

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. COMMUNICATIONS25

8.1 Transmission Developer Obligations..... 25

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. DEFAULT37

17.1 General..... 37

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

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

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;

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

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.

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

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.

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.

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.

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

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.

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

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.

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;

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:

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.

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

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

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.

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

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: $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value Depreciation Amount})) / (1 - \text{Current Tax Rate})$. 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,

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).

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

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

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.

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

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

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

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.

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.

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.

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.

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.

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

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.

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.

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

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.

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

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

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

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

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

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.

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.

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

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

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

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

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.

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

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

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,

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.

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

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.

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-throver 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 conducting 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>. 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
Knickerbocker 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
Knickerbocker Tap	\$4,700
Line 14 Interconnection Point	\$4,700
Valk in Tap	\$4,700
Van Wagner Tap	\$4,700
Buckley 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

[illegible]

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 & Procurement Agreement to advance the Transmission Project schedule	Completed	Connecting Transmission Owner/ Transmission Developer
2.	Issue written authorization to proceed with engineering	Completed	Transmission Developer
3.	Prepayment issued and received	Completed	Connecting Transmission Owner/Transmission Developer
4.	Start engineering of Transmission Project	Completed	Transmission Developer
5.	Start engineering of Network Upgrade Facilities	Completed	Connecting Transmission Owner
6.	Start limited construction of Network Upgrade Facilities at Schodack Substation	Completed	Connecting Transmission Owner
7.	Execute Agreement	2/2021	Connecting Transmission Owner/Transmission Developer/ NYISO
8.	Post Security deposit	30-days post Agreement execution	Transmission Developer
9.	Receipt of Article VII certification and receipt of NY PSC Notice to Proceed	02/2021	Transmission Developer
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 Churchtown Station Bypass	05/2021	Transmission Developer
13.	Start demolition of the existing Churchtown substation	05/2021	Transmission Developer
14.	Initial closing for Asset Purchase Agreement	06/2021	Connecting Transmission Owner/Transmission Developer
15.	Complete engineering for Transmission Project principle components	07/2021	Transmission Developer
16.	Retire #15 line between structure 56 to 86	09/2021	Connecting Transmission Owner
17.	Complete new line construction from new structure 2031.1 to 2031.2	10/2021	Transmission Developer
18.	Complete engineering for principle Network Upgrade Facilities	12//2021	Connecting Transmission Owner
19.	Energization of Churchtown Substation	10/2022	Transmission Developer
20.	Energize Line #Y57 between Knickerbocker and Pleasant Valley 345kV	03/2023	Transmission Developer
21.	Complete construction of Van Wagner Substation	04/2023	Transmission Developer
22.	Final closing for Asset Purchase Agreement	5/2023	Connecting Transmission Owner/Transmission Developer
23.	Complete construction of Knickbocker Substation	5/2023	Transmission Developer

[illegible]

SERVICE AGREEMENT NO. 2599

	Milestone	Date	Responsible Party
25.	Complete testing and commissioning of Connecting Transmission Owner substation work	5/2023	Connecting Transmission Owner
26.	Complete construction of Transmission Project	11/2023	Transmission Developer
27.	Complete construction of Network Upgrade Facilities	11/2023	Connecting Transmission Owner
28.	Complete testing and commissioning	12/2023	Connecting Transmission Owner/ Transmission Developer
29.	Initial Synchronization Date for Transmission Project	12/2023	Connecting Transmission Owner/Transmission Developer
30.	In-Service Date for Transmission Project	12/2023	Connecting Transmission 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	Line # Designation	Structure Number where POI/PCO Is Located	Structure Description where POI/PCO Is Located	Description of Change in Ownership
Schodack - Valkin Transition	14	2002.3	Double Circuit Deadend Tower	Transmission Developer will own the structure, jumpers, connectors, etc. necessary to 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	Line # Designation	Structure Number where POI/PCO Is Located	Structure Description where POI/PCO Is Located	Description of Change in Ownership
				"Typical Deadend" See Figure C-15). (See Figure C-1 for POI detail)
Knickerbocker - Alps	6	1	Deadend tower	Connecting Transmission 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 - Knickerbocker	2	77	3 pole deadend	Connecting Transmission 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-3)
Schodack - Valkin	14	2031.1	Deadend Tower	Typical Deadend (See Figure C-4)
Valkin - Falls Park	19-730	2031.2	Deadend Tower	Typical Deadend (See Figure C-5)

