SERVICE AGREEMENT NO. 2599

SERVICE AGREEMENT NO. 2599   
 TRANSMISSION PROJECT

INTERCONNECTION AGREEMENT   
 AMONG THE

NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.   
 AND

NIAGARA MOHAWK POWER CORPORATION D/B/A NATIONAL GRID   
 AND

NEW YORK TRANSCO, LLC   
Dated as of February 19, 2021

(New York Energy Solution Segment B Transmission Project)

SERVICE AGREEMENT NO. 2599

TABLE OF CONTENTS

Page Number

ARTICLE 1. DEFINITIONS 2

ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION 8

2.1 Effective Date 8

2.2 Term of Agreement 8

2.3 Termination 8

2.4 Termination Costs 10

2.5 Disconnection 10

2.6 Survival 11

ARTICLE 3. REGULATORY FILINGS 11

ARTICLE 4. SCOPE OF SERVICE 11

4.1 Interconnection of Transmission Facilities 11

4.2 No Transmission Delivery Service 11

4.3 No Other Services 12

ARTICLE 5. NETWORK UPGRADE FACILITIES ENGINEERING, PROCUREMENT,

AND CONSTRUCTION 12

5.1 Network Upgrade Facilities 12

5.2 General Conditions Applicable to Network Upgrade Facilities Constructed by

Transmission Developer 12

5.3 Equipment Procurement 13

5.4 Construction Commencement 14

5.5 Work Progress 14

5.6 Information Exchange 14

5.7 Network Upgrade Facilities 15

5.8 Access Rights 15

5.9 Lands of Other Property Owners 16

5.10 Permits 16

5.11 Suspension 16

5.12 Taxes 17

5.13 Tax Status; Non-Jurisdictional Entities 22

5.14 Modification 22

ARTICLE 6. TESTING AND INSPECTION 23

6.1 Pre-In-Service Date Testing and Modifications 23

6.2 Post-In-Service Date Testing and Modifications 23

6.3 Right to Observe Testing 24

6.4 Right to Inspect 24

ARTICLE 7. METERING 24

7.1 General 24

7.2 Check Meters 24

7.3 Standards 25

7.4 Testing of Metering Equipment 25

7.5 Metering Data 25

ARTICLE 8. COMMUNICATIONS 25

8.1 Transmission Developer Obligations 25

i

SERVICE AGREEMENT NO. 2599

8.2 Remote Terminal Unit 26

8.3 No Annexation 26

ARTICLE 9. OPERATIONS 26

9.1 General 26

9.2 NYISO and Connecting Transmission Owner Obligations 26

9.3 Transmission Developer Obligations 27

9.4 Outages and Interruptions 27

9.5 Switching and Tagging Rules 30

9.6 Disturbance Analysis Data Exchange 30

ARTICLE 10. MAINTENANCE 30

10.1 Connecting Transmission Owner Obligations 30

10.2 Transmission Developer Obligations 30

10.3 Coordination 30

10.4 Secondary Systems 31

10.5 Operating and Maintenance Expenses 31

ARTICLE 11. PERFORMANCE OBLIGATION 31

11.1 Transmission Project 31

11.2 Network Upgrade Facilities 31

11.3 Special Provisions for Affected Systems 31

11.4 Provision of Security 32

11.5 Forfeiture of Security 32

11.6 Network Upgrade Facility Costs 33

11.7 Line Outage Costs 33

ARTICLE 12. INVOICE 33

12.1 General 33

12.2 Final Invoice and Refund of Remaining Security 34

12.3 Payment 34

12.4 Disputes 34

ARTICLE 13. EMERGENCIES 34

13.1 Obligations 34

13.2 Notice 35

13.3 Immediate Action 35

13.4 NYISO, Transmission Developer, and Connecting Transmission Owner

Authority. 35

13.5 Limited Liability 35

ARTICLE 14. REGULATORY REQUIREMENTS AND GOVERNING LAW 35

14.1 Regulatory Requirements 35

14.2 Governing Law 36

ARTICLE 15. NOTICES 36

15.1 General 36

15.2 Billings and Payments 36

15.3 Alternative Forms of Notice 36

15.4 Operations and Maintenance Notice 36

ARTICLE 16. FORCE MAJEURE 36

ARTICLE 17. DEFAULT 37

17.1 General 37

ii

SERVICE AGREEMENT NO. 2599

17.2 Right to Terminate 37

ARTICLE 18. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE 37

18.1 Indemnity 37

18.2 No Consequential Damages 39

18.3 Insurance 39

ARTICLE 19. ASSIGNMENT 41

ARTICLE 20. SEVERABILITY 42

ARTICLE 21. COMPARABILITY 42

ARTICLE 22. CONFIDENTIALITY 42

22.1 Confidentiality 42

22.2 Term 42

22.3 Confidential Information 43

22.4 Scope 43

22.5 Release of Confidential Information 43

22.6 Rights 43

22.7 No Warranties 44

22.8 Standard of Care 44

22.9 Order of Disclosure 44

22.10 Termination of Agreement 44

22.11 Remedies 44

22.12 Disclosure to FERC, its Staff, or a State 45

22.13 Required Notices Upon Requests or Demands for Confidential Information . 45

ARTICLE 23. TRANSMISSION DEVELOPER AND CONNECTING TRANSMISSION

OWNER NOTICES OF ENVIRONMENTAL RELEASES 45

ARTICLE 24. INFORMATION REQUIREMENT 46

24.1 Information Acquisition 46

24.2 Information Submission Concerning the Network Upgrade Facilities 46

24.3 Updated Information Submission Concerning the Transmission Project 46

24.4 Information Supplementation 47

ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS 47

25.1 Information Access 47

25.2 Reporting of Non-Force Majeure Events 47

25.3 Audit Rights 48

25.4 Audit Rights Periods 48

25.5 Audit Results 48

ARTICLE 26. SUBCONTRACTORS 49

26.1 General 49

26.2 Responsibility of Principal 49

26.3 No Limitation by Insurance 49

ARTICLE 27. DISPUTES 49

27.1 Submission 49

27.2 External Arbitration Procedures 49

27.3 Arbitration Decisions 50

27.4 Costs 50

27.5 Termination 50

ARTICLE 28. REPRESENTATIONS, WARRANTIES AND COVENANTS 50

iii

SERVICE AGREEMENT NO. 2599

28.1 General 50

ARTICLE 29. MISCELLANEOUS 51

29.1 Binding Effect 51

29.2 Conflicts 51

29.3 Rules of Interpretation 51

29.4 Compliance 52

29.5 Joint and Several Obligations 52

29.6 Entire Agreement 52

29.7 No Third Party Beneficiaries 52

29.8 Waiver 53

29.9 Headings 53

29.10 Multiple Counterparts 53

29.11 Amendment 53

29.12 Modification by the Parties 53

29.13 Reservation of Rights 53

29.14 No Partnership 54

29.15 Other Transmission Rights 54

Appendices

iv

SERVICE AGREEMENT NO. 2599

TRANSMISSION PROJECT INTERCONNECTION AGREEMENT

THIS TRANSMISSION PROJECT INTERCONNECTION AGREEMENT ("Agreement")   
is made and entered into this 19th day of February, 2021, by and among New York Transco,   
LLC, a limited liability company organized and existing under the laws of the State of New York   
("Transmission Developer" with a Transmission Project), the New York Independent System   
Operator, Inc., a not-for-profit corporation organized and existing under the laws of the State of   
New York ("NYISO"), and Niagara Mohawk Power Corporation d/b/a National Grid a   
corporation organized and existing under the laws of the State of New York ("Connecting   
Transmission Owner"). Transmission Developer, the NYISO, or Connecting Transmission   
Owner each may be referred to as a "Party" or collectively referred to as the "Parties."

RECITALS

WHEREAS, NYISO operates the New York State Transmission System, and Connecting   
Transmission Owner owns certain facilities included in the New York State Transmission   
System;

WHEREAS, Transmission Developer intends to construct, own, and operate a Transmission

Project described in Appendix C to this Agreement that will interconnect to the New York State Transmission System;

WHEREAS, the NYISO selected the Transmission Project proposed by Transmission

Developer and Connecting Transmission Owner as the more efficient or cost effective

transmission solution to address a Public Policy Transmission Need in accordance with the   
NYISO’s Public Policy Transmission Planning Process located in Attachment Y of the ISO   
OATT;

WHEREAS, Transmission Developer and Connecting Transmission Owner entered into the   
Development Agreement (as defined herein) with the NYISO for purposes of constructing the   
Transmission Project and placing it in-service to satisfy the Public Policy Transmission Need;

WHEREAS, Connecting Transmission Owner assigned its rights, duties, and obligations under the Development Agreement to Transmission Developer on March 10, 2020, giving   
Transmission Developer sole rights to the development of the Transmission Project;

WHEREAS, the Transmission Project was evaluated pursuant to the NYISO’s Transmission Interconnection Procedures located in Attachment P of the ISO OATT;

WHEREAS, portions of the Transmission Project will interconnect to the New York State

Transmission System at facilities owned and operated by the Connecting Transmission Owner;

WHEREAS, Transmission Interconnection Studies determined that certain Network Upgrade Facilities were required on the Connecting Transmission Owner’s system for the Transmission Project to connect reliably to the system in a manner that meets the NYISO Transmission   
Interconnection Standard;

1

SERVICE AGREEMENT NO. 2599

WHEREAS, Transmission Developer, NYISO, and Connecting Transmission Owner have

agreed to enter into this Agreement for the purpose of interconnecting the Transmission Project with the Connecting Transmission Owner’s facilities included in the New York State   
Transmission System;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

ARTICLE 1. DEFINITIONS

Whenever used in this Agreement with initial capitalization, the following terms shall have the

meanings specified in this Article 1. Terms used in this Agreement with initial capitalization that   
are not defined in this Article 1 shall have the meanings specified in Section 1 of the ISO OATT,   
Section 22.1 of Attachment P of the ISO OATT, Section 25.1.2 of Attachment S of the ISO   
OATT, the body of the Transmission Interconnection Procedures or the body of this Agreement.

Affected System shall mean an electric system other than the transmission system owned, controlled or operated by the Connecting Transmission Owner that may be affected by the proposed interconnection.

Affected System Operator shall mean the entity that operates an Affected System.

Affected Transmission Owner shall mean the New York public utility or authority (or its

designated agent) other than the Connecting Transmission Owner that (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Deliverability Upgrades, System Upgrade Facilities, or   
Network Upgrade Facilities are or will be installed pursuant to Attachment P, Attachment X, Attachment Z, or Attachment S to the ISO OATT.

Affiliate shall mean, with respect to a person or entity, any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust or unincorporated organization,   
directly or indirectly controlling, controlled by, or under common control with, such person or entity. The term "control" shall mean the possession, directly or indirectly, of the power to direct the management or policies of a person or an entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority, including but not limited to Environmental Law.

Applicable Reliability Councils shall mean the NERC, the NPCC and the NYSRC.

Applicable Reliability Standards shall mean the requirements and guidelines of the Applicable Reliability Councils, and the Transmission District to which the Transmission Developer’s   
Transmission Project is directly interconnected, as those requirements and guidelines are

2

SERVICE AGREEMENT NO. 2599

amended and modified and in effect from time to time; provided that no Party shall waive its

right to challenge the applicability or validity of any requirement or guideline as applied to it in the context of this Agreement.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for   
the Transmission Interconnection Studies by the NYISO, Connecting Transmission Owner, or   
the Transmission Developer, as described in Section 22.6.1 of the Transmission Interconnection   
Procedures.

Breach shall mean the failure of a Party to perform or observe any material term or condition of this Agreement.

Breaching Party shall mean a Party that is in Breach of this Agreement.

Business Day shall mean Monday through Friday, excluding federal holidays.

Calendar Day shall mean any day including Saturday, Sunday or a federal holiday.

Confidential Information shall mean any information that is defined as confidential by Article 22 of this Agreement.

Connecting Transmission Owner shall mean the New York public utility or authority (or its   
designated agent) that (i) owns facilities used for the transmission of Energy in interstate   
commerce and provides Transmission Service under the Tariff, (ii) owns, leases or otherwise   
possesses an interest in the portion of the New York State Transmission System or Distribution   
System at the Point(s) of Interconnection, and (iii) is a Party to this Agreement. For purposes of   
this Agreement, the Connecting Transmission Owner is defined in the introductory paragraph.

Control Area shall mean an electric power system or combination of electric power systems to   
which a common automatic generation control scheme is applied in order to: (1) match, at all   
times, the power output of the Generators within the electric power system(s) and capacity and   
energy purchased from entities outside the electric power system(s), with the Load within the   
electric power system(s); (2) maintain scheduled interchange with other Control Areas, within   
the limits of Good Utility Practice; (3) maintain the frequency of the electric power system(s)   
within reasonable limits in accordance with Good Utility Practice; and (4) provide sufficient

generating capacity to maintain Operating Reserves in accordance with Good Utility Practice. A Control Area must be certified by the NPCC.

Default shall mean the failure of a Party in Breach of this Agreement to cure such Breach in accordance with Article 17 of this Agreement.

Development Agreement shall mean the agreement executed between the NYISO,

Transmission Developer, and Niagara Mohawk Power Corporation d/b/a National Grid

concerning the development of the Transmission Project, dated January 10, 2020, as it may be amended from time to time.

3

SERVICE AGREEMENT NO. 2599

Effective Date shall mean the date on which this Agreement becomes effective upon execution by the Parties, subject to acceptance by the Commission, or if filed unexecuted, upon the date specified by the Commission.

Emergency shall mean any abnormal condition or situation which the Connecting Transmission   
Owner, Transmission Developer or NYISO, in their sole discretion, deems imminently likely to   
endanger life or property, or adversely affect or impair the New York State Transmission   
System, Connecting Transmission Owner’s electrical system, the Transmission Project, or the   
electrical or transmission systems of others to which they are directly or indirectly connected,   
which requires immediate automatic or manual action to correct. Such an abnormal system   
condition or situation includes, without limitation, overloading or potential overloading   
(exceeding thermal limits of pre- and post-contingency), excessive voltage drop, exceeding   
voltage limits as defined by the NYISO, Transmission Developer, or Connecting Transmission   
Owner, load shedding, voltage reduction, operating reserve deficiencies, frequency deviations,   
over-generation or other non-normal conditions. Economic hardship of a Party will not   
constitute an "Emergency."

Emergency State shall mean the condition or state that the New York State Power System is in when an abnormal condition occurs that requires automatic or immediate manual action to   
prevent or limit loss of the New York State Transmission System or Generators that could   
adversely affect the reliability of the New York State Power System.

Environmental Law shall mean Applicable Laws and Regulations relating to pollution or protection of the environment or natural resources.

Facilities Study shall mean the study conducted pursuant to Section 22.9 of Attachment P of the ISO OATT to determine a list of facilities required to reliably interconnect the Transmission   
Project (including Network Upgrade Facilities) as identified in the System Impact Study, the cost of those facilities, and the time required to interconnect the Transmission Project with the New York State Transmission System.

Facilities Study Agreement shall mean the agreement described in Section 22.9.1 of Attachment P of the ISO OATT for conducting the Facilities Study.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq. ("FPA").

FERC shall mean the Federal Energy Regulatory Commission ("Commission") or its successor.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war,   
insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or   
equipment, any order, regulation or restriction imposed by governmental, military or lawfully   
established civilian authorities, or any other cause beyond a Party’s control. A Force Majeure   
event does not include acts of negligence or intentional wrongdoing by the Party claiming Force   
Majeure.

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the

4

SERVICE AGREEMENT NO. 2599

practices, methods and acts which, in the exercise of reasonable judgment in light of the facts   
known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and   
expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to delineate acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority shall mean any federal, state, local or other governmental regulatory   
or administrative agency, court, commission, department, board, or other governmental   
subdivision, legislature, rulemaking board, tribunal, or other governmental authority having   
jurisdiction over any of the Parties, their respective facilities, or the respective services they   
provide, and exercising or entitled to exercise any administrative, executive, police, or taxing   
authority or power; provided, however, that such term does not include Transmission Developer,   
NYISO, Affected Transmission Owner, Connecting Transmission Owner, or any Affiliate   
thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or

included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances,"   
"toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by   
any applicable Environmental Law.

Initial Synchronization Date(s) shall mean the date(s) upon which the Transmission Project and Network Upgrade Facilities, as applicable, are initially synchronized with the New York State Transmission System and upon which Trial Operation begins, which date(s) shall be set forth in the milestones table in Appendix B. The Connecting Transmission Owner or Transmission   
Developer, as applicable, must provide notice of the Initial Synchronization Date(s) to the other Parties in the form of Appendix E-1 to this Agreement.

In-Service Date(s) shall mean the date(s) upon which the Transmission Project and Network

Upgrade Facilities, as applicable, are energized consistent with the provisions of this Agreement and available to provide Transmission Service under the NYISO’s Tariffs, which date(s) shall be set forth in the milestones table in Appendix B. The Connecting Transmission Owner or   
Transmission Developer, as applicable, must provide notice of the In-Service Date(s) to the other Parties in the form of Appendix E-2 to this Agreement.

IRS shall mean the Internal Revenue Service.

Metering Equipment shall mean all metering equipment installed or to be installed at the Transmission Project pursuant to this Agreement, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

5

SERVICE AGREEMENT NO. 2599

Metering Points shall mean the location(s) identified by the NYISO for any Metering

Equipment associated with the Transmission Project that are required for the Transmission Project to provide zonal or subzonal metering data.

NERC shall mean the North American Electric Reliability Council or its successor organization.

Network Upgrade Facilities shall mean the least costly configuration of commercially available   
components of electrical equipment that can be used, consistent with Good Utility Practice and   
Applicable Reliability Requirements, to make the modifications or additions to the New York   
State Transmission System that are required for the proposed Transmission Project to connect   
reliably to the system in a manner that meets the NYISO Transmission Interconnection Standard.   
For purposes of this Agreement, the Network Upgrade Facilities are described in Appendix A of   
this Agreement.

New York State Transmission System shall mean the entire New York State electric

transmission system, which includes (i) the Transmission Facilities Under ISO Operational Control; (ii) the Transmission Facilities Requiring ISO Notification; and (iii) all remaining transmission facilities within the New York Control Area.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with this Agreement or its performance.

NPCC shall mean the Northeast Power Coordinating Council or its successor organization.

NYISO Transmission Interconnection Standard shall mean the reliability standard that must be met by any Transmission Project proposing to connect to the New York State Transmission System. The standard is designed to ensure reliable access by the proposed project to the New York State Transmission System.

NYSRC shall mean the New York State Reliability Council or its successor organization.

Operating Agreement shall mean the operating agreement for non-incumbent transmission

owners between the NYISO and Transmission Developer with Service Agreement No. 2271 of   
the ISO OATT, with an effective date of May 23, 2016, as the agreement may be amended from time to time.

Party or Parties shall mean NYISO, Connecting Transmission Owner, or Transmission Developer or any combination of the above.

Point(s) of Change of Ownership shall mean the point(s), as set forth in Appendix C to this Agreement, where the Transmission Developer’s Transmission Project connect to the   
Connecting Transmission Owner’s system.

Point(s) of Interconnection shall mean the point(s), as set forth in Appendix C to this

Agreement, where the Transmission Developer’s Transmission Project connect to the New York State Transmission System.

6

SERVICE AGREEMENT NO. 2599

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a   
Party under this Agreement, efforts that are timely and consistent with Good Utility Practice and   
are otherwise substantially equivalent to those a Party would use to protect its own interests.

Security shall mean a bond, irrevocable letter of credit, parent company guarantee or other form   
of security from an entity with an investment grade rating, executed for the benefit of the   
Connecting Transmission Owner, meeting the commercially reasonable requirements of the   
Connecting Transmission Owner with which it is required to be posted pursuant to Article 11.5,   
and consistent with the Uniform Commercial Code of the jurisdiction identified in Article 14.2.1   
of this Agreement.

Services Tariff shall mean the NYISO Market Administration and Control Area Tariff, as filed   
with the Commission, and as amended or supplemented from time to time, or any successor tariff   
thereto.

System Impact Study shall mean the study conducted pursuant to Section 22.8 of Attachment P of the ISO OATT that evaluates the impact of the proposed Transmission Project on the safety and reliability of the New York State Transmission System and, if applicable, and Affected   
System, to determine what Network Upgrade Facilities are needed for the proposed   
Transmission Project to connect reliably to the New York State Transmission System in a   
manner that meets the NYISO Transmission Interconnection Standard.

System Impact Study Agreement shall mean the agreement described in Section 22.8.1 of Attachment P of the ISO OATT for conducting the System Impact Study.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to (1) protect the New York State Transmission System from faults or other electrical disturbances occurring at the Transmission Project and (2) protect the Transmission Project from faults or other electrical system disturbances occurring on the New York State Transmission System or on other delivery systems or other generating systems to which the New York State Transmission System is directly connected.

Tariff shall mean the NYISO Open Access Transmission Tariff ("OATT"), as filed with the   
Commission, and as amended or supplemented from time to time, or any successor tariff.

Transmission Developer shall mean an entity that proposes to interconnect its Transmission Project to the New York State Transmission System in compliance with the NYISO   
Transmission Interconnection Standard. For purposes of this Agreement, the Transmission Developer is defined in the introductory paragraph.

Transmission Interconnection Application shall mean the Transmission Developer’s request, in the form of Appendix 1 to the Transmission Interconnection Procedures, to interconnect a Transmission Project to the New York State Transmission System.

Transmission Interconnection Procedures ("TIP") shall mean the interconnection procedures applicable to a Transmission Interconnection Application pertaining to a Transmission Project that are included in Attachment P of the ISO OATT.

7

SERVICE AGREEMENT NO. 2599

Transmission Interconnection Study shall mean any of the following studies: the Optional Feasibility Study, the System Impact Study, and the Facilities Study described in the   
Transmission Interconnection Procedures.

Transmission Project shall mean the Transmission Developer’s proposed transmission facility or facilities that collectively satisfy the definition of Transmission Project in Section 22.3.1 of Attachment P of the ISO OATT. For purposes of this Agreement, the Transmission Project is described in Appendix C of this Agreement.

Transmission Project Interconnection Agreement shall mean this interconnection agreement applicable to the interconnection of the Transmission Project to the New York State   
Transmission System.

Trial Operation shall mean the period(s) during which Connecting Transmission Owner or

Transmission Developer, as applicable, is engaged in on-site test operations and commissioning of the Transmission Project or Network Upgrade Facilities prior to the In-Service Date.

ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION

2.1 Effective Date.

This Agreement shall become effective upon execution by the Parties, subject to

acceptance by FERC, or if filed unexecuted, upon the date specified by FERC. The NYISO and Connecting Transmission Owner shall promptly file this Agreement with FERC upon execution in accordance with Article 3.

2.2 Term of Agreement.

Subject to the provisions of Article 2.3, this Agreement shall remain in effect for a period of thirty (30) years from the Effective Date and shall be automatically renewed for each   
successive one-year period thereafter.

2.3 Termination.

2.3.1 Written Notice.

2.3.1.1 Written Notice of Termination

This Agreement may be terminated: (i) by any Party after giving the other Parties ninety

(90) Calendar Days advance written notice following the termination of the Development Agreement prior to the completion of its term, subject to the suspension requirements in Article 2.3.1.2 below; or (ii) by the mutual agreement in writing of all Parties.

2.3.1.2 Suspension Period for Project Transfer

2.3.1.2.1 If the Development Agreement is terminated prior to the completion of its   
term and the NYISO exercises its right under the Development Agreement and the Tariff to   
request that a developer other than the Transmission Developer complete the Transmission

8

SERVICE AGREEMENT NO. 2599

Project, this Agreement shall be suspended. The suspension period will last until either: (i) the   
NYISO issues a written determination that the Transmission Project cannot be transferred to   
another developer and will not proceed, or (ii) the Transmission Developer completes the   
assignment of this Agreement to a new developer selected by the NYISO as set forth in   
Article 2.3.1.2.3. During the suspension period, the running of any advanced notice of   
termination time period pursuant to Article 2.3.1.1 will be paused. The Agreement shall not be   
terminated during the suspension period without the written agreement of all Parties.

2.3.1.2.2 During the suspension period, the Transmission Developer and

Connecting Transmission Owner shall suspend all work associated with the construction and   
installation of the Network Upgrade Facilities required for only that Transmission Developer   
under this Agreement with the condition that the New York State Transmission System shall be   
left in a safe and reliable condition in accordance with Good Utility Practice and the safety and   
reliability criteria of Connecting Transmission Owner and NYISO. In such event, Transmission   
Developer shall be responsible for all reasonable and necessary costs and/or obligations in

accordance with this Agreement, including those which Connecting Transmission Owner (i) has   
incurred pursuant to this Agreement prior to the suspension and (ii) incurs in suspending such   
work, including any costs incurred to perform such work as may be necessary to ensure the   
safety of persons and property and the integrity of the New York State Transmission System   
during such suspension and, if applicable, any costs incurred in connection with the cancellation   
or suspension of material, equipment and labor contracts which Connecting Transmission Owner   
cannot reasonably avoid; provided, however, that prior to canceling or suspending any such   
material, equipment or labor contract, Connecting Transmission Owner shall obtain   
Transmission Developer’s authorization to do so, which authorization shall not unreasonably be   
withheld, conditioned or delayed.

2.3.1.2.3 If, pursuant to its Tariff, the NYISO selects a new developer to complete   
the Transmission Project, Transmission Developer shall coordinate with the new developer   
concerning the assignment of this Agreement to the new developer pursuant to the assignment   
requirements in Article 19 of this Agreement. All liabilities under this Agreement existing prior   
to such transfer shall remain with the Transmission Developer, unless otherwise agreed upon by   
the Transmission Developer and the new developer as part of their good faith negotiations   
regarding the transfer.

2.3.2 Default.

Any Party may terminate this Agreement in accordance with Article 17.

2.3.3 Compliance.

Notwithstanding Articles 2.3.1 and 2.3.2, no termination of this Agreement shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this Agreement, which notice has been accepted for filing by FERC.

9

SERVICE AGREEMENT NO. 2599

2.4 Termination Costs.

If a Party elects to terminate this Agreement pursuant to Article 2.3.1 above, the

Transmission Developer shall be responsible for all costs that are the responsibility of the

Transmission Developer under this Agreement that are incurred by the Transmission Developer or the other Parties through the date, as applicable, of the other Parties’ receipt of a Party’s notice of termination or of the Parties’ mutual agreement to terminate the agreement. Such costs   
include any cancellation costs relating to orders or contracts. In the event of termination by the Transmission Developer, all Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. Upon termination of this Agreement, unless otherwise ordered or approved by FERC:

2.4.1 With respect to any portion of the Network Upgrade Facilities that have not yet been constructed or installed, but that is being relied upon by other projects in the manner   
described in Article 11.5 of this Agreement, Transmission Developer shall forfeit any remaining Security in accordance with the requirements in Article 11.5.

2.4.2 With respect to any portion of the Network Upgrade Facilities that has not yet   
been constructed or installed and is not being relied upon by other projects in the manner   
described in Article 11.5 of this Agreement, the Connecting Transmission Owner shall to the   
extent possible and with Transmission Developer’s authorization cancel any pending orders of,   
or return, any materials or equipment for, or contracts for construction of, such facilities;   
provided that in the event Transmission Developer elects not to authorize such cancellation,   
Transmission Developer shall assume all payment obligations with respect to such materials,   
equipment, and contracts, and the Connecting Transmission Owner shall deliver such material   
and equipment, and, if necessary, assign such contracts, to Transmission Developer as soon as   
practicable, at Transmission Developer’s expense. To the extent that Transmission Developer   
has already paid Connecting Transmission Owner for any or all such costs of materials or   
equipment not taken by Transmission Developer, Connecting Transmission Owner shall   
promptly refund such amounts to Transmission Developer, less any costs, including penalties   
incurred by the Connecting Transmission Owner to cancel any pending orders of or return such   
materials, equipment, or contracts.

