligation to pay money, under this Agreement if and only to the extent that it becomes impossible for either Party to so perform as a result of any occurrence or event which is beyond the reasonable control, and does not result from any fault or negligence, of the Party affected (each, a "Force Majeure Event"), including any act of God, strike or any other labor disturbance, act of a public enemy, war, act of terrorism, riot, any other civil disturbance, fire, storm, lightning, flood, earthquake, any other natural disasters, explosion, materials shortage, breakage or accident involving facilities, equipment or systems, any order or regulation or restriction imposed by any Governmental Authority or the ISO, failure of a contractor or subcontractor caused by a Force Majeure Event and transportation delays or stoppages.

(b) If a Party shall rely on the occurrence of a Force Majeure Event as a basis for being excused from performance of its obligations under this Agreement, then the Party relying on such occurrence shall (i) provide prompt oral and written notice of such Force Majeure Event to the other Party giving an estimate of its expected duration and the probable impact on the performance of its obligations hereunder and submitting reasonably satisfactory evidence of the existence of a Force Majeure Event, (ii) exercise its reasonable best efforts to continue to perform its obligations under this Agreement, (iii) exercise its reasonable best efforts to reasonably and expeditiously take action to correct or cure the Force Majeure Event (provided, however, that settlement of strikes or any other labor disturbance will be completely within the sole discretion of the Party affected by such strike or labor dispute), (iv) exercise its reasonable best efforts to mitigate or limit

damages to the other Party and (v) provide prompt oral and written notice to the other Party of the cessation of the Force Majeure Event.

**SECTION 5.03. Confidentiality.** (a) Each Party (the "Receiving Party") shall, during the term of this Agreement and for two years after its termination, keep confidential and shall cause its directors, officers, affiliates, employees, contractors, agents and other representatives (including financial advisors, attorneys and accountants) (collectively, the "Representatives") to keep confidential (except as required by applicable Law, and then only after compliance with subsection (b) of this Section) any and all documents and information that are designated "confidential" and that are (i) furnished or disclosed by the other Party (the "Disclosing Party") in connection with this Agreement or (ii) learned by the Receiving Party during the course of performance of this Agreement (the "Confidential Information"); provided, however, that the confidentiality obligation hereunder shall expire two years after any such Confidential Information is first furnished, disclosed or learned. The term "Confidential Information" shall not include any such documents or information that (i) is or becomes generally available to the public other than as a result of a disclosure by the Disclosing Party or its Representatives, (ii) is developed by the Receiving Party or its Representatives independently and without use of, and does not contain or reflect, information furnished by the Disclosing Party or its Representatives, or (iii) is or becomes available to the Receiving Party on a non-confidential basis from a source (other than the Disclosing Party or its Representatives) which, to the best of the Receiving Party's knowledge after due inquiry, is not prohibited from disclosing such information to the Receiving Party by a legal, contractual or fiduciary obligation to the Disclosing Party. The Receiving Party shall not release or disclose Confidential Information to any person, other than to its Representatives on a need to know basis and who have first been advised of the confidentiality provisions of this Section and have agreed to comply with such provisions.

(b) In the event that the Receiving Party or any of its Representatives is requested pursuant to, or required by, Applicable Legal Requirements, ISO Rules, or Law to disclose any of the Confidential Information, the Receiving Party shall notify the Disclosing Party promptly so that the Disclosing Party may seek a protective order or other appropriate remedy or, in the Disclosing Party's sole discretion, waive compliance with the terms of this Section.



(i) In the event that no such protective order or other remedy is obtained, or that the Disclosing Party does not waive compliance with the terms of this Section, the Receiving Party shall furnish only that portion of the Confidential Information which the Receiving Party is advised by counsel is legally required and shall exercise its reasonable best efforts to obtain reliable assurance that confidential treatment will be accorded the Confidential Information so furnished.

(ii) Notwithstanding anything in this Section to the contrary, if the Federal Energy Regulatory Commission ("FERC") or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to the FERC or its staff within the time provided for in the request for information. In providing the information to the FERC or its staff, the Party shall, consistent with 18 C.F.R. Section 388.112, request that the information be treated as confidential and non-public by the FERC and its staff and that the information be withheld from public disclosure. The Party shall notify the other Party, when it is notified by the FERC or its staff, that a request for disclosure of, or decision to disclose, confidential information has been received, at which time either of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. Section 388.112.

(c) In the event of litigation relating to the confidentiality provisions of this Section, if a court of competent jurisdiction determines in a final, non-appealable order that this Section 5.03 has been breached by a Party or its Representatives, then such breaching Party shall reimburse the other Party for its reasonable costs and expenses (including legal fees and expenses) incurred in connection with all such litigation.

(d) By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.

(e) Each Party shall use at least the same standard of care to protect Confidential Information as it uses to protect

its own confidential information from unauthorized disclosure, publication or dissemination.

(f) Upon termination of this Agreement for any reason, each Party shall, promptly upon receipt of a written request from the other Party, destroy, erase or delete or return to the other Party, without retaining copies thereof, any and all written or tangible Confidential Information received from the other Party.

#### **SECTION 5.04. Assignment; No Third Party**

**Beneficiaries.** (a) This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any Party, including by operation of law, without the prior written consent of the other Party, which shall not be unreasonably withheld or delayed, except (i) in the case of Con Edison (A) to an Affiliate of Con Edison or a third party in connection with the transfer of the Transmission System to such Affiliate or third party or (B) to a lending institution or trustee in connection with a pledge or granting of a security interest in all or any part of the Transmission System and this Agreement and (ii) in the case of Generator (A) to an Affiliate of Generator in connection with the transfer of the Generating Facilities to such Affiliate, (B) to a lending institution or trustee in connection with a pledge or granting of a security interest in the Generating Facilities and this Agreement, or (C) to any person or entity to which the Master Agreement is assigned pursuant to Section 10.5 of that agreement; provided, however, that no assignment or transfer of rights or obligations by either Party shall relieve it from the full liabilities and the full financial responsibility, as provided for under this Agreement, unless and until the transferee or assignee shall agree in writing to assume such obligations and duties and the other Party has consented in writing to such assumption.

(b) Nothing in this Agreement is intended to confer upon any other person except the Parties any rights or remedies hereunder or shall create any third party beneficiary rights in any person.

**SECTION 5.05. Independent Contractor Status.** Nothing in this Agreement is intended to create an association, trust, partnership or joint venture between the Parties, or to impose a trust, partnership or fiduciary duty, obligation or liability on

or with respect to either Party and nothing in this Agreement shall be construed as creating any relationship between Con Edison and Generator other than that of independent contractors.

**SECTION 5.06. Notices.** Unless otherwise specified herein, all notices and other communications hereunder shall be in writing and shall be deemed given (as of the time of delivery or, in the case of a telecopied communication, of confirmation) if delivered personally, telecopied (which is confirmed) or sent by overnight courier (providing proof of delivery) to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice)

if to Con Edison, to:

Consolidated Edison Company of New York, Inc.  
4 Irving Place  
New York, NY 10003  
Telecopy No.: (212) 677-5850  
Attention: Senior Vice President, Central  
Operations

Copy to:

Consolidated Edison Company of New York, Inc.  
4 Irving Place  
New York, NY 10003  
Telecopy No.: (212) 687-5850  
Attention: Senior Vice President and General  
Counsel

if to Generator, to:

Charles R. McCall  
Chief Executive Officer  
17-10 Steinway Street  
Astoria, New York 11105-1012  
Telecopy No.: (718) 204-8564

**SECTION 5.07. Amendment and Modification; Extension; Waiver.** This Agreement may be amended, modified or supplemented only by an instrument in writing signed on behalf of each of the Parties. Any agreement on the part of a Party to any extension or waiver in respect of this Agreement shall be valid only if set forth in an instrument in writing signed on behalf of such Party.

If any Governmental Authority or the ISO implements a change in any Law or practice which impedes a Party's performance under this Agreement or may be reasonably expected to impede the Party's performance under this Agreement, the Parties shall negotiate in good faith such amendments to this Agreement as are reasonably necessary to cure such impediment, and Con Edison shall file such amendments with the FERC. If the Parties are unable to reach agreement on such amendments, either Party shall have the right to make a unilateral filing with the FERC to modify this Agreement pursuant to Sections 205 and 206 or any other applicable provisions of the Federal Power Act and the FERC rules and regulations thereunder; provided, that the non-filing Party shall have the right to oppose such filing and to participate fully in any proceeding established by the FERC to address any such amendments. The failure of a Party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights. Notwithstanding anything herein to the contrary, to the extent that either Party fails, in any particular instance, to take affirmative steps to exercise its rights to witness, inspect, observe or approve the activities of the other Party as contemplated by this Agreement, such rights shall, solely with respect to such instance, be deemed waived in respect of such testing, calibration, adjustment and maintenance interval or such operation or maintenance activities, equipment tests, installation, construction or other modifications, respectively.

**SECTION 5.08. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York (regardless of the laws that might otherwise govern under applicable principles of conflicts of law).

**SECTION 5.09. Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**SECTION 5.10. Interpretation.** When a reference is made in this Agreement to an Article, Section, Schedule or Exhibit, such reference shall be to an Article or Section of, or Schedule or Exhibit to, this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used

in this Agreement, they shall be deemed to be followed by the words "without limitation" or equivalent words. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms. Any agreement, instrument or Law defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or Law as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of Laws) by succession of comparable Laws and references to all attachments thereto and instruments incorporated therein. References to a person are also to its permitted successors and assigns.

**SECTION 5.11. Dispute Resolution.** If any dispute, disagreement, claim or controversy exists between the Parties arising out of or relating to this Agreement, such disputed matter shall be submitted to a committee comprised of one designated representative of each Party. Such committee shall be instructed to attempt to resolve the matter within thirty days after such dispute, disagreement, claim or controversy. If such designees do not agree upon a decision within thirty days after the submission of the matter to them, either Party may then pursue remedies available to it.