		C-3		

SERVICE AGREEMENT NO. 2599

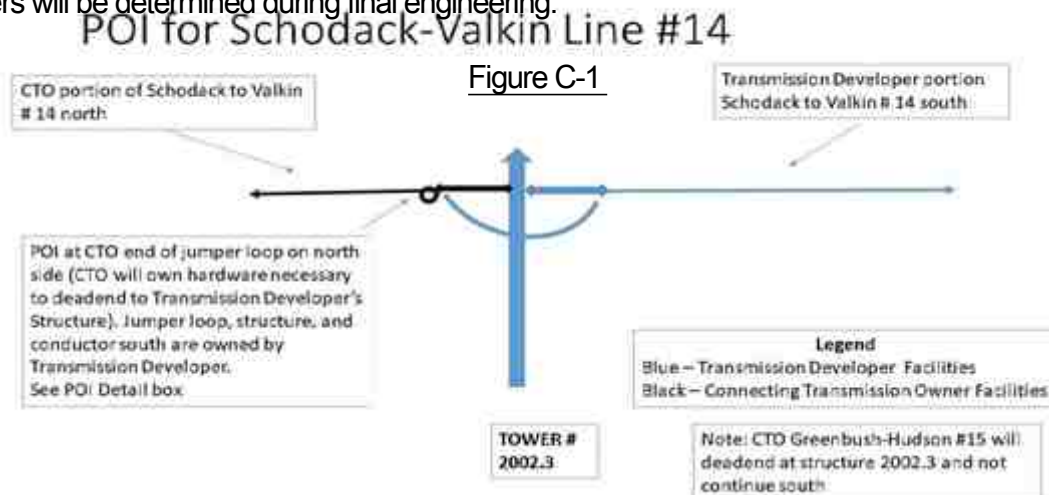
Transmission Line	Line # Designation	Structure Number where POI/PCO Is Located	Structure Description where POI/PCO Is Located	Description of Change in Ownership
Falls Park - Hudson	20-731	2122.3	Deadend Pole	Typical Deadend. (See Figure C-6). OPWG splice box on structure # 2123 -345kV monopole structure not shown in figure C-6
Hudson - Churchtown	12	2123.3	Deadend Pole	Typical Deadend (See Figure C-7)
Hudson- Churchtown - ADM Milling Tap	12	2136.2	H Frame Deadend tower	Existing POI between Connecting Transmission Owner's and ADM Milling's facilities will remain unchanged. For POI/PCO between Transmission Developer and Connecting Transmission Owner, follow Typical Deadend language (See Figure C-8)
Lafarge- Churchtown	8	254.1	Double Circuit Deadend Tower	Typical Deadend (See Figure C-9)
North Catskill- Churchtown	5	254.1	Double Circuit Deadend tower	Typical Deadend (See Figure C-10)
Churchtown- Blue Stores	4	602	H Frame Deadend	Typical Deadend. OPWG ownership to transition on splice box on structure. (See Figure C-11)
Blue Stores - Milan	T7	702	H Frame Deadend	Connecting Transmission 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	Line # Designation	Structure Number where POI/PCO Is Located	Structure Description where POI/PCO Is Located	Description of Change in Ownership
				side of the structure (including the hardware necessary to deadend Transmission Developer's conductor) (See Figure C-12)
Athens-Van Wagner	91	414.5	H Frame tower	Typical Deadend (See Figure C-13)
Leeds-Van Wagner	92	516.5	H Frame tower	Typical Deadend (See Figure 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.