2.4.3 Connecting Transmission Owner may, at its option, retain any portion of such

materials, equipment, or facilities that Transmission Developer chooses not to accept delivery of, in which case Connecting Transmission Owner shall be responsible for all costs associated with procuring such materials, equipment, or facilities.

2.4.4 With respect to any portion of the Network Upgrade Facilities, and any other

facilities already installed or constructed pursuant to the terms of this Agreement, Transmission Developer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.

2.5 Disconnection.

Upon termination of this Agreement, Transmission Developer and Connecting

Transmission Owner will take all appropriate steps to disconnect the Transmission Developer’s

10

SERVICE AGREEMENT NO. 2599

Transmission Project from the New York State Transmission System and to perform such work as may be necessary to ensure that the New York State Transmission System shall be left in a safe and reliable condition in accordance with Good Utility Practice and the safety and reliability criteria of Connecting Transmission Owner and NYISO. All costs required to effectuate such disconnection shall be borne by the Transmission Developer, unless such termination resulted from the Connecting Transmission Owner’s Default of this Agreement.

2.6 Survival.

This Agreement shall continue in effect after termination to the extent necessary to

provide for final billings and payments and for costs incurred hereunder; including billings and payments pursuant to this Agreement and Transmission Developer’s satisfaction of the Security requirements in Article 11.5; to permit the determination and enforcement of liability and   
indemnification obligations arising from acts or events that occurred while this Agreement was in effect; and to permit Transmission Developer and Connecting Transmission Owner each to have access to the lands of the other pursuant to this Agreement or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

ARTICLE 3. REGULATORY FILINGS

NYISO and Connecting Transmission Owner shall file this Agreement (and any

amendment hereto) with the appropriate Governmental Authority, if required. Any information   
related to studies for interconnection asserted by Transmission Developer to contain Confidential Information shall be treated in accordance with Article 22 of this Agreement and Attachment F   
to the ISO OATT. If the Transmission Developer has executed this Agreement, or any   
amendment thereto, the Transmission Developer shall reasonably cooperate with NYISO and   
Connecting Transmission Owner with respect to such filing and to provide any information   
reasonably requested by NYISO and Connecting Transmission Owner needed to comply with   
Applicable Laws and Regulations.

ARTICLE 4. SCOPE OF SERVICE

4.1 Interconnection of Transmission Facilities.

The Transmission Developer’s Transmission Project and the Connecting Transmission   
Owner’s transmission system shall interconnect at the Points of Interconnection set forth in   
Appendix C of this Agreement in accordance with the terms and conditions of this Agreement.

4.2 No Transmission Delivery Service.

The execution of this Agreement does not constitute a request for, nor agreement to provide, any Transmission Service under the ISO OATT, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.

11

SERVICE AGREEMENT NO. 2599

4.3 No Other Services.

The execution of this Agreement does not constitute a request for, nor agreement to provide Energy, any Ancillary Services or Installed Capacity under the NYISO Market Administration and Control Area Services Tariff ("Services Tariff").

ARTICLE 5. NETWORK UPGRADE FACILITIES ENGINEERING,   
 PROCUREMENT, AND CONSTRUCTION

5.1 Network Upgrade Facilities

Unless otherwise mutually agreed to by Transmission Developer and Connecting   
Transmission Owner, Transmission Developer shall select the In-Service Date and Initial   
Synchronization Date of the Network Upgrade Facilities, and such dates shall be set forth in   
Appendix B hereto. The Connecting Transmission Owner’s and Transmission Developer’s   
respective obligations to design, procure, construct, install, and own the Network Upgrade   
Facilities shall be set forth in Appendix A hereto. The Connecting Transmission Owner and   
Transmission Developer shall each use Reasonable Efforts to complete the Network Upgrade   
Facilities for which it has construction responsibility by the dates set forth in Appendix B hereto.   
The Connecting Transmission Owner shall not be required to undertake any action which is   
inconsistent with its standard safety practices, its material and equipment specifications, its   
design criteria and construction procedures, its labor agreements, and Applicable Laws and   
Regulations. In the event the Connecting Transmission Owner reasonably expects that it will not   
be able to complete the Network Upgrade Facilities for which it has construction responsibility   
by the specified dates, the Connecting Transmission Owner shall promptly provide written notice   
to the Transmission Developer and NYISO, and shall undertake Reasonable Efforts to meet the   
earliest dates thereafter.

5.2 General Conditions Applicable to Network Upgrade Facilities Constructed by

Transmission Developer.

Where Transmission Developer has assumed responsibility for the design, procurement and/or construction of the Network Upgrade Facilities as set forth in Appendix A, the following conditions apply:

5.2.1 Transmission Developer shall engineer, procure equipment, and/or construct the Network Upgrade Facilities (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by the Connecting Transmission Owner;

5.2.2 Transmission Developer’s engineering, procurement and/or construction of the Network Upgrade Facilities shall comply with all requirements of law to which Connecting Transmission Owner would be subject in the engineering, procurement or construction of the Network Upgrade Facilities.

5.2.3 Connecting Transmission Owner shall review and approve the engineering   
design, equipment acceptance tests, and the construction of the Network Upgrade Facilities;

12

SERVICE AGREEMENT NO. 2599

5.2.4 Prior to commencement of construction, Transmission Developer shall provide to Connecting Transmission Owner and NYISO a schedule for construction of the Network   
Upgrade Facilities, and shall promptly respond to requests for information from Connecting   
Transmission Owner or NYISO;

5.2.5 At any time during construction, Connecting Transmission Owner shall have the   
right to gain unrestricted access to the Network Upgrade Facilities and to conduct inspections of   
the same;

5.2.6 At any time during construction, should any phase of the engineering, equipment procurement, or construction of the Network Upgrade Facilities not meet the standards and   
specifications provided by Connecting Transmission Owner, the Transmission Developer shall be obligated to remedy deficiencies in that portion of the Network Upgrade Facilities;

5.2.7 Transmission Developer shall indemnify Connecting Transmission Owner and NYISO for claims arising from the Transmission Developer’s construction of Network Upgrade Facilities under procedures applicable to Article 18.1 Indemnity;

5.2.8 Transmission Developer shall transfer control of Network Upgrade Facilities to the Connecting Transmission Owner;

5.2.9 Unless the Transmission Developer and Connecting Transmission Owner

otherwise agree, Transmission Developer shall transfer ownership of the Network Upgrade Facilities to Connecting Transmission Owner;

5.2.10 Connecting Transmission Owner shall approve and accept for operation and

maintenance the Network Upgrade Facilities to the extent engineered, procured, and constructed in accordance with this Article 5.2;

5.2.11 Transmission Developer shall deliver to NYISO and Connecting Transmission   
Owner "as built" drawings, information, and any other documents that are reasonably required   
by NYISO or Connecting Transmission Owner to assure that the Network Upgrade Facilities are   
built to the standards and specifications required by Connecting Transmission Owner; and

5.2.12 The Transmission Developer shall be responsible for the costs that Connecting Transmission Owner incurs in executing the responsibilities enumerated to Connecting   
Transmission Owner under Article 5.2. The Connecting Transmission Owner shall invoice Transmission Developer for such costs pursuant to Article 12.

5.3 Equipment Procurement.

The Connecting Transmission Owner shall commence design of the Network Upgrade   
Facilities for which it has construction responsibility, as set forth in Appendix A, and procure   
necessary equipment as soon as practicable after all of the following conditions are satisfied,   
unless the Transmission Developer and Connecting Transmission Owner otherwise agree in   
writing:

13

SERVICE AGREEMENT NO. 2599

5.3.1 NYISO and Connecting Transmission Owner have completed the Facilities Study pursuant to the Facilities Study Agreement;

5.3.2 The NYISO has completed the required cost allocation analyses, and

Transmission Developer has provided Security to the Connecting Transmission Owner in accordance with Article 11.4 by the date specified in Appendix B hereto; and

5.3.3 The Connecting Transmission Owner has received written authorization to

proceed with design and procurement from the Transmission Developer by the date specified in Appendix B hereto.

5.4 Construction Commencement.

The Connecting Transmission Owner shall commence construction of the Network Upgrade Facilities for which it has construction responsibility, as set forth in Appendix A, as soon as practicable after the following additional conditions are satisfied:

5.4.1 Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;

5.4.2 Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of a discrete aspect of the Network Upgrade Facilities;

5.4.3 The Connecting Transmission Owner has received written authorization to

proceed with construction from the Transmission Developer by the date specified in Appendix B hereto; and

5.4.4 The Transmission Developer has provided Security to the Connecting

Transmission Owner in accordance with Article 11.4 by the dates specified in Appendix B   
hereto.

5.5 Work Progress.

The Transmission Developer and Connecting Transmission Owner will keep each other, and NYISO, advised periodically as to the progress of their respective design, procurement and construction efforts of the Transmission Project and the Network Upgrade Facilities. Any Party may, at any time, request a progress report from the Transmission Developer or Connecting   
Transmission Owner.

5.6 Information Exchange.

As soon as reasonably practicable after the Effective Date, the Transmission Developer and Connecting Transmission Owner shall exchange information, and provide NYISO the same information, regarding the design and compatibility of the Transmission Project and Network Upgrade Facilities and the compatibility of the Transmission Project and Network Upgrade   
Facilities with the New York State Transmission System, and shall work diligently and in good faith to make any necessary design changes.

14

SERVICE AGREEMENT NO. 2599

5.7 Network Upgrade Facilities

Transmission Developer shall submit initial and final specifications for the Network   
Upgrade Facilities for which it is responsible pursuant to Appendix A to Connecting   
Transmission Owner and NYISO for review and comments pursuant to the dates set forth in   
Appendix B. Connecting Transmission Owner and NYISO shall review such specifications to   
ensure that the Network Upgrade Facilities are compatible with the technical specifications,   
operational control, and safety requirements of the Connecting Transmission Owner and NYISO   
and comment on such specifications pursuant to the dates set forth in Appendix B. All   
specifications provided hereunder shall be deemed to be Confidential Information.

The review of Transmission Developer’s final specifications by Connecting Transmission Owner and NYISO shall not be construed as confirming, endorsing, or providing a warranty as   
to the design, fitness, safety, durability or reliability of the Transmission Project or Network   
Upgrade Facilities. Transmission Developer shall make such changes to the Network Upgrade   
Facilities as may reasonably be required by Connecting Transmission Owner or NYISO, in   
accordance with Good Utility Practice, to ensure that the Network Upgrade Facilities are   
compatible with the technical specifications, operational control, and safety requirements of the Connecting Transmission Owner and NYISO.

Transmission Developer and Connecting Transmission Owner shall design and construct the Network Upgrade Facilities for which each is responsible pursuant to Appendix A in   
accordance with Good Utility Practice. Transmission Developer and Connecting Transmission Owner shall each deliver to the other Parties pursuant to the dates set forth in Appendix B "asbuilt" drawings, information and documents for the Network Upgrade Facilities.

The Connecting Transmission Owner shall transfer operational control of Network   
Upgrade Facilities at a voltage of greater than 115kV upon completion of such facilities, but   
shall not transfer operational control of Network Upgrade Facilities of a voltage of 115kV or   
less.

5.8 Access Rights.

Upon reasonable notice and supervision by the Granting Party, and subject to any   
required or necessary regulatory approvals, the Connecting Transmission Owner and   
Transmission Developer ("Granting Party") shall each furnish to the other Parties ("Access   
Party") at no cost any rights of use, licenses, rights of way and easements with respect to lands   
owned or controlled by the Granting Party, its agents (if allowed under the applicable agency   
agreement), or any Affiliate, that are necessary to enable the Access Party to obtain ingress and   
egress at the Point(s) of Interconnection, or any other necessary point to construct, operate,   
maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment   
(including the points necessary to locate revenue meters, remote terminal units, or   
telecommunications equipment) to: (i) interconnect the Transmission Project and Network   
Upgrade Facilities with the New York State Transmission System; (ii) operate and maintain the   
Transmission Project, Network Upgrade Facilities, and the New York State Transmission   
System; and (iii) disconnect or remove the Access Party’s facilities and equipment upon   
termination of this Agreement. In exercising such licenses, rights of way and easements, the

15

SERVICE AGREEMENT NO. 2599

Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party’s business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party. The Access Party shall indemnify the Granting Party against all claims of injury or damage from third parties resulting from the exercise of the access rights provided for herein.

5.9 Lands of Other Property Owners.

If any part of the Network Upgrade Facilities is to be installed on property owned by

persons other than Transmission Developer or Connecting Transmission Owner, the Connecting   
Transmission Owner shall at Transmission Developer’s expense use efforts, similar in nature and   
extent to those that it typically undertakes for its own or affiliated generation, including use of its   
eminent domain authority, and to the extent consistent with state law, to procure from such   
persons any rights of use, licenses, rights of way and easements that are necessary to construct,   
operate, maintain, test, inspect, replace or remove the Network Upgrade Facilities upon such   
property.

5.10 Permits.

NYISO, Connecting Transmission Owner and the Transmission Developer shall

cooperate with each other in good faith in obtaining all permits, licenses and authorizations that   
are necessary to accomplish the interconnection in compliance with Applicable Laws and   
Regulations. With respect to this paragraph, Connecting Transmission Owner shall provide   
permitting assistance to the Transmission Developer comparable to that provided to the   
Connecting Transmission Owner’s own, or an Affiliate’s, generation or transmission facilities, if   
any.

5.11 Suspension.

Transmission Developer reserves the right, upon written notice to Connecting

Transmission Owner and NYISO, to suspend at any time all work by Transmission Developer   
and Connecting Transmission Owner associated with the construction and installation of the   
Network Upgrade Facilities required for only that Transmission Developer under this Agreement   
with the condition that the New York State Transmission System shall be left in a safe and   
reliable condition in accordance with Good Utility Practice and the safety and reliability criteria   
of Connecting Transmission Owner and NYISO. If the suspension will impact the Transmission   
Developer’s ability to meet any Advisory Milestones or Critical Path Milestones in the   
Development Agreement, Transmission Developer shall notify the NYISO in accordance with   
the requirements in Article 3.3 of the Development Agreement. NYISO reserves the right, upon   
written notice to Transmission Developer and Connecting Transmission Owner, to require the   
suspension of all work by Transmission Developer and Connecting Transmission Owner   
associated with the engineering, procurement, and/or construction services under this Agreement   
if the NYISO terminates the Development Agreement pursuant to Article 8 of the Development   
Agreement.

In the event of suspension under this Article 5.10, Transmission Developer shall be

responsible for all reasonable and necessary costs and/or obligations in accordance with the ISO

16

SERVICE AGREEMENT NO. 2599

OATT and the Facilities Study report including those which Connecting Transmission Owner

(i) has incurred pursuant to this Agreement prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the New York State Transmission System   
during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Connecting Transmission Owner cannot reasonably avoid; provided, however, that prior to canceling or suspending any such   
material, equipment or labor contract, Connecting Transmission Owner shall obtain   
Transmission Developer’s authorization to do so.

Connecting Transmission Owner shall invoice Transmission Developer for such costs   
pursuant to Article 12 and shall use due diligence to minimize its costs. In the event   
Transmission Developer suspends work by the Transmission Developer and Connecting   
Transmission Owner required under this Agreement pursuant to this Article 5.10, and has not   
informed the Parties that it is recommencing its work and requested Connecting Transmission   
Owner to recommence its work required under this Agreement on or before the expiration of   
three (3) years following commencement of such suspension, this Agreement shall be deemed   
terminated. The three-year period shall begin on the date of the written notice required under   
this Article 5.11 or the date specified in the written notice of suspension.

5.12 Taxes.

5.12.1 Developer Payments Not Taxable.

The Transmission Developer and Connecting Transmission Owner intend that all

payments or property transfers made by Transmission Developer to Connecting Transmission   
Owner for the installation of the Network Upgrade Facilities shall be non-taxable, either as   
contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any   
applicable state income tax laws and shall not be taxable as contributions in aid of construction   
or otherwise under the Internal Revenue Code and any applicable state income tax laws.

5.12.2 Representations and Covenants.

In accordance with IRS Notice 2001-82 and IRS Notice 88-129, Transmission Developer   
represents and covenants that (i) ownership of the electricity generated at the Large Generating   
Facility will pass to another party prior to the transmission of the electricity on the New York   
State Transmission System, (ii) for income tax purposes, the amount of any payments and the   
cost of any property transferred to the Connecting Transmission Owner for the Network Upgrade   
Facilities will be capitalized by Transmission Developer as an intangible asset and recovered   
using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of the   
Connecting Transmission Owner’s Network Upgrade Facility that is a "dual-use intertie," within   
the meaning of IRS Notice 88-129, is reasonably expected to carry only a de minimis amount of   
electricity in the direction of the Large Generating Facility. For this purpose, "de minimis   
amount" means no more than 5 percent of the total power flows in both directions, calculated in   
accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an   
exclusive list of the relevant conditions that must be met to conform to IRS requirements for   
non-taxable treatment.

17

SERVICE AGREEMENT NO. 2599

At Connecting Transmission Owner’s request, Transmission Developer shall provide Connecting Transmission Owner with a report from an independent engineer confirming its representation in clause (iii), above. Connecting Transmission Owner represents and covenants that the cost of the Network Upgrade Facilities paid for by Transmission Developer will have no net effect on the base upon which rates are determined.

5.12.3 Indemnification for the Cost Consequences of Current Tax Liability   
 Imposed Upon the Connecting Transmission Owner.

Notwithstanding Article 5.12.1, Transmission Developer shall protect, indemnify and hold harmless Connecting Transmission Owner from the cost consequences of any current tax liability imposed against Connecting Transmission Owner as the result of payments or property transfers made by Transmission Developer to Connecting Transmission Owner under this   
Agreement, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Connecting Transmission Owner.

Connecting Transmission Owner shall not include a gross-up for the cost consequences   
of any current tax liability in the amounts it charges Transmission Developer under this   
Agreement unless (i) Connecting Transmission Owner has determined, in good faith, that the   
payments or property transfers made by Transmission Developer to Connecting Transmission   
Owner should be reported as income subject to taxation or (ii) any Governmental Authority   
directs Connecting Transmission Owner to report payments or property as income subject to   
taxation; provided, however, that Connecting Transmission Owner may require Transmission   
Developer to provide security, in a form reasonably acceptable to Connecting Transmission   
Owner (such as a parental guarantee or a letter of credit), in an amount equal to the cost   
consequences of any current tax liability under this Article 5.12. Transmission Developer shall   
reimburse Connecting Transmission Owner for such costs on a fully grossed-up basis, in   
accordance with Article 5.12.4, within thirty (30) Calendar Days of receiving written notification   
from Connecting Transmission Owner of the amount due, including detail about how the amount   
was calculated.

This indemnification obligation shall terminate at the earlier of (1) the expiration of the ten-year testing period and the applicable statute of limitation, as it may be extended by the Connecting Transmission Owner upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.12.

5.12.4 Tax Gross-Up Amount.

Transmission Developer’s liability for the cost consequences of any current tax liability   
under this Article 5.12 shall be calculated on a fully grossed-up basis. Except as may otherwise   
be agreed to by the parties, this means that Transmission Developer will pay Connecting   
Transmission Owner, in addition to the amount paid for the Network Upgrade Facilities, an   
amount equal to (1) the current taxes imposed on Connecting Transmission Owner ("Current   
Taxes") on the excess of (a) the gross income realized by Connecting Transmission Owner as a   
result of payments or property transfers made by Transmission Developer to Connecting

18

SERVICE AGREEMENT NO. 2599

Transmission Owner under this Agreement (without regard to any payments under this

Article 5.12) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the   
"Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit the Connecting Transmission Owner to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on Connecting Transmission   
Owner’s composite federal and state tax rates at the time the payments or property transfers are   
received and Connecting Transmission Owner will be treated as being subject to tax at the   
highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value   
Depreciation Amount shall be computed by discounting Connecting Transmission Owner’s   
anticipated tax depreciation deductions as a result of such payments or property transfers by   
Connecting Transmission Owner’s current weighted average cost of capital. Thus, the formula   
for calculating Transmission Developer’s liability to Connecting Transmission Owner pursuant   
to this Article 5.12.4 can be expressed as follows: (Current Tax Rate x (Gross Income Amount -  
Present Value Depreciation Amount))/(1 - Current Tax Rate). Transmission Developer’s   
estimated tax liability in the event taxes are imposed shall be stated in Appendix A.

5.12.5 Private Letter Ruling or Change or Clarification of Law.

At Transmission Developer’s request and expense, Connecting Transmission Owner shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Transmission Developer to Connecting Transmission Owner under this Agreement are subject to federal income taxation. Transmission Developer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Transmission   
Developer’s knowledge. Connecting Transmission Owner and Transmission Developer shall cooperate in good faith with respect to the submission of such request.

Connecting Transmission Owner shall keep Transmission Developer fully informed of   
the status of such request for a private letter ruling and shall execute either a privacy act waiver   
or a limited power of attorney, in a form acceptable to the IRS, that authorizes Transmission   
Developer to participate in all discussions with the IRS regarding such request for a private letter   
ruling. Connecting Transmission Owner shall allow Transmission Developer to attend all   
meetings with IRS officials about the request and shall permit Transmission Developer to   
prepare the initial drafts of any follow-up letters in connection with the request.

5.12.6 Subsequent Taxable Events.

If, within 10 years from the date on which the relevant Network Upgrade Facilities are   
placed in service, (i) Transmission Developer Breaches the covenants contained in   
Article 5.12.2, (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or   
(iii) this Agreement terminates and Connecting Transmission Owner retains ownership of the   
Network Upgrade Facilities, the Transmission Developer shall pay a tax gross-up for the cost   
consequences of any current tax liability imposed on Connecting Transmission Owner,

19

SERVICE AGREEMENT NO. 2599

calculated using the methodology described in Article 5.12.4 and in accordance with IRS Notice   
90-60.

5.12.7 Contests.

In the event any Governmental Authority determines that Connecting Transmission

Owner’s receipt of payments or property constitutes income that is subject to taxation,

Connecting Transmission Owner shall notify Transmission Developer, in writing, within thirty

(30) Calendar Days of receiving notification of such determination by a Governmental

Authority. Upon the timely written request by Transmission Developer and at Transmission

Developer’s sole expense, Connecting Transmission Owner may appeal, protest, seek abatement   
of, or otherwise oppose such determination. Upon Transmission Developer’s written request and   
sole expense, Connecting Transmission Owner may file a claim for refund with respect to any   
taxes paid under this Article 5.12, whether or not it has received such a determination.   
Connecting Transmission Owner reserves the right to make all decisions with regard to the   
prosecution of such appeal, protest, abatement or other contest, including the selection of counsel   
and compromise or settlement of the claim, but Connecting Transmission Owner shall keep   
Transmission Developer informed, shall consider in good faith suggestions from Transmission   
Developer about the conduct of the contest, and shall reasonably permit Transmission Developer   
or a Transmission Developer representative to attend contest proceedings.

Transmission Developer shall pay to Connecting Transmission Owner on a periodic   
basis, as invoiced by Connecting Transmission Owner, Connecting Transmission Owner’s   
documented reasonable costs of prosecuting such appeal, protest, abatement or other contest,   
including any costs associated with obtaining the opinion of independent tax counsel described   
in this Article 5.12.7. The Connecting Transmission Owner may abandon any contest if the   
Transmission Developer fails to provide payment to the Connecting Transmission Owner within   
thirty (30) Calendar Days of receiving such invoice. At any time during the contest, Connecting   
Transmission Owner may agree to a settlement either with Transmission Developer’s consent or   
after obtaining written advice from nationally-recognized tax counsel, selected by Connecting   
Transmission Owner, but reasonably acceptable to Transmission Developer, that the proposed   
settlement represents a reasonable settlement given the hazards of litigation. Transmission   
Developer’s obligation shall be based on the amount of the settlement agreed to by Transmission   
Developer, or if a higher amount, so much of the settlement that is supported by the written   
advice from nationally-recognized tax counsel selected under the terms of the preceding   
sentence. The settlement amount shall be calculated on a fully grossed-up basis to cover any   
related cost consequences of the current tax liability. The Connecting Transmission Owner may   
also settle any tax controversy without receiving the Transmission Developer’s consent or any   
such written advice; however, any such settlement will relieve the Transmission Developer from   
any obligation to indemnify Connecting Transmission Owner for the tax at issue in the contest   
(unless the failure to obtain written advice is attributable to the Transmission Developer’s   
unreasonable refusal to the appointment of independent tax counsel).

20

SERVICE AGREEMENT NO. 2599

5.12.8 Refund.

In the event that (a) a private letter ruling is issued to Connecting Transmission Owner   
which holds that any amount paid or the value of any property transferred by Transmission   
Developer to Connecting Transmission Owner under the terms of this Agreement is not subject   
to federal income taxation, (b) any legislative change or administrative announcement, notice,   
ruling or other determination makes it reasonably clear to Connecting Transmission Owner in   
good faith that any amount paid or the value of any property transferred by Transmission   
Developer to Connecting Transmission Owner under the terms of this Agreement is not taxable   
to Connecting Transmission Owner, (c) any abatement, appeal, protest, or other contest results in   
a determination that any payments or transfers made by Transmission Developer to Connecting   
Transmission Owner are not subject to federal income tax, or (d) if Connecting Transmission   
Owner receives a refund from any taxing authority for any overpayment of tax attributable to any   
payment or property transfer made by Transmission Developer to Connecting Transmission   
Owner pursuant to this Agreement, Connecting Transmission Owner shall promptly refund to   
Transmission Developer the following:

(i) Any payment made by Transmission Developer under this Article 5.12 for taxes   
that is attributable to the amount determined to be non-taxable, together with interest thereon,

(ii) Interest on any amounts paid by Transmission Developer to Connecting

Transmission Owner for such taxes which Connecting Transmission Owner did not submit to the   
taxing authority, calculated in accordance with the methodology set forth in FERC’s regulations   
at 18 C.F.R. §35.19a(a)(2)(iii) from the date payment was made by Transmission Developer to   
the date Connecting Transmission Owner refunds such payment to Transmission Developer, and

(iii) With respect to any such taxes paid by Connecting Transmission Owner, any   
refund or credit Connecting Transmission Owner receives or to which it may be entitled from   
any Governmental Authority, interest (or that portion thereof attributable to the payment   
described in clause (i), above) owed to the Connecting Transmission Owner for such   
overpayment of taxes (including any reduction in interest otherwise payable by Connecting   
Transmission Owner to any Governmental Authority resulting from an offset or credit);   
provided, however, that Connecting Transmission Owner will remit such amount promptly to   
Transmission Developer only after and to the extent that Connecting Transmission Owner has   
received a tax refund, credit or offset from any Governmental Authority for any applicable   
overpayment of income tax related to the Network Upgrade Facilities.

The intent of this provision is to leave both the Transmission Developer and Connecting Transmission Owner, to the extent practicable, in the event that no taxes are due with respect to any payment for Network Upgrade Facilities hereunder, in the same position they would have been in had no such tax payments been made.

5.12.9 Taxes Other Than Income Taxes.

Upon the timely request by Transmission Developer, and at Transmission Developer’s   
sole expense, Connecting Transmission Owner shall appeal, protest, seek abatement of, or

21

SERVICE AGREEMENT NO. 2599

otherwise contest any tax (other than federal or state income tax) asserted or assessed against   
Connecting Transmission Owner for which Transmission Developer may be required to   
reimburse Connecting Transmission Owner under the terms of this Agreement. Transmission   
Developer shall pay to Connecting Transmission Owner on a periodic basis, as invoiced by   
Connecting Transmission Owner, Connecting Transmission Owner’s documented reasonable   
costs of prosecuting such appeal, protest, abatement, or other contest. Transmission Developer   
and Connecting Transmission Owner shall cooperate in good faith with respect to any such   
contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot   
be deferred, no amount shall be payable by Transmission Developer to Connecting Transmission   
Owner for such taxes until they are assessed by a final, non-appealable order by any court or   
agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due   
and payable after appeal, Transmission Developer will be responsible for all taxes, interest and   
penalties, other than penalties attributable to any delay caused by Connecting Transmission   
Owner.