**SECTION 5.12. Jurisdiction and Enforcement.** (a) Each of the Parties irrevocably submits to the exclusive jurisdiction of (i) the Supreme Court of the State of New York, New York County and (ii) the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each of the Parties agrees to commence any action, suit or proceeding relating hereto either in the United States District Court for the Southern District of New York or, if such suit, action or proceeding may not be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, New York County. Each of the Parties further agrees that service of process, summons, notice or document by hand delivery or U.S. registered mail at the

address specified for such Party in Section 5.06 (or such other address specified by such Party from time to time pursuant to Section 5.06) shall be effective service of process for any action, suit or proceeding brought against such Party in any such court. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in (i) the Supreme Court of the State of New York, New York County, or (ii) the United States District Court for the Southern District of New York, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Parties agree that irreparable damage would occur in the event that any of the provisions of Articles II or III of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of those articles and to enforce specifically their terms and provisions, this being in addition to any other remedy to which they are entitled at law or in equity.

**SECTION 5.13. Entire Agreement.** This Agreement, including the Exhibits, Schedules, Annexes, documents, certificates and instruments referred to herein and other contracts, agreements and instruments contemplated hereby embody the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings other than those expressly set forth or referred to herein or therein. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the transaction contemplated by this Agreement including the Interconnection Agreement between the Parties dated as of February 27, 2004.

**SECTION 5.14. Severability.** If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to

modify this Agreement so as to effect the original intent of the Parties as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

**SECTION 5.15 Indemnification; No Consequential**

**Damages.** (a) Con Edison will indemnify and hold harmless Generator and its Affiliates and their respective directors, officers, employees, agents and representatives (collectively with Generator and its Affiliates, the "Generator Indemnitees") from and against any claims, causes of action, demands, or suits by any person, and all losses, liabilities, damages, obligations, payments (including amounts paid in settlement in accordance with this Section 5.15), judgments, orders, decrees, rulings, liens, charges, costs and expenses (including reasonable legal fees and expenses and including costs and expenses incurred in connection with investigations and settlement proceedings) (each, an "Indemnifiable Loss"), as incurred, asserted against or suffered by any Generator Indemnatee relating to, resulting from or arising out of any breach by Con Edison of any covenant or agreement of Con Edison contained in this Agreement.

(b) Generator will indemnify and hold harmless Con Edison and its Affiliates and their respective directors, officers, trustees, employees, agents and representatives (collectively with Con Edison and its Affiliates, the "Con Edison Indemnitees") from and against any Indemnifiable Losses, as incurred, asserted against or suffered by any Con Edison Indemnatee relating to, resulting from or arising out of any breach by Generator of any covenant or agreement of Generator contained in this Agreement. Generator waives all claims against Con Edison relating to any Indemnifiable Losses caused by any delay in the completion of the Substation Modifications or installation of the Generator Assets within the Substation, except where such delay results from Con Edison's failure to use reasonable efforts to complete the modifications or installation promptly.

(c) The amount of any Indemnifiable Loss shall be reduced to the extent that the relevant Generator Indemnatee or Con Edison Indemnatee (each, an "Indemnatee") receives any insurance proceeds with respect to an Indemnifiable Loss and shall be (i) increased to take account of any Tax Cost incurred by the Indemnatee arising from the receipt of indemnity payments hereunder (grossed up for such increase) and (ii) reduced to take account of any Tax Benefit realized by the Indemnatee arising

from the incurrence or payment of any such Indemnifiable Loss. If the amount of any Indemnifiable Loss, at any time subsequent to the making of an indemnity payment in respect thereof, is reduced by recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim or cause of action, recovery, settlement or payment by or against any other person, the amount of such reduction, less any costs, expenses or premiums incurred in connection therewith, will promptly be repaid by the Indemnatee to the Party required to provide indemnification hereunder (the "Indemnifying Party") with respect to such Indemnifiable Loss.

(d) To the fullest extent permitted by Law, neither Party nor any Generator Indemnatee or any Con Edison Indemnatee shall be liable to the other Party or any other Generator Indemnatee or Con Edison Indemnatee for any claims or causes of action, demands or suits for consequential, incidental, special, exemplary, punitive, indirect or multiple damages connected with or resulting from any breach of this Agreement or any actions undertaken in connection with or related hereto, including any such damages which are based upon breach of contract, tort (including negligence and misrepresentation), breach of warranty, strict liability, statute, operation of law or any other theory of recovery.

(e) The rights and remedies of Con Edison and Generator under this Section 5.15 are, solely as between Con Edison and Generator, exclusive and in lieu of any other rights and remedies which Con Edison and Generator may have under this Agreement or otherwise for monetary relief with respect to (i) any breach of, or failure to perform, any covenant or agreement set forth in this Agreement by Con Edison or Generator, (ii) any breach of any representation or warranty by Con Edison or Generator. Each Party agrees that the previous sentence shall not limit or otherwise affect any non-monetary right or remedy which either Party may have under this Agreement or otherwise limit or affect either Party's right to seek equitable relief, including the remedy of specific performance.

(f) Generator and Con Edison agree that each Party shall retain, subject to the other provisions of this Agreement, including Section 5.15(d), all remedies at law or in equity with respect to (i) fraud or willful or intentional breaches of this Agreement and (ii) gross negligence or willful or wanton acts or omissions to act of any Indemnatee (or any contractor or subcontractor thereof) on or after the effective date of this Agreement.



(g) If any Indemnitee receives notice of the assertion of any claim or cause of action or of the commencement of any claim, cause of action, or proceeding made or brought by any person who is not a Party or an Affiliate of a Party (a "Third Party Claim") with respect to which indemnification is to be sought from an Indemnifying Party, the Indemnitee will give such Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 20 Business Days after the Indemnitee's receipt of notice of such Third Party Claim; provided, however, that a failure to give timely notice will not affect the rights or obligations of any Indemnitee except if, and only to the extent that, as a result of such failure, the Indemnifying Party was actually prejudiced. Such notice shall describe the nature of the Third Party Claim in reasonable detail and will indicate the estimated amount, if practicable, of the Indemnifiable Loss that has been or may be sustained by the Indemnitee.

(h) If a Third Party Claim is made against an Indemnitee, the Indemnifying Party will be entitled to participate in the defense thereof and, if it so chooses, to assume the defense thereof with counsel selected by the Indemnifying Party; provided, however, that such counsel is not reasonably objected to by the Indemnitee; and provided further that the Indemnifying Party first admits in writing its liability to the Indemnitee with respect to all material elements of such claim. Should the Indemnifying Party so elect to assume the defense of a Third Party Claim, the Indemnifying Party will not be liable to the Indemnitee for any legal expenses subsequently incurred by the Indemnitee in connection with the defense thereof. If the Indemnifying Party so elects to assume the defense of a Third Party Claim, the Indemnitee will (i) cooperate in all reasonable respects with the Indemnifying Party in connection with such defense, (ii) not admit any liability with respect to, or settle, compromise or discharge, any Third Party Claim without the Indemnifying Party's prior written consent and (iii) agree to any settlement, compromise or discharge of a Third Party Claim which the Indemnifying Party may recommend and which by its terms obligates the Indemnifying Party to pay the full amount of the liability in connection with such Third Party Claim and releases the Indemnitee completely in connection with such Third Party Claim. In the event the Indemnifying Party shall so assume the defense of any Third Party Claim, the Indemnitee shall be entitled to participate in (but not control) such defense with its own counsel at its own expense. If the Indemnifying Party does not assume the defense of any such Third Party Claim, the Indemnitee may defend the same in such manner as it may deem appropriate, including settling such claim or litigation after

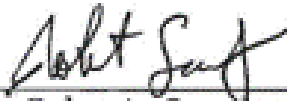
giving notice to the Indemnifying Party of the terms of the proposed settlement and the Indemnifying Party will promptly reimburse the Indemnatee upon written request. Anything contained in this Agreement to the contrary notwithstanding, no Indemnifying Party shall be entitled to assume the defense of any Third Party Claim if such Third Party Claim seeks an order, injunction or other equitable relief or relief for other than monetary damages against the Indemnatee which, if successful, would materially adversely affect the business of the Indemnatee; provided, however, that such Indemnifying Party shall continue to be obligated to such Indemnatee pursuant to Section 5.15(a) or (b), as the case may be, for all Indemnifiable Losses relating to, resulting from or arising out of such Third Party Claim.

**SECTION 5.16 Auditing of Accounts and Records.** Each Party shall have the right, upon reasonable notice and at its cost, to audit the other Party's accounts and records pertaining to maintenance and service transactions under this Agreement. Such right shall continue for a period of twelve (12) months after the date of the transactions(s) which are the subject of the requested audit.

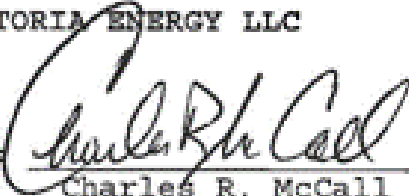
**SECTION 5.17 Regulatory Requirements.** It shall be the responsibility of the Parties to take all necessary actions to satisfy any regulatory requirements which may be imposed by any statute, rule or regulation concerning transactions contemplated by this Agreement. The Parties shall cooperate with each other and shall provide information or such other assistance as may be reasonably required by the other Party or the ISO in order to satisfy its obligations under this Section 5.17.

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

CONSOLIDATED EDISON COMPANY  
OF NEW YORK, INC.

By:   
Robert Sanchez  
Vice President

ASTORIA ENERGY LLC

By:   
Charles R. McCall  
Chief Executive Officer

  
Philippe Halib  
CFO

STATE OF NEW YORK     )  
                                      )   SS.:  
COUNTY OF NEW YORK    )

On this 10<sup>th</sup> day of November 2011, before me personally appeared Robert Sanchez, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that his signature on the instrument, the individual, or the corporation upon behalf of which the individual acted, executed the instrument.

  
NOTARY PUBLIC

SYLVEN GLYNN  
NOTARY PUBLIC, STATE OF NEW YORK  
Registration No. 01GL5065881  
Qualified in Kings County  
Commission Expires September 16, 2014

STATE OF NEW YORK     )  
                                      )   SS.:  
COUNTY OF NEW YORK    )

On this 16th day of November 2011, before me personally appeared Charles R. McCall, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that his signature on the instrument, the individual, or the corporation upon behalf of which the individual acted, executed the instrument.