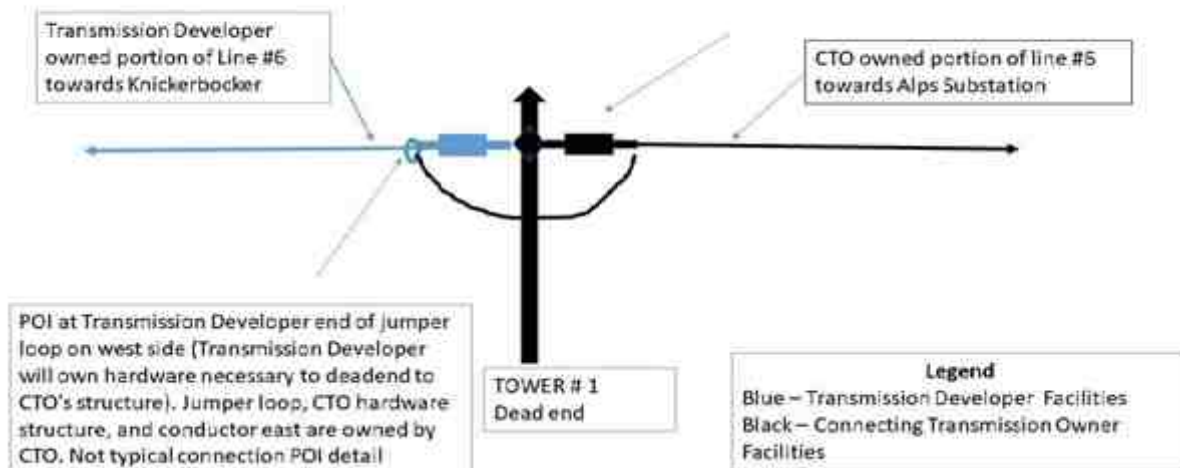


C-5

SERVICE AGREEMENT NO. 2599

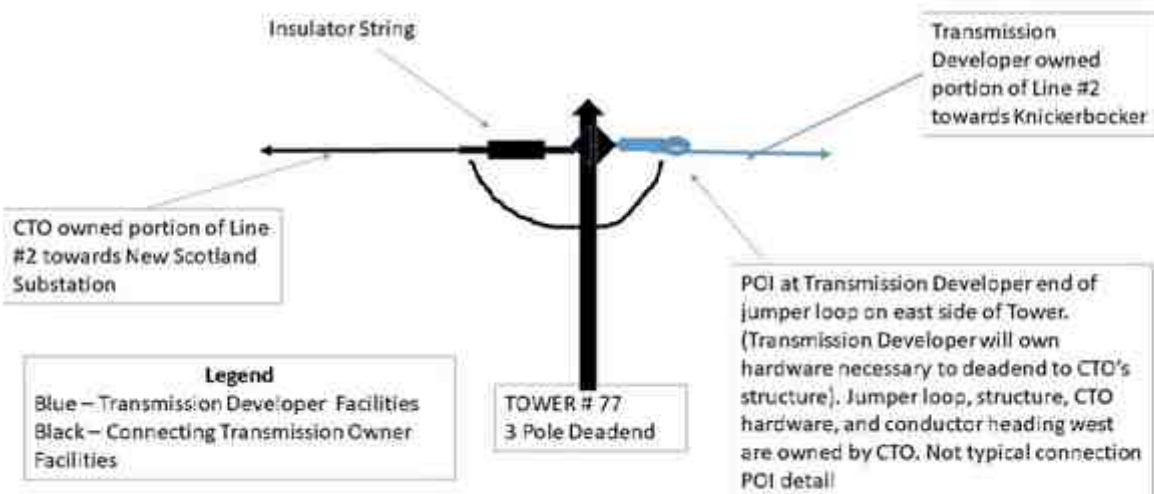
POI - Knickerbocker to Alps Line #6

Figure C-2



POI New Scotland-Knickerbocker Line #2

Figure C-3

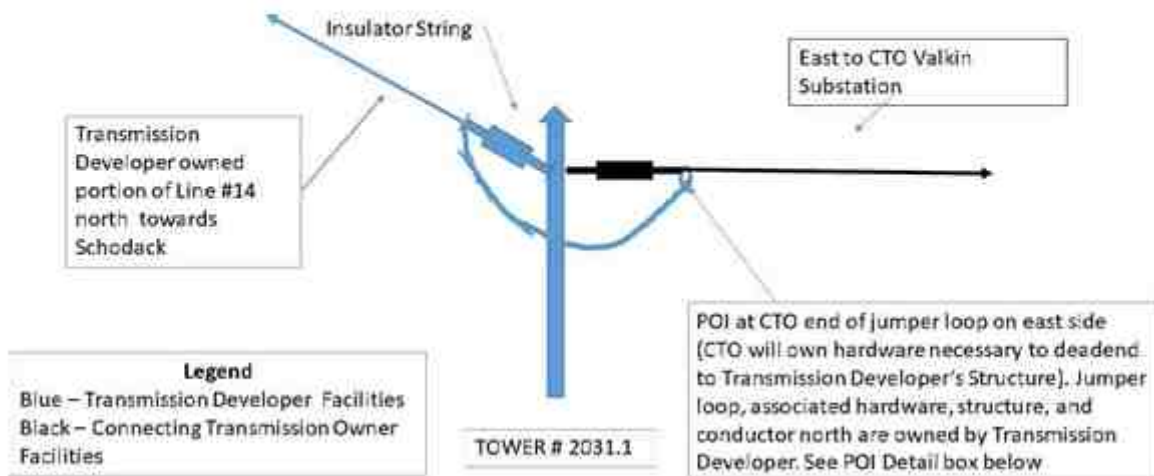