5.13 Tax Status; Non-Jurisdictional Entities.

5.13.1 Tax Status.

Each Party shall cooperate with the other Parties to maintain the other Parties’ tax status. Nothing in this Agreement is intended to adversely affect the tax status of any Party including the status of NYISO, or the status of any Connecting Transmission Owner with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds.

5.14 Modification.

5.14.1 General.

If, prior to the In-Service Date of the Transmission Project or Network Upgrade

Facilities, either the Transmission Developer or Connecting Transmission Owner proposes to   
modify the Transmission Project or Network Upgrade Facilities, they must inform the other   
Parties of the proposed modification and must satisfy the requirements for such modifications in

(i) Section 22.5.4 of Attachment P to the ISO OATT, and (ii) the Development Agreement. The Transmission Developer shall be responsible for the cost of any such additional modifications, including the cost of studying the materiality and impact of the modification.

Following the In-Service Date of the Transmission Project or Network Upgrade

Facilities, either the Transmission Developer or Connecting Transmission Owner may undertake   
modifications to its facilities covered by this Agreement. If either the Transmission Developer   
or Connecting Transmission Owner plans to undertake a modification that reasonably may be   
expected to affect the other Party’s facilities, that Party shall provide to the other Party, and to   
NYISO, sufficient information regarding such modification so that the other Party and NYISO   
may evaluate the potential impact of such modification prior to commencement of the work.

Such information shall be deemed to be Confidential Information hereunder and shall include   
information concerning the timing of such modifications and whether such modifications are   
expected to interrupt the transmission of electricity at the Point(s) of Interconnection. The Party   
desiring to perform such work shall provide the relevant drawings, plans, and specifications to

22

SERVICE AGREEMENT NO. 2599

the other Party and NYISO at least ninety (90) Calendar Days in advance of the commencement of construction regarding such work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed.

5.14.2 Standards.

Any additions, modifications, or replacements made to a Party’s facilities shall be

designed, constructed and operated in accordance with this Agreement, NYISO requirements and Good Utility Practice.

5.14.3 Modification Costs.

Transmission Developer or Connecting Transmission Owner, as applicable, shall not be   
assigned the costs of any additions, modifications, or replacements that the other Party makes to   
the New York State Transmission System to facilitate the interconnection of a third party to the   
New York State Transmission System, or to provide Transmission Service to a third party under   
the ISO OATT, except in accordance with the cost allocation procedures in Attachment S of the   
ISO OATT.

ARTICLE 6. TESTING AND INSPECTION

6.1 Pre-In-Service Date Testing and Modifications.

Prior to the In-Service Date of the Transmission Project or Network Upgrade Facilities,   
as applicable, the Connecting Transmission Owner or Transmission Developer, as specified in   
Appendix A, shall test the Transmission Project and Network Upgrade Facilities to ensure their   
safe and reliable operation. Similar testing may be required after initial operation. Transmission   
Developer and Connecting Transmission Owner shall each make any modifications to its   
facilities that are found to be necessary as a result of such testing. Transmission Developer shall   
bear the cost of all such testing and modifications. Transmission Developer and Connecting   
Transmission Owner shall coordinate with NYISO prior to performing the testing of the   
Transmission Project and Network Upgrade Facilities and prior to the facilities entering into   
service.

6.2 Post-In-Service Date Testing and Modifications.

Transmission Developer and Connecting Transmission Owner shall each at its own

expense perform routine inspection and testing of its facilities and equipment in accordance with   
Good Utility Practice and Applicable Reliability Standards as may be necessary to ensure the   
continued interconnection of the Transmission Project with the New York State Transmission   
System in a safe and reliable manner. Transmission Developer and Connecting Transmission   
Owner shall each have the right, upon advance written notice, to require reasonable additional   
testing of the other Party’s facilities, at the requesting Party’s expense, as may be in accordance   
with Good Utility Practice.

23

SERVICE AGREEMENT NO. 2599

6.3 Right to Observe Testing.

Transmission Developer and Connecting Transmission Owner shall each notify the other Party, and the NYISO, in advance of its performance of tests of the Transmission Project and Network Upgrade Facilities. The other Party, and the NYISO, shall each have the right, at its own expense, to observe such testing.

6.4 Right to Inspect.

Transmission Developer and Connecting Transmission Owner shall each have the right,   
but shall have no obligation to: (i) observe the other Party’s tests and/or inspection of any of its   
System Protection Facilities and other protective equipment; (ii) review the settings of the other   
Party’s System Protection Facilities and other protective equipment; and (iii) review the other   
Party’s maintenance records relative to the System Protection Facilities and other protective   
equipment. NYISO shall have these same rights of inspection as to the facilities and equipment   
of Transmission Developer and Connecting Transmission Owner. A Party may exercise these   
rights from time to time as it deems necessary upon reasonable notice to the other Party. The   
exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement   
or confirmation of any element or condition of the System Protection Facilities or other   
protective equipment or the operation thereof, or as a warranty as to the fitness, safety,   
desirability, or reliability of same. Any information that a Party obtains through the exercise of   
any of its rights under this Article 6.4 shall be treated in accordance with Article 22 of this   
Agreement and Attachment F to the ISO OATT.

ARTICLE 7. METERING

7.1 General.

Connecting Transmission Owner shall be responsible for the metering at any Metering   
Points identified by the NYISO in connection with the interconnection of the Transmission   
Project with Connecting Transmission Owner’s system in accordance with the requirements in   
this Article 7. Connecting Transmission Owner and/or Transmission Developer shall, as such   
responsibilities are specified in Appendix A of this Agreement, procure and install any required   
Metering Equipment prior to any operation of the Transmission Project. Connecting   
Transmission Owner shall own, operate, test, maintain, and, if directed by the NYISO, relocate   
such Metering Equipment in accordance with ISO Procedures, as such requirements are amended   
from time to time. Connecting Transmission Owner shall provide the NYISO with metering data   
in accordance with the metering requirements set forth in this Agreement, the NYISO Tariffs,   
and ISO Procedures, as such requirements are amended from time to time. Transmission   
Developer shall bear all reasonable documented costs associated with the purchase and   
installation of the Metering Equipment.

7.2 Check Meters.

Transmission Developer, at its option and expense, may install and operate, on its

premises and on its side of the Points of Interconnection, one or more check meters to check

Connecting Transmission Owner’s meters. Such check meters shall be for check purposes only   
and shall not be used for the measurement of power flows for purposes of this Agreement, except

24

SERVICE AGREEMENT NO. 2599

as provided in Article 7.4 below. The installation, operation and maintenance thereof shall be performed entirely by Transmission Developer in accordance with Good Utility Practice

7.3 Standards.

Connecting Transmission Owner and Transmission Developer shall, as such

responsibilities are specified in Appendix A of this Agreement, install, calibrate, and test revenue quality Metering Equipment including potential transformers and current transformers in   
accordance with ISO Procedures, as such requirements are amended from time to time.

7.4 Testing of Metering Equipment.

Connecting Transmission Owner shall inspect and test all of its Metering Equipment

upon installation and at least once every two (2) years thereafter. If required by ISO Procedures,   
Connecting Transmission Owner shall, at its own expense, inspect or test Metering Equipment   
more frequently than every two (2) years. Connecting Transmission Owner shall give reasonable   
notice of the time when any inspection or test shall take place, and NYISO and Transmission   
Developer may have representatives present at the test or inspection. If at any time Metering   
Equipment is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at   
Connecting Transmission Owner’s expense in order to provide accurate metering. Connecting   
Transmission Owner and NYISO shall address the loss of meter data or meter data anomalies in   
accordance with ISO Procedures. The NYISO shall reserve the right to review all associated   
metering equipment installation on the Transmission Developer’s or Connecting Transmission   
Owner’s property at any time.

7.5 Metering Data.

At Connecting Transmission Owner’s expense, the metered data shall be telemetered to   
one or more locations designated by NYISO. Such telemetered data shall be used, under normal   
operating conditions, as the official measurement of the amount of energy at the Metering Points.

ARTICLE 8. COMMUNICATIONS

8.1 Transmission Developer Obligations.

Transmission Developer shall maintain satisfactory operating communications, including   
providing analog and digital real-time telemetry, with Connecting Transmission Owner and   
NYISO in accordance with the requirements in this Agreement, the Operating Agreement   
(including Section 2.05, Local Control Center, Metering and Telemetry), NYISO Tariffs, and   
ISO Procedures, as such requirements are amended from time to time. Transmission Developer   
shall provide standard voice line, dedicated voice line and facsimile communications at its   
control center for the Transmission Project through use of either the public telephone system, or   
a voice communications system that does not rely on the public telephone system. Transmission   
Developer shall also provide the dedicated data circuit(s) necessary to provide Transmission   
Developer data to Connecting Transmission Owner and NYISO as set forth in Appendix D   
hereto. The data circuit(s) shall extend from the Transmission Project to the location(s) specified   
by Connecting Transmission Owner and NYISO. Any required maintenance of such   
communications equipment shall be performed by Transmission Developer. Operational

25

SERVICE AGREEMENT NO. 2599

communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.

8.2 Remote Terminal Unit.

Prior to the Initial Synchronization Date of the Transmission Project, a Remote Terminal   
Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be   
installed by Transmission Developer, or by Connecting Transmission Owner at Transmission   
Developer’s expense, to gather accumulated and instantaneous data to be telemetered to the   
location(s) designated by Connecting Transmission Owner and NYISO through use of a   
dedicated point-to-point data circuit(s) as indicated in Article 8.1. The communication protocol   
for the data circuit(s) shall be specified by Connecting Transmission Owner and NYISO.   
Instantaneous bi-directional analog real power and reactive power flow information must be   
telemetered directly to the location(s) specified by Connecting Transmission Owner and NYISO.

Each Party will promptly advise the appropriate other Party if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by that other Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

8.3 No Annexation.

Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or   
attachment to real property, unless otherwise mutually agreed by the Party providing such   
equipment and the Party receiving such equipment.

ARTICLE 9. OPERATIONS

9.1 General.

Each Party shall comply with Applicable Laws and Regulations and Applicable

Reliability Standards. Each Party shall provide to the other Parties all information that may

reasonably be required by the other Parties to comply with Applicable Laws and Regulations and Applicable Reliability Standards. Connecting Transmission Owner or Transmission Developer, as applicable, shall provide the NYISO with notifications of all of its power system equipment additions or modifications in accordance with ISO Procedures, including the NYISO’s   
Reliability Analysis Data Manual (Manual 24).

9.2 NYISO and Connecting Transmission Owner Obligations.

Connecting Transmission Owner and NYISO shall cause the New York State

Transmission System to be operated, maintained and controlled in a safe and reliable manner in   
accordance with this Agreement and the NYISO Tariffs. Connecting Transmission Owner and   
NYISO may provide operating instructions to Transmission Developer consistent with this   
Agreement, NYISO procedures and Connecting Transmission Owner’s operating protocols and   
procedures as they may change from time to time. Connecting Transmission Owner and NYISO

26

SERVICE AGREEMENT NO. 2599

will consider changes to their respective operating protocols and procedures proposed by Transmission Developer.

9.3 Transmission Developer Obligations.

Transmission Developer shall at its own expense operate, maintain and control the

Transmission Project in a safe and reliable manner and in accordance with this Agreement, the NYISO Tariffs, ISO Procedures, and the Operating Agreement. Transmission Developer shall operate the Transmission Project in accordance with NYISO and Connecting Transmission   
Owner requirements, as such requirements are set forth or referenced in Appendix C hereto. Appendix C will be modified to reflect changes to the requirements as they may change from time to time. Any Party may request that the appropriate other Party or Parties provide copies of the requirements set forth or referenced in Appendix C hereto.

9.4 Outages and Interruptions.

9.4.1 Outages.

9.4.1.1 Outage Authority and Coordination.

Transmission Developer and Connecting Transmission Owner may each, in accordance   
with NYISO procedures and Good Utility Practice and in coordination with the other Party,   
remove from service any of its Transmission Project facilities or Network Upgrade Facilities that   
may impact the other Party’s facilities as necessary to perform maintenance or testing or to   
install or replace equipment. Absent an Emergency or Emergency State, the Party scheduling a   
removal of such facility(ies) from service will use Reasonable Efforts to schedule such removal   
on a date and time mutually acceptable to both the Transmission Developer and the Connecting   
Transmission Owner. In all circumstances either Party planning to remove such facility(ies)   
from service shall use Reasonable Efforts to minimize the effect on the other Party of such   
removal.

9.4.1.2 Outage Schedules.

The Transmission Developer or Connecting Transmission Owner, as applicable, and

pursuant to ISO Procedures, shall post scheduled outages of its respective transmission facilities on the NYISO OASIS.

9.4.1.3 Outage Restoration.

If an outage on the Transmission Project or Network Upgrade Facilities adversely affects the other Party’s operations or facilities, the Party that owns the facility that is out of service shall use Reasonable Efforts to promptly restore such facility(ies) to a normal operating   
condition consistent with the nature of the outage. The Party that owns the facility that is out of service shall provide the other Party and NYISO, to the extent such information is known,   
information on the nature of the Emergency or Emergency State, an estimated time of   
restoration, and any corrective actions required. Initial verbal notice shall be followed up as soon as practicable with written notice explaining the nature of the outage.

27

SERVICE AGREEMENT NO. 2599

9.4.2 Interruption of Service. If required by Good Utility Practice or Applicable   
Reliability Standards to do so, the NYISO, Connecting Transmission Owner, or Transmission   
Developer may require the Connecting Transmission Owner or Transmission Developer to   
interrupt the transmission of electricity if such transmission of electricity could adversely affect the ability of NYISO and, as applicable, Connecting Transmission Owner or Transmission   
Developer to perform such activities as are necessary to safely and reliably operate and maintain the New York State Transmission System. The following provisions shall apply to any   
interruption permitted under this Article 9.4.2:

9.4.2.1 The interruption shall continue only for so long as reasonably necessary under Good Utility Practice;

9.4.2.2 When the interruption must be made under circumstances which do not   
allow for advance notice, NYISO, Connecting Transmission Owner, or Transmission Owner   
shall notify, as applicable, Transmission Developer or Connecting Transmission Owner by   
telephone as soon as practicable of the reasons for the curtailment or interruption, and, if known,   
its expected duration. Telephone notification shall be followed by written notification as soon as   
practicable;

9.4.2.3 Except during the existence of an Emergency or Emergency State, when   
the interruption can be scheduled without advance notice, NYISO, Connecting Transmission   
Owner, or Transmission Developer shall notify, as applicable, Transmission Developer or   
Connecting Transmission Owner in advance regarding the timing of such scheduling and of the   
expected duration. The Parties shall coordinate with each other using Good Utility Practice to   
schedule the interruption during periods of least impact to the Transmission Developer, the   
Connecting Transmission Owner and the New York State Transmission System;

9.4.2.4 The Parties shall cooperate and coordinate with each other to the extent

necessary in order to restore the Transmission Project, Network Upgrade Facilities, and the New York State Transmission System to their normal operating state, consistent with system   
conditions and Good Utility Practice.

9.4.3 System Protection and Other Control Requirements.

9.4.3.1 System Protection Facilities. Transmission Developer shall, at its

expense, install, operate and maintain System Protection Facilities as a part of the Transmission Project. Connecting Transmission Owner shall install at Transmission Developer’s expense any System Protection Facilities that may be required on the New York State Transmission System as a result of the interconnection of the Transmission Project.

9.4.3.2 The protection facilities of both the Transmission Developer and Connecting Transmission Owner shall be designed and coordinated with other systems in accordance with Good Utility Practice and Applicable Reliability Standards.

28

SERVICE AGREEMENT NO. 2599

9.4.3.3 The Transmission Developer and Connecting Transmission Owner shall each be responsible for protection of its respective facilities consistent with Good Utility Practice and Applicable Reliability Standards.

9.4.3.4 The protective relay design of the Transmission Developer and

Connecting Transmission Owner shall each incorporate the necessary test switches to perform the tests required in Article 6 of this Agreement. The required test switches will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from   
operating and causing unnecessary breaker operations and/or the tripping of the Transmission Developer’s Transmission Project.

9.4.3.5 The Transmission Developer and Connecting Transmission Owner will each test, operate and maintain System Protection Facilities in accordance with Good Utility Practice, NERC and NPCC criteria.

9.4.3.6 Prior to the In-Service Dates of the Network Upgrade Facilities and

Transmission Project, the Transmission Developer and Connecting Transmission Owner shall   
each perform, or their agents shall perform, a complete calibration test and functional trip test of   
the System Protection Facilities. At intervals suggested by Good Utility Practice and following   
any apparent malfunction of the System Protection Facilities, the Transmission Developer and   
Connecting Transmission Owner shall each perform both calibration and functional trip tests of   
its System Protection Facilities. These tests do not require the tripping of any in-service

generation unit. These tests do, however, require that all protective relays and lockout contacts be activated.

9.4.4 Requirements for Protection.

In compliance with NPCC requirements and Good Utility Practice, Transmission

Developer shall provide, install, own, and maintain relays, circuit breakers and all other devices   
necessary to remove any fault contribution of the Transmission Project to any short circuit   
occurring on the New York State Transmission System not otherwise isolated by Connecting   
Transmission Owner’s equipment, such that the removal of the fault contribution shall be   
coordinated with the protective requirements of the New York State Transmission System. Such   
protective equipment shall include, without limitation, a disconnecting device or switch with   
load-interrupting capability located between the Transmission Project and the New York State   
Transmission System at a site selected upon mutual agreement (not to be unreasonably withheld,   
conditioned or delayed) of the Transmission Developer and Connecting Transmission Owner.   
Transmission Developer shall be responsible for protection of the Transmission Project and   
Transmission Developer’s other equipment from such conditions as negative sequence currents,   
over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-  
field. Transmission Developer shall be solely responsible to disconnect the Transmission Project   
and Transmission Developer’s other equipment if conditions on the New York State   
Transmission System could adversely affect the Transmission Project.

29

SERVICE AGREEMENT NO. 2599

9.4.5 Power Quality.

Neither the facilities of Transmission Developer nor the facilities of Connecting

Transmission Owner shall cause excessive voltage flicker nor introduce excessive distortion to   
the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance   
with IEEE Standard 519, or any applicable superseding electric industry standard. In the event   
of a conflict between ANSI Standard C84.1-1989, or any applicable superseding electric industry   
standard, ANSI Standard C84.1-1989, or the applicable superseding electric industry standard,   
shall control.

9.5 Switching and Tagging Rules.

The Transmission Developer and Connecting Transmission Owner shall each provide the other Party a copy of its switching and tagging rules that are applicable to the other Party’s   
activities. Such switching and tagging rules shall be developed on a nondiscriminatory basis. The Parties shall comply with applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.

9.6 Disturbance Analysis Data Exchange.

The Parties will cooperate with one another and the NYISO in the analysis of

disturbances to either the Transmission Project or the New York State Transmission System by   
gathering and providing access to any information relating to any disturbance, including   
information from disturbance recording equipment, protective relay targets, breaker operations   
and sequence of events records, and any disturbance information required by Good Utility   
Practice.

ARTICLE 10. MAINTENANCE

10.1 Connecting Transmission Owner Obligations.

Connecting Transmission Owner shall maintain its transmission facilities, including the   
Network Upgrade Facilities, in a safe and reliable manner and in accordance with this   
Agreement.

10.2 Transmission Developer Obligations.

Transmission Developer shall maintain its Transmission Project in a safe and reliable manner and in accordance with this Agreement.

10.3 Coordination.

The Transmission Developer and Connecting Transmission Owner shall confer regularly to coordinate the planning, scheduling and performance of preventive and corrective   
maintenance on the Transmission Project and Network Upgrade Facilities. The Transmission Developer and Connecting Transmission Owner shall keep NYISO fully informed of the   
preventive and corrective maintenance that is planned, and shall schedule all such maintenance in accordance with NYISO procedures.

30

SERVICE AGREEMENT NO. 2599

10.4 Secondary Systems.

The Transmission Developer and Connecting Transmission Owner shall each cooperate   
with the other in the inspection, maintenance, and testing of control or power circuits that operate   
below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective   
devices, cables, conductors, electric raceways, secondary equipment panels, transducers,   
batteries, chargers, and voltage and current transformers that directly affect the operation of   
Transmission Developer or Connecting Transmission Owner’s facilities and equipment which   
may reasonably be expected to impact the other Party. The Transmission Developer and   
Connecting Transmission Owner shall each provide advance notice to the other Party, and to   
NYISO, before undertaking any work on such circuits, especially on electrical circuits involving   
circuit breaker trip and close contacts, current transformers, or potential transformers.

10.5 Operating and Maintenance Expenses.

Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing   
interconnection or transmission service to a third party and such third party pays for such   
expenses, Transmission Developer shall be responsible for all reasonable expenses including overheads, associated with owning, operating, maintaining, repairing, and replacing the   
Transmission Project. The Connecting Transmission Owner shall be responsible for all   
reasonable expenses including overheads, associated with owning, operating, maintaining,   
repairing, and replacing the Network Upgrade Facilities.

ARTICLE 11. PERFORMANCE OBLIGATION

11.1 Transmission Project.

Transmission Developer shall design, procure, construct, install, own and/or control the Transmission Project described in Appendix C hereto, at its sole expense.

11.2 Network Upgrade Facilities.

Connecting Transmission Owner and Transmission Developer shall design, procure,   
construct, and install the Network Upgrade Facilities as specified in Appendix A hereto.   
Connecting Transmission Owner shall have ownership and control of the Network Upgrade   
Facilities.

11.3 Special Provisions for Affected Systems.

For the re-payment of amounts advanced to Affected System Operator for Network

Upgrade Facilities, the Transmission Developer and Affected System Operator shall enter into an   
agreement that provides for such re-payment, but only if responsibility for the cost of such   
Network Upgrade Facilities is not to be allocated in accordance with the Facilities Study report.   
The agreement shall specify the terms governing payments to be made by the Transmission   
Developer to the Affected System Operator as well as the re-payment by the Affected System   
Operator.

31

SERVICE AGREEMENT NO. 2599

11.4 Provision of Security.

Within thirty (30) Calendar Days of the Effective Date of this Agreement, Transmission   
Developer shall provide Connecting Transmission Owner with Security in the amount of the cost   
estimate for the Network Upgrade Facilities in accordance with Section 22.9.3 of Attachment P   
of the ISO OATT, as documented in the Facilities Study report. This amount is set forth in   
Appendix A of this Agreement. If the Transmission Developer: (i) does not pay an invoice   
issued by the Connecting Transmission Owner pursuant to Article 12.1 within the timeframe set   
forth in Article 12.3 or (ii) does not pay any disputed amount into an independent escrow   
account pursuant to Article 12.4, the Connecting Transmission Owner may draw upon   
Transmission Developer’s Security to recover such payment. The Security shall be reduced on a   
dollar-for-dollar basis for payments made to Connecting Transmission Owner for the purpose of   
performing engineering design, constructing, procuring, and installing the Network Upgrade   
Facilities.

In addition:

11.4.1 The guarantee must be made by an entity that meets the commercially

reasonable creditworthiness requirements of Connecting Transmission Owner, and contains

terms and conditions that guarantee payment of the Security amount set forth in Appendix A of this Agreement.

11.4.2 The letter of credit must be issued by a financial institution reasonably

acceptable to Connecting Transmission Owner and must specify a reasonable expiration date.

11.4.3 The surety bond must be issued by an insurer reasonably acceptable to Connecting Transmission Owner and must specify a reasonable expiration date.

11.5 Forfeiture of Security

The Security that the Transmission Developer provides the Connecting Transmission

Owner in accordance with Article 11.4 of this Agreement shall be irrevocable and shall be

subject to forfeiture in the event that the Transmission Developer subsequently terminates or

abandons development of the Transmission Project. Any Security provided by the Transmission   
Developer to the Connecting Transmission Owner shall be subject to forfeiture to the extent   
necessary to defray the cost of: (1) Network Upgrade Facilities required for other Transmission   
Developers whose Transmission Project interconnection studies included the Transmission   
Developer’s Transmission Project and Network Upgrade Facilities in their base cases; and (2)   
System Upgrade Facilities and System Deliverability Upgrade Facilities required for projects for   
which the Transmission Project and Network Upgrade Facilities were included in their Annual   
Transmission Reliability Assessment and/or Class Year Deliverability Study, as applicable. If   
Transmission Developer’s Security is subject to forfeiture to defray the costs of an affected   
upgrade pursuant to this Article 11.5 and the Security is not in a form that can be readily drawn   
on by the Connecting Transmission Owner to defray the costs of the affected upgrade,   
Transmission Developer shall negotiate in good faith with the Connecting Transmission Owner   
to replace the Security with cash or an alternative form of Security that can be readily drawn on   
by Connecting Transmission Owner up to the amount required to satisfy Transmission

32

SERVICE AGREEMENT NO. 2599

Developer’s Security obligations under this Agreement, including defraying the costs of the affected upgrade. Connecting Transmission Owner shall only be responsible for using   
Transmission Developer’s Security to defray the costs of an affected upgrade to the extent Transmission Developer has provided cash or Security in a form that the Connecting   
Transmission Owner can readily draw on to defray such costs.

11.6 Network Upgrade Facility Costs

11.6.1 If the actual cost of Network Upgrade Facilities is less than the agreed-to and secured amount, Transmission Developer is responsible only for the actual cost figure.

11.6.2 If the actual cost of Network Upgrade Facilities is greater than the agreed-to and   
secured amount because other projects have been expanded, accelerated, otherwise modified or   
terminated, Transmission Developer is responsible only for the agreed-to and secured amount for   
the Network Upgrade Facilities. The additional cost is covered by the developers of the   
modified projects, or by the drawing on the cash that has been paid and the Security that has   
been posted for terminated projects, depending on the factors that caused the additional cost.   
Such forfeitable Security from other developers will be drawn on only as needed for this   
purpose, and only to the extent that the terminated project associated with that Security has   
caused additional cost and that the developer of the terminated project has provided cash or   
Security in a form that the Connecting Transmission Owner can readily draw on.

11.6.3 If the actual cost of the Network Upgrade Facilities is greater than the agreed-to and secured amount for reasons other than those set forth in Article 11.6.2, Transmission   
Developer will pay the additional costs to Connecting Transmission Owner as such costs are incurred. Disputes between Transmission Developer and Connecting Transmission Owner   
concerning costs in excess of the agreed-to and secured amount will be resolved by the parties in accordance with the terms and conditions of Article 27.

11.7 Line Outage Costs.

Notwithstanding anything in the ISO OATT to the contrary, the Connecting Transmission Owner may propose to recover line outage costs associated with the installation of Network   
Upgrade Facilities on a case-by-case basis.

ARTICLE 12. INVOICE

12.1 General.

The Transmission Developer and Connecting Transmission Owner shall each submit to   
the other Party, on a monthly basis, invoices of amounts due for the preceding month. Each   
invoice shall state the month to which the invoice applies and fully describe the services and   
equipment provided. The Transmission Developer and Connecting Transmission Owner may   
discharge mutual debts and payment obligations due and owing to each other on the same date   
through netting, in which case all amounts one Party owes to the other Party under this

Agreement, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.