  
NOTARY PUBLIC

GIUSEPPE CUSUMANO  
NOTARY PUBLIC - STATE OF NEW YORK  
NO. 01CU6126942  
QUALIFIED IN QUEENS COUNTY  
COMMISSION EXPIRES MAY 16, 2013

**SCHEDULE 1.01(a)**

**GENERATING UNITS**

## **SCHEDULE 1.01(a)**

### **GENERATING UNITS**

"Generating Units" includes the following electric generators, having the below-designated nominal ratings, installed at 17-10 Steinway Street in the Borough of Queens, and connected to Con Edison's Astoria East Substation; provided that the aggregate net nominal rating of the Generating Units (at 57 degrees F. and a relative humidity of 54%) with duct firing on natural gas shall not exceed 547 MW or 635 MW during the summer and winter seasons, respectively:

1. A steam turbine unit, having a nominal rating of 285 MVA at a .9 power factor; and
2. Two General Electric Frame 7F series combustion turbines, with heat recovery steam generators supplied with additional duct burners, each having a nominal rating of 234 MVA at a .85 power factor.

**SCHEDULE 3.04(a)(i)**

**SUBSTATION MODIFICATIONS**

## **SCHEDULE 3.04(a)(i)**

### **SUBSTATION MODIFICATIONS**

Based on preliminary engineering and planning, the Substation Modifications include the following items. This listing is subject to modification to reflect the results of detailed engineering and design.

1. Disconnection, removal, and replacement of six (6) existing 2000 AMP, 138kV, 63 KA circuit breakers (Nos. 1W, 3E, 5E, 6E, 6W, 8E) with 3000 AMP, 138 kV, 63 KA circuit breakers. The existing breakers shall be offered to Generator;
2. Disconnection, removal, and replacement of ten (10) existing 2000 AMP, 138 kV disconnect switches (Nos. 1W1, 1W2, 3E3, 3E4, 5E5, 5E6, 6E6, 6E7, 8E8, 8E1) with 3000AMP, 138 kV disconnect switches. The existing switches shall be discarded;
3. Disconnection, removal, and replacement of fourteen (14) existing 1200 AMP, 138 kV disconnect switches (Nos. 1E1, 1E2, 2E2, 2E3, 2W2, 2W3, 3W3, 3W4, 6W6, 6W7, 7W7, 7W8, 7E7, 7E8) with 3000 AMP, 138 kV disconnect switches; the existing switches shall be discarded;
4. Modification/replacement of existing support structures for the disconnect switches to accommodate the new disconnect switches;
5. Disconnection, removal, and replacement of 3000 LF length of existing 2000 AMP bus by 3000 AMP bus;
6. Replacement and addition of bus support insulators and structures to support the new 3000 AMP bus;
7. Installation of two (2) new disconnects switches with structures and foundations, for connecting the two SCS feeders;
8. Installation of lightning arresters and potential transformers for the two SCS feeders;
9. Installation of two (2) new pre-fabricated air-conditioned relay houses for the two SCS feeders;
10. Installation of revenue metering equipment for SCS feeders at Astoria Substation; and
11. Expansion of the SOCCS RTU to accommodate the new points associated with SCS feeders for control and data transmission to Energy Control Center (ECC).



SCHEDULE 3.04(a)(ii)

SYSTEM UPGRADE FACILITIES

## **SCHEDULE 3.04(a)(ii)**

### **SYSTEM UPGRADE FACILITIES**

The System Upgrade Facilities include the following equipment and facility modifications:

- 3% series reactors, one each on Feeders M51, M52, 71, 72;
- 5% series reactor on Feeder 15055;
- 138 kV high side reconnection of the Hell Gate transformers 1 and 4 from the Astoria East-East 179<sup>th</sup> Street tie lines to the Astoria West-Hell Gate/Bruckner Ties 24051 and 24052; and
- Any other equipment and facility modifications that become necessary because of modifications to the Fault Current Mitigation Plan required by the ISO or the FERC.

**SCHEDULE 3.04(b)(i)**

**POINTS OF INTERCONNECTION**

## **SCHEDULE 3.04(b)(i)**

### **POINTS OF INTERCONNECTION**

The Generating Facilities shall be interconnected with Con Edison's Transmission System at the following Points of Interconnection:

#### **GENERATOR OUTPUT**

1. Generator Lead No. 1 from the Generating Facilities shall be connected to the Astoria East Substation at the bus-side terminal of disconnect switch F4E (between breakers 3E and 4E); and
2. Generator Lead No. 3 from the Generating Facilities shall be connected to the Astoria East Substation at the bus-side terminal of disconnect switch F4W (between breakers 3W and 4W).

#### **STATION-USE ENERGY**

All Station-Use Energy shall be delivered at the Points of Interconnection designated above for generator output.

SCHEDULE 3.04(b)(ii)

{tc \l5 "INDIAN POINT 3 GENERATING FACILITY}  
DRAWING NO. ASTORIA ENERGY-9T



SCHEDULE 3.05(a)(i)

{tc \15 "INDIAN POINT 3 GENERATING FACILITY}  
REVENUE METERS

SCHEDULE 3.05(a)(i)  
{tc \15 "INDIAN POINT 3 GENERATING FACILITY}  
REVENUE METERS  
{tc \15 "REVENUE METERS}

**PRIMARY REVENUE METERS\***

The following bi-directional meters shall be used to measure both generator output and the delivery of Station-Use Energy:

- Meter No. M-34G03 on Feeder No. 34G03 at the Astoria East Substation
- Meter No. M34G04 on Feeder No. 34G04 at the Astoria East Substation

**DELIVERY REVENUE METERS**

No Delivery Revenue Meters are installed under this Agreement.

\* Dial up telephone line connections shall be provided for the remote reading of these Revenue Meters.



**ANNEX I**

**SYSTEM OPERATION DEPARTMENT PROCEDURE  
No. SO3-30-1**

**CON EDISON SYSTEM OPERATION DEPARTMENT  
PROCEDURE**

**SUBJECT:** OPERATIONS PROCEDURE BETWEEN CON EDISON AND SCS ENERGY, LLC

**PROCEDURE NO.:** SO3-30-1

**PAGES:** 1 of 6

**REVISED BY:**

**APPROVED:**  
CHIEF DISTRICT OPERATOR

**DATE:**

**1.0 PURPOSE**

- 1.1 This procedure describes the operating requirements between Con Edison's System Operation Department and SCS Energy, LLC's Generation Plant (the "Plant") connected to the Con Edison electrical system at Astoria East Substation as illustrated on Astoria 60 cycles operating diagram 120.
- 1.2 This procedure does not supersede any conditions set forth in the SCS Energy, LLC-Con Edison Interconnection Agreement. Additional System Operation procedures and policies govern the operating relationship with SCS Energy, LLC including but not limited to the Con Edison General Instructions Governing Work On System Electrical Equipment ("Rulebook"), and the System Operation Department's Procedures.

**2.0 PROCEDURE**

- 2.1 Operating one-line diagrams 120 and [###] show the operating interconnections, herein referred to as the "Interconnection" that are under the operating jurisdiction of Con Edison's System Operation Department. The diagram will be updated, following construction of the Plant, to reflect the final configuration of facilities constituting the Interconnection.
- 2.2 SCS Energy, LLC will operate the Plant and provide advance notification to the Con Edison Chief District Operator in the event that the Plant will be operated by a different entity.
- 2.3 The Con Edison District Operator "District Operator" or Con Edison System Operator "System Operator" shall direct all operations on the Interconnection in accordance with System Operation's Department Procedures/Con Edison specifications and the Rulebook. All operations in Con Edison Substations shall be under the provisions outlined in the Rulebook.

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**SUBJECT: OPERATIONS PROCEDURE BETWEEN CON EDISON AND SCS ENERGY, LLC**

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**PROCEDURE NO.: SO3-30-0**

**PAGES: 2 of 6**

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- 2.4 The Plant shall respond to emergencies as directed by the System Operator, and/or District Operator.
- 2.5 The Plant shall provide to the Chief System Operator the generator's MVAR capability curves, and the Generator Step Up transformer's No Load Tap Changer ranges and settings after each update.
- 2.6 In order to not exceed the nominal designed capacity of the Astoria East Substation equipment in the case of a trip out of Con Edison feeders exiting Astoria East Substation, the Plant shall reduce its MW output upon notification from the Con Edison District Operator or System Operator.

### **3 SCHEDULING**

- 3.1 The Plant Outage Coordinator shall request outages from Con Edison's Scheduling District Operator on the Interconnection in accordance with Section 6 of the Rulebook and all appropriate System Operation Procedures. This does not include any notifications that should be made directly between the Plant and the Independent System Operator (ISO). The Con Edison Scheduling District Operator can be reached at 212-580-6767, 68.
- 3.2 If changes are proposed to the Interconnection as depicted on the 60 cycle operating diagrams, the Plant Outage Coordinator shall submit two (2) copies of "Before and After" sketches as part of the scheduling outage work package in accordance with System Operation procedure SO9-14, "Updating Feeder Prints, Vault Prints and Operating Diagrams" to the Scheduling District Operator within Con Edison. If such changes will result in alterations to the Interconnection or to the Plant's capability, the Plant must submit the change for prior review and approval by Con Edison's Chief Engineer of Substation Engineering and/or the Manager of Planning and Engineering.

### **4 SWITCHING**

- 4.1 The Plant shall maintain an updated list of personnel authorized by SCS Energy, LLC to perform switching within

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**SUBJECT: OPERATIONS PROCEDURE BETWEEN CON EDISON AND SCS ENERGY, LLC**

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**PROCEDURE NO.: SO3-30-0**

**PAGES: 3 of 6**

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the Plant. Updated lists shall be transmitted to the Con Edison Chief District Operator after each update, and as requested by Con Edison System Operations, and will be utilized when issuing operating orders (see Appendix A). The Plant shall ensure that a qualified control room operator will always be available at the Plant control room.

- 4.2 Con Edison's District Operator and System Operator shall have a direct line to the Control Room Operator and if such direct line is not available for any reason, the Control Room Operator can be reached via outside telephone line at (phone number(s) will be provided when available) or such other telephone line as the Plant shall provide. The Plant shall notify the District Operator of any change in their control room outside telephone number.
- 4.3 All changes in the operating status of equipment affecting the Interconnection shall be under the sole authority of the System Operator, as stated in Section 2 of the Rulebook and in System Operation's Department procedures. The Plant Operators may operate to remove equipment from service within the Plant that is in imminent danger of failure and poses a direct hazard to people and/or equipment in the area as defined in the Rulebook for a Category 1 Emergency. If possible, the Plant Operator shall provide advance notification to the System Operator, or District Operator.
- 4.4 In the event of a Category I emergency involving the Interconnection, the Plant shall call the appropriate District Operator on the emergency telephone:  
  
Brooklyn/Queens                      212-580-6667
- 4.5 The District Operator may as necessary, during an emergency, de-energize or otherwise operate any portion of the Interconnection as required, without advance notification to the Plant Operator.
- 4.6 The District Operator, when directed by the System Operator, shall issue all orders to an authorized Plant Operator who will prepare an operating order and dispatch qualified operators to carry out the order in accordance with Section 5 of the Rulebook.