C-6

SERVICE AGREEMENT NO. 2599

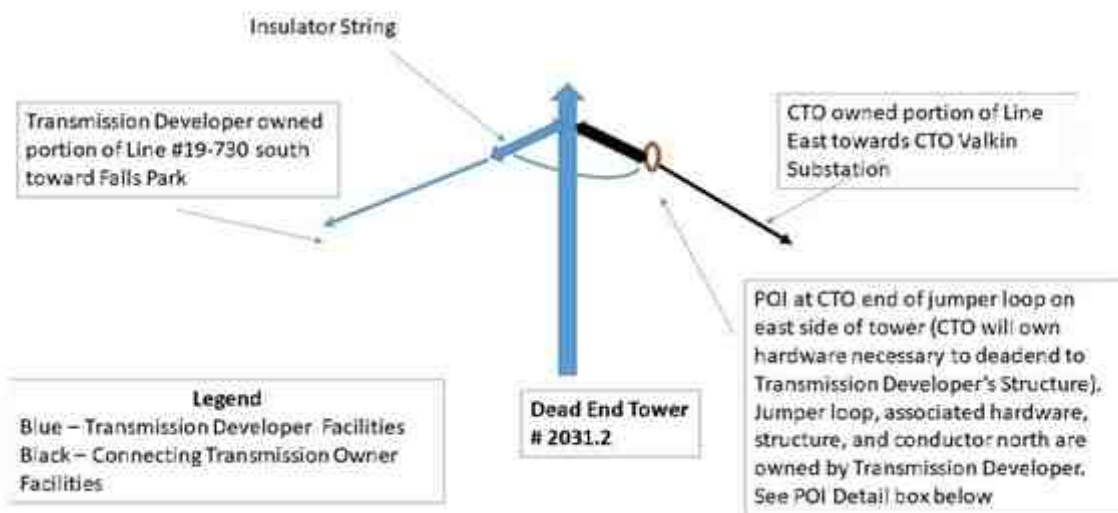
POI for Schodack to Valkin Line #14

Figure C-4



POI for Valkin to Falls Park Tap Line #19-730

Figure C-5

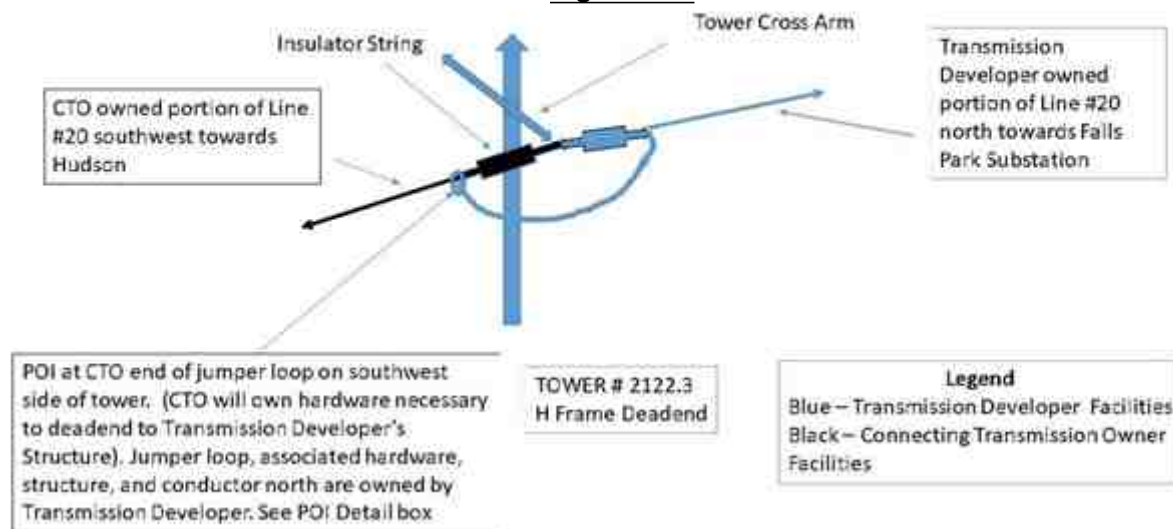


C-7