33

SERVICE AGREEMENT NO. 2599

12.2 Final Invoice and Refund of Remaining Security.

Within six months after completion of the construction of Network Upgrade Facilities,   
Connecting Transmission Owner shall provide an invoice of the final cost of the construction of   
the Network Upgrade Facilities and shall set forth such costs in sufficient detail to enable   
Transmission Developer to compare the actual costs with the estimates and to ascertain   
deviations, if any, from the cost estimates. Connecting Transmission Owner shall refund to   
Transmission Developer any amount by which the actual payment by Transmission Developer   
for estimated costs exceeds the actual costs of construction within thirty (30) Calendar Days of   
the issuance of such final construction invoice. Following the later of the completion of the   
construction of the Network Upgrade Facilities and Transmission Developer’s payment of any   
final invoice issued under this Article 12.2, Connecting Transmission Owner shall refund to the   
Transmission Developer any remaining portions of its Security, except as set forth in   
Article 11.5. Connecting Transmission Owner shall provide Transmission Developer with the   
refunded amount within thirty (30) Calendar Days of the Parties’ satisfaction of the requirements   
in this Article 12.2.

12.3 Payment.

Invoices shall be rendered to the paying Party at the address specified in Appendix F

hereto. The Party receiving the invoice shall pay the invoice within thirty (30) Calendar Days of   
receipt. All payments shall be made in immediately available funds payable to the other Party,   
or by wire transfer to a bank named and account designated by the invoicing Party. Payment of   
invoices will not constitute a waiver of any rights or claims the paying Party may have under this   
Agreement.

12.4 Disputes.

In the event of a billing dispute between Connecting Transmission Owner and

Transmission Developer, Connecting Transmission Owner shall continue to perform under this Agreement as long as Transmission Developer: (i) continues to make all payments not in dispute; and (ii) pays to Connecting Transmission Owner or into an independent escrow account the   
portion of the invoice in dispute, pending resolution of such dispute. If Transmission Developer fails to meet these two requirements for continuation of service, then Connecting Transmission Owner may provide notice to Transmission Developer of a Default pursuant to Article 17.   
Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accord with the methodology set forth in FERC’s Regulations at 18 C.F.R. § 35.19a(a)(2)(iii).

ARTICLE 13. EMERGENCIES

13.1 Obligations.

Each Party shall comply with the Emergency State procedures of NYISO, the applicable Reliability Councils, Applicable Laws and Regulations, and any emergency procedures agreed to by the NYISO Operating Committee. Transmission Developer and Connecting Transmission Owner agree to coordinate with NYISO to develop procedures that will address the operations of the Transmission Project during Emergency conditions.

34

SERVICE AGREEMENT NO. 2599

13.2 Notice.

Each Party shall notify the other Parties promptly when it becomes aware of an

Emergency or Emergency State that affects, or may reasonably be expected to affect, the

Transmission Project or the New York State Transmission System. To the extent information is known, the notification shall describe the Emergency or Emergency State, the extent of the   
damage or deficiency, the expected effect on the operation of Transmission Developer’s or   
Connecting Transmission Owner’s facilities and operations, its anticipated duration and the   
corrective action taken and/or to be taken. The initial notice shall be followed as soon as   
practicable with written notice.

13.3 Immediate Action.

Unless, in Transmission Developer’s reasonable judgment, immediate action is required,   
Transmission Developer shall obtain the consent of Connecting Transmission Owner, such   
consent to not be unreasonably withheld, prior to performing any manual switching operations at   
the Transmission Project in response to an Emergency or Emergency State either declared by   
NYISO, Connecting Transmission Owner or otherwise regarding New York State Transmission   
System.

13.4 NYISO, Transmission Developer, and Connecting Transmission Owner

Authority.

Consistent with ISO Procedures, Good Utility Practice, and this Agreement, any Party   
may take whatever actions with regard to the New York State Transmission System it deems   
necessary during an Emergency or Emergency State in order to (i) preserve public health and   
safety, (ii) preserve the reliability of the New York State Transmission System, (iii) limit or   
prevent damage, and (iv) expedite restoration of service. Transmission Developer and   
Connecting Transmission Owner shall use Reasonable Efforts to assist the other in such actions.

13.5 Limited Liability.

No Party shall be liable to another Party for any action it takes in responding to an

Emergency or Emergency State so long as such action is made in good faith and is consistent with Good Utility Practice and the NYISO Tariffs.

ARTICLE 14. REGULATORY REQUIREMENTS AND GOVERNING LAW

14.1 Regulatory Requirements.

Each Party’s obligations under this Agreement shall be subject to its receipt of any

required approval or certificate from one or more Governmental Authorities in the form and

substance satisfactory to the applying Party, or the Party making any required filings with, or

providing notice to, such Governmental Authorities, and the expiration of any time period

associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain   
such other approvals. Nothing in this Agreement shall require Transmission Developer to take   
any action that could result in its inability to obtain, or its loss of, status or exemption under the

35

SERVICE AGREEMENT NO. 2599

Federal Power Act or the Public Utility Holding Company Act of 2005 or the Public Utility Regulatory Policies Act of 1978, as amended.

14.2 Governing Law.

14.2.1 The validity, interpretation and performance of this Agreement and each of its

provisions shall be governed by the laws of the state of New York, without regard to its conflicts of law principles.

14.2.2 This Agreement is subject to all Applicable Laws and Regulations.

14.2.3 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

ARTICLE 15. NOTICES

15.1 General.

Unless otherwise provided in this Agreement, any notice, demand or request required or permitted to be given by a Party to the other Parties and any instrument required or permitted to be tendered or delivered by a Party in writing to the other Parties shall be effective when   
delivered and may be so given, tendered or delivered, by recognized national courier, or by   
depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the   
address set out in Appendix F hereto.

A Party may change the notice information in this Agreement by giving five (5) Business Days written notice prior to the effective date of the change.

15.2 Billings and Payments.

Billings and payments shall be sent to the addresses set out in Appendix F hereto.

15.3 Alternative Forms of Notice.

Any notice or request required or permitted to be given by a Party to the other Parties and not required by this Agreement to be given in writing may be so given by telephone, facsimile or email to the telephone numbers and email addresses set out in Appendix F hereto.

15.4 Operations and Maintenance Notice.

Transmission Developer and Connecting Transmission Owner shall each notify the other Party, and NYISO, in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10 of this Agreement.

ARTICLE 16. FORCE MAJEURE

16.1 Economic hardship is not considered a Force Majeure event.

36

SERVICE AGREEMENT NO. 2599

16.2 A Party shall not be responsible or liable, or deemed, in Default with respect to   
any obligation hereunder, other than the obligation to pay money when due, to the extent the   
Party is prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force   
Majeure shall give notice and the full particulars of such Force Majeure to the other Parties in   
writing or by telephone as soon as reasonably possible after the occurrence of the cause relied   
upon. Telephone notices given pursuant to this Article shall be confirmed in writing as soon as   
reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to   
cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in   
order to settle and terminate a strike or other labor disturbance.

ARTICLE 17. DEFAULT

17.1 General.

No Breach shall exist where such failure to discharge an obligation (other than the

payment of money) is the result of Force Majeure as defined in this Agreement or the result of an   
act or omission of the other Parties. Upon a Breach, the non-Breaching Parties shall give written   
notice of such to the Breaching Party. The Breaching Party shall have thirty (30) Calendar Days   
from receipt of the Breach notice within which to cure such Breach; provided however, if such   
Breach is not capable of cure within thirty (30) Calendar Days, the Breaching Party shall   
commence such cure within thirty (30) Calendar Days after notice and continuously and   
diligently complete such cure within ninety (90) Calendar Days from receipt of the Breach   
notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

17.2 Right to Terminate.

If a Breach is not cured as provided in this Article 17, or if a Breach is not capable of

being cured within the period provided for herein, the non-Breaching Parties acting together shall thereafter have the right to declare a Default and terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not those Parties terminate this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which they are entitled at law or in equity. The provisions of this Article will survive termination of this Agreement.

ARTICLE 18. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE

18.1 Indemnity.

Each Party (the "Indemnifying Party") shall at all times indemnify, defend, and save

harmless, as applicable, the other Parties (each an "Indemnified Party") from, any and all

damages, losses, claims, including claims and actions relating to injury to or death of any person   
or damage to property, the alleged violation of any Environmental Law, or the release or   
threatened release of any Hazardous Substance, demand, suits, recoveries, costs and expenses,   
court costs, attorney fees, and all other obligations by or to third parties (any and all of these a   
"Loss"), arising out of or resulting from (i) the Indemnified Party’s performance of its

37

SERVICE AGREEMENT NO. 2599

obligations under this Agreement on behalf of the Indemnifying Party, except in cases where the Indemnifying Party can demonstrate that the Loss of the Indemnified Party was caused by the   
gross negligence or intentional wrongdoing of the Indemnified Party or (ii) the violation by the   
Indemnifying Party of any Environmental Law or the release by the Indemnifying Party of any   
Hazardous Substance.

18.1.1 Indemnified Party.

If a Party is entitled to indemnification under this Article 18 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 18.1.3, to assume the defense of such claim, such Indemnified Party may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

18.1.2 Indemnifying Party.

If an Indemnifying Party is obligated to indemnify and hold any Indemnified Party

harmless under this Article 18, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party’s actual Loss, net of any insurance or other recovery.

18.1.3 Indemnity Procedures.

Promptly after receipt by an Indemnified Party of any claim or notice of the

commencement of any action or administrative or legal proceeding or investigation as to which   
the indemnity provided for in Article 18.1 may apply, the Indemnified Party shall notify the   
Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a   
Party’s indemnification obligation unless such failure or delay is materially prejudicial to the   
Indemnifying Party.

Except as stated below, the Indemnifying Party shall have the right to assume the defense   
thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the   
Indemnified Party. If the defendants in any such action include one or more Indemnified Parties   
and the Indemnifying Party and if the Indemnified Party reasonably concludes that there may be   
legal defenses available to it and/or other Indemnified Parties which are different from or   
additional to those available to the Indemnifying Party, the Indemnified Party shall have the right   
to select separate counsel to assert such legal defenses and to otherwise participate in the defense   
of such action on its own behalf. In such instances, the Indemnifying Party shall only be   
required to pay the fees and expenses of one additional attorney to represent an Indemnified   
Party or Indemnified Parties having such differing or additional legal defenses.

The Indemnified Party shall be entitled, at its expense, to participate in any such action,   
suit or proceeding, the defense of which has been assumed by the Indemnifying Party.   
Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and   
control the defense of any such action, suit or proceedings if and to the extent that, in the opinion   
of the Indemnified Party and its counsel, such action, suit or proceeding involves the potential   
imposition of criminal liability on the Indemnified Party, or there exists a conflict or adversity of

38

SERVICE AGREEMENT NO. 2599

interest between the Indemnified Party and the Indemnifying Party, in such event the

Indemnifying Party shall pay the reasonable expenses of the Indemnified Party, and (ii) shall not   
settle or consent to the entry of any judgment in any action, suit or proceeding without the   
consent of the Indemnified Party, which shall not be unreasonably withheld, conditioned or   
delayed.

18.2 No Consequential Damages.

Other than the indemnity obligations set forth in Article 18.1, in no event shall any Party be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary   
equipment or services, whether based in whole or in part in contract, in tort, including   
negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another Party under separate agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

18.3 Insurance.

Transmission Developer and Connecting Transmission Owner shall each, at its own

expense, procure and maintain in force throughout the period of this Agreement and until

released by the other Parties, the following minimum insurance coverages, with insurers

authorized to do business in the state of New York and rated "A- (minus) VII" or better by A.M. Best & Co. (or if not rated by A.M. Best & Co., a rating entity acceptable to the NYISO):

18.3.1 Workers' Compensation and Employers' Liability Insurance providing

statutory benefits in accordance with the laws and regulations of New York State under NCCI

Coverage Form No. WC 00 00 00, as amended or supplemented from time to time, or an

equivalent form acceptable to the NYISO; provided, however, if the Transmission Project will be located in part outside of New York State, Developer shall maintain such Employers' Liability Insurance coverage with a minimum limit of One Million Dollars ($1,000,000)..

18.3.2 Commercial General Liability Insurance — under ISO Coverage Form

No. CG 00 01 (04/13), as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO — with minimum limits of Two Million Dollars ($2,000,000) per occurrence/Four Million Dollars ($4,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

18.3.3 Commercial Business Automobile Liability Insurance — under ISO

Coverage Form No. CA 00 01 10 13, as amended or supplemented from time to time, or an

equivalent form acceptable to the NYISO — for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum,   
combined single limit of One Million Dollars ($1,000,000) per occurrence for bodily injury, including death, and property damage.

18.3.4 Umbrella/Excess Liability Insurance over and above the Employers'

Liability, Commercial General Liability, and Commercial Business Automobile Liability

39

SERVICE AGREEMENT NO. 2599

Insurance coverage, with a minimum combined single limit of Twenty-Five Million Dollars ($25,000,000) per occurrence/Twenty-Five Million Dollars ($25,000,000) aggregate.

18.3.5 Builder's Risk Insurance in a reasonably prudent amount consistent with

Good Utility Practice.

18.3.6 The Commercial General Liability Insurance, Commercial Business

Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies of

Transmission Developer and Connecting Transmission Owner shall each name the other Party   
and its respective directors, officers, agents, servants and employees ("Other Party Group") as   
additional insureds. For Commercial General Liability Insurance, Transmission Developer   
and Connecting Transmission Owner each shall name the Other Party Group as additional   
insureds under the following ISO form numbers, as amended or supplemented from time to   
time, or an equivalent form acceptable to the NYISO: (i) ISO Coverage Form No. CG 20 37 04

13 ("Additional Insured — Owners, Lessees or Contractors —Completed Operations") and (ii)

(A) ISO Coverage Form No. CG 20 10 04 13 ("Additional Insured — Owner, Lessees or

Contractors — Scheduled Person or Organization"), or (B) ISO Coverage Form No. CG 20 26

04 13 ("Additional Insured — Designated Person or Organization"). For Commercial Business   
Automobile Liability Insurance, Transmission Developer and Connecting Transmission Owner   
shall each name the Other Party Group as additional insureds under ISO Coverage Form No. CA

20 48 10 13 ("Designated Insured for Covered Autos Liability Coverage"), as amended or supplemented from time to time, or an equivalent form acceptable to the NYISO.

18.3.7 All policies shall contain provisions whereby the insurers waive all rights

of subrogation in accordance with the provisions of this Agreement against the Other Party Group and provide thirty (30) Calendar days advance written notice to the Other Party Group prior to non-renewal, cancellation or any material change in coverage or condition.

18.3.8 The Commercial General Liability Insurance, Commercial Business

Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without   
consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each of Transmission Developer and Connecting Transmission Owner shall be responsible for its respective deductibles or retentions.

18.3.9 The Commercial General Liability Insurance, Commercial Business

Automobile Liability Insurance and Umbrella/Excess Liability Insurance policies, if written on a Claims First Made Basis in a form acceptable to the NYISO, shall be maintained in full force and effect for two (2) years after termination of this Agreement, which coverage may be in the form of an extended reporting period (ERP) or a separate policy, if agreed by Transmission Developer and Connecting Transmission Owner.

18.3.10 The requirements contained herein as to the types and limits of all

insurance to be maintained by the Transmission Developer and Connecting Transmission Owner

40

SERVICE AGREEMENT NO. 2599

are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by those Parties under this Agreement.

18.3.11 Each of Transmission Developer and Connecting Transmission Owner

shall provide certification of all insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer: (A) within ten (10) days following: (i)   
execution of this Agreement, or (ii) the NYISO's date of filing this Agreement if it is filed   
unexecuted with FERC, and (B) as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within thirty (30) days thereafter.

18.3.12 Notwithstanding the foregoing, Transmission Developer and Connecting

Transmission Owner may each self-insure to meet the minimum insurance requirements of

Articles 18.3.1 through 18.3.9 to the extent it maintains a self-insurance program; provided that,   
such Party’s senior debt is rated at investment grade, or better, by Standard & Poor’s and that its   
self-insurance program meets the minimum insurance requirements of Articles 18.3.1 through

18.3.9. For any period of time that such Party’s senior debt is unrated by Standard & Poor’s or is rated at less than investment grade by Standard & Poor’s, the Party shall comply with the   
insurance requirements applicable to it under Articles 18.3.1 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this Article 18.3.12, it shall notify the other Party that it meets the requirements to self-insure and that its self-insurance program meets the   
minimum insurance requirements in a manner consistent with that specified in Articles 18.3.1 through 18.3.9 and provide evidence of such coverages.

18.3.13 Transmission Developer and Connecting Transmission Owner agree to

report to each other in writing as soon as practical all accidents or occurrences resulting in

injuries to any person, including death, and any property damage arising out of this Agreement.

18.3.14 Notwithstanding the minimum insurance coverage types and amounts

described in this Article 18.3, each of Transmission Developer and Connecting Transmission   
Owner: (i) shall also maintain any additional insurance coverage types and amounts required   
under Applicable Laws and Regulations, including New York State law, and under Good Utility   
Practice for the work performed by such Party and its subcontractors under this Agreement, and   
(ii) shall satisfy the requirements set forth in Articles 18.3.6 through 18.3.13 with regard to the   
additional insurance coverages, including naming the Other Party Group as additional insureds   
under these policies.

ARTICLE 19. ASSIGNMENT

This Agreement may be assigned by a Party only with the written consent of the other

Parties; provided that a Party may assign this Agreement without the consent of the other Parties   
to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal   
authority and operational ability to satisfy the obligations of the assigning Party under this   
Agreement; provided further that a Party may assign this Agreement without the consent of the   
other Parties in connection with the sale, merger, restructuring, or transfer of a substantial   
portion or all of its assets, so long as the assignee in such a transaction directly assumes in   
writing all rights, duties and obligations arising under this Agreement; and provided further that   
the Transmission Developer shall have the right to assign this Agreement, without the consent of

41

SERVICE AGREEMENT NO. 2599

the NYISO or Connecting Transmission Owner, for collateral security purposes to aid in

providing financing for the Transmission Project, provided that the Transmission Developer will   
promptly notify the NYISO and Connecting Transmission Owner of any such assignment. Any   
financing arrangement entered into by the Transmission Developer pursuant to this Article will   
provide that prior to or upon the exercise of the secured party’s, trustee’s or mortgagee’s   
assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee   
will notify the NYISO and Connecting Transmission Owner of the date and particulars of any   
such exercise of assignment right(s) and will provide the NYISO and Connecting Transmission   
Owner with proof that it meets the requirements of Articles 11.4 and 18.3. Any attempted   
assignment that violates this Article is void and ineffective. Any assignment under this   
Agreement shall not relieve a Party of its obligations, nor shall a Party’s obligations be enlarged,   
in whole or in part, by reason thereof. Where required, consent to assignment will not be   
unreasonably withheld, conditioned or delayed.

ARTICLE 20. SEVERABILITY

If any provision in this Agreement is finally determined to be invalid, void or

unenforceable by any court or other Governmental Authority having jurisdiction, such

determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this Agreement.

ARTICLE 21. COMPARABILITY

The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

ARTICLE 22. CONFIDENTIALITY

22.1 Confidentiality.

Certain information exchanged by the Parties during the term of this Agreement shall   
constitute confidential information ("Confidential Information") and shall be subject to this   
Article 22.

If requested by a Party receiving information, the Party supplying the information shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

22.2 Term.

During the term of this Agreement, and for a period of three (3) years after the expiration or termination of this Agreement, except as otherwise provided in this Article 22, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

42

SERVICE AGREEMENT NO. 2599

22.3 Confidential Information.

The following shall constitute Confidential Information: (1) any non-public information that is treated as confidential by the disclosing Party and which the disclosing Party identifies as Confidential Information in writing at the time, or promptly after the time, of disclosure; or (2) information designated as Confidential Information by the NYISO Code of Conduct contained in Attachment F to the ISO OATT.

22.4 Scope.

Confidential Information shall not include information that the receiving Party can

demonstrate: (1) is generally available to the public other than as a result of a disclosure by the   
receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential   
basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party   
without restriction by a third party, who, to the knowledge of the receiving Party after due   
inquiry, was under no obligation to the disclosing Party to keep such information confidential;

(4) was independently developed by the receiving Party without reference to Confidential

Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act   
or omission of the receiving Party or Breach of this Agreement; or (6) is required, in accordance   
with Article 22.9 of this Agreement, Order of Disclosure, to be disclosed by any Governmental   
Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any   
legal proceeding establishing rights and obligations under this Agreement. Information   
designated as Confidential Information will no longer be deemed confidential if the Party that   
designated the information as confidential notifies the other Party that it no longer is   
confidential.

22.5 Release of Confidential Information.

No Party shall release or disclose Confidential Information to any other person, except to   
its Affiliates (limited by FERC Standards of Conduct requirements), subcontractors, employees,   
consultants, or to parties who may be considering providing financing to or equity participation   
with Transmission Developer, or to potential purchasers or assignees of a Party, on a need-to-  
know basis in connection with this Agreement, unless such person has first been advised of the   
confidentiality provisions of this Article 22 and has agreed to comply with such provisions.

Notwithstanding the foregoing, a Party providing Confidential Information to any person shall   
remain primarily responsible for any release of Confidential Information in contravention of this   
Article 22.

22.6 Rights.

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Parties of   
Confidential Information shall not be deemed a waiver by any Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

43

SERVICE AGREEMENT NO. 2599

22.7 No Warranties.

By providing Confidential Information, no Party makes any warranties or representations   
as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party   
obligates itself to provide any particular information or Confidential Information to the other   
Parties nor to enter into any further agreements or proceed with any other relationship or joint   
venture.

22.8 Standard of Care.

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Parties under this Agreement or its regulatory requirements, including the ISO OATT and ISO Services Tariff. The NYISO shall, in all cases, treat the information it   
receives in accordance with the requirements of Attachment F to the ISO OATT.

22.9 Order of Disclosure.

If a court or a Government Authority or entity with the right, power, and apparent

authority to do so requests or requires any Party, by subpoena, oral deposition, interrogatories,

requests for production of documents, administrative order, or otherwise, to disclose Confidential   
Information, that Party shall provide the other Parties with prompt notice of such request(s) or   
requirement(s) so that the other Parties may seek an appropriate protective order or waive   
compliance with the terms of this Agreement. Notwithstanding the absence of a protective order   
or waiver, the Party may disclose such Confidential Information which, in the opinion of its   
counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to   
obtain reliable assurance that confidential treatment will be accorded any Confidential   
Information so furnished.

22.10 Termination of Agreement.

Upon termination of this Agreement for any reason, each Party shall, within ten (10)   
Calendar Days of receipt of a written request from the other Parties, use Reasonable Efforts to   
destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the   
other Parties) or return to the other Parties, without retaining copies thereof, any and all written   
or electronic Confidential Information received from the other Parties pursuant to this   
Agreement.

22.11 Remedies.

The Parties agree that monetary damages would be inadequate to compensate a Party for   
another Party’s Breach of its obligations under this Article 22. Each Party accordingly agrees   
that the other Parties shall be entitled to equitable relief, by way of injunction or otherwise, if the   
first Party Breaches or threatens to Breach its obligations under this Article 22, which equitable   
relief shall be granted without bond or proof of damages, and the receiving Party shall not plead   
in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an   
exclusive remedy for the Breach of this Article 22, but shall be in addition to all other remedies

44

SERVICE AGREEMENT NO. 2599

available at law or in equity. The Parties further acknowledge and agree that the covenants

contained herein are necessary for the protection of legitimate business interests and are

reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential   
or punitive damages of any nature or kind resulting from or arising in connection with this   
Article 22.

22.12 Disclosure to FERC, its Staff, or a State.

Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 C.F.R.   
section 1b.20, if 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 or the ISO OATT, the Party shall provide the requested information   
to FERC or its staff, within the time provided for in the request for information. In providing the   
information to FERC or its staff, the Party must, consistent with 18 C.F.R. section 388.112,   
request that the information be treated as confidential and non-public by FERC and its staff and   
that the information be withheld from public disclosure. Parties are prohibited from notifying   
the other Parties to this Agreement prior to the release of the Confidential Information to the   
Commission or its staff. The Party shall notify the other Parties to the Agreement when it is   
notified by FERC or its staff that a request to release Confidential Information has been received   
by FERC, at which time the Parties may respond before such information would be made public,   
pursuant to 18 C.F.R. section 388.112. Requests from a state regulatory body conducting a   
confidential investigation shall be treated in a similar manner if consistent with the applicable   
state rules and regulations. A Party shall not be liable for any losses, consequential or otherwise,   
resulting from that Party divulging Confidential Information pursuant to a FERC or state   
regulatory body request under this paragraph.

22.13 Required Notices Upon Requests or Demands for Confidential Information

Except as otherwise expressly provided herein, no Party shall disclose Confidential

Information to any person not employed or retained by the Party possessing the Confidential

Information, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the   
disclosing Party to be required to be disclosed in connection with a dispute between or among   
the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the   
other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its   
obligations under this Agreement, the ISO OATT or the ISO Services Tariff. Prior to any   
disclosures of a Party’s Confidential Information under this subparagraph, or if any third party or   
Governmental Authority makes any request or demand for any of the information described in   
this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and   
agrees to assert confidentiality and cooperate with the other Party in seeking to protect the   
Confidential Information from public disclosure by confidentiality agreement, protective order or   
other reasonable measures.

ARTICLE 23. TRANSMISSION DEVELOPER AND CONNECTING TRANSMISSION   
 OWNER NOTICES OF ENVIRONMENTAL RELEASES

Transmission Developer and Connecting Transmission Owner shall each notify the other   
Party, first orally and then in writing, of the release of any Hazardous Substances, any asbestos

45

SERVICE AGREEMENT NO. 2599

or lead abatement activities, or any type of remediation activities related to the Transmission   
Project or Network Upgrade Facilities, each of which may reasonably be expected to affect the   
other Party. The notifying Party shall: (i) provide the notice as soon as practicable, provided

such Party makes a good faith effort to provide the notice no later than twenty-four hours after   
such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Party copies   
of any publicly available reports filed with any Governmental Authorities addressing such   
events.

ARTICLE 24. INFORMATION REQUIREMENT

24.1 Information Acquisition.

Connecting Transmission Owner and Transmission Developer shall each submit specific information regarding the electrical characteristics of their respective facilities to the other, and to NYISO, as described below and in accordance with Applicable Reliability Standards.

24.2 Information Submission Concerning the Network Upgrade Facilities.

The initial information submission by Connecting Transmission Owner shall occur no   
later than one hundred eighty (180) Calendar Days prior to Trial Operation of the Network   
Upgrade Facilities and shall include New York State Transmission System information   
necessary to allow the Transmission Developer to select equipment and meet any system   
protection and stability requirements, unless otherwise mutually agreed to by the Transmission   
Developer and Connecting Transmission Owner. On a quarterly basis Connecting Transmission   
Owner and Transmission Developer shall each provide the other Parties a status report on the   
construction and installation of the Network Upgrade Facilities for which it has construction   
responsibility pursuant to Appendix A, including, but not limited to, the following information:

(1) progress to date; (2) a description of the activities since the last report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.

24.3 Updated Information Submission Concerning the Transmission Project.

The updated information submission by the Transmission Developer, including

manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days

prior to the Trial Operation of the Transmission Project. Transmission Developer shall submit a   
completed copy of the Transmission Project data requirements contained in Appendix 1 to the   
Transmission Interconnection Procedures. It shall also include any additional information   
provided to Connecting Transmission Owner for the Facilities Study. Information in this   
submission shall be the most current Transmission Project design or expected performance data.   
Information submitted for stability models shall be compatible with NYISO standard models. If   
there is no compatible model, the Transmission Developer will work with a consultant mutually   
agreed to by the Parties to develop and supply a standard model and associated information.