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SUBJECT: OPERATIONS PROCEDURE BETWEEN CON EDISON AND SCS ENERGY,  
LLC

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PROCEDURE NO.: S03-30-0

PAGES: 4 of 6

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- 4.7 In the event of automatic operations, relays may operate at the Plant. The Control Room Operator shall be responsible, as directed by the District Operator, for collecting and providing relay target information, damage reports and equipment operations as soon as possible as outlined in System Operation procedure S05-4, "Transmission Feeder Reclosure Procedure". The same information related to equipment in Substations that directly affect the Plant will be provided by the District Operator to the Control Room Operator.
- 4.8 If practical, the District Operator shall notify the Plant Operator of any potential system operations and conditions that may affect Plant equipment.

## **5 WORK PERMITS**

- 5.1 The District Operator shall authorize the issuance of Work Permits for any work that affects equipment identified as part of the Interconnection.
- 5.2 All Work Permits shall be issued in accordance with Sections 5 and 10 of the Rulebook and appropriate System Operation procedures.
- 5.3 The District Operator, when directed by the System Operator, shall request a guarantee from the Control Room Operator. When making this request the District Operator shall state the required protection. The Control Room Operator shall then issue an operating order for the requested protection and dispatch qualified operating personnel to carry it out. When completed the Control Room Operator will notify the District Operator that protection has been provided as ordered, and shall give her/him the number of the operating order that is her/his guarantee. This protection shall not be changed until the District Operator notifies the Control Room Operator that the work is complete and protection may be removed.

## **6 OPERATING**

- 6.1 System Operation Department requirements for establishment, operation, maintenance, and dispatch of

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**SUBJECT: OPERATIONS PROCEDURE BETWEEN CON EDISON AND SCS ENERGY, LLC**

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**PROCEDURE NO.: S03-30-0**

**PAGES: 5 of 6**

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Non Utility Generator (NUG) facilities (also known as Independent Power Producers or IPPs) connected to the Con Edison electric transmission/distribution and steam systems are described on Con Edison procedure S03-20 "Non-Utility Generators."

- 6.2 As referenced in S03-20, SCS shall have operating alarms installed at the facility to respond to Con Edison electric system emergencies. These alarms, which will be initiated from the Con Edison Energy Control Center, shall include the following:

- Fast Load Pickup
- Maximum Generation.

- 6.3 The plant shall be equipped with the required equipment and the operators shall respond to these alarms as specified in Con Edison procedure S05-19.

**7 REFERENCES**

- 7.1 System Operation procedure index.
- 7.2 General Instruction Governing Work on System Electrical Equipment (Rulebook).
- 7.3 System Operation procedure, S09-14, "Updating Feeder Prints, Vault Prints and Operating Diagrams".
- 7.4 System Operation procedures, S05-4, "Transmission Feeder Reclosure".
- 7.5 System Operation procedure, "S07-4, "Requirements for Energizing New Facilities".
- 7.6 System Operation procedure, S05-19, "System Operator-Combined Maximum Generation-Fast Load Pickup Alarms System"
- 7.7 System Operation procedure, S03-20 "Non-Utility Generators."

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SUBJECT: OPERATIONS PROCEDURE BETWEEN CON EDISON AND SCS ENERGY,  
LLC

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PROCEDURE NO.: SO3-30-0

PAGES: 6 of 6

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APPENDIX A

Operators Authorized to Take Orders from the D.O.

<u>Name</u>	<u>Telephone #</u>
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[TO BE FILLED IN THE FUTURE BY SCS]

ANNEX II

ONE-LINE DIAGRAM  
No. ASTORIA EAST-120





**ANNEX III**

**ENGINEERING SPECIFICATION**

**No. EP-7000-1**



Consolidated Edison Company of New York, Inc.  
4 Irving Place, New York, N.Y. 10003

System Operation Manual No.5  
All District

Page 1  
EP-7000-1  
September, 2002

### VOLTAGE SCHEDULE, CONTROL, AND OPERATION OF THE TRANSMISSION SYSTEM

#### 1.0 PURPOSE

- 1.1 This specification describes for all system load conditions the methods and the steps to be taken for the maintenance of acceptable voltage on the transmission system.

#### 2.0 GENERAL GUIDELINES

- 2.1 The System Operator shall have the overall responsibility for the maintenance of acceptable voltage on the system in accordance with the specifications and instructions issued by the Transmission Planning and Substation and Transmission Engineering Departments, and coordinated with the New York Independent System Operator (NYISO) operating requirements.
- 2.2 The generator terminal voltage shall be maintained as per specifications EP-7200, EP-7230, EP-7240, EP-7250, EP-7260, EP-7270, EP-7290 and EP-7300. The control room operators are responsible for maintaining scheduled voltages. Deviations from the scheduled voltage envelope shall be made only with approval or by direction of the System Operator.
- 2.3 All transmission level shunt reactors (345 kV and 138 kV) are to be kept in service as required. If a system voltage level in paragraph No. 3 cannot be held, the reactors may be switched out of service to achieve the required voltage levels. The order to switch these reactors must be given by the System Operator. The associated risks and the recommended removal sequence when taking reactors out of service are given in Appendix 2.
- 2.4 The 345 kV East Fishkill transmission-level shunt capacitors are to be kept in service as required. If a system voltage level as prescribed in paragraph No. 3 is exceeded, the shunt capacitors may be switched out of service to achieve the required voltage levels. The order to switch these capacitors must be given by the System Operator.

- 2.5 The tertiary shunt reactors associated with transformers at the Rainey and East 13<sup>th</sup> Street Station are to be kept out of service. However, they must be available during times of system restoration (see EP-7400). If high system voltage conditions require any or all available tertiary switchable shunt reactors they may be placed in service. The order to do so must be given by the System Operator.
- 2.6 Tap-changing-under-load (TCUL) associated with 345/138 kV autotransformers shall be employed as an additional means to control transmission voltage levels. The tap positioning by remote manual control of 345/138 kV autotransformers shall be the responsibility of appropriate personnel at the Energy Control Center.
- 2.7 The Queensbridge 69 kV voltage levels controlled via the 138/69 kV autotransformers shall be the responsibility of the appropriate personnel at the Energy Control Center in compliance with EP-7210.
- 2.8 The 69 kV voltage levels at East River controlled via generation and via the 138/69 kV autotransformers shall be the responsibility of the Generator Station Operator and the East River Station Operator, respectively, at East 13<sup>th</sup> Street in compliance with EP-7220 and EP-7240.

### 3.0 NORMAL AND PEAK SYSTEM LOAD CONDITIONS

For both Normal and Peak load conditions, the 345 kV and 138 kV voltages shall be maintained within the following limits.

<u>Date</u>	<u>345 Voltage Schedule</u>
All Year	350 kV + 9 kV - 4kV
All Year	138 kV + 5 kV - 2kV

To maintain the proper transmission voltage levels the following steps, not necessarily in this order, can be taken:

- 3.1 Capacitor banks at area substations shall be switched into service.
- 3.2 Raise the voltage on the high side (345 kV) of the generator main power transformers for those generating units directly connected to the 345 kV system to the maximum level permitted by the manufacturer's

specifications. Full reactive power output is to be obtained from each unit within the applicable operational capability and stability limit curves.

- 3.3 Raise the terminal voltage for all generators directly connected to the 138 kV transmission system to the maximum level permitted by the manufacturer's specifications.
- 3.4 Utilize the 345/138 kV autotransformers' tap ratio in a manner favoring the worst of low voltages: the 138 kV or the 345 kV systems. The autotransformers, whose tap ratios are to be changed to raise the low voltage at the transmission buses are listed in Appendix 1.
- 3.5 The control room operators of generation facilities connected to the 138 kV and 345 kV system shall maintain their respective high-side voltage in accordance with the voltage schedule given in paragraph 3.0.
- 3.6 The transmission level shunt reactors (Fixed/Switchable) may be removed from service to assist in maintaining adequate voltages. Appendix 2 lists the fixed and switchable reactors and their associated impact on system conditions if they are removed from service.
- 3.7 The gas turbines connected to the 138 kV system may be utilized to supply reactive power to the system. These units may be delivering active power (MW) to the system at times of peak load as well as reactive power. These gas turbines shall at all times be operated within the upper limits specified by the operational capability and stability limit curves applicable to each individual unit.
- 3.8 It is understood that under peak load conditions the gas turbines will normally supply active power (MW) to the system, but whenever possible, their reactive (MVAR) generation capability shall also be employed as required. These gas turbines shall at all times be operated within the upper limits specified by the operational capability and stability limit curves applicable to each individual unit.
- 3.9 The decision to alleviate low voltage conditions by means of voltage reduction at area substations and, if required, by load shedding after all of the above-mentioned procedures have been implemented, remains the responsibility of the Senior System Operator or his designee.

#### 4.0 LIGHT SYSTEM LOAD CONDITIONS

The following steps shall be taken, not necessarily in this order, to maintain both 345 kV and 138 kV voltage within the prescribed limits given in paragraph 3.0:

- 4.1 All available shunt reactors should be placed in service. Appendix 2 lists switchable and fixed shunt reactors.
- 4.2 Area substation capacitor banks shall be removed from service as required.
- 4.3 Reduce voltage on the high side (138 kV or 69 kV) of the generator main power transformers associated with the 138 kV or the 69 kV system. The generator field control shall be used to lower the generator terminal voltage for the absorption of reactive power. The lower limit of a generator terminal voltage shall at all time be within the limits specified by the operational capability limit curves applicable to each individual unit. If lowering the generator terminal voltage within the allowable limits does not reach the lower limit (leading MVARs) of the applicable generator capability curves, the transformer taps shall be lowered to permit additional reactive power absorption by the generator. These steps shall be coordinated by the Consolidated Edison Senior System Operator in conjunction with the NYISO and the System Operators of the other systems.
- 4.4 Reduce the voltage on the high side (345 kV) of the generator main power transformers associated with the 345 kV system. The lower limit of a generator terminal voltage shall at all time be within the limits specified by the operational capability and stability limit curves applicable to each individual unit.
- 4.5 Utilize the autotransformers listed in Appendix 1 to balance the voltage between the 345 kV and 138 kV systems. Voltage for each of the systems must not exceed 362 kV and 145 kV, respectively. If voltage levels exceed these restrictions, the permissible time exposures are listed in EO-4600, 60 Hertz Start-Up Procedure, General Discussion.
- 4.6 Request neighboring systems connected to the Consolidated Edison system by tie lines to lower their transmission voltage. These steps shall be coordinated by the Consolidated Edison Senior System Operator in conjunction with the NYISO and the System Operators of the other systems.