If the Transmission Developer’s data is different from what was originally provided to   
Connecting Transmission Owner and NYISO pursuant to a Transmission Interconnection Study   
agreement among Connecting Transmission Owner, NYISO and Transmission Developer and   
this difference may be reasonably expected to affect the other Parties’ facilities or the New York

46

SERVICE AGREEMENT NO. 2599

State Transmission System, but does not require the submission of a new Transmission

Interconnection Application, then NYISO will conduct appropriate studies to determine the

impact on the New York State Transmission System based on the actual data submitted pursuant to this Article 24.3. Such studies will provide an estimate of any additional modifications to the New York State Transmission System or Network Upgrade Facilities based on the actual data   
and a good faith estimate of the costs thereof. The Transmission Developer shall not begin Trial Operation for the Transmission Project until such studies are completed. The Transmission   
Developer shall be responsible for the cost of any modifications required by the actual data,   
including the cost of any required studies.

24.4 Information Supplementation.

Prior to the In-Service Date, the Transmission Developer and Connecting Transmission Owner shall supplement their information submissions described above in this Article 24 with any and all "as-built" Transmission Project and Network Upgrade Facilities information or "astested" performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. The Transmission Developer shall conduct tests on the Transmission Project as required by Good Utility Practice.

Subsequent to the In-Service Date, the Transmission Developer shall provide Connecting   
Transmission Owner and NYISO any information changes concerning the Transmission Project   
due to equipment replacement, repair, or adjustment. Connecting Transmission Owner shall   
provide the Transmission Developer and NYISO any information changes concerning the   
Network Upgrade Facilities due to equipment replacement, repair or adjustment in the directly   
connected substation or any adjacent Connecting Transmission Owner substation that may affect   
the Transmission Project’s equipment ratings, protection or operating requirements. The   
Transmission Developer and Connecting Transmission Owner shall provide such information no   
later than thirty (30) Calendar Days after the date of the equipment replacement, repair or   
adjustment.

ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS

25.1 Information Access.

Each Party ("Disclosing Party") shall make available to another Party ("Requesting

Party") information that is in the possession of the Disclosing Party and is necessary in order for   
the Requesting Party to: (i) verify the costs incurred by the Disclosing Party for which the   
Requesting Party is responsible under this Agreement; and (ii) carry out its obligations and   
responsibilities under this Agreement. The Parties shall not use such information for purposes   
other than those set forth in this Article 25.1 of this Agreement and to enforce their rights under   
this Agreement.

25.2 Reporting of Non-Force Majeure Events.

Each Party (the "Notifying Party") shall notify the other Parties when the Notifying Party becomes aware of its inability to comply with the provisions of this Agreement for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide

47

SERVICE AGREEMENT NO. 2599

necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this Article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this Agreement.

25.3 Audit Rights.

Subject to the requirements of confidentiality under Article 22 of this Agreement, each   
Party shall have the right, during normal business hours, and upon prior reasonable notice to   
another Party, to audit at its own expense the other Party’s accounts and records pertaining to the   
other Party’s performance or satisfaction of its obligations under this Agreement. Such audit   
rights shall include audits of the other Party’s costs, calculation of invoiced amounts, and each   
Party’s actions in an Emergency or Emergency State. Any audit authorized by this Article shall   
be performed at the offices where such accounts and records are maintained and shall be limited   
to those portions of such accounts and records that relate to the Party’s performance and   
satisfaction of obligations under this Agreement. Each Party shall keep such accounts and   
records for a period equivalent to the audit rights periods described in Article 25.4 of this   
Agreement.

25.4 Audit Rights Periods.

25.4.1 Audit Rights Period for Construction-Related Accounts and Records.

Accounts and records related to the design, engineering, procurement, and construction of the Network Upgrade Facilities shall be subject to audit for a period of twenty-four months   
following Connecting Transmission Owner’s issuance of a final invoice in accordance with   
Article 12.2 of this Agreement.

25.4.2 Audit Rights Period for All Other Accounts and Records.

Accounts and records related to a Party’s performance or satisfaction of its obligations   
under this Agreement other than those described in Article 25.4.1 of this Agreement shall be   
subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights   
period shall be twenty-four months after the auditing Party’s receipt of an invoice giving rise to   
such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit   
rights period shall be twenty-four months after the event for which the audit is sought.

25.5 Audit Results.

If an audit by a Party determines that an overpayment or an underpayment has occurred, a notice of such overpayment or underpayment shall be given to the other Party together with   
those records from the audit which support such determination.

48

SERVICE AGREEMENT NO. 2599   
ARTICLE 26. SUBCONTRACTORS

26.1 General.

Nothing in this Agreement shall prevent a Party from utilizing the services of any

subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

26.2 Responsibility of Principal.

The creation of any subcontract relationship shall not relieve the hiring Party of any of its   
obligations under this Agreement. The hiring Party shall be fully responsible to the other Parties   
for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been   
made; provided, however, that in no event shall the NYISO or Connecting Transmission Owner   
be liable for the actions or inactions of the Transmission Developer or its subcontractors with   
respect to obligations of the Transmission Developer under Article 5 of this Agreement. Any   
applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding   
upon, and shall be construed as having application to, any subcontractor of such Party.

26.3 No Limitation by Insurance.

The obligations under this Article 26 will not be limited in any way by any limitation of subcontractor’s insurance.

ARTICLE 27. DISPUTES

27.1 Submission.

In the event any Party has a dispute, or asserts a claim, that arises out of or in connection   
with this Agreement or its performance (a "Dispute"), such Party shall provide the other Parties   
with written notice of the Dispute ("Notice of Dispute"). Such Dispute shall be referred to a   
designated senior representative of each Party for resolution on an informal basis as promptly as   
practicable after receipt of the Notice of Dispute by the other Parties. In the event the designated   
representatives are unable to resolve the Dispute through unassisted or assisted negotiations   
within thirty (30) Calendar Days of the other Parties’ receipt of the Notice of Dispute, such   
Dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in   
accordance with the arbitration procedures set forth below. In the event the Parties do not agree   
to submit such Dispute to arbitration, each Party may exercise whatever rights and remedies it   
may have in equity or at law consistent with the terms of this Agreement.

27.2 External Arbitration Procedures.

Any arbitration initiated under this Agreement shall be conducted before a single neutral   
arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten

(10) Calendar Days of the submission of the Dispute to arbitration, each Party shall choose one   
arbitrator who shall sit on a three-member arbitration panel. In each case, the arbitrator(s) shall

49

SERVICE AGREEMENT NO. 2599

be knowledgeable in electric utility matters, including electric transmission and bulk power

issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the   
arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration   
Association ("Arbitration Rules") and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail.

27.3 Arbitration Decisions.

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within

ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision   
and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the   
provisions of this Agreement and shall have no power to modify or change any provision of this   
Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the   
Parties, and judgment on the award may be entered in any court having jurisdiction. The   
decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the   
arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act   
or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be   
filed with FERC if it affects jurisdictional rates, terms and conditions of service, or Network   
Upgrade Facilities.

27.4 Costs.

Each Party shall be responsible for its own costs incurred during the arbitration process   
and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit   
on the three member panel; or (2) one-third the cost of the single arbitrator jointly chosen by the   
Parties.

27.5 Termination.

Notwithstanding the provisions of this Article 27, any Party may terminate this

Agreement in accordance with its provisions or pursuant to an action at law or equity. The issue of whether such a termination is proper shall not be considered a Dispute hereunder.

ARTICLE 28. REPRESENTATIONS, WARRANTIES AND COVENANTS

28.1 General.

Each Party makes the following representations, warranties and covenants:

28.1.1 Good Standing.

Such Party is duly organized, validly existing and in good standing under the laws of the   
state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do   
business in the state or states in which the Transmission Project and Network Upgrade Facilities   
owned by such Party, as applicable, are located; and that it has the corporate power and authority

50

SERVICE AGREEMENT NO. 2599

to own its properties, to carry on its business as now being conducted and to enter into this   
Agreement and carry out the transactions contemplated hereby and perform and carry out all   
covenants and obligations on its part to be performed under and pursuant to this Agreement.

28.1.2 Authority.

Such Party has the right, power and authority to enter into this Agreement, to become a   
Party hereto and to perform its obligations hereunder. This Agreement is a legal, valid and   
binding obligation of such Party, enforceable against such Party in accordance with its terms,   
except as the enforceability thereof may be limited by applicable bankruptcy, insolvency,   
reorganization or other similar laws affecting creditors’ rights generally and by general equitable   
principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

28.1.3 No Conflict.

The execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such   
Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

28.1.4 Consent and Approval.

Such Party has sought or obtained, or, in accordance with this Agreement will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental   
Authority in connection with the execution, delivery and performance of this Agreement, and it will provide to any Governmental Authority notice of any actions under this Agreement that are required by Applicable Laws and Regulations.

ARTICLE 29. MISCELLANEOUS

29.1 Binding Effect.

This Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the Parties hereto.

29.2 Conflicts.

If there is a discrepancy or conflict between or among the terms and conditions of this cover agreement and the Appendices hereto, the terms and conditions of this cover agreement shall be given precedence over the Appendices, except as otherwise expressly agreed to in   
writing by the Parties.

29.3 Rules of Interpretation.

This Agreement, unless a clear contrary intention appears, shall be construed and

interpreted as follows: (1) the singular number includes the plural number and vice versa; (2)

reference to any person includes such person’s successors and assigns but, in the case of a Party,

51

SERVICE AGREEMENT NO. 2599

only if such successors and assigns are permitted by this Agreement, and reference to a person in   
a particular capacity excludes such person in any other capacity or individually; (3) reference to   
any agreement (including this Agreement), document, instrument or tariff means such   
agreement, document, instrument, or tariff as amended or modified and in effect from time to   
time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to   
any Applicable Laws and Regulations means such Applicable Laws and Regulations as   
amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time,   
including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated   
otherwise, reference to any Article, Section or Appendix means such Article of this Agreement   
or such Appendix to this Agreement, or such Section to the Transmission Interconnection   
Procedures or such Appendix to the Transmission Interconnection Procedures, as the case may   
be; (6) "hereunder", "hereof’, "herein", "hereto" and words of similar import shall be deemed   
references to this Agreement as a whole and not to any particular Article or other provision   
hereof or thereof; (7) "including" (and with correlative meaning "include") means including   
without limiting the generality of any description preceding such term; and (8) relative to the   
determination of any period of time, "from" means "from and including", "to" means "to but   
excluding" and "through" means "through and including".

29.4 Compliance.

Each Party shall perform its obligations under this Agreement in accordance with

Applicable Laws and Regulations, Applicable Reliability Standards, the ISO OATT and Good   
Utility Practice. To the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this Agreement for its compliance therewith. When any Party becomes aware of such a situation, it shall notify the other Parties promptly so that the Parties can discuss the amendment to this Agreement that is appropriate under the circumstances.

29.5 Joint and Several Obligations.

Except as otherwise stated herein, the obligations of NYISO, Transmission Developer   
and Connecting Transmission Owner are several, and are neither joint nor joint and several.

29.6 Entire Agreement.

This Agreement, including all Appendices and Schedules attached hereto, constitutes the   
entire agreement between the Parties with reference to the subject matter hereof, and supersedes   
all prior and contemporaneous understandings or agreements, oral or written, between the Parties   
with respect to the subject matter of this Agreement. There are no other agreements,   
representations, warranties, or covenants which constitute any part of the consideration for, or   
any condition to, either Party’s compliance with its obligations under this Agreement.

29.7 No Third Party Beneficiaries.

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and permitted their assigns.

52

SERVICE AGREEMENT NO. 2599

29.8 Waiver.

The failure of a Party to this Agreement to insist, on any occasion, upon strict

performance of any provision of this Agreement will not be considered a waiver of any

obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by either   
Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a   
waiver with respect to any other failure to comply with any other obligation, right, duty of this   
Agreement. Termination or Default of this Agreement for any reason by the Transmission   
Developer shall not constitute a waiver of the Transmission Developer’s legal rights to obtain   
Capacity Resource Interconnection Service and Energy Resource Interconnection Service from   
the NYISO and Connecting Transmission Owner in accordance with the provisions of the ISO   
OATT. Any waiver of this Agreement shall, if requested, be provided in writing.

29.9 Headings.

The descriptive headings of the various Articles of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

29.10 Multiple Counterparts.

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

29.11 Amendment.

The Parties may by mutual agreement amend this Agreement, by a written instrument duly executed by all three of the Parties.

29.12 Modification by the Parties.

The Parties may by mutual agreement amend the Appendices to this Agreement, by a   
written instrument duly executed by all three of the Parties. Such an amendment shall become   
effective and a part of this Agreement upon satisfaction of all Applicable Laws and Regulations.

29.13 Reservation of Rights.

NYISO and Connecting Transmission Owner shall have the right to make unilateral   
filings with FERC to modify this Agreement with respect to any rates, terms and conditions,   
charges, classifications of service, rule or regulation under section 205 or any other applicable   
provision of the Federal Power Act and FERC’s rules and regulations thereunder, and   
Transmission Developer shall have the right to make a unilateral filing with FERC to modify this   
Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act   
and FERC’s rules and regulations thereunder; provided that each Party shall have the right to   
protest any such filing by another Party and to participate fully in any proceeding before FERC   
in which such modifications may be considered. Nothing in this Agreement shall limit the rights   
of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC’s rules

53

SERVICE AGREEMENT NO. 2599

and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

29.14 No Partnership.

This Agreement shall not be interpreted or construed to create an association, joint

venture, agency relationship, or partnership among the Parties or to impose any partnership

obligation or partnership liability upon any Party. No Party shall have any right, power or

authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any other Party.

29.15 Other Transmission Rights.

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights,   
capacity rights, or transmission congestion rights that the Transmission Developer shall be   
entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise   
associated with, the transmission capacity, if any, created by the Transmission Project and   
Network Upgrade Facilities.

54

SERVICE AGREEMENT NO. 2599

IN WITNESS WHEREOF, the Parties have executed this Agreement in duplicate originals,   
each of which shall constitute and be an original effective Agreement between the Parties.

New York Independent System Operator, Inc.

By:

Name:

Title:

Date:

Niagara Mohawk Power Corporation d/b/a National Grid   
By:

Name:

Title:

Date:

New York Transco, LLC

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

Name: Victor Mullin\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Name: Paul Haering\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: President\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Title: Vice President of Capital Investment

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

55

SERVICE AGREEMENT NO. 2599

APPENDICES

Appendix A

Network Upgrade Facilities

Appendix B

Milestones

Appendix C

Interconnection Details

Appendix D

Security Arrangements Details

Appendix E-1

Initial Synchronization Date

Appendix E-2

In-Service Date

Appendix F

Addresses for Delivery of Notices and Billings

SERVICE AGREEMENT NO. 2599

APPENDIX A

NETWORK UPGRADE FACILITIES

I. Network Upgrade Facilities for Connecting Transmission Owner’s Transmission

System

The Transmission Project will interconnect to the New York State Transmission System at existing transmission facilities owned and operated by the Connecting Transmission Owner. The Facilities Study identified Network Upgrade Facilities required to reliably interconnect the Transmission Project to the Connecting Transmission Owner’s system as detailed in Sections II and III of this Appendix A below and depicted in Figure A-1.

The Network Upgrade Facilities concerning Connecting Transmission Owner’s

substations are described in Section II of this Appendix A and the Network Upgrade Facilities concerning Connecting Transmission Owner’s transmission lines are described in Section III of this Appendix A. The Connecting Transmission Owner shall engineer, design, procure,   
construct, install, test, and commission the Network Upgrade Facilities at its substations and shall perform other NUF work as described below.

Line numbers used in this Agreement are those used in documentation provided by the Transmission Developer for the performance of the Facilities Study. Final line numbers will be determined during final engineering.

II. Network Upgrade Facilities at Connecting Transmission Owner’s Substations

A. Schodack Substation

The Network Upgrade Facilities at the Schodack Substation include the addition of two

(2) 115kV line breakers to bisect the existing Greenbush-Falls Park Line 12/14 into two separate   
lines: Greenbush-Schodack Line 13N ("Line 13N") and Schodack-Falls Park Line 14N/14S   
("Line 14N/14S"). The Network Upgrade Facilities at the Schodack Substation consist of the   
following.

1. Site/Civil/Structure

No station expansion or changes to the right-of-way ("ROW") are required. A minimum of 25 feet will be available between the A-frame and western fence. The Lines 13N and 14N deadend takeoff structures and two (2) 115kV capacitor voltage transformers ("CVTs") shall be removed. Installations will include:

 One (1) support structure on caisson foundation for the three phase bus CVT;

 Two (2) single phase support structures on caisson foundations for the line CVTs;  One (1) support structure on caisson foundation for standalone three phase current   
 transformer ("CT");

 Two (2) steel dead-end ‘A’ frame takeoff structures on caisson foundations for the   
 switches;

A-1

SERVICE AGREEMENT NO. 2599

 Two (2) slab foundations for the new breakers (R13 and R14); and

 Additional bus supports w/ associated foundations (if required). (Note: The need for   
 additional bus supports will be determined during final engineering.)

2. Primary Electrical

The following primary electrical equipment shall be installed at the Schodack Substation:

 Two (2) 115kV, 3000A 40kA, 550kV basic insulation level ("BIL") breakers (R13   
 and R14);

 Two (2) 115kV, 2000A, 100kA, 550kV BIL switches for Lines 13N and 14N;  Three (3) 115kV CVTs on the 99G bus;

 Two (2) 115kV single phase CVTs (one for each of the Lines 13N and 14N);

 Three (3) 115kV column CTs each with four C800 multi-ratio CT cores, two cores   
 with a maximum tap of 1200/5 A and two with a maximum tap of 2000/5 A; and  Line drops to switches and breakers.

The ground grid will be extended for the new breaker bays. A lightning and ground grid   
study will be completed during final engineering to determine if any additional protection is   
required.

3. Secondary Electrical

i. Station Service

The existing battery system at the Schodack Substation cannot adequately accommodate the NUFs. It will be replaced with one (1) 58-cell battery system. (Note: The existing charger will be reused.) The existing AC service cannot accommodate the system modifications at the Schodack Substation. It shall be replaced with one (1) 50kVA single phase bank that shall be   
installed on the 13.8kV bus.

ii. Protection

With the addition of the 115kV line breakers, the Schodack Substation will have two line terminals and a 115kV bus requiring relaying as follows:

a. Lines 13N and 14N

Each of the lines will require:

 Two (2) packages of step distance line protection which will consist of one SEL-

311C relay and another of a different make / model that is to be determined at a later date. Each   
of these relays will perform step-distance phase and ground protection, ground directional   
overcurrent protection, and breaker failure protection for its respective line breaker. The "A"   
package relay for each line will also interface with a new communications package to provide   
high speed line protection permissive overreaching transfer trip ("POTT") as well as direct

A-2

SERVICE AGREEMENT NO. 2599

transfer trip ("DTT") transmit for bus fault with failed breaker and DTT receive supervision to trip the local line breaker and drive its reclosing relay to lockout state.

 One (1) reclosing relay per line shall be installed to provide automatic reclosing

following line faults. This relay will also provide sync check / dead bus / dead line supervision for closure of the line breaker via its RE-01 switch. Reclosing will be driven to lockout by failure of the line breaker or by DTT receive.

 One (1) POTT/DTT package per line shall be installed for high-speed line protection and DTT transmit and receive for breaker failure protection. This shall be performed with an   
RFL GARD8000.

b. 115kV Bus Protection

For 115kV bus protection, two (2) packages of current differential protection (one high impedance and one low impedance) shall be installed. Each bus protection relay will require an auxiliary relay for contact multiplication and for bus voltage monitoring for the reclosing stall / automatic bus restoration scheme. The bus differential relaying will require a new column-CT to be mounted between the existing circuit switcher CS6177 and transformer TR1.

c. Transformer Protection

With the 115kV bus becoming a breakered transmission bus, the existing 64/TR1 relay   
will need to be rewired and reset to allow the TR1 terminal to have the functionality required.   
The relay will be connected to one of the CT cores in the new column CT to provide breaker   
failure functionality for the transformer TR1 circuit switcher CS6177. Upon failure of CS6177,   
this relay will operate the 115kV bus breaker failure lockout relay. The relay will also provide   
reclosing functionality for CS6177 to support the 115kV automatic bus restoration scheme, and it   
will also serve to provide an additional overcurrent scheme for protection of TR1.

iii. Controls and Integration

The existing remote telemetry unit ("RTU") at the Schodack Substation cannot

accommodate the system modifications at the station and will need to be upgraded. One (1)

Orion LX communications processor shall be installed for communications with older protective   
relays. An Arbiter IRIG-B satellite clock shall be installed for time synchronization of the RTU   
and protective relays. Two (2) new digital panel meters and associated test switches shall be   
installed for the new breakers. A RE-01 control switch relay ("CSR") will be installed for each   
new breaker and switch to provide local and remote status and control functionality for   
trip/close. Three (3) RE-43 A/M latching switch relays ("LSR") shall be installed: one for each   
of the new breakers and one for the circuit switcher to provide local and remote status and   
control of the automatic reclose functionality. All control switches shall be accompanied by test   
switches.

A-3

SERVICE AGREEMENT NO. 2599

iv. Telecommunications

A new Verizon fiber facility will be installed into the Schodack Substation to replace the existing copper/Positron facility. The fiber facility will consist of a Verizon fiber cable from the control house to the Connecting Transmission Owner - Verizon meet point pole outside the   
station and a Verizon fiber mux installed inside the control house. The Connecting Transmission Owner will provide 4", Schedule 80 PVC conduit from the control house to the meet point to support the fiber cable install. The Connecting Transmission Owner will provide a wall mount dedicated rack with a DC power converter system to support the Verizon fiber mux install. The following circuits shall be commissioned on the new fiber facility:

 One (1) leased line T1 circuit for protective relay between the Schodack and   
 Greenbush substations;

 One (1) leased line T1 circuit for protective relay between the Schodack and Falls   
 Park substations; and

 One (1) T1 MPLS w/ 128k Port speed to the DX-940E for the RTU to be connected   
 to the energy management system ("EMS").

The existing plain old telephone service ("POTS") line shall be migrated to the new fiber facility.

B. Greenbush Substation

The southern portion of Greenbush Line 15, starting at Structure #57, will be removed by   
the Transmission Developer as part of the Transmission Project. In addition, the addition of the   
two breakers at the Schodack Substation will require reconfiguration of the Line 13 relaying at   
the Greenbush Substation to operate with the Schodack Substation as the new terminal end. Line

13 shall be renamed 13N.

1. Secondary Electrical

i. Protection

The Line 15 protective relays shall be retired in place. The Greenbush Line 13N line   
protection was recently updated with two microprocessor-based step-distance relays. Each of   
these relays also performs breaker failure of breaker R13. The "A" package relay also performs   
POTT/DTT using an RFL GARD-8000 unit with a C37.94 interface that connects to a MUX   
which utilizes a leased T1 to communicate with the New York State Electric & Gas   
Corporation’s ("NYSEG") Falls Park Substation. A dedicated reclosing relay was also installed.   
These existing Line 13 relays shall be re-used and reset for the shorter line length and changing   
source impedances. DTT shall be installed between the Greenbush and Schodack Substations   
using the existing relays.

An area coordination study will be performed due to the reconfiguration of the line and may result in setting changes on the other Greenbush 115kV lines.

A-4

SERVICE AGREEMENT NO. 2599

ii. Telecommunications

The Greenbush Substation has an existing Verizon fiber facility terminated on the

telecom backboard. This facility delivers one EMS RTU circuit, a POTS line, and an existing T1 circuit supporting a JMUX channel bank with a link for the EMS RTU at NYSEG’s Falls Park Substation. The existing T1 from the Greenbush to Falls Park Substations carries a serial data link from the Falls Park Substation to the Greenbush Substation for a Connecting Transmission Owner RTU at the Falls Park Substation.

The Connecting Transmission Owner shall order the following circuits on the existing   
facility:

 One (1) T1 circuit will be ordered to support a new IMUX2000 to the Schodack

Substation which will require installation of one (1) IMUX2000, a dedicated telecom   
 rack for the imux, and a new DC converter system for the new rack;   
  Retirement of the existing Greenbush-Falls Park T1 circuit that is currently leased by   
 NYSEG; and

 One (1) DS1 circuit from the Schodack Substation to support the Line 13 POTT and   
 DTT.

C. Valkin Substation

The Valkin Substation is currently configured as a double tap station with taps to the   
existing Schodack-Falls Park Line 14 and Greenbush-Hudson Line 15. To accommodate the Transmission Project, the Valkin Substation will be converted to a loop-in, loop-out station and the line terminal numbers at the station shall be changed such that Line 14N from the Schodack Substation shall loop into the station and Line 14S will loop out of the Valkin Substation and into NYSEG’s Falls Park Substation

1. Secondary Electrical

i. Protection

With the Valkin Substation’s configuration changing from a double tap to a loop in/loop out, the auto-throwover scheme must be replaced with an auto-sectionalizing scheme. Since there are no breakers at the Valkin Substation (only motor-operated switches connecting the line to the bus), the two lines (14N and 14S) shall be protected as a single zone of protection from the Falls Park Substation to the Schodack Substation. To implement the auto-sectionalizing scheme, one (1) microprocessor-based multifunction relay shall be installed.

ii. Controls and Integration

Connecting Transmission Owner is in the process of upgrading the RTU at the Valkin

Substation, and construction is currently planned for winter 2020/2021 (prior to the construction of the Transmission Project). Spare I/O points will be used to accommodate the additions   
required for this Transmission Project.

A-5

SERVICE AGREEMENT NO. 2599

D. Hudson Substation

The Hudson Substation currently bisects the existing Greenbush-Hudson Line 15 and Hudson-Pleasant Valley (Central Hudson) Line 12 on the west side of the north-south right of way. With the removal of the entire north-south lines on the west side of the right of way (i.e., existing Lines 12 and 15), the Hudson Substation will have to be tied to the new Hudson-Falls Park Line 15 and the new Hudson-Churchtown (Transmission Developer) Line 12. This will require modifications to protection and telecom at the Hudson Substation.

1. Secondary Electrical

i. Protection

The existing Line 15 protection at the Hudson Substation was recently upgraded to

modern step-distance relays and a dedicated reclosing relay. These relays can be re-used, but a   
communications package consisting of an RFL GARD8000 transceiver will need to be added to   
the "A" package to allow POTT and DTT to be transmitted and received to/from the Falls Park   
Substation. Since the tele-protection channel being added will enable DTT, wiring will be   
modified so that the breaker failure scheme in the "A" package is also initiated by the bus   
protection relaying. DTT receive will also drive the R15 reclosing relay to lockout.

The existing Line 12 electromechanical relays shall be replaced with two (2) step-  
distance relays, a dedicated reclosing relay, and a communications package providing   
POTT/DTT to/from Transmission Developer’s Churchtown Substation. These devices shall   
mirror the Line 15 devices. Each new step-distance relay will provide phase and ground step-  
distance protection, ground directional overcurrent protection, and a breaker failure scheme for   
R12. The "A" package relay will also perform POTT, as well as DTT transmit and DTT receive   
supervision. DTT transmit will be performed for a faulted bus with failed R12.

The reclosing relay package at the Hudson Substation will need to be replaced with a new dedicated reclosing relay which will perform reclosing and sync check. Reclosing will be driven to lockout by the two R12 breaker failure schemes and the DTT receive from Transmission   
Developer’s Churchtown Substation.

ii. Controls and Integration

The existing RTU at the Hudson Substation is sufficient for the scope of the

Transmission Project. Spare I/O points shall be used to accommodate the additions required. An   
IRIG-B satellite clock shall be installed for time synchronization of the RTU and protective   
relays.

iii. Telecommunications

A new Transmission Developer optical ground wire ("OPGW") fiber optic cable facility   
will be installed from Transmission Developer’s Churchtown Substation to the Point of Change

A-6

SERVICE AGREEMENT NO. 2599

of Ownership ("PCO") on Line 12, as specified in Appendix C. From the OPGW deadend   
location on the line, the Connecting Transmission Owner will install an underground all-  
dielectric self-supporting ("ADSS") fiber cable into the Hudson Substation control enclosure   
where it will terminate in a rack mounted fiber panel. A new DC converter system will be   
installed in the telecom rack to convert station battery to -48VDC. The IMUX2000 circuits to   
the Falls Park Substation and Transmission Developer’s Churchtown Substation will be   
provisioned on the fiber facility to support Line 12 and Line 15 POTT & DTT.

E. New Scotland Substation

The system modifications at the New Scotland Substation described in this Section II.E   
assume that all of the New Scotland Line 2 work associated with LS Power Grid New York,   
LLC’s and New York Power Authority’s Segment A Double Circuit project (NYISO   
Interconnection Queue No. 556) ("Segment A Project") has been completed. The system   
modifications also assume that before Transmission Developer’s Knickerbocker Station cuts the   
existing Line 2, the entire Knickerbocker to Pleasant Valley (Con Edison) 345 kV Line Y57 (and   
its OPGW installation) are complete, and that the interconnection of the Transmission   
Developer’s OPGW with Connecting Transmission Owner’s network at Consolidated Edison   
Company of New York, Inc.’s ("Con Edison") Pleasant Valley 345 kV Substation is also   
complete to provide for the required communications path for the line differential relaying   
between Transmission Developer’s Knickerbocker Substation and the New Scotland Substation.   
Based on these assumptions, the only modifications required at the New Scotland Substation are   
to the protection schemes to coordinate with Transmission Developer’s Knickerbocker   
Substation.

1. Secondary Electrical

i. Protection

Relay settings changes will need to be made to the New Scotland Line 2 terminal (new Line 2A) to accommodate the Knickerbocker Line 2 cut in. The Segment A Project will be   
completing the installation of relaying and teleprotection equipment for the new Line 2A breaker position. The relaying used will be mirrored at Transmission Developer’s Knickerbocker   
Station. Line 2A will keep the existing Line 2 power line carrier frequencies. The   
Knickerbocker - Alps section will utilize new frequencies.

ii. Controls and Integration

The existing RTU at the New Scotland Substation is sufficient for the scope of this

Transmission Project. Spare I/O points shall be used to accommodate the additions required. One (1) network switch shall be installed.

iii. Telecommunications

To support new 345kV line protection between the New Scotland, Alps, and

Knickerbocker substations, Connecting Transmission Owner will use its private fiber optic

A-7

SERVICE AGREEMENT NO. 2599

facility between its Alps Substation and Con Edison’s Pleasant Valley Substation combined with   
the OPGW the Transmission Developer is installing between its Knickerbocker Substation and   
Con Edison’s Pleasant Valley Substation. Therefore, it is critical that the Transmission   
Developer’s fiber is in place to support the overall network. This fiber will support   
telecommunications using a SONET type multiplexer and an RFL IMUX2000 communications   
between the New Scotland, Knickerbocker and Alps substations. A new dedicated telecom rack   
will be installed at the New Scotland Substation for the fiber termination panel and the SONET   
mux with IMUX2000. The IMUX2000 at the New Scotland Substation will have compatible   
communications interfaces to support the Knickerbocker Substation and Alps Substation   
IMUX’s and SONET.

The Transmission Developer shall provide an interconnection point between its OPGW and Connecting Transmission Owner’s fiber optic cable and equipment at the Pleasant Valley Substation or just outside of the Pleasant Valley Substation. The Transmission Developer’s   
OPGW fiber strands for the 345kV protection communications should be dedicated to the 345kV schemes on the IMUX and SONET platform.

F. Alps Substation

With the Transmission Developer’s new Knickerbocker Station bisecting the existing   
Line 2, the Alps Substation termination point will change from the New Scotland Substation to   
the Knickerbocker Substation, and the new Alps-Knickerbocker line shall be identified as Line   
2B. Upgrades to protection and telecommunications at the Alps Substation will be required.   
Expansion may also be required for the Line 2B arrestors pending final layout, and a   
transmission line structure relocation may be required to ensure access to the full yard and 25’   
clearance.

The system modifications at the Alps Substation presented below are based on the following assumptions:

 Before the Knickerbocker Station cuts the existing Line 2, the entire Knickerbocker to   
 Pleasant Valley (Con Edison) 345 kV Line Y57 (and its OPGW installation) are   
 complete, and the interconnection of the Transmission Developer’s OPGW with the   
 National Grid network at the Pleasant Valley Substation is also complete to provide for   
 the required communications path for the line differential relaying between the   
 Knickerbocker and Alps Substations.

 The Transmission Developer will work with the NYISO System Protection Advisory   
 Subcommittee ("SPAS") and the Utility Telecom Conference ("UTC"), as that   
 organization coordinates the allocation of Power Line Carrier ("PLC") frequencies for   
 utilities, to obtain the rights to the four new power line carrier frequencies needed for   
 Line 2B (two frequencies for directional comparison unblocking ("DCUB"), two   
 frequencies for DTT).

 Not knowing what the new power line carrier frequencies will be at this stage, it is

assumed that the existing Alps LN2 wave trap cannot be re-tuned for the new frequencies   
because either (i) the new frequencies will be out of its possible range (90 - 300 kHz), (ii)

A-8

SERVICE AGREEMENT NO. 2599

the new tuning packs for the new frequencies will be unavailable (Westinghouse PLC has   
 been sold three times since then), or (iii) of the condition of the trap (built around 1976).  There is room available in both the ‘A’ and ‘B’ control houses for the additional   
 equipment required. (Note: At the time of the Facilities Study, Connecting Transmission   
 Owner confirmed that one more shelf can be squeezed into the ‘A’ control house and   
 there is plenty of space in the ‘B’ control house.)

1. Primary Electrical

The existing Line 2 wave trap and tuner shall be replaced to work with the new power line carrier frequencies to be used on Line 2B.

i. Protection

Some of the existing Line 2 protection will be re-used for Line 2B and some will need to be modified or replaced. More specifically:

 The 94TTA relay (SEL-351) will be removed.

 The existing 87A relay (SEL-311L) will be re-used, and with the removal of the 94TTA   
 relay, this relay will perform DTT receive supervision and contact multiplication   
 internally.

 The existing 21B relay (ERLPhase LPRO4000) will also be re-used, and with the

addition of DTT receive to the DTT/LN2 PLC channel (RFL-9780), this relay will

supervise DTT receive and performing the needed contact multiplication internally.

 The two breaker failure relays and the reclosing relay (SEL-351) shall be reused.

 The existing DCUB/LN2 (RFL-9780) will be modified or replaced in order to work with   
 the new power line carrier frequencies to be used on LN2B. DTT receive functionality   
 will be added, with the 21B relay performing DTT receive supervision.

ii. Controls and Integration

The existing RTUs at the Alps Substation are sufficient for the scope of the Transmission   
Project. Spare I/O points shall be used to accommodate the additions required. The gateway   
will be upgraded to a DX940E to compatibility with the DS1 multiprotocol label switching   
("MPLS") telecom circuit. Communications processors and/or ethernet switches will be required   
to interface the microprocessor relays with the RTU and to allow for remote retrieval of fault   
records. A station Local Area Network ("LAN") will be installed and consist of an ethernet   
switch, and an IRIG-B Satellite Clock shall be installed for time synchronization of the RTU and   
protective relays.

iii. Telecommunications

To support new 345kV line protection between the New Scotland, Alps, and

Knickerbocker substations, Connecting Transmission Owner will use its private fiber optic

facility between its Alps Substation and Con Edison’s Pleasant Valley Substation combined with   
the OPGW the Transmission Developer is installing between its Knickerbocker Substation and

A-9

SERVICE AGREEMENT NO. 2599

Con Edison’s Pleasant Valley Substation. Therefore, it is critical that the Transmission

Developer’s fiber is in place to support the overall network. This fiber will support

telecommunications using a SONET type multiplexer and an RFL IMUX2000 communications   
between the New Scotland, Knickerbocker, and Alps substations. A new dedicated telecom rack   
will be installed at the Alps Substation for the fiber termination panel and the SONET mux with   
IMUX2000. The IMUX2000 at the Alps Substation will have compatible communications   
interfaces to support the Knickerbocker Substation and New Scotland Substation IMUX’s and   
SONET.

The Transmission Developer shall provide an interconnection point between its OPGW and Connecting Transmission Owner’s fiber optic cable and equipment at the Pleasant Valley Substation or just outside of the Pleasant Valley Substation. The Transmission Developer’s   
OPGW fiber strands for the 345kV protection communications should be dedicated to the 345kV schemes on the IMUX and SONET platform.

G. Buckley Corners

To accommodate the power line carrier ("PLC") between the Churchtown Substation

(Transmission Developer) and the LaFarge Substation, a wave trap must be installed at the

Buckley Corners Station to block the protection signal from entering the station. One (1) 115kV, 1600A wave trap shall be installed on Line 8 phase C/3. The existing Line 8 steel monopole structure shall be used to attach the wave trap in a strain configuration. The frequency will be determined during final engineering.

H. Blue Stores

Blue Stores Substation is currently a double-tap station, with one 2.1 mile east-west tap   
connected to the Lafarge - Pleasant Valley (Central Hudson) Line 8 in the north-south right-of-  
way and another 2.1 mile east-west tap connected to the Churchtown (NYSEG) - Pleasant   
Valley (Central Hudson) Line 13 in the north-south right-of-way. With three of the four 115 kV lines in the north-south right-of-way being removed as part of the Transmission Project, the Blue Stores Substation will now bisect the one remaining north-south line in the right-of-way, and it   
will no longer be a tapped station but rather a terminal station. Two (2) new 115 kV breakers   
will be added to create the Blue Stores - Churchtown (Transco) Line 4 and the Blue Stores -  
Milan Line T7. This will also create a 115 kV bus at the Blue Stores Substation. Since there is   
no room in the existing control house for all of the facilities required to accommodate the new   
breakers, a new control enclosure will be required.

The following modifications are required at the Blue Stores Substation to accommodate the new configuration:

1. Site/Civil/Structure

To accommodate the new breakers, the Blue Stores Substation must be expanded by

approximately 6,250 square feet. This will require removal of approximately 210 linear feet of fencing and installation of approximately 300 linear feet of fencing.

A-10

SERVICE AGREEMENT NO. 2599

The following structure and foundation installations/modifications will be required:

 Two (2) galvanized steel A-Frame structures, with provisions for switch mounting,   
 with caisson foundations;

 One (1) three phase bus CVT structure with caisson foundation;

 One (1) single phase line CVT structures with caisson foundations;

 Two (2) reinforced concrete pad foundations to support the new circuit breakers;  One (1) galvanized steel support structure for the three phase metering unit and   
 arrestors with caisson foundations; and

 One (1) frost-protected slab foundation for the new control enclosure.

Removal of existing foundations will be required where there are conflicts with the proposed control enclosure.

2. Primary Electrical

The primary electrical facilities to be installed at the Blue Stores Substation to accommodate the Transmission Project include:

 Two (2) 115kV, 3000A, 40kA, 550kV BIL SF6 circuit breakers;  Two (2) 115kV, 2000A, 100kA, 550kV BIL switches;

 Three (3) 98kV maximum continuously operating voltage ("MCOV") surge arrestors;  Three (3) single phase bus CVTs;

 One (1) single phase line CVT;

 One (1) 16’ x 49’ pre-built control enclosure with accessories, AC power panels, and   
 controls/relaying; and

 Line drops to switches, breakers, arrestors, and CVTs.

The ground grid will be extended for the new breaker bays. A lightning and ground grid   
study will be completed during final engineering to determine if any additional protection is   
required.

3. Secondary Electrical

i. Station Service

The existing battery system at the Blue Stores Substation cannot adequately accommodate the NUFs. Therefore, it will be replaced with one (1) 60-cell battery system and 20A charger. DC studies will need to be performed following receipt of the final breaker drawings from the vendor to determine final sizing. The existing AC station service includes two (2) 100kVA single phase transformers and can accommodate the additional facilities.

A-11

SERVICE AGREEMENT NO. 2599   
 ii. Protection

With the addition of the 115kV line breakers, the Blue Stores Substation will have two line terminals and a 115kV bus requiring relaying as follows:

a. Lines 4 and T7

Each of the lines will require:

 Two (2) packages of step distance line protection which will consist of one SEL-

311C relay and another of a different make / model that is to be determined at a later   
date. Each of these relays will perform step-distance phase and ground protection,   
ground directional overcurrent protection, and breaker failure protection for its

respective line breaker. The "A" package relay for each line will also interface with a   
new communications package to provide high speed line protection (POTT) as well   
as DTT transmit for bus fault with failed breaker and DTT receive supervision to trip

the local line breaker and drive its reclosing relay to lockout state.

 One (1) reclosing relay per line shall be installed to provide automatic reclosing

following line faults. This relay will also provide sync check / dead bus / dead line supervision for closure of the line breaker via its RE-01 switch. Reclosing will be driven to lockout by failure of the line breaker or by DTT receive.

 One POTT/DTT package per line shall be installed for high-speed line protection and   
 DTT transmit and receive for breaker failure protection. This shall be performed with   
 an RFL GARD8000.

b. 115kV Bus Protection

For 115kV bus protection, two (2) packages of current differential protection (one high impedance and one low impedance) shall be installed. Each bus protection relay will require an auxiliary relay for contact multiplication and for bus voltage monitoring for the reclosing stall / automatic bus restoration scheme.

c. Transformer Protection

With the 115kV bus becoming a breakered transmission bus, a single multifunction relay   
will be added to allow the TR1 terminal to have the functionality required. The relay will be   
connected to the middle CT core on the high side bushings of the existing transformer TR1 to   
provide breaker failure functionality for the circuit switcher CS6199. Upon failure of CS6199,   
this relay will operate the 115 kV bus breaker failure lockout relay. The relay will also provide   
reclosing functionality for CS6199 to support the 115 kV automatic bus restoration scheme, and   
it will also serve to provide an additional overcurrent scheme for protection of TR1. The   
existing electromechanical TR1 overcurrent scheme will be removed, but the existing TR1   
differential will remain.

A-12



SERVICE AGREEMENT NO. 2599

iii. Controls and Integration

A new Telvent RTU shall be installed at the Blue Stores Substation. A Novatech Orion LX will act as a communications processor to interface with protective relays and Intelligent Electronic Devices ("IEDs") that are not capable of ethernet connections. A Novatech Orion DDIO shall be used to provide status/alarm input points to the Orion LX. Annunciation will be provided via a human machine interface ("HMI"). A Garrettcom Magnum DX940E gateway shall be installed to provide a secure connection between the EMS network and the substation for supervisory control and data acquisition ("SCADA") data and remote access.

Three (3) new digital panel meters and associated test switches shall be installed. A RE-

01 control switch relay ("CSR") will be installed for each new breaker and circuit switcher to   
provide local and remote status and control functionality for trip/close. Two (2) RE-43 A/M   
latching switch relays ("LSR") shall be installed: one for each of the new breakers to provide   
local and remote status and control of the automatic reclose functionality. All control switches   
shall be accompanied by test switches. One (1) 69S remote/local switch will be installed for the   
RTU to inhibit remote and indicating lights shall be installed for each potential type transformer.

iv. Telecommunications

A new Transmission Developer OPGW fiber optic cable facility will be installed from   
the Blue Stores Substation to Churchtown (Transmission Developer) and from the Blue Stores   
Substation to Milan Substation by the Transmission Developer. This fiber will support RLF   
IMUX2000 with a SONET mux for communications between these three locations for Line 4   
and Line 7 protection. From the OPGW deadend location, Connecting Transmission Owner will install an underground all-dielectric self-supporting ("ADSS") fiber cable into the control   
enclosure and terminate in a rack mounted fiber panel. A new DC converter system will be   
installed in the telecom rack to convert station battery to -48VDC. The IMUX2000 circuits to   
Churchtown (Transmission Developer) and Milan Stations will be provisioned on the OPGW   
fiber facility to support Line 4 and Line 7 POTT & DTT.

v. Revenue Metering

There will be one (1) revenue metering point at the Blue Stores Substation for Line T7. The revenue metering will consist of:

Three (3) 115kV metering units; One (1) meter socket;

One (1) revenue meter; and

All required foundations and structures to support the above equipment.

I. Athens Station

The Van Wagner Cap Bank Station will bisect the existing 345kV Athens-Pleasant

Valley Line 91 and Leeds-Pleasant Valley Line 92. Network Upgrade Facilities will be required at the Connecting Transmission Owner’s Athens and Leeds Substations as further described

A-13



SERVICE AGREEMENT NO. 2599

below. These NUFs are based on the assumption that the Van Wagner Substation will be

constructed and fully operational before the Knickerbocker-Pleasant Valley 345kV line is in   
service therefore requiring modifications to the Leeds/Athens Special Protection Scheme   
("SPS") to include the Van Wagner Substation, so that the loss of either of the Van Wagner-  
Pleasant Valley lines will not cause an overload on other lines. (Consistent with current   
operations, the Athens Generation will automatically be decreased upon a line trip to keep the   
remaining line from overload.) After the Knickerbocker-Pleasant Valley 345kV line is in service the SPS can be retired altogether. (Note: To prevent the need for the temporary SPS   
modification, the center breaker (only) on each bay at the Van Wagner Substation could be   
closed until the Knickerbocker-Pleasant Valley line is in service to keep the existing Athens-  
Pleasant Valley and Leeds-Pleasant Valley relaying as it is.)

Secondary Electrical

i. Protection

a. Line 91 ‘A’ Package

The existing Line 91 ‘A’ package relay is an ErlPhase LPRO-2100 relay. While it is   
ideal for permissive schemes (like the existing permissive overreaching transfer trip ("POTT") scheme) to be used to have the same make/model relay at each end to ensure that directionality is determined using the same algorithm at each end, the Transmission Developer has chosen to use a SEL-411L relay at the Van Wagner Substation and does not want to replace the existing   
LPRO-2100 relay at the Athens Substation. Therefore the LPRO-2100 will remain and be reset to continue to provide coverage of Line 91.

High speed coverage of the entire line is provided by a POTT scheme utilizing RFL-9745   
transceivers communicating over a leased 4-wire audio tone circuit (this scheme also provides   
DTT). Verizon will not run a new 4-wire tone circuit into the Van Wagner Substation as they   
are trying to discontinue this type of service. The Connecting Transmission Owner has an   
existing fiber optic path from the Athens to Leeds to Pleasant Valley substations that runs along   
the Line 91 and Line 92 right-of-way, and there is a plan to interconnect this fiber with the Van   
Wagner Substation. Therefore, the RFL-9745 transceiver shall be replaced with a RFL GARD   
8000 transceiver utilizing C37.94 protocol to provide POTT and direct transfer trip ("DTT") for   
Line 91.

The existing ‘A’ package DTT receive supervision relay ("21TTA") is an SEL-321 and will be reset and re-wired to the new GARD 8000.

b. Line 91 ‘B’ Package

The Line 91 ‘B’ package protection is a blocking scheme using a SEL-321 relay that   
could remain and be reset. However, since it is critical that the make and model of the remote   
relays in a blocking scheme match and the Transmission Developer intends to use a GE L90   
relay for the Van Wagner Line 91 ‘B’ package, the existing SEL-321 relay will be replaced with

A-14

SERVICE AGREEMENT NO. 2599

a GE L90 relay. (The Transmission Developer has stated that they are willing to pay for this replacement to match the Van Wagner relaying.)

High-speed coverage of the entire line is provided by a Directional Comparison Blocking ("DCB") scheme utilizing an RFL-9785 ON/OFF PLC transceiver. This transceiver will remain and continue to provide DCB for Line 91. The current frequency is 108 kHz, and phase A   
(phase 1) and will continue to be used.

The ‘B’ package DTT is provided by an RFL-9780 Frequency Shift Keying ("FSK")

PLC transceiver. This transceiver will remain and continue to provide DTT for LN91. The

current frequencies are 183 (transmit) and 186 (receive) and phase A (phase 1) and will continue to be used. The existing ‘B’ package DTT receive supervision relay ("21TTB") is an SEL-321 and will be reset to continue to provide proper coverage for Line 91. Since this design will have to be submitted to NPCC / Task Force on System Protection ("TFSP"), the existing DTT crosskeying (A to B package and vice-versa) will have to be removed in order to be approved which will require some minor wiring changes.

c. Other Line 91 Relaying

The existing SEL-351 relays used for breaker failure and reclosing shall be reset to support any changes needed.

d. Athens Generation SPS

Including the Van Wagner Substation in the SPS scheme will require transmission of the following information from the Van Wagner to Athens substations:

 The status of each of the Van Wagner - Pleasant Valley lines (considering the status   
 of each breaker, breaker isolation switch, and line isolation switch).   
 The status of the line current through each of the Van Wagner - Pleasant Valley lines   
 (binary signal showing whether either line is over the LTE or 4-hour rating).

To provide this information two multifunction overcurrent relays must be added at the

Van Wagner Substation. To match the existing Leeds-Athens ‘A’ and ‘B’ schemes, an Erlphase FPRO relay coupled with a RFL-8000 (‘A’ package) and a SEL-351 with mirrored-bits protocol (‘B’ package) should be used.

These protection schemes must use physically separate and diverse telecom mediums.   
The fiber optic link that will already be established can be used for one of the mediums, and the   
second medium would likely need to be a temporary leased T1 circuit which would require an   
additional MUX (or a T1-to-serial converter, assuming this package uses SEL’s Mirrored Bits) at the Athens Substation.

Selector switches to enable/disable the scheme for testing will be required at the Athens and Van Wagner substations.

A-15

SERVICE AGREEMENT NO. 2599

Both of the SPS relays at the Athens Substation will need to be replaced in order to provide more digital inputs and/or communications ports.

ii. Telecommunications

The existing communications for Line 91 protection between the Athens and Pleasant   
Valley substations uses a 4W Tone circuit leased from AT&T. Line 91 communications circuit   
will be changed to go from the Athens to Van Wagner substations and shall be migrated from the   
leased line to private fiber. The private fiber will use RFL IMUX2000 for the Line 91 protection   
communications over fiber from the Athens to Leeds to Van Wagner substations. The existing   
fiber from the Athens to Leeds substations will connect to fiber from the Leeds to Pleasant   
Valley substations. An interconnecting fiber provided by the Transmission Developer will loop   
in and out of the Van Wagner Substation just north of the Pleasant Valley Substation. RFL   
IMUX2000 equipment will be added at the Athens Substation and networked through the Leeds   
Substation to connect to the Van Wagner Substation. The new private fiber connection to the   
Athens Substation will also support telecommunications using a SONET type multiplexer for   
additional operational data from the Athens Substation to the Connecting Transmission Owner’s   
network.

A new telecom rack will be added in the Athens System "A" room and will contain a DC   
converter system to convert station battery to -48VDC. The -48VDC will power the RFL   
IMUX2000 and the SEL ICON SONET mux installed in the telecom rack. The "A" RFL   
IMUX2000 at the Athens Substation will have C37.94 modules added to support the Line 91 ‘A’   
package GARD8000 and the connection between the IMUX2000 C37.94 module and the   
GARD8000 shall be via a multimode duplex ST-ST fiber cable. The connection between the   
SEL ICON SONET Mux and the outside fiber will require an LC-ST Single mode duplex fiber   
cable

J. Leeds Station

1. Secondary Electrical

i. Protection

a. Line 92 ‘A’ Package

The ‘A’ package relay is an SEL-411L line differential with step-distance backup

elements that utilizes a C37.94 fiber link to an RFL IMUX within Leeds Station which links to   
the SEL-411L relay at the Pleasant Valley Station via the fiber optic cable located in the Line 91   
and Line 92 right-of-way. This relay shall be reset to continue to provide coverage of Line 92.   
To provide a Leeds-Van Wagner channel for the relay, it is proposed to interconnect the existing   
fiber with the Van Wagner Substation. This relay’s fiber link also provides the DTT   
connectivity. An external SEL-351 relay ("94TTA") provides DTT receive contact   
multiplication but is not connected to any currents and therefore does not perform any   
supervision of the DTT signal. Since this existing configuration no longer complies with the   
Connecting Transmission Owner’s current standards and practices, the 94TTA relay will be   
removed and DTT receive supervision and contact multiplication will be performed internally in

A-16

SERVICE AGREEMENT NO. 2599

the existing 87A/LN92 relay. Minor wiring changes are required for the modification. The   
Connecting Transmission Owner proposes that Transmission Developer also perform DTT   
receive supervision with step-distance elements within the 87L relay at the Van Wagner   
Substation.

b. Line 92 ‘B’ Package

The existing ‘B’ package relay is a GE-D60 step-distance which shall be reset to continue to provide coverage of Line 92. (The Transmission Developer intends to install a GE L90 at the Van Wagner Substation for the Line 92 ‘B’ package relay.)

High speed coverage of the entire line is provided by a Directional Comparison Un-

Blocking ("DCUB") scheme utilizing a Pulsar (Ametek) FSK PLC transceiver. While this

transceiver is not Connecting Transmission Owner standard equipment, it is relatively new and   
works well. Therefore, Connecting Transmission Owner recommends it remain and the   
Transmission Developer purchase a matching unit for the Van Wagner Substation. However, the   
Transmission Developer informed Connecting Transmission Owner that it intends to install an   
RFL GARD Pro at the Van Wagner Substation and have verified with the manufacturers that the   
GARD Pro and the Pulsar transceivers can communicate with each other. The frequencies from   
the Leeds Substation are currently 121 kHz (transmit), 119 kHz (receive) and phase A (phase 1)   
and shall continue to be used.

The ‘B’ package DTT is provided by another Pulsar (Ametek) FSK PLC transceiver.

While this transceiver is not Connecting Transmission Owner standard equipment, it is relatively   
new and works well. Therefore, Connecting Transmission Owner recommends it remain and the   
Transmission Developer purchase a matching unit for the Van Wagner Substation. However, the   
Transmission Developer informed Connecting Transmission Owner that it intends to install an   
RFL GARD Pro at the Van Wagner Substation and have verified with the manufacturers that the   
GARD Pro and the Pulsar transceivers can communicate with each other. The frequencies from   
the Leeds Substation are currently 82 kHz (transmit), 78 kHz (receive) and phase A (phase 1)

and shall continue to be used.

An external SEL-351 relay ("94TTB") provides DTT receive contact multiplication but is not connected to any currents and therefore does not perform any supervision of the DTT signal. Since this existing configuration no longer complies with the Connecting Transmission Owner’s current standards and practices, the 94TTB relay will be removed and DTT receive supervision and contact multiplication will be performed internally in the existing 21B/LN92 relay. Minor wiring changes are required for the modification. The Connecting Transmission Owner proposes that Transmission Developer also perform DTT receive supervision with step-distance elements within the 21B relay at the Van Wagner Substation.

c. Other Line 92 Relaying

The existing SEL-351 relays used for breaker failure and reclosing shall be reset to support any changes needed.

A-17

SERVICE AGREEMENT NO. 2599

ii. Telecommunications

An existing private fiber optic cable facility with RFL IMUX2000 multiplexers is

currently used between the Leeds and Pleasant Valley substations for Line 92 protection

communications. This existing private fiber optic cable shall interconnect with the Transmission   
Developer’s new private fiber cable looping in and out of the Van Wagner Substation. The RFL   
IMUX2000 equipment shall be modified at the Leeds Substation for connection to the Van   
Wagner Substation. The new private fiber connection to the Van Wagner Substation will also   
support telecommunications using a SONET type multiplexer for additional operational data   
from the Van Wagner Substation. The "A" RFL IMUX at the Leeds Substation will re-use the   
existing Line 92 C37.94 modules and existing fiber connections to the ‘A’ package SEL-411L   
relay. The "A" RFL IMUX2000 at the Leeds Substation will also be modified with additional T-

1 modules for future connection to the Athens Substation to enable Line 91 protection comms

from the Athens to Van Wagner substations using the new private fiber connection. A new SEL ICON SONET mux will be installed in the existing rack on the Leeds "A" side to support   
additional operational data such as the EMS RTU from the Van Wagner Substation. A duplex   
single-mode LC-LC fiber optic cable shall be used to connect the SEL ICON to the fiber patch   
panel in the telecom rack.