- 4.7 The switchable shunt reactors associated with transformer tertiary at the Rainey station and East 13<sup>th</sup> Street station shall be placed in service to reduce system voltage if all other means have been exhausted. Bank loadings must be carefully monitored due to the reduction of through-rating when placing tertiary reactors in service.
- 4.8 The switchable shunt reactors TN-1 and TN-2 associated with the tertiary of Transformer Bank No. 1 (345/230 kV) at Goethals shall be placed in service to reduce system voltage. Bank loadings must be carefully monitored due to the reduction of through-rating when placing tertiary reactors in service.
- 4.9 The Gas Turbine units may be used to absorb reactive power from the transmission system as required while remaining within the limits specified by the capability limit curve applicable to each individual unit.
- 4.10 If voltage levels still remain above 362 kV and/or 145 kV, switching of 345 kV feeders is to be implemented. It should be recognized that the removal of a 345 kV feeder from service to reduce voltage levels is an extreme step since it reduces the reliability of the transmission system. In this regard special attention should be given to the status of bus tie breakers and the removal of North-South cables so that the remaining import capability is sufficient to deliver northern generation supplying in-City load. Assuming no contingencies immediately affecting the transmission system the following feeders, not necessarily in this order, may be switched out of service:
  - 4.10.1 Feeder No. 25 (224 MVARs) or feeder 26 (226 MVARs) but not both, the reactors associated with each of the feeders R6 and R18, respectively, should be restored to service.
  - 4.10.2 Feeder M51 (328 Mvars) or Feeder M52 (328 MVARs) but not both. The Sprain Brook reactors (two 150-Mvar per feeder) associated with each of these feeders are to be placed in service immediately following the removal of a feeder to alleviate the high voltage condition.
  - 4.10.3 Feeder No. 71 (261 Mvars) or Feeder No. 72 (261 Mvars) but not both. The Rainey reactors (one 150-Mvar per feeder) associated with each of these feeders are to be placed in service immediately following the removal of a feeder to alleviate the high voltage condition.

4.10.4 Feeder No. 62 (135 Mvars).

4.10.5 Feeder No. 61 (124 Mvars).

## 5.0 REFERENCE SPECIFICATIONS

The following specifications are listed for reference.

- 5.1 EO4150 - Procedure for De-energizing or Energizing 500 kV, 345 kV, 138 kV, and 69 kV
- 5.2 EP-7200 - Indian Point No. 2 and 3 Generating Station 345 kV Voltage Schedule
- 5.3 EP-7210 - Queensbridge Substation 69 kV feeder voltage regulation
- 5.4 EP-7220 - East 13<sup>th</sup> Street Substation 69 kV and 138 kV Bus Voltage Regulation
- 5.5 EP-7230 - Astoria Generating Station Voltage Schedule
- 5.6 EP-7240 - East River Generating Station 69kV Voltage Schedule
- 5.7 EP-7250 - Arthur Kill Generating Station 138 kV and 345 kV Voltage Schedule
- 5.8 EP-7260 - Waterside No. 1 Operating Procedure for the 60 Hz 13.6 kV Main Bus Sections and Voltage Regulation
- 5.9 EP-7270 - Waterside No. 2 Operating Procedure for the 60 Hz 13.6 kV Main Bus Sections and Voltage Regulation
- 5.10 EP-7290 - Ravenswood Generating Station 138 kV and 345 kV Voltage Schedule
- 5.11 EO-4292 - Maximum Operating Voltage on the 138 kV 230 kV and 345 kV Systems
- 5.12 HTOD-633 - Operating Connections at 60 Hz Substations Sprain Brook Substation
- 5.13 EP-7400 - Rapid Re-Energization of the Con Edison System after complete System "Blackout"



- 5.14 EO-4600 - 60 Hertz Start-Up Procedures (General Discussion).
- 5.15 EO-4601 - 60 Hertz Start-Up Procedure (Index).
- 5.16 EP-7300 - Voltage Schedules for Independent Gas Turbine Complexes.

6.0 ATTACHMENTS:

- 6.1 APPENDIX I - 345/138 kV autotransformers to be utilized to transfer reactive power (MVARs) between the 345 kV and 138 kV systems.
- 6.2 APPENDIX II - List of fixed and switchable shunt reactors which can be utilized to maintain proper voltages and their associated risks if they are switched out of service.

*Vinod Kotecha*

Vinod Kotecha, Manager  
Bulk Power Coordination Section  
Transmission Planning Department

S. Kalinowsky *SAK*  
H. Kim *HK*

<b>REVISION 1:</b>	<b>FILE:</b>
Revised to reflect new ownership of generation facilities and new governing entities.	System Operation
Review Date: September, 2007	Manual No. 5

APPENDIX I

<u>Location of Autotransformers</u>	<u>Bank Number</u>
1. Farragut-Hudson Avenue East	8, 9 and 10: "X" windings only
2. *Rainey-Vernon	8W, 8E
3. Sprain Brook-Dunwoodie	N1, S6, N7 (S1 has no TCUL facility - see note below)**
4. Tremont	11 and 12
5. East 13 <sup>th</sup> Street	10, 12, 13, 14, 15, 16, 17, (11 has no TCUL facility - see note below)***
6. Gowanus	T2, T14
7. Fresh Kills	R1 (Voltage Regulator), R2
8. Millwood	TA1
9. Ramapo	W1500 (500/345 kV)
10. Buchanan North	TA5
11. Farragut	1, 2, 3, 4, 5, 6, 7

\* Move last if Ravenswood No. 1 and No. 2 generators are out of service.

\*\* The MVA loading on Transformer S1 at Dunwoodie South should be monitored to avoid overloading the transformer.

\*\*\* The MVA loading on Transformer 11 at East 13<sup>th</sup> Street should be monitored to avoid overloading the transformer.

\*\*\*\* Transformer is controlled by Central Hudson Gas and Electric Corporation.

APPENDIX 2

THE RISKS WITHOUT EXISTING SHUNT REACTORS

<u>STATION</u>	<u>REACTORS</u>	<u>MYAR EACH</u>	<u>RISKS WITHOUT REACTORS</u>	<u>AFFECTED EQUIPMENT</u>
Eastview	R1, R2, R3 & R4	40	Surge arresters at White Plains, Harrison and Elmford overfueled and may fail.	Surge arresters.
Pleasantville	R1 & R2	20	High overvoltages at high sides of transformers during fault clearing from 13.8KV. Possible ferroresonance.	Surge arresters & transformers at Pleasantville, Dun. N. & S.
Dunwoodie	R1	150	Ferroresonance during fault clearing from Pleasantville with breaker #6 stuck at Dunwoodie. During normal switching, high overvoltages.	Transformers at Pleasantville 13KV, Dunwoodie N. and Shore Road. Breakers at Dun. 345KV and at Shore Road.
Sprain Brook	S6A  2N1 & 2N2	150  150	Charging current exceeds breaker rating during primary & backup switching.  During fault clearing, temporary overvoltage exceeds related breaker and arrester capabilities.	Breakers at Tremont F1, F2, F3, & F4.  Breakers and arresters at Dunwoodie and East Garden City. Note: With series reactors O/S, two of 4 Y-49 shunt reactors are needed for normal operation. For energization and de-energization, 3 shunt reactors must be in service. With series reactors I/S, three of 4 shunt reactors must be I/S

<u>STATION</u>	<u>REACTORS</u>	<u>MVAR EACH</u>	<u>RISKS WITHOUT REACTORS</u>	<u>AFFECTED EQUIPMENT</u>
Rainey	4S1 & 4S2	150	Stuck breaker at W. 49 St. during fault clearing, possible ferroresonance and high overvoltages may occur.	Transformers and arresters at W. 49 St.
	5S1 & 5S2	150	Stuck breaker at W. 49 St. during fault clearing, possible ferroresonance and high overvoltages may occur.	Transformers and arresters at W. 49 St.
	1E & 5W	150	Stuck breaker conditions at Rainey or breaker #8 at Dunwoodie, possible ferroresonance may develop. Charging current exceeds interrupting capabilities of breakers at E. 13 St., and E. River 69 KV. Stuck breaker condition at Farragut, possible ferroresonance may develop during fault clearing.	Breakers at Dunwoodie and Rainey. Transformers and arresters at Rainey, Dun. N. & Pleasantville. Breakers at E. 13 St. & East River 69 KV. Transformers and arresters at E. 13 St.
Astoria	61 & 62	150		
Farragut	R11 & R12	60	Stuck breaker conditions at Farragut, possible ferroresonance and high overvoltages during fault clearing from Brownsville. Water St., Plymouth St. and E. 13 St.	Transformers & Phase Angle Regulators on B3402 & C3403. Surge Arresters at Farragut.

<u>STATION</u>	<u>REACTORS</u>	<u>MVAR EACH</u>	<u>RISKS WITHOUT REACTORS</u>	<u>AFFECTED EQUIPMENT</u>
Gowanus	R6 & R18	150	Stuck breaker conditions at either Farnagut or Gowanus, high temporary overvoltages during backup fault clearing from Poletti, E. 13 St., E. River, Seaport, Plymouth St., Hudson Ave. East, or Greenwood 138 KV, respectively.	Transformers, Phase Angle Regulators, & Arresters along the associated Feeders.
Goethals	R25 & R26	150	Stuckbreaker conditions at either Farnagut or Gowanus, high temporary overvoltages during backup fault clearing from Poletti, E. 13 St., E. River, Seaport, Plymouth St., Hudson Ave. East, or Greenwood 138 KV, respectively.	Transformers, Phase Angle Regulators, & Arresters along the associated Feeders.
Goethals (A2253)	TN1 & TN2	70	High transient overvoltages during fault clearing operations.	Transformer, Phase angle regulator and Arresters on Fdr. A2253
E. 179 St.	5W & 6E	75	Voltage control.	
Greenwood	2S & 3N	75	Voltage control.	