III. Network Upgrade Facilities Concerning Connecting Transmission Owner’s

Transmission Lines

A. Fort Orange Tap

The interconnection at Fort Orange is currently located between existing structures 37

and 39 on the Greenbush-Hudson Line 15. The Transmission Project involves moving the tap to the new Schodack-Falls Park Line 14N. Both the current Line 15 and the new Line 14N to be used for interconnection will remain under Connecting Transmission Owner’s ownership and control. The POI between the Connecting Transmission Owner and the Fort Orange facility (Castleton Energy Centre) will remain unchanged.

This move will require removal of the following:

 Approximately 175 circuit feet of 336.4 ASCR 26/7 "LINNET";

 Approximately 175 linear feet of 3/8" 7-strand galvanized steel shieldwire; and  One (1) existing wood single pole deadend (Structure 801).

This move will require the installation of the following:

 One (1) steel H-frame deadend tapping structure w/ caisson foundations;

 One (1) steel H-frame single shieldwire deadend with caisson foundations;

 Two (2) vertical switch structures with vertical load break disconnect switches;  Three (3) floating deadend assemblies;

 Approximately 200 circuit feet of 336.4 ASCR 26/7 "LINNET" conductor; and  Approximately 200 linear feet of 3/8" 7 strand galvanized steel shieldwire.

A-18

SERVICE AGREEMENT NO. 2599

125’ x 125’ work pads will be required for the installation of the concrete caisson foundations and steel pole structures.

Relay resetting and drawing updates will be performed for the Fort Orange facility to reflect the new Line 14N Tap location in accordance with a separate engineering, procurement, and construction agreement, as described below.

B. ADM Milling Tap

Transmission Developer will remove Structure 601 on the Hudson-Pleasant Valley

(Central Hudson) Line 12 - ADM Milling Tap and will perform new construction from the new   
Churchtown (Transmission Developer)-Hudson Line 12 mainline to structure 602. Connecting   
Transmission Owner shall review the connection from the new structure into structure 602.

Relay resetting and drawing updates will be performed for the ADM Milling facility to reflect the Line 12 Tap location in accordance with a separate engineering, procurement and construction agreement, as described below.

C. Churchtown Tap

To interconnect the new Churchtown Substation (Transmission Developer), Transmission Developer will remove structure 255 of the existing North Catskill-Milan Line T7 and LafargePleasant Valley (Central Hudson) Line 8 and install new structure. Connecting Transmission Owner shall review the connection to structure 254 from new mainline structure.

D. Hudson Tap

Transmission Developer will remove structures 178, 178-1, 178-2 on the existing

Greenbush-Hudson Line 15 and Schodack-Falls Park Line 14). Removal will also take place for structure 501 and 502 on the Greenbush-Hudson Line 15) along with structures 502-1 and 502-2 on the Hudson-Pleasant Valley (Central Hudson) Line 12). New construction to structure 503 will also be performed by Transmission Developer. Connecting Transmission Owner shall   
review the connection to structure 503.

E. Knickerbocker Tap

Transmission Developer will remove structures 78 to 80 of the existing New ScotlandAlps Line 2 as part of the Transmission Project to accommodate the interconnection of the Knickerbocker Station. Connecting Transmission Owner shall review the interconnections at structures 77 and 1 for the new Lines 2A and 2B.

F. Line 14N Interconnection Point

Transmission Developer will as part of the Transmission Project install a new structure   
south of Structure 56 on the Schodack-Falls Park Line 14 and remove conductor and shield wire

A-19

SERVICE AGREEMENT NO. 2599

south of Structure 56. Connecting Transmission Owner shall review connection from structure

56 to the new structure.

G. Valkin Tap

Transmission Developer will remove structures 401, 402, 403, 404A, 404-1, 404-2, and   
404 of the existing Greenbush-Hudson Lin 15 - Valkin Tap and Schodack-Falls Park (NYSEG)   
Line 14 - Valkin Tap and will perform new construction connecting from the mainline to   
structure 405. Connecting Transmission Owner shall review the new structure and conductoring   
into structure 405.

H. Van Wagner Tap

Transmission Developer will remove structure 415 on the existing Athens-Pleasant

Valley (Con Edison) Line 91 and structure 517 on the existing Leeds-Pleasant Valley Line 92   
and install four (4) new structures to support both lines and new construction to structures 414   
and 516. Connecting Transmission Owner shall review connections from the new structure to   
structure 414 and from the new structure to structure 516. As the result of an approved NYISO   
non-material determination for the Van Wagner Alternative, a supplemental Facility Study   
Report is in process of being prepared by the Connecting Transmission Owner to capture any   
relay setting and drawing updates to the Athens and Leeds substations. The Parties agree to   
amend this Agreement to incorporate any material modifications resulting from this   
supplemental Facility Study Report.

IV. Network Upgrade Facilities at Transmission Developer’s Substations

Transmission Developer will design, procure, construct, and install the Network Upgrade Facilities described in this Section IV of Appendix A in accordance with the requirements listed below, to the extent not inconsistent with: the terms of this Agreement; the ISO OATT;   
applicable NYISO procedures and requirements; industry standards and specifications;   
regulatory requirements; Good Utility Practice; or the Connecting Transmission Owner’s   
applicable Electric System Bulletins ("ESBs"), provided at

[https://www.nationalgridus.com/ProNet/Technical-Resources/Electric-Specifications.](https://www.nationalgridus.com/pronet/technical-resources/electric-specifications./)

Transmission Developer shall submit all engineering design and electrical specifications

associated with the Network Upgrade Facilities to the Connecting Transmission Owner for its review and acceptance in accordance with the applicable ESBs.

A. Churchtown Substation

1. Revenue Metering

The revenue metering for the Churchtown (Transmission Developer)-North Catskill Line

5 shall be owned, operated, tested and maintained by the Connecting Transmission Owner, and   
located at the Transmission Developer’s Churchtown Substation in the control house in close   
proximity to the Connecting Transmission Owner’s EMS/RTU. The revenue metering for Lines

5 will include:

A-20

SERVICE AGREEMENT NO. 2599

 Three (3) 115kV combination CT/VT metering units;  One (1) meter socket;

 One (1) revenue meter; and

 All required foundations and structures to support the above equipment.

The ratios of the CTs and VTs will be provided upon review of the Transmission

Developer’s design documents in accordance with Connecting Transmission Owner’s Electric   
System Bulletin ("ESB") 752. (Note: The Connecting Transmission Owner’s revenue metering   
CTs and voltage transformers ("VTs") cannot be used to feed Transmission Developer’s check   
meter.)

The requirements for the metering installation are:

 The Connecting Transmission Owner will furnish three (3) 115kV combination

current/potential transformer (CT/PT) units for Transmission Developer to install at the Churchtown Substation.

 The Transmission Developer shall submit a drawing illustrating the installation,

grounding and high side connections as well as the run of conduit routing using a

minimum 2" rigid galvanized steel conduit required from the secondary of the CT/PT   
 combination units to the meter. The conduit routing drawings shall be submitted to the   
 Connecting Transmission Owner for review. Refer to ESB 752 for further details.   
  The Transmission Developer will mount and make grounding and primary wire   
 connections to the CT/PT combination units in the Transmission Developer’s   
 substations.

 The Transmission Developer will furnish and install a billing meter panel in the control

enclosure in accordance with ESB 752 and ESB 750. Connecting Transmission Owner will provide the meter sockets for the Transmission Developer to install on the billing meter panels. The billing meter panels must be near the RTU.

 Connecting Transmission Owner will provide and wire both ends of the color-coded

instrument transformer secondary cables. The Transmission Developer will facilitate

this. Transmission Developer will run the cables to prepare for Connecting Transmission Owner to terminate the cables. The Transmission Developer will provide the Connecting Transmission Owner the length required.

 The Connecting Transmission Owner will supply and install the revenue meter.

 Station DC is required for the revenue meters.

The metering of any redundant or standby station service provisions at Transmission Developer’s Churchtown Station shall be added in accordance with Connecting Transmission Owner’s retail tariff, PSC No. 220 and its ESB 750.

2. RTU

An RTU must be installed at Transmission Developer’s Churchtown Substation for data   
transmittal. Connecting Transmission Owner will procure and provide the RTU to the   
Transmission Developer for installation on a mounting panel within Transmission Developer’s

A-21

SERVICE AGREEMENT NO. 2599

Churchtown Substation control house. The RTU cabinet is typically 42" H x 30" W x 12" D and shall be wall-mounted with the bottom edge 36" above the floor with a 5-foot clear working space in front of the mounting panel.

Transmission Developer shall install the RTU indoors and within 15 feet of the meter(s), and remote from:

 Heavy traffic areas, work areas, and loading areas;

 Heat producing or high electrostatic or electromagnetic field producing equipment;   
 and

 Station batteries.

Transmission Developer will provide a dedicated 20A, 120VAC, single phase 60 hertz power circuit is required for the RTU. Transmission Developer will provide conduit and wiring (minimum of No. 10 AWG copper) to the RTU cabinet that shall enter the cabinet from the bottom. A 3-ft length of all conductors shall be provided for final Connecting Transmission Owner connection. Transmission Developer will provide the dedicated 10A, 48VDC or   
125VDC circuit that is required to the RTU from the station battery. Connecting Transmission Owner will complete the wiring, testing, and commissioning of the RTU.

3. Telecommunications

A new Telco fiber facility will be required at Transmission Developer’s Churchtown Substation for data transmittal. The new fiber facility shall provide:

 One (1) T1 MPLS w/ 128k port service for EMS-RTU.

Transmission Developer is responsible for ordering the fiber facility required at its Churchtown Substation.

B. Knickerbocker Substation

1. Revenue Metering

The revenue metering for the Knickerbocker-Pleasant Valley Line Y57 shall be owned, operated, tested, and maintained by the Connecting Transmission Owner, and located at   
the Knickerbocker Station in the control house in close proximity to the Connecting   
Transmission Owner’s EMS/RTU.

The requirements for the metering installation are:

 The Transmission Developer will purchase and install three (3) 345kV combination   
 current/potential transformer (CT/PT) units specified by the Connecting Transmission   
 Owner.

 The ratios of the CTs and PTs will be provided upon review of the Transmission   
 Developer’s design documents according to ESB 752.

A-22

SERVICE AGREEMENT NO. 2599

 The Transmission Developer shall submit a drawing illustrating the installation,

grounding and high side connections as well as the run of conduit routing using a

minimum 2" rigid galvanized steel conduit required from the secondary of the CT/PT   
 combination units to the meter. The conduit routing drawings shall be submitted to the   
 Connecting Transmission Owner for review. Refer to ESB 752 for further details.   
  The Transmission Developer will mount and make grounding and primary wire   
 connections to the CT/PT combination units in the Transmission Developer’s substations.  The Transmission Developer will furnish and install a billing meter panel in the control   
 enclosure in accordance with ESB 752 and ESB 750. Connecting Transmission Owner   
 will provide the meter sockets for the Transmission Developer to install on the billing   
 meter panels. The billing meter panels must be near the RTU.

 Connecting Transmission Owner will provide revenue metering wiring with both ends of   
 instrument transformer secondary cables with the acceptable color-coding. Transmission   
 Developer will run the cable and prepare for Connecting Transmission Owner to   
 terminate the cables. The Transmission Developer will inform the Connecting   
 Transmission Owner of the cable length required and will facilitate access to the   
 substation splice locations.

 The Connecting Transmission Owner will supply and install the revenue meter.  Station DC is required for the revenue meters.

The metering of any redundant or standby station service provisions at Transmission Developer’s Knickerbocker Substation shall be added in accordance with the Connecting Transmission Owner’s retail tariff, PSC No. 220 and its ESB 750.

2. RTU

An RTU must be installed at Transmission Developer’s Knickerbocker Substation for data transmittal. The Connecting Transmission Owner will procure and provide the RTU to the Transmission Developer for installation on a mounting panel within the Knickerbocker   
Substation control house. The RTU cabinet is typically 42" H x 30" W x 12" D and shall be   
wall-mounted with the bottom edge 36" above the floor with a 5-foot clear working space in   
front of the mounting panel. The Transmission Developer shall install the RTU indoors and   
within 15 feet of the meter(s), and remote from:

 Heavy traffic areas, work areas, and loading areas;

 Heat producing or high electrostatic or electromagnetic field producing equipment;   
 and

 Station batteries.

Transmission Developer will provide a dedicated 20A, 120VAC, single phase 60 hertz power circuit required for the RTU. Transmission Developer will provide conduit and wiring (minimum of No. 10 AWG copper) to the RTU cabinet that shall enter the cabinet from the bottom. A 3-ft length of all conductors shall be provided for final Connecting Transmission Owner connection. Transmission Developer will provide the dedicated 10A, 48VDC or   
125VDC circuit that is required to the RTU from the station battery. Connecting Transmission Owner will complete the wiring, testing, and commissioning of the RTU.

A-23

SERVICE AGREEMENT NO. 2599

3. Telecommunications

A new Telco fiber facility will be required at Transmission Developer’s Knickerbocker   
Substation for protection systems and data transmittal. The new fiber facility shall provide:

 One (1) T1 MPLS w/ 128k port service for EMS-RTU.

The telecom equipment must be compatible with the New Scotland and Alps Substations. Transmission Developer is responsible for ordering the fiber facility required at its   
Knickerbocker Substation.

V. Interconnection to and Network Upgrade Facilities for Other Connecting

Transmission Owners’ Transmission Systems

A. New York State Electric & Gas Corporation

Portions of the Transmission Project will interconnect to the New York State

Transmission System at existing transmission facilities owned and operated by New York State   
Electric & Gas Corporation ("NYSEG"), which is also a Connecting Transmission Owner for the   
Transmission Project. The draft NYSEG Facilities Study identified certain Network Upgrade   
Facilities at NYSEG’s Fall Park 115 kV Substation, Craryville 115 kV Substation, Klinekill   
115/34.5 kV Substation, and Coopers Corner 345 kV Substation that are required to reliably   
interconnect the Transmission Project to NYSEG’s system. The Transmission Developer,   
NYSEG, and the NYISO will enter into a separate Transmission Project Interconnection   
Agreement concerning the interconnection of the Transmission Project to NYSEG’s facilities   
and the construction or installation of the related Network Upgrade Facilities on NYSEG’s   
facilities.

B. Central Hudson Gas & Electric Corporation

Portions of the Transmission Project will interconnect to the New York State

Transmission System at existing transmission facilities owned and operated by Central Hudson Gas & Electric Corporation ("Central Hudson"), which is also a Connecting Transmission   
Owner for the Transmission Project. The Facilities Study identified certain Network Upgrade Facilities at Central Hudson’s Milan 115 kV Substation, North Catskill Substation, Pleasant   
Valley 115 kV Substation, Rock Tavern 345 kV and 115 kV Substations, and Roseton 345 kV Substation that are required to reliably interconnect the Transmission Project to Central   
Hudson’s system. The Transmission Developer, Central Hudson, and the NYISO will enter into a separate Transmission Project Interconnection Agreement concerning the interconnection of the Transmission Project to Central Hudson’s facilities and the construction or installation of the related Network Upgrade Facilities on Central Hudson’s facilities.

A-24

SERVICE AGREEMENT NO. 2599

C. Consolidated Edison Company of New York, Inc.

Portions of the Transmission Project will interconnect to the New York State

Transmission System at existing transmission facilities owned and operated by Consolidated   
Edison Company of New York, Inc. ("Con Edison"), which is also a Connecting Transmission   
Owner for the Transmission Project. The Facilities Study identified certain Network Upgrade   
Facilities at Con Edison’s Pleasant Valley 345 kV Substation and its Cricket Valley 345 kV   
Substation. The Pleasant Valley Substation upgrades will entail the creation of a new bay and   
relocation of existing 345kV feeders, which interconnect the Cricket Valley Substation, and the   
interconnection of the Transmission Project’s new 345 kV feeder # Y59. In addition, there will   
be a reconductoring for approximately 0.8 miles of the existing feeders 91 and 92 from the Van   
Wagner Cap Bank Station into Pleasant Valley and the interconnection of a new Phase Angle   
Regulator on line #398, that are required to reliably interconnect the Transmission Project to the   
New York State Transmission System. Transmission Developer, Con Edison, and the NYISO   
will enter into a separate Transmission Project Interconnection Agreement concerning the   
interconnection of the Transmission Project to Con Edison’s facilities and the construction or   
installation of the related Network Upgrade Facilities on Con Edison’s facilities.

D. Orange and Rockland Utilities, Inc.

Portions of the Transmission Project will interconnect to the New York State

Transmission System at existing transmission facilities owned and operated by Orange and

Rockland Utilities, Inc. ("O&R"), which is also a Connecting Transmission Owner for the

Transmission Project. The Facilities Study identified certain Network Upgrade Facilities at

O&R’s Sugarloaf 138 kV Substation that are required to reliably interconnect the Transmission Project to O&R’s system. The Transmission Developer, O&R, and the NYISO will enter into a separate Transmission Project Interconnection Agreement concerning the interconnection of the Transmission Project to O&R’s facilities and the construction or installation of the related   
Network Upgrade Facilities on O&R’s facilities.

VI. Affected System Upgrade Facilities

The Transmission Interconnection Studies for the Transmission Project identified New York Power Authority ("NYPA"), Castleton Power, LLC (for the Fort Orange Substation), Holcim (US) Inc. (for the LaFarge Substation), and ADM Milling Co. (for the ADM Milling Substation) as Affected System Operators, which systems are impacted by the Transmission Project. The Facilities Studies conducted for the Transmission Project identified certain   
Network Upgrade Facilities required for these Affected Systems.

A. NYPA

The Transmission Interconnection Studies for the Transmission Project identified that   
certain Network Upgrade Facilities at NYPA’s East Transition 345 kV Substation, West   
Transition 345 kV Substation, and Dolson Ave. 345 kV Substation are required in connection   
with the Transmission Project. This work will be performed in accordance with the terms of an

A-25

SERVICE AGREEMENT NO. 2599

engineering, procurement, and construction agreement by and among the NYISO, Transmission Developer, and NYPA.

B. Fort Orange Substation

The Transmission Interconnection Studies for the Transmission Project identified that modifications to the relay settings at the Fort Orange Substation are required in connection with the Transmission Project. The relay resetting and drawing updates will be performed for the Fort Orange Substation to reflect the new Line 14N Tap location in accordance with the terms of an engineering, procurement, and construction agreement by and among the Transmission   
Developer, Castleton Power, LLC, and the NYISO.

C. LaFarge Substation

The Transmission Interconnection Studies for the Transmission Project identified that

certain Network Upgrade Facilities at the LaFarge Substation are required in connection with the Transmission Project. This work including, but not limited to, relay resetting, and drawing   
updates will be performed for the LaFarge Substation to reflect the new Line 8 Tap location in accordance with the terms of an engineering, procurement, and construction agreement by and among the Transmission Developer, LaFarge, and the NYISO.

D. ADM Milling

The Transmission Interconnection Studies for the Transmission Project identified that   
certain Network Upgrade Facilities at the ADM Milling Substation are required in connection   
with the Transmission Project. This work will be performed in accordance with the terms of an   
engineering, procurement, and construction agreement by and among the NYISO, Transmission   
Developer, and ADM Milling. The work will include performance of calculations for the   
resetting of relays, and the update to drawings to reflect the new line nomenclature.

A-26

SERVICE AGREEMENT NO. 2599 VII. Cost Estimates

Q543 Segment B Facilities Study Estimate

Network Upgrade Facilities

Engineering, design, construction, testing and commissioning of Network Upgrade Facilities.

Schodack Station $3,683,400

Greenbush Station $311,600

Valk in Station $194,900

Hudson Station $880,800

New Scotland Station $82,600

Alps Station $469,900

Blue Stores Station $3,539,800

Churchtown(Transco) Station $294,000

Knick erbock er Station $182,000

Athens Station $199,700

Leeds Station $224,100

Fort Orange Tap $2,056,100

ADM Milling Tap $4,700

Churchtown(Transco Tap) $4,700

Hudson Tap $4,700

Blue Stores Tap $4,700

Knick erbock er Tap $4,700

Line 14 Interconnection Point $4,700

Valk in Tap $4,700

Van Wagner Tap $4,700

Buck ley Corners $117,400

NUF Subtotal $12,273,900

Contingency $3,246,300

TOTAL $15,520,200

VIII. Security

Pursuant to Article 11.4 of this Agreement, Transmission Developer will provide

Connecting Transmission Owner with Security in the amount of $9,806,664 which reflects the   
estimated costs for the NUFs less the amount paid by Transmission Developer in accordance

A-27

SERVICE AGREEMENT NO. 2599

with the Reimbursement Agreement between Connecting Transmission Owner and Transmission   
Developer dated as of December 11, 2020 and the costs of the Blue Stores Substation upgrades   
and Tap work as detailed in the Facility Study report (the "Implementation Cost Security"). In   
addition, pursuant to Article 5.12.3 of this Agreement, Connecting Transmission Owner may   
require Transmission Developer to provide Connecting Transmission Owner with security in an   
amount equal to the cost consequences of any current tax liability under Article 5.12 of this   
Agreement (the "Tax Gross-Up Security"). If the Connecting Transmission Owner requires   
delivery of the Tax Gross-Up Security, then, on or before fifteen (15) Calendar Days before the   
Final Invoice is issued to Transmission Developer pursuant to Article 12 of this Agreement,   
Connecting Transmission Owner shall provide to Transmission Developer written notice of the   
face amount of the Tax Gross-Up Security required ("Tax Gross-Up Security Amount"), which   
will be equal to the cost consequences of any current tax liability under Article 5.12 of this   
Agreement calculated on a fully grossed-up basis in accordance with Article 5.12.4 of this   
Agreement. On or before thirty (30) Calendar Days following the date on which Connecting   
Transmission Owner issues such Final Invoice to Transmission Developer pursuant to Article 12   
of this Agreement, Transmission Developer shall deliver to Connecting Transmission Owner, if   
required by Connecting Transmission Owner, the Tax Gross-Up Security having a face amount   
equal to the Tax Gross-Up Security Amount. The form of security provided for the   
Implementation Cost Security and the Tax Gross-Up Security will each be a letter of credit.

A-28

SERVICE AGREEMENT NO. 2599

Figure A-1 Post Project Diagram

[CONTAINS CEII - THIS PAGE REMOVED FROM PUBLIC VERSION]

A-29

SERVICE AGREEMENT NO. 2599

APPENDIX B

MILESTONES

Milestone Date Responsible Party

1. Execute Engineering & Completed Connecting Transmission

Procurement Agreement to Owner/ Transmission

advance the Transmission Project Developer

schedule

2. Issue written authorization to Completed Transmission Developer

proceed with engineering

3. Prepayment issued and received Completed Connecting Transmission

Owner/Transmission

Developer

4. Start engineering of Transmission Completed Transmission Developer

Project

5. Start engineering of Network Completed Connecting Transmission

Upgrade Facilities Owner

6. Start limited construction of Completed Connecting Transmission

Network Upgrade Facilities at Owner

Schodack Substation

7. Execute Agreement 2/2021 Connecting Transmission

Owner/Transmission   
Developer/ NYISO

8. Post Security deposit 30-days post Transmission Developer

Agreement execution

9. Receipt of Article VII certification 02/2021 Transmission Developer

and receipt of NY PSC Notice to   
Proceed

10. Closing of lease for property rights 03/2021 Connecting Transmission

Owner/Transmission Developer

11. Start construction of Transmission 03/2021 Transmission Developer

Project

B-1

SERVICE AGREEMENT NO. 2599

Milestone Date Responsible Party

12. Complete line construction for 05/2021 Transmission Developer

Churchtown Station Bypass

13. Start demolition of the existing 05/2021 Transmission Developer

Churchtown substation

14. Initial closing for Asset Purchase 06/2021 Connecting Transmission

Agreement Owner/Transmission

Developer

15. Complete engineering for 07/2021 Transmission Developer

Transmission Project principle

components

16. Retire #15 line between structure 09/2021 Connecting Transmission

56 to 86 Owner

17. Complete new line construction 10/2021 Transmission Developer

from new structure 2031.1 to

2031.2

18. Complete engineering for 12//2021 Connecting Transmission

principle Network Upgrade Owner

Facilities

19. Energization of Churchtown 10/2022 Transmission Developer

Substation

20. Energize Line #Y57 between 03/2023 Transmission Developer

Knickerbocker and Pleasant

Valley 345kV

21. Complete construction of Van 04/2023 Transmission Developer

Wagner Substation

22. Final closing for Asset Purchase 5/2023 Connecting Transmission

Agreement Owner/Transmission

Developer

23. Complete construction of 5/2023 Transmission Developer

Knickbocker Substation

24. Complete testing and 5/2023 Transmission Developer

commissioning of transmission line work

B-2

SERVICE AGREEMENT NO. 2599

Milestone Date Responsible Party

25. Complete testing and 5/2023 Connecting Transmission

commissioning of Connecting Owner

Transmission Owner substation

work

26. Complete construction of 11/2023 Transmission Developer

Transmission Project

27. Complete construction of Network 11/2023 Connecting Transmission

Upgrade Facilities Owner

28. Complete testing and 12/2023 Connecting Transmission

commissioning Owner/ Transmission

Developer

29. Initial Synchronization Date for 12/2023 Connecting Transmission

Transmission Project Owner/Transmission

Developer

30. In-Service Date for Transmission 12/2023 Connecting Transmission

Project Owner/Transmission

Developer

31. Completion of As Builts 12/2024 Connecting Transmission

Owner/Transmission Developer

32. Project closeout completed 09/2025 Connecting Transmission

Owner

33. Final invoicing 12/2025 Connecting Transmission

Owner

This milestone schedule is contingent upon, but not limited to, outage scheduling, the

Connecting Transmission Owner’s and the Transmission Developer’s successful compliance with the requirements, timely completion of its obligations under this Agreement, and   
applicable governmental requirements.

B-3

SERVICE AGREEMENT NO. 2599

APPENDIX C

INTERCONNECTION DETAILS

1. Description of the Transmission Project

The Transmission Project Q543 - the New York Energy Solution Project - was

submitted by the Transmission Developer and Connecting Transmission Owner and evaluated in   
the NYISO's Public Policy Transmission Planning Process to address Segment B of the AC   
Transmission Needs identified by the New York Public Service Commission in its December 17,   
2015 order in its Case No. 12-T-0502. The NYISO Board of Directors selected the Transmission   
Project as the more efficient and cost-effective transmission solution to Segment B of the AC   
Transmission Needs on April 8, 2019. Transmission Developer and Connecting Transmission   
Owner entered into the Development Agreement with the NYISO for purposes of constructing   
the Transmission Project and placing it in-service to satisfy the Public Policy Transmission   
Need. Connecting Transmission Owner subsequently assigned its rights, duties, and obligations   
under the Development Agreement to Transmission Developer on March 10, 2020, giving   
Transmission Developer sole rights to the development of the Transmission Project. The   
Transmission Developer will develop the Transmission Project in accordance with the terms of   
the Development Agreement.