**ANNEX IV**

**SERVICES AGREEMENT**

**MASTER SERVICES AGREEMENT  
BY AND BETWEEN  
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.  
AND  
ASTORIA ENERGY LLC**

This Master Services Agreement, dated this 27<sup>th</sup> day of October, 2003, is by and between Consolidated Edison Company of New York, Inc., a New York corporation ("Con Edison") and Astoria Energy LLC, a Delaware limited liability company ("Buyer") (Con Edison and Buyer sometimes are referred to herein collectively as the "Parties" or individually as a "Party").

**WHEREAS**, Con Edison may possess certain capabilities to provide certain services, goods and/or materials; and

**WHEREAS**, from time to time, Buyer may desire to purchase and Con Edison may desire to sell certain services, goods and/or materials pursuant to the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the premises and of the covenants contained herein, Con Edison and Buyer agree as follows:

**1. Definitions.**

"Contract" as used herein means the agreement between Con Edison and Buyer concerning Con Edison's provision of specific services, goods and/or materials to Buyer and consists of this Master Services Agreement, the Transaction Form as defined below, and any documents attached to or incorporated by reference into the Transaction Form. The words "hereof," "herein," "hereto," and "hereunder" as used herein shall be deemed to refer to the Contract.

"Buyer" as used herein has the meaning provided in the introductory paragraph of this Master Services Agreement.

"Con Edison" as used herein has the meaning provided in the introductory paragraph of this Master Services Agreement.

"Parties" and "Party" as used herein have the meanings provided in the introductory paragraph of this Master Services Agreement.

"Transaction Form" as used herein has the meaning provided in Section 2 of this Master Services Agreement.

**2. Transaction Forms.** Whenever the Parties agree that Buyer shall purchase and Con Edison shall perform specific services and/or supply certain goods or materials and the performance of such services and/or supply of such goods or materials are not governed by a separate agreement between Con Edison and Buyer, they shall draft and execute, by their respective authorized representatives, a written transaction form (each a "Transaction Form") that describes, without limitation, (a) the specific services, goods and/or materials that will be purchased and sold, (b) the rate/price to be paid by Buyer to Con Edison for such services, goods and/or materials (which may by reference to a Con Edison pricing sheet then in effect), (c) the term during which or the schedule pursuant to which such services, goods, and materials will be furnished, (d) the contact person(s) for each Party with regard to the provision of such services, goods and/or materials, and (e) any other terms and conditions that apply to the provision of such services, goods and/or materials.

**3. Invoices; Terms of Payment.** Invoices shall contain a brief description of the services, goods and/or materials furnished. For services furnished on an hourly rate basis, the period covered by the invoice, the hours of service furnished during such period and the applicable hourly rate shall be stated in the invoice. For services furnished on a weekly, monthly, annual or other periodic rate basis, the period to which the invoice applies and the applicable rate shall be stated in the invoice. For services furnished on a lump sum basis, the portion of services performed and the corresponding payment due for such portion shall be stated in the invoice. For goods or materials furnished, the quantity of goods or materials furnished and their applicable prices shall be stated in the invoice. Taxes, charges and fees, if any, that are to be paid by Buyer to Con Edison or reimbursed by Buyer to Con Edison in accordance with Section 4 shall be stated in invoices. Payment of invoices containing the foregoing information is due 30 days from the date of the invoices. Payments received more than 30 days after the date of invoice shall be subject to a late charge equal to 18% per annum/.04932% per day, compounded monthly, for each day beyond such 30 day period that the payment is not received (the "Late Charge"); provided, however, that if the highest late charge permitted by applicable law is lower than the Late Charge, the highest late charge rate permitted by law shall be applied instead of the Late Charge. Within 15 days from the date of an invoice, Buyer may in good faith dispute any portion of such invoice upon written notice to Con Edison received within such time which sets forth the reason(s) for Buyer's dispute. Con Edison and Buyer shall confer to expeditiously resolve such dispute. Buyer shall be required to pay the portion of any invoice that is not disputed in good faith upon written notice as described above and any such portion that is not timely received shall be subject to the Late Charge. Any portion of an invoice that is disputed in good faith by Buyer in accordance with the foregoing, but which ultimately is determined to be due, shall be subject to the Late Charge calculated from the original due date.



4. **Taxes/Permit Fees.** The rates and/or prices set forth in a Transaction Form do not include any federal, state or local license, privilege, sales, use, excise, gross receipts, value added or other like taxes which may now or hereafter be applicable to, measured by or imposed upon the services, goods and/or materials furnished hereunder and/or any payment due or collected for such services, goods and/or materials. Buyer agrees to pay any such taxes and to reimburse Con Edison for any such taxes which Con Edison is required to pay. The rates and/or prices set forth in a Transaction Form also do not include any charge or fee for any governmental or non-governmental permits, authorizations, consents or approvals that may be required in connection with any services, goods and/or materials furnished hereunder. Buyer agrees to pay any such charges and fees and to reimburse Con Edison for any such charges and fees which Con Edison is required to pay.

5. **Force Majeure.** Con Edison shall not be liable for failure to perform or for delay in performance due to any cause beyond its reasonable control, including without limitation, act of war, terrorist act, fire, flood, strike or other labor difficulty, act of God, act or failure to act of any governmental authority or of Buyer, riot, sabotage, embargo, fuel or energy shortage, wreck or delay in transportation, major equipment breakdown, discovery of environmental or safety conditions not disclosed prior to the Transaction Form for the particular services, goods and/or materials being executed, or inability to obtain necessary labor, materials, or facilities from usual sources. In the event of delay in performance due to any such cause, the time for completion will be extended by a period of time reasonably necessary to overcome the effect of such delay, and Con Edison will be entitled to any reasonable additional costs it incurs as a result of the delay.

6. **Warranty.** Con Edison warrants that the services performed under a Contract will be performed competently by qualified persons in accordance with generally accepted standards (the "Applicable Warranty").

If any of the services performed under a Contract are found to fail to conform to the Applicable Warranty within six months after completion of such services, Con Edison shall at no additional cost to Buyer, if notified in writing by Buyer of the specific non-conformity within six months after completion of such services, make reasonable efforts to correct the portion of the services that do not conform to the Applicable Warranty. If, in the opinion of Con Edison, it is not reasonably possible to correct any services that fail to conform to the Applicable Warranty, Con Edison shall refund the price paid by Buyer for the portion of the services that do not conform to the Applicable Warranty. Without limitation of the matters that are not covered by the Applicable Warranty and for which Con Edison shall have no responsibility, it is specifically understood and agreed that the Applicable Warranty does not cover, and Con Edison shall have no responsibility for any matter caused by the acts or omissions of others, including any improper

construction, maintenance, repair, modification or operation of any equipment or facilities on which Con Edison has rendered services.

ANY GOODS OR MATERIALS THAT MAY BE FURNISHED BY CON EDISON HEREUNDER ARE SOLD AS IS AND WHERE IS. Any description of the goods contained in any document relating to this sale is for reference purposes only and is not intended to be construed as a warranty relating to condition or completeness.

THE FOREGOING APPLICABLE WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER STATUTORY, EXPRESS OR IMPLIED (INCLUDING ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE AND ALL WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE), ALL OF WHICH OTHER WARRANTIES ARE HEREBY DISCLAIMED.

The remedy provided above is Buyer's sole and exclusive remedy for any failure of Con Edison to comply with its obligations. Correction of any nonconformity in the manner and for the period of time provided above shall constitute complete fulfillment of all the liabilities of Con Edison, whether based in contract, in tort (including negligence, gross negligence and strict liability), or otherwise with respect to or arising out of a Contract.

**7. Indemnification/Limitation of Liability.** A. To the fullest extent permitted by law and except for Buyer's sole and exclusive remedy under Section 6 above, Buyer shall indemnify, defend, and hold harmless Con Edison, its trustees, officers, employees, and agents (collectively, the "Protected Parties") from and against any and all claims, actions, liabilities, damages, costs, and expenses (including without limitation attorney fees and other legal costs and expenses), whether based in contract, tort (including negligence, gross negligence, and strict liability) or otherwise, which are asserted, suffered, or incurred by any person or entity (including Buyer and the Protected Parties) and which arise from, relate to, or are connected with the services, goods and/or materials furnished by Con Edison hereunder.

B. To the fullest extent permitted by law, the Protected Parties shall not be liable, whether in contract, tort (including negligence, gross negligence, and strict liability), or otherwise, for any special, indirect, incidental, or consequential damages (including but not limited to damage, loss, liability, costs, and expenses resulting from loss of use, loss of business or business opportunities, loss of profits or revenue, costs of capital, loss of goodwill, claims of customers, claims of unrelated companies and other third parties, cost of purchased or replacement power, and like items of special, indirect, incidental, or consequential loss and damage) asserted, suffered, or incurred by any person or entity (including Buyer and the Protected Parties), which arise from, relate to or are connected with the services, goods and/or materials furnished by Con Edison hereunder regardless of whether or not such damages, loss,

liability, costs or expenses are caused in whole or in part by the acts or omissions (including negligence, gross negligence or willful acts) of the Protected Parties or any of them. The damages referred to in this Paragraph B are hereinafter referred to as the "Consequential Losses." To the fullest extent permitted by law, Buyer hereby irrevocably and unconditionally agrees to release and forever discharge the Protected Parties from any and all liability for any Consequential Losses and to waive any and all rights to recover any Consequential Losses from the Protected Parties or any of them in the future. To the fullest extent permitted by law, Buyer shall indemnify, defend, and hold the Protected Parties harmless from and against any and all Consequential Losses (including any attorneys fees and any other legal costs and expenses in connection therewith) asserted, suffered or incurred by any person or entity (including the Parties hereto).

C. If a court of competent jurisdiction determines that any provision or application of any provision of Paragraph A or B of this Section 7 is unenforceable, the cumulative liability of the Protected Parties with respect to a Contract and anything done in connection therewith (whether such liability is based on contract, tort (including negligence, gross negligence, and strict liability) or otherwise, shall not exceed the price of the services, goods and/or materials on which such liability is based. If a court of competent jurisdiction determines that any provision of Paragraphs A or B of this Section 7 or the preceding sentence of this Paragraph C is unenforceable, such court shall limit the operation of such provision so as to give it the effect intended to the fullest extent permitted by law.

D. Con Edison's obligation to furnish any services, goods or materials hereunder shall, at all times (including, without limitation, during any period after which work has commenced to furnish such services, goods or materials), be subject to the availability of Con Edison personnel to furnish such services, goods or materials, taking into account the services, goods or materials to be furnished to Buyer and the need for Con Edison personnel to furnish services, goods or materials relative to Con Edison's electric, gas and/or steam systems, which availability shall be determined in the sole discretion of Con Edison. Without limitation of any provision of a Contract that excuses or limits liability, any failure or delay by Con Edison in furnishing any services, goods or materials due to such unavailability of Con Edison personnel (such unavailability being determined in the sole discretion of Con Edison) shall be excused and shall not give rise to any liability. Con Edison will endeavor to provide Buyer with such advance notice as may be practicable under the circumstances of the unavailability of its personnel as described in this Paragraph.

8 Changes. Con Edison reserves the right at any time to make changes in the repair or service methodology, if such changes are not inconsistent with the Contract. Such changes may include the number of personnel assigned, tool usage, repair or fabrication methods, supervision assigned and/or work hours and other similar changes.

**9. Confidentiality.** All specifications, drawings, technical information and reports furnished by Con Edison in connection with a Contract are intended for the sole use of Buyer in determining the completeness of the work performed and for use in the continued operation and/or maintenance of the facility concerning which service has been provided. Disclosure by Buyer of such documents to third parties is prohibited without the prior written consent of Con Edison. All specifications, drawings, technical information and reports furnished by Buyer in connection with a Contract are intended for the sole use of Con Edison in connection with such Contract. Disclosure by Con Edison of such documents to third parties is prohibited without the prior written consent of Buyer.

**10. Access/Safety.** Except as may result from any acts or omissions of Con Edison in carrying out the work covered by a Contract, Buyer agrees to make available to Con Edison and maintain an acceptable work area free of all safety and environmental hazards. Buyer shall maintain a safe work area by, among other things, an approved Tag-out or Lock out procedure meeting appropriate federal, state and local standards. Buyer agrees to verify the tag-out or lock out through protection walk down and or document review and verification. Buyer agrees to conduct appropriate testing reasonably requested by Con Edison as necessary for such verification. Con Edison requires its personnel to maintain documentation specifying the particular work protection measures that are required. Changes to such protection shall not be made by Buyer without Con Edison's prior written consent. Buyer agrees to make the job site accessible from a security standpoint without additional expense to Con Edison.

**11. Safeguarding Tools, Equipment & Consumables.** Con Edison will make reasonable efforts to safeguard tools, equipment and consumables. Buyer is responsible for theft or loss of such tools, equipment and consumables occurring at its site. If security must be provided by Con Edison, the cost thereof will be payable by Buyer.

**12. No Third Party Beneficiaries.** Nothing in a Contract, express or implied, is intended to confer upon any person, other than the Parties and their permitted assigns, any rights or remedies under or by reason of such Contract.

**13. Entire Agreement.** Each Contract contains the entire agreement between the Parties relating to the subject matter thereof, and any prior or contemporaneous oral or written understandings relating to the subject matter of the Contract are merged herein.

**14. Amendments/Waiver.** A Contract may be modified only by a writing signed by an authorized representative of each Party. No waiver of any right under a Contract shall be effective unless in writing and signed by an authorized representative of the Party granting such waiver and such waiver shall be effective.

only with respect to the particular event expressly referred to in such signed writing.

**15. Applicable Law; Submission to Jurisdiction; Choice of Forum; Service of Process.** Each Contract shall be interpreted and the rights and liabilities of the Parties hereunder shall be determined in accordance with the laws of the State of New York, without regard to such State's choice of law rules.

Buyer hereby irrevocably submits to the jurisdiction of the courts located within the State of New York with regard to any controversy arising from, relating to, or connected with a Contract or its implementation. Buyer agrees that service of process on it in relation to such jurisdiction may be made, at the option of Con Edison, by certified or registered mail, return receipt requested, addressed as set forth below or by actual personal delivery to Buyer at the address set forth below:

Astoria Energy LLC  
85 Main Street  
Concord, MA 01742  
Attn: Manager

Service of process pursuant to this section shall be deemed to be sufficient even under circumstances where, apart from a Contract, there would be no jurisdictional basis for such service. Service of process on Buyer also may be effected in any manner permitted by law.

Buyer irrevocably consents to the selection of the New York State and United States courts situated within the City of New York as the exclusive forums for any legal proceeding arising from, relating to, or connected with a Contract or its implementation.

**16. Termination.** Either Party, for any reason whatsoever, including its own convenience, may terminate this Master Services Agreement in whole or in part, upon thirty (30) days advance written notice to the other party without liability to such other Party except that no such termination shall have any effect on, and neither party shall be relieved of any obligation or liability relating to or arising from, a Contract entered into prior to the effective date of such termination.

IN WITNESS WHEREOF, the Parties by their duly authorized representatives have executed this Master Services Agreement as of the date first above written.

CONSOLIDATED EDISON COMPANY  
OF NEW YORK, INC. ("Con Edison")

ASTORIA ENERGY LLC  
("Buyer")

By: Stephen E. Quinn  
(signature)

Name: STEPHEN E. QUINN

Title: VP

By: James L. Croyle  
(signature)

Name: James L. Croyle

Title: Manager

## TRANSACTION FORM

This Transaction Form dated January 15, 2004 by and between Consolidated Edison Company of New York, Inc., a New York corporation ("Con Edison") and Astoria Energy LLC, a Delaware limited liability company ("Buyer"), is prepared in accordance with the Master Services Agreement dated October 27, 2003 (the "Agreement") by and between Con Edison and Buyer and is subject to, and incorporates by reference, the terms and conditions of the Agreement (except to the extent such terms and conditions are expressly modified or made inapplicable by this Transaction Form).

### **1. Services To Be Provided By Con Edison:**

In connection with the proposed electrical interconnection of one nominal 500 megawatt block of Buyer's proposed electric generating project to be located at 17-10 Steinway Street in the Astoria section of Queens County, New York (the "Power Plant"), consisting of, among other equipment, a GE Frame 7241FA combustion turbine, heat recovery steam generators, and a steam turbine system proposed to be connected between breakers 3E and 4E and a GE Frame 7241 combustion turbine proposed to be connected between breakers 3W and 4W to Con Edison's electrical system at Con Edison's Astoria East substation (the "Substation"), Con Edison, by its own forces or through others, has previously performed and agrees to perform in the future such of the services listed below, relating to the Substation (including the existing or proposed Con Edison equipment and facilities at the Substation that will be affected by the proposed electrical interconnection of the Power Plant), as Con Edison may in good faith perform prior to the end of the "Term" as defined in Section 4 of this Transaction Form and subject to the other provisions of this Transaction Form and to the provisions of the Agreement:

- (a) Prepare electrical general arrangement drawings with sections and details for the Substation bus arrangement showing the replaced equipment, the circuit breakers, the bus, and the two interconnecting feeders with their respective potheads, disconnect switches, potential transformers, lightning arresters and connections to bus sections.
- (b) Prepare a detailed scope of work related to the major equipment to be purchased for the interconnection work to be performed at the Substation and for cost estimate purposes.
- (c) Prepare equipment specifications, purchase requisitions, bid analysis, recommendation and purchase orders or other contractual documents to procure the following major equipment:
  - 1. Six (6) 3000 amp, 138KV, 63 KA circuit breakers for breaker positions No. 1W, 3E, 5E, 6W, 6E and 8E

2. Twenty Four (24) 138kv, 3000 amp, disconnect switches for positions # 1W1, 1W2, 1E1, 1E2, 2W2, 2W3, 2E2, 2E3, 3W3, 3W4, 3E3, 3E4, 5E5, 5E6, 6W6, 6W7, 6E6, 6E7, 7W7, 7W8, 7E7, 7E8, 8E1, 8E8
3. One (one) 3000 amp bus and bus supports
4. Two (2) disconnect switches and structures for the two interconnecting feeders.
5. Lightning arresters and potential transformers for the two interconnecting feeders.
6. Pre-fabricated air-conditioned relay houses for the two interconnecting feeders.
7. Revenue metering equipment for the two interconnecting feeders at the Substation end.

Buyer acknowledges and agrees that, notwithstanding anything to the contrary in this Section 1(c) or any other provision of this Transaction Form, this Transaction Form does not govern reimbursement of the purchase price of the above-described equipment or any other equipment related to the electrical interconnection of the Power Plant to the Substation, nor does it govern the installation (or the price to be paid for the installation) of any such equipment. Accordingly, Con Edison shall not be obligated to enter into any purchase order or other contractual commitment to purchase such equipment and Con Edison shall not be obligated to cause any such equipment to be installed unless and until Buyer and Con Edison mutually agree to amend this Transaction Form, enter into a separate transaction form, or enter into some other binding commitment with respect to the purchase and installation of such equipment and the obligation of Buyer to pay (or reimburse Con Edison) for such equipment and installation.

- (d) Perform stress analysis with regard to the structures and foundations for the new equipment, the relay houses and the underground cable trenches in the Substation yard.
- (e) Prepare civil arrangement drawings for the foundations of equipment, showing existing foundations with modifications needed, new foundations for added equipment, new cable trenches and/or cable trays for connecting the new equipment with different relays, control and supervisory panels in the Substation yard and the Substation control building.
- (f) Prepare drawings for below grade conduits & raceways for cable installation and grounding of equipment to the Substation ground grid system.
- (g) Enter into purchase orders or other contractual commitments with the manufacturer(s) and/or supplier(s) of the equipment referenced in Section 1(c) above for the sole purpose of obtaining manufacturer/supplier drawings depicting such equipment; provided, however, that, if Con Edison so elects, the obligation in this Section 1(g) is subject to Buyer and Con Edison mutually agree to amend this Transaction Form, enter into a separate transaction form, or enter into some



other binding commitment with respect to the purchase of such drawings and the obligation of Buyer to pay (or reimburse Con Edison) for such drawings.