The Transmission Project will be mainly located in three counties (Rensselaer, Columbia   
and Dutchess) in the northern and mid-Hudson Valley, New York and includes the following   
new facilities that will be constructed, owned, and operated by the Transmission Developer:

 A new 345 kV/115 kV double-circuit transmission line from a new Knickerbocker   
 switching station to the existing Pleasant Valley substation, and the rebuild of   
 approximately 2.1 miles of the 115 kV Blue Stores Tap;

 A new 345 kV Knickerbocker switching station at the proposed, greenfield site in

Schodack, New York, which will house a bypassable 50% series compensator for the new 345 kV Knickerbocker to Pleasant Valley transmission line;

 Rebuild of the existing NYSEG Churchtown 115 kV switching station in Claverack, New   
 York, which will require decommissioning of the existing facility;

 Replacement of certain limiting element terminal equipment at the 345 kV Roseton

substation to increase the thermal rating of Roseton to East Fishkill 345 kV transmission line #305 and the 345 kV New Scotland substation to increase the thermal ratings on the New Scotland to Knickerbocker 345 kV transmission line #2A; and

 Two new 135 MVAR 345 kV capacitor banks electrically connected to the Pleasant   
 Valley 345 kV substation.

The Transmission Project includes additional upgrades to existing transmission facilities as identified by the NYPSC in its December 17, 2015 order identifying the AC Transmission Public Policy Transmission Needs.

C-1

SERVICE AGREEMENT NO. 2599

 Terminal upgrades of certain limiting elements to the Rock Tavern 345 kV substation and   
 Coopers Corners substation; and

 Upgrades to the Shoemaker to Sugarloaf 138 kV facilities. These originally identified

upgrades to the Shoemaker to Sugarloaf 138kV facilities have been modified through the   
NYISO sanctioned non-material determination (NMD) process. As was approved by the   
NYISO NMD evaluation/ vetting process, this portion of the Transmission Project now   
involves certain modifications to the Central Hudson 115 kV Rock Tavern Substation   
connecting to the Orange & Rockland 138 kV Sugarloaf Substation. These modification   
will be addressed in each of the Connecting Transmission Owner’s interconnection

agreements.

Additional details concerning the Transmission Project are set forth in Appendices A and B of the Development Agreement.

2. Description of the Points of Interconnection and Points of Change of Ownership

The Point of Interconnection ("POI") and Point of Change in Ownership ("PCO") are identified in the table below and are also shown in the POI one line diagrams that follow. The POI and PCO are the same location since the Transmission Project will not require any Connecting Transmission Owner’s Attachment Facilities, as the transfer of ownership of the feeders occurs at the tower insulator hardware. The POI/PCO locations are:

Transmission Line # Structure Structure Description of Change in

Line Designation Number Description Ownership

where where

POI/PCO Is POI/PCO Is

Located Located

Schodack - 14 2002.3 Double Transmission Developer will

Valkin Circuit own the structure, jumpers,

Transition Deadend connectors, etc. necessary to

Tower connect the Connecting

Transmission Owner’s

conductors and OPGW/

OHGW to the Transmission   
Developer’s facilities at the   
POI/PCO. Connecting   
Transmission Owner will own   
the transmission line on the   
Connecting Transmission   
Owner’s side of the structure   
(including the hardware   
necessary to deadend   
Connecting Transmission   
Owner’s conductor and   
OHGW onto the structure).   
(hereinafter referred to as

C-2

SERVICE AGREEMENT NO. 2599

Transmission Line # Structure Structure Description of Change in

Line Designation Number Description Ownership

where where

POI/PCO Is POI/PCO Is

Located Located

"Typical Deadend" See

Figure C-15 ). (See Figure C-

1 for POI detail)

Knickerbocker 6 1 Deadend Connecting Transmission

- Alps tower Owner will own the structure,

jumpers, and transmission   
line on the Connecting   
Transmission Owner’s side.   
Transmission Developer will   
own the transmission line on   
the Transmission Developer’s   
side of the structure

(including the hardware   
necessary to deadend   
Transmission Developer’s   
conductor) (See Figure C-2)

New Scotland 2 77 3 pole Connecting Transmission

- deadend Owner will own the structure,

Knickerbocker jumpers, and transmission

line on the Connecting

Transmission Owner’s side.   
Transmission Developer will   
own the transmission line on   
the Transmission Developer’s   
side of the structure

(including the hardware   
necessary to deadend   
Transmission Developer’s   
conductor) (See Figure C-3)

Schodack - 14 2031.1 Deadend Typical Deadend (See Figure

Valkin Tower C-4)

Valkin - Falls 19-730 2031.2 Deadend Typical Deadend (See Figure

Park Tower C-5)

C-3

SERVICE AGREEMENT NO. 2599

Transmission Line # Structure Structure Description of Change in

Line Designation Number Description Ownership

where where

POI/PCO Is POI/PCO Is

Located Located

Falls Park - 20-731 2122.3 Deadend Pole Typical Deadend. (See Figure

Hudson C-6). OPWG splice box on

structure # 2123 -345kV

monopole structure not shown

in figure C-6

Hudson - 12 2123.3 Deadend Pole Typical Deadend (See Figure

Churchtown C-7)

Hudson- 12 2136.2 H Frame Existing POI between

Churchtown - Deadend Connecting Transmission

ADM Milling tower Owner’s and ADM Milling’s

Tap facilities will remain

unchanged. For POI/PCO   
between Transmission   
Developer and Connecting   
Transmission Owner, follow   
Typical Deadend language   
(See Figure C-8)

Lafarge- 8 254.1 Double Typical Deadend (See Figure

Churchtown Circuit C-9)

Deadend

Tower

North 5 254.1 Double Typical Deadend (See Figure

Catskill- Circuit C-10)

Churchtown Deadend

tower

Churchtown- 4 602 H Frame Typical Deadend. OPWG

Blue Stores Deadend ownership to transition on

splice box on structure. (See

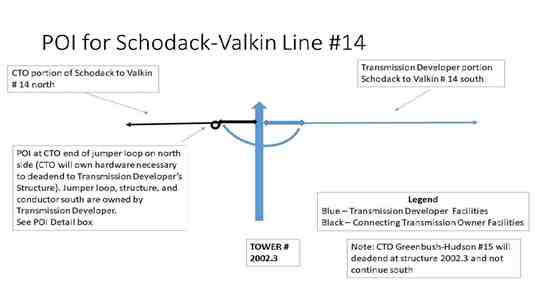
Figure C-11)

Blue Stores - T7 702 H Frame Connecting Transmission

Milan Deadend Owner will own the structure,

jumpers, and transmission   
line on the Connecting   
Transmission Owner’s side.   
Transmission Developer will   
own the transmission line on   
the Transmission Developer’s

C-4



SERVICE AGREEMENT NO. 2599

Transmission Line # Structure Structure Description of Change in

Line Designation Number Description Ownership

where where

POI/PCO Is POI/PCO Is

Located Located

side of the structure

(including the hardware   
necessary to deadend   
Transmission Developer’s   
conductor) (See Figure C-12)

Athens-Van 91 414.5 H Frame Typical Deadend (See Figure

Wagner tower C-13)

Leeds-Van 92 516.5 H Frame Typical Deadend (See Figure

Wagner tower C-14)

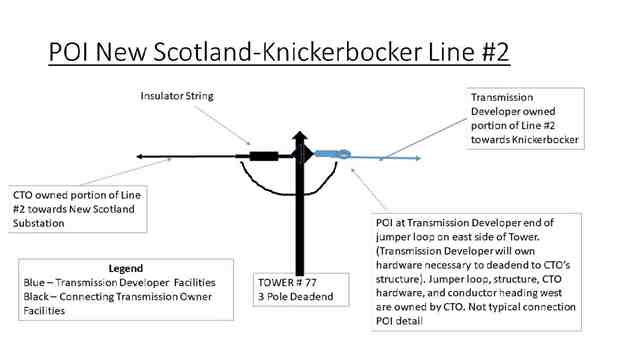
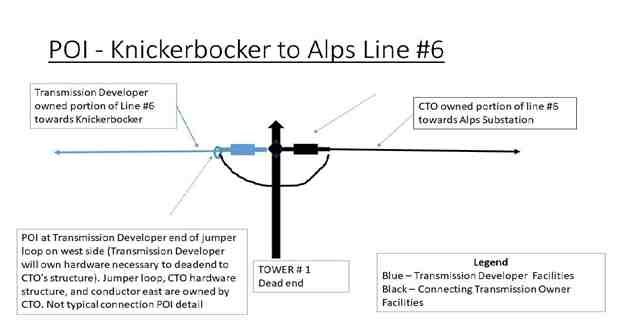
NOTE: the existing POI’s for the ADM Milling and LaFarge facilities will not change as the result of this Transmission Project. The PCO/POI identified in the table above is for the   
interconnections between Transmission Developer and Connecting Transmission Owner only. The POI between the Fort Orange facility and Connecting Transmission Owner will be   
transferred from one Connecting Transmission Owner feeder (#15) to another Connecting   
Transmission Owner feeder (# 14).

NOTE: The line numbers used in this Agreement are those used in documentation

provided by the Transmission Developer for the performance of the Facilities Study. Final line numbers will be determined during final engineering.

Figure C-1

C-5

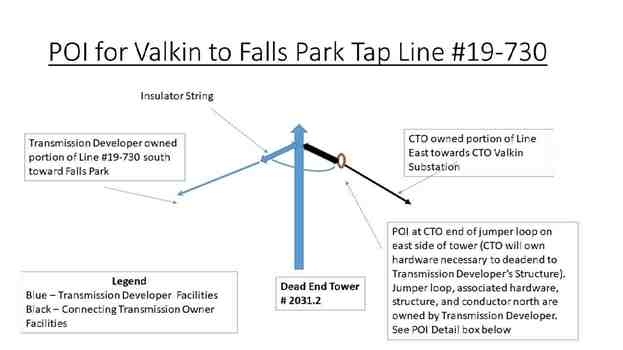
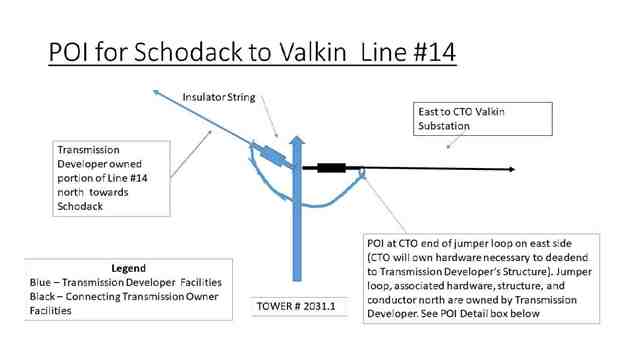


SERVICE AGREEMENT NO. 2599

Figure C-2

Figure C-3

C-6

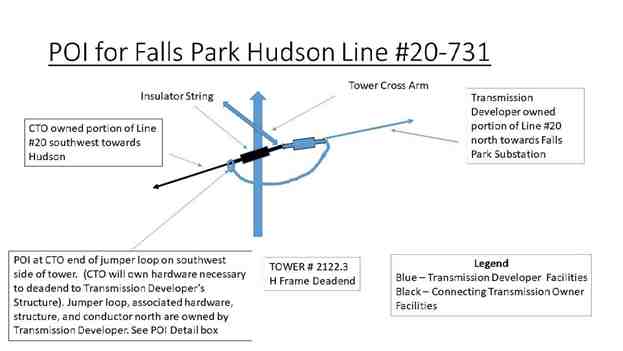
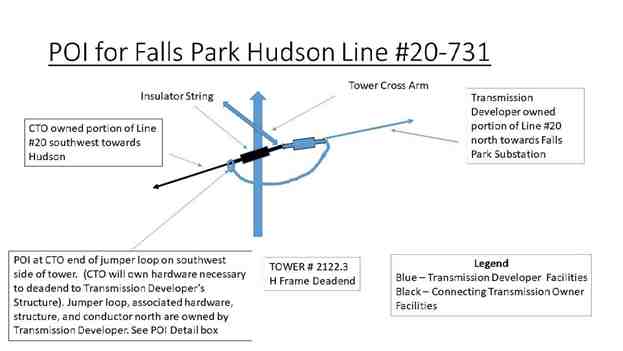


SERVICE AGREEMENT NO. 2599

Figure C-4

Figure C-5

C-7

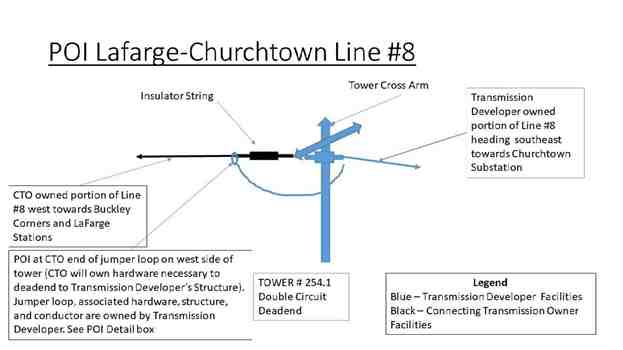
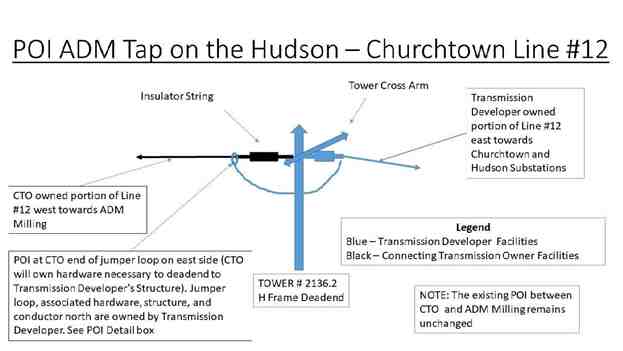


SERVICE AGREEMENT NO. 2599

Figure C-6

Figure C-7

C-8

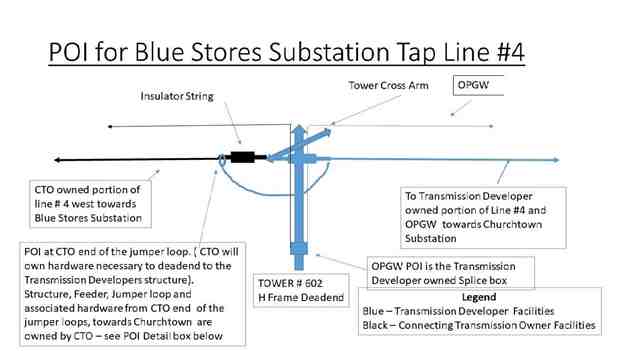
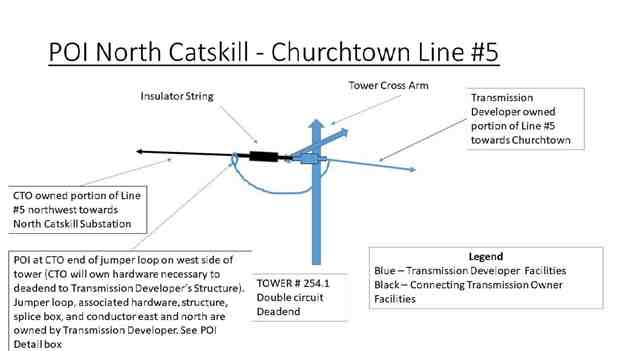


SERVICE AGREEMENT NO. 2599

Figure C-8

Figure C-9

C-9

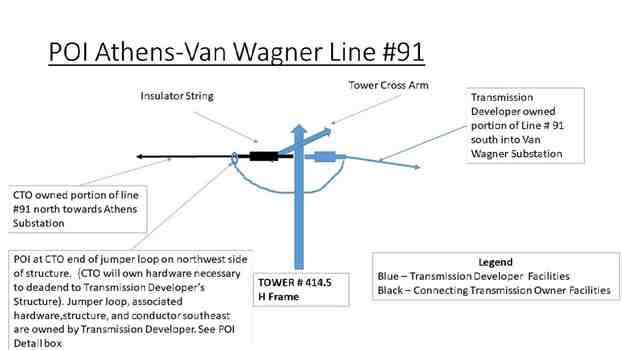
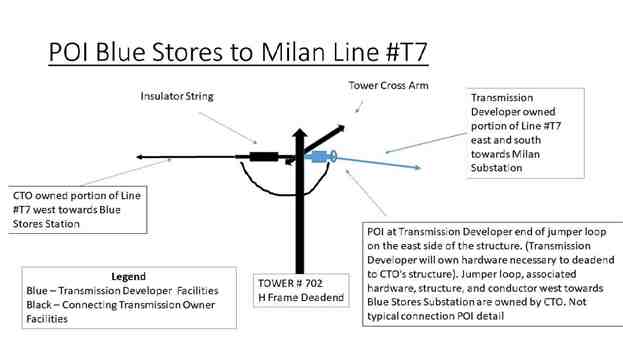


SERVICE AGREEMENT NO. 2599

Figure C-10

Figure C-11

C-10

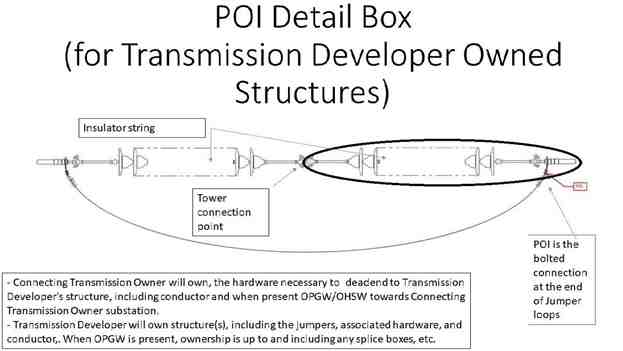
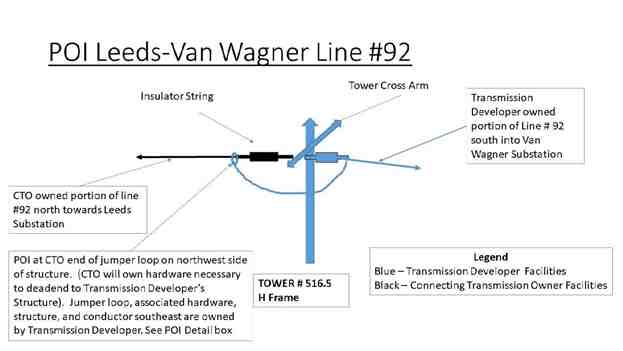


SERVICE AGREEMENT NO. 2599

Figure C-12

Figure C-13

C-11



SERVICE AGREEMENT NO. 2599

Figure C-14

Figure C-15

C-12

SERVICE AGREEMENT NO. 2599

3. Ownership/Control/Maintenance Responsibilities of Network Upgrade Facilities

Connecting Transmission Owner and Transmission Developer shall design, procure,

construct, and install the Network Upgrade Facilities described in Appendix A hereto.

Connecting Transmission Owner shall have physical ownership and control of the Network

Upgrade Facilities. Transmission Developer shall retain financial ownership of the Network

Upgrade Facilities to Connecting Transmission Owner and recover the costs associated with the Network Upgrade Facilities in accordance with Transmission Developer’s FERC-approved formula rate under the ISO OATT.

4. Temporary Operation Configuration Concerning Churchtown Substation

In order to demo NYSEG’s existing Churchtown Substation, and restore the existing

transmission paths between Connecting Transmission Owner, NYSEG, and Central Hudson back   
to service, Transmission Developer will install a temporary "Shoo-Fly" interconnection   
arrangement to install new transmission structures that bypass the existing Churchtown   
Substation and interconnect the affected transmission feeders. Connecting Transmission Owner   
will install a jumper between Line #13 and Line #14 to make a 3 line terminal. The new   
transmission towers (one tower will support a temporary 3 way switch) and conductor to be   
utilized to effectuate the "Shoo-Fly" design will be owned by Transmission Developer and will   
remain in place as an integral component routing the reconductored feeders into the new   
Churchtown Substation once completed. Once the Churchtown Substation is in-service,   
Transmission Developer will remove the temporary 3 way switch. The Points of Interconnection   
for the temporary Shoo-Fly connections with Connecting Transmission Owner are as follows: a   
temporary 3 way switch will be installed on new transmission tower # 2159.1. Each of the   
switch terminals will connect to: (i) Line #13 - the Connecting Transmission Owner’s owned   
portion towards Central Hudson PV115 Substation (POI at 3 way switch); (ii) Line # 14

- NYSEG’s Falls Park Substation (POI at 3 way switch); and (iii) Line # 984 to NYSEG’s Craryville Substation (POI at tower # 2159.5). The temporary Shoo-Fly interconnection arrangement is illustrated in Figure C-16 below.

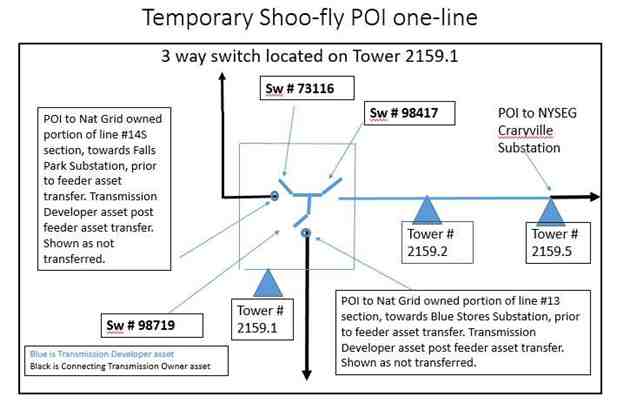
The Points of Interconnection for the temporary connections with the other affected

Connecting Transmission Owners will be included in the respective Transmission Project

Interconnection Agreements. The Transmission Developer will be responsible for the

maintenance of the 3-way switch and the maintenance of the access road to the structure 2159.1.

C-13



SERVICE AGREEMENT NO. 2599

Figure C-16

5. Transmission Developer Operating Requirements

(a) Transmission Developer must comply with all applicable NYISO tariffs and

procedures, as amended from time to time.

(b) Transmission Developer must comply with all applicable NERC Transmission

Owner (TO) and Transmission Planner (TP) criteria and procedures, as amended from time to

time.

(c) Transmission Developer and the affected Connecting Transmission Owners will   
coordinate the scheduling and, under the direction of the National Grid Transmission Control   
Center, the operation of the temporary 3 way switch on Structure 2159.1 until such time as the   
temporary 3 way switch is physically removed. Removal of the switch is anticipated to occur in   
May 2022.

C-14

SERVICE AGREEMENT NO. 2599

APPENDIX D

SECURITY ARRANGEMENTS DETAILS

Infrastructure security of New York State Transmission System equipment and

operations and control hardware and software is essential to ensure day-to-day New York State Transmission System reliability and operational security. The Commission will expect the   
NYISO, all Transmission Owners, all Transmission Developers and all other Market Participants to comply with the recommendations offered by the President’s Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

D-1

SERVICE AGREEMENT NO. 2599

APPENDIX E-1

INITIAL SYCHRONIZATION DATE

[Date]

New York Independent System Operator, Inc. Attn: Vice President, Operations

10 Krey Boulevard

Rensselaer, NY 12144

[Niagara Mohawk Power Corporation d/b/a National Grid   
Attention: Director, Transmission Commercial Services

40 Sylvan Road

Waltham, MA 02541-1120 Phone (781)-795-2672

Email: Kevin.Reardon@nationalgrid.com]

[New York Transco, LLC.

Attn: Paul Haering

Vice President Capital Investments One Hudson City Center

Hudson, NY 12534

Phone: (518) 444-4880

Email: paul.haering@nytransco.com]

Re: [Transmission Project/Network Upgrade Facilities]

Dear :

On [Date] [Transmission Developer/Connecting Transmission Owner] initially synchronized   
the [describe Transmission Project/Network Upgrade Facilities]. This letter confirms   
[Transmission Developer/Connecting Transmission Owner]’s Initial Synchronization Date   
was [specify].

Thank you.   
[Signature]

[Transmission Developer/ Connecting Transmission Owner Representative]

E-1

SERVICE AGREEMENT NO. 2599

APPENDIX E-2

IN-SERVICE DATE

[Date]

New York Independent System Operator, Inc. Attn: Vice President, Operations

10 Krey Boulevard

Rensselaer, NY 12144

[Niagara Mohawk Power Corporation d/b/a National Grid   
Attention: Director, Transmission Commercial Services

40 Sylvan Road

Waltham, MA 02541-1120 Phone (781)-795-2672

Email: Kevin.Reardon@nationalgrid.com]

[New York Transco, LLC.

Attn: Paul Haering

Vice President Capital Investments One Hudson City Center

Hudson, NY 12534

Phone: (518) 444-4880

Email: paul.haering@nytransco.com]

Re: \_\_\_\_\_\_\_\_\_\_\_\_\_ [Transmission Project/Network Upgrade Facilities]

Dear \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_:

On [Date] [Transmission Developer/Connecting Transmission Owner] has completed Trial Operation of [describe Transmission Project/Network Upgrade Facilities]. This letter   
confirms that [describe Transmission Project/Network Upgrade Facilities] [has/have]   
commenced service, effective as of [Date plus one day].

Thank you.

[Signature]

[Transmission Developer/Connecting Transmission Owner Representative]

E-2

SERVICE AGREEMENT NO. 2599

APPENDIX F

ADDRESSES FOR DELIVERY OF NOTICES AND BILLINGS

Notices:

NYISO:

Before commercial operation of the Transmission Project:

New York Independent System Operator, Inc.

Attn: Vice President, System and Resource Planning

10 Krey Boulevard

Rensselaer, NY 12144   
Phone: (518) 356-6000   
Fax: (518) 356-6118

After commercial operation of the Transmission Project:

New York Independent System Operator, Inc. Attn: Vice President, Operations

10 Krey Boulevard

Rensselaer, NY 12144   
Phone: (518) 356-6000   
Fax: (518) 356-6118

Connecting Transmission Owner:

National Grid

Attention: Daniel DiMarco   
Lead Account Manager   
300 Erie Blvd West   
Syracuse, NY 13202   
Phone (315)-263-0313

Transmission Developer:

New York Transco, LLC Attn: Paul Haering

Vice President Capital Investments One Hudson City Center

Hudson, NY 12534

Phone: (518) 444-4880

Email: paul.haering@nytransco.com

F-1

SERVICE AGREEMENT NO. 2599 Billings and Payments:

Connecting Transmission Owner:

National Grid

Attention: Daniel DiMarco   
Lead Account Manager   
300 Erie Blvd West   
Syracuse, NY 13202   
Phone (315)-460-1137

Email: Daniel.dimarco@nationalgrid.com

Transmission Developer:

New York Transco, LLC   
One Hudson City Center   
Hudson, NY 12534

Attn: Vice President, Capital Investments Phone: (518) 444-4880

Email: paul.haering@nytransco.com

Alternative Forms of Delivery of Notices (telephone, facsimile or email):   
NYISO:

Before commercial operation of the Transmission Project:

New York Independent System Operator, Inc.

Attn: Vice President, System and Resource Planning

10 Krey Boulevard

Rensselaer, NY 12144   
Phone: (518) 356-6000   
Fax: (518) 356-6118

E-mail: interconnectionsupport@nyiso.com

After commercial operation of the Transmission Project:

New York Independent System Operator, Inc. Attn: Vice President, Operations

10 Krey Boulevard

Rensselaer, NY 12144   
Phone: (518) 356-6000   
Fax: (518) 356-6118

E-mail: interconnectionsupport@nyiso.com

F-2

SERVICE AGREEMENT NO. 2599

Connecting Transmission Owner: National Grid

Attention: Daniel DiMarco   
Lead Account Manager   
300 Erie Blvd West   
Syracuse, NY 13202   
Phone (315)-460-1137

Email: Daniel.dimarco@nationalgrid.com

Transmission Developer:

New York Transco, LLC   
One Hudson City Center   
Hudson, NY 12534

Attn: Vice President, Capital Investments Phone: (518) 444-4880

Email: paul.haering@nytransco.com

F-3