- (h) Prepare drawing packages for each bus section associated with the equipment referenced in Section 1(c) above. Disconnect physical and wiring drawings shall be issued for construction followed by physical and wiring installation drawings. Drawings will include physical installation of equipment, cable trays and above grade conduits for cables, and wiring of power, relay protection, control and supervisory cables between equipment and relay, supervisory, control and alarm panels.
- (i) Prepare drawings for alarm, indication, and control of the equipment from the Substation control room and Con Edison's Energy Control Center via the SOCCS system.
- (j) Prepare/review drawings for the relay protection systems associated with the two interconnection feeders and the changes to existing bus section relay systems. [Note: All drawings, calculations, relay settings, etc. prepared by the Buyer's engineering consultant shall be subject to review and approval by the Con Edison Central Engineering Department before Buyer releases the same for construction purposes].
- (k) Obtain and analyze paint and material samples to ascertain the presence of lead, asbestos or other regulated materials, prepare a list of equipment and panels affected by asbestos and lead paint and, as may be required by Con Edison practice or procedure, analyze soil for Con Edison Environmental Health and Safety Department review and preparation of environmental specifications for addressing construction methodology and site conditions.
- (l) Provide technical support to Buyer's construction, field protection and testing personnel during the pre-construction and testing stages required for the design phase.
- (m) To the extent necessary for the design phase, review survey and/or other documentation and/or cause test-pits to be performed to determine substantive interferences and, if they exist, develop strategies for avoiding or mitigating such interferences.
- (n) As construction proceeds, revise applicable drawings and issue as-built drawings following initial energization of the electrical interconnection.

## **2. Lead Con Edison Organization:**

Central Engineering

**3. Con Edison and Buyer Contact Persons:**

Con Edison Contact: Michael Simone  
Consolidated Edison Company of New York, Inc.  
4 Irving Place, Room 1550-s  
New York, NY 10003

Phone: (212) 460-4084

Buyer Contact: James C. Croyle/Tim Bauer  
Astoria Energy LLC  
85 Main Street  
Concord, MA 01742

Phone: (978) 287-9529

**4. Term:**

The above described services shall be performed until the earlier to occur of (a) the date this is nine months after the date of this Transaction Form first above written, or (b) the date the above-described services are completed, subject to the termination and cancellation provisions of the Agreement and this Transaction Form and subject further to the third paragraph of Section 6 of this Transaction Form (the "Term"). The Term may be extended if Con Edison and Buyer mutually agree in a writing signed by authorized representatives of each of them.

**5. Price/Payment:**

The price for the above-described services shall be the applicable per person hourly rates set forth in the document entitled "Consolidated Edison Company of New York, Inc. 2003 Accommodation Billing Schedule Rates" attached hereto as Exhibit A together with the other overhead charges, taxes, and other charges and costs listed in the footnotes to that document. It is understood and agreed that such hourly rates, overhead charges, taxes, and other charges and costs set forth in such document are subject to periodic revision by Con Edison upon written notice to Buyer and that, following such written notice to Buyer, the revised per person hourly rates, overhead charges, taxes, and other charges and costs shall be applicable.

Notwithstanding anything to the contrary in this Transaction Form, the seventh through twelfth sentences of Section 3 of the Agreement do not apply to this Transaction Form. Instead, Buyer shall pay Con Edison the following amounts on or before the following dates:

On or before January 20, 2004 -	\$300,000.00
On or before March 15, 2004 -	\$200,000.00
On or before May 14, 2004 -	\$200,000.00
On or before July 15, 2004 -	\$200,000.00
On or before September 15, 2004 -	\$130,000.00

Invoices shall be issued by Con Edison and shall describe the period covered by the invoice, the hours of service furnished during such period and the applicable hourly rates. The amount of each such invoice shall be applied against the balance of the aggregate amount of payment(s) previously made by Buyer that remains after application of all prior invoices. To the extent that such remaining balance is not sufficient to cover the amount of any invoice, Buyer, within five (5) business days of receipt of an invoice for such amount (each, an "Insufficiency Invoice") from Con Edison, shall pay Con Edison the amount of any such insufficiency.

Following the conclusion of the Term, Con Edison shall issue a final statement to Buyer showing the payments made by Buyer pursuant to this Transaction Form and the amount of the invoices applied against the aggregate amount of such payments. To the extent that the balance of the aggregate amount of payment(s) previously made by Buyer that remains after application of all prior invoices is not sufficient to cover the amount of any invoice, Buyer shall, within five (5) business days of receipt of an Insufficiency Invoice from Con Edison, pay Con Edison the amount of such insufficiency. To the extent that such remaining balance exceeds the amount necessary to cover all invoices pursuant to this Transaction Form, Con Edison shall, within five (5) business days of issuing the Final Statement to Buyer, pay Buyer the amount of such overage.

Any payment by Buyer that is not received by its respective due date shall be subject to a late charge equal to 18% per annum/.04932% per day, compounded monthly, for each day beyond the date for payment that the payment is not received (the "Late Charge"); provided, however, that if the highest late charge permitted by applicable law is lower than the Late Charge, the highest late charge rate permitted by law shall be applied instead of the Late Charge and, provided further, that Con Edison shall have the right to terminate this Transaction Form for default in the event that any payment by Buyer is not received by its respective date for payment set forth above.

Within fifteen (5) days from the date of an invoice or an Insufficiency Invoice, Buyer may in good faith dispute any portion thereof upon written notice to Con Edison received within such time which sets forth the reason(s) for Buyer's dispute. Con Edison and Buyer shall confer to expeditiously resolve such dispute. To the extent that any portion of an Insufficiency Invoice is disputed in good faith by Buyer in accordance with the foregoing, but ultimately is determined to be due, it shall be subject to the Late Charge calculated from the original due date.

**6. Other Terms And Conditions:**

The above-described services will be performed in accordance with Con Edison requirements, procedures, specifications and processes. Design documents will include, as applicable, construction specifications (civil and electrical), calculations and drawings. Drawings will include, as applicable, civil, structural, mechanical, electrical physicals, one lines, schematic wiring diagrams, arrangement drawings, new relay cabinet wiring, cable/conduit schedules, point to points, grounding, station equipment signs, nameplates and material lists. Con Edison intends to process final drawings through Metaphase. Con Edison intends to enter cables and devices into Con Edison's Wiring and Raceway System.

Con Edison does not represent, warrant, covenant, assure or guarantee that all or any particular portion of the above-described services will be performed prior to the end of the Term as defined in Section 4 of this Transaction Form as such Term may be extended in accordance with such Section.

Notwithstanding anything to the contrary herein, unless Con Edison and Buyer otherwise mutually agree in a writing signed by authorized representatives of each of them, Con Edison shall not be obligated to perform, and Buyer shall not be obligated to pay for, any more of the above-described services once the price for the above-described services previously performed would result in more than \$1,030,000 (One Million Thirty Thousand Dollars) being due from Buyer to Con Edison pursuant to this Transaction Form.

AGREED TO:

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

By:

Name:

Title:

ASTORIA ENERGY LLC

By:

Name:

Title:

## Exhibit "A"

**Consolidated Edison Company of New York, Inc.  
2003 Accommodation Billing Schedule Rates**

		2003 Regular	2003 Overtime
GA-2B	ELECTRIC OUTSIDE PLANT	87.65	102.85
GA-2S	STEAM OUTSIDE PLANT	84.60	99.25
GA-3G	GAS INSIDE AND OUTSIDE PLANT (formerly known as GA-2G & GA-4-GOO)	104.40	119.65
GA-3A	CENTRAL ENGINEERING (SUBSTATION & TRANSMISSION ENGINEERING)	80.10	.
GA-4-NS	MAINTENANCE SERVICES	62.60	74.05
GA-4-SO/PST	SUBSTATION OPERATION INSIDE PLANT AND PROTECTIVE SYSTEMS ACCOMMODATION WORK (formerly known as GA-4-SO & GA-12)	79.90	95.65
GA-5M	UNDERGROUND TRANSMISSION & LINE MAINTENANCE	107.40	125.05
GA-6	TECHNICAL SERVICE LABS	82.85	99.15
GA-7	TRANSFORMER SHOP	82.40	96.00
GA-9	TRANSPORTATION OPERATIONS, MAINTENANCE & CRANES AND RIGGING (COMBINED)	96.15	101.60
GA-11	TRANSFORMER ANNUAL MAINTENANCE COSTS	(See Schedule)	
GA-13	ELECTRIC METER BUREAU	86.40	100.75
GA-14	CHEMICAL TESTING LAB	104.50	120.45
GA-21	FOR NON-PROFIT ORGANIZATIONS ELECTRIC, GAS & STEAM OUTSIDE PLANT	53.90	71.95
GA-22	CONSTRUCTION MANAGEMENT	86.50	96.75

GA- 80	DIVISION ENGINEERING	75.85	91.75
GA- 81	TRANSMISSION PLANNING	63.65	-
GA- 82	TRANSIT AUTHORITY	(See Schedule)	

Footnotes:

**Material Costs:** All materials will be billed at average storeroom prices plus a storeroom handling charge of 12%. New York State and Local Sales and Use Tax will be added where applicable.

**Transportation Costs:** Use of transportation vehicles will be billed at current industry standard rates.

**Outside Contract Work:** Outside contract work will be billed at the actual cost to the Company.

**Use of Lugs, Tools and Work Equipment:** Such use will be billed at current industry standard rates.

**Corporate Overheads (covers Engineering and Administrative & Supervisory "A&S" expenses) and Gross Receipts Taxes "GRT".** In addition to the above costs, the following percentages will be added to the total foregoing items based upon the location:

New York City	23.48%
Yonkers	24.16%
New Rochelle, White Plains, Mount Vernon, Briarcliff Manor and Other Westchester cities and villages	22.03%
Buchanan and other Westchester communities	21.00%

**Note:** When Engineering Services are directly billed, the above Corporate Overhead will be modified in the prevailing A&S and GRT rates. These rates are subject to change to reflect current expenses.

**Salvage Credit for Material Removed:** When the Company agrees to accept the material and allow salvage credit against the total bill, credit will be allowed at average storeroom price, less salvaging cost. If the material is not suitable for re-use on the Company's system, credit will be allowed at scrap value.

New York State and Local Sales Tax will be added to the total bill when applicable.

**Price Revision:** The various rates indicated may be revised as conditions warrant. The labor scale specified in the rates may be adjusted in the event of a retroactive change in the wages of the class or classes of employees engaged in the work.

If you have any questions call Marietta D'Aluca (212) 460-2705 or Glenn Hamilton (212) 460-4258.