SERVICE AGREEMENT NO. 2599

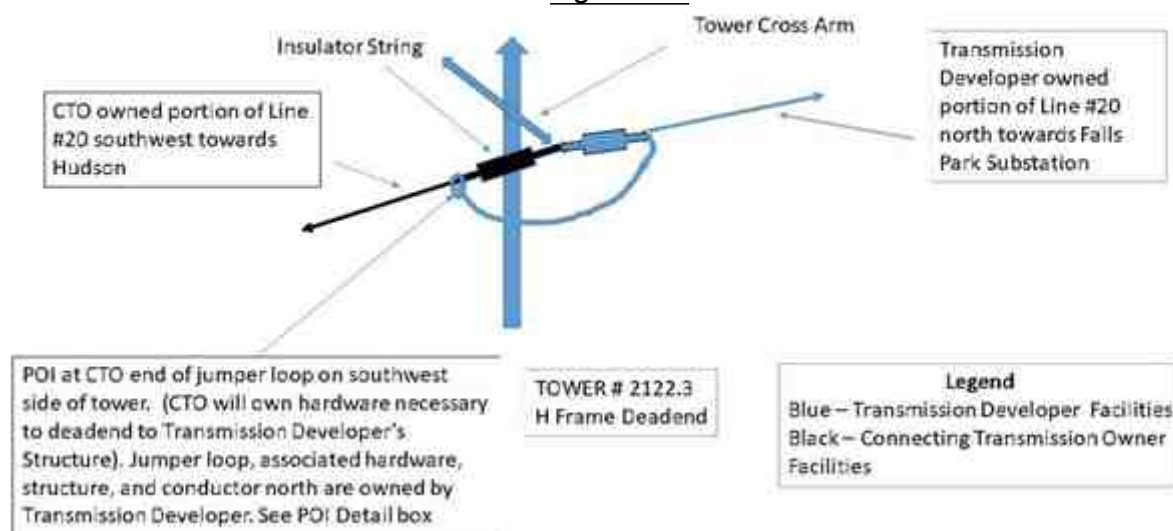
POI for Falls Park Hudson Line #20-731

Figure C-6



POI for Falls Park Hudson Line #20-731

Figure C-7

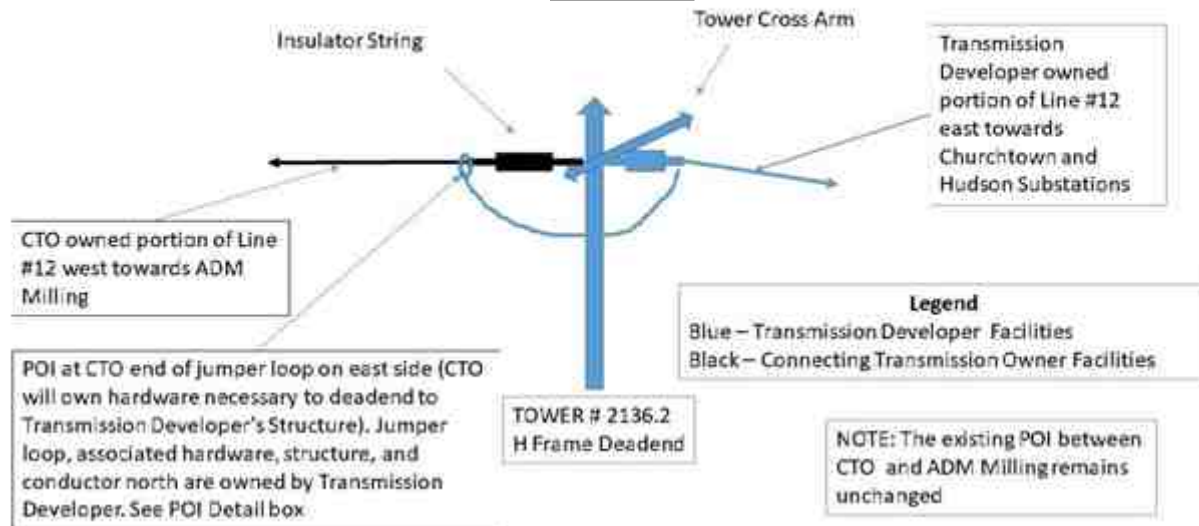


C-8

SERVICE AGREEMENT NO. 2599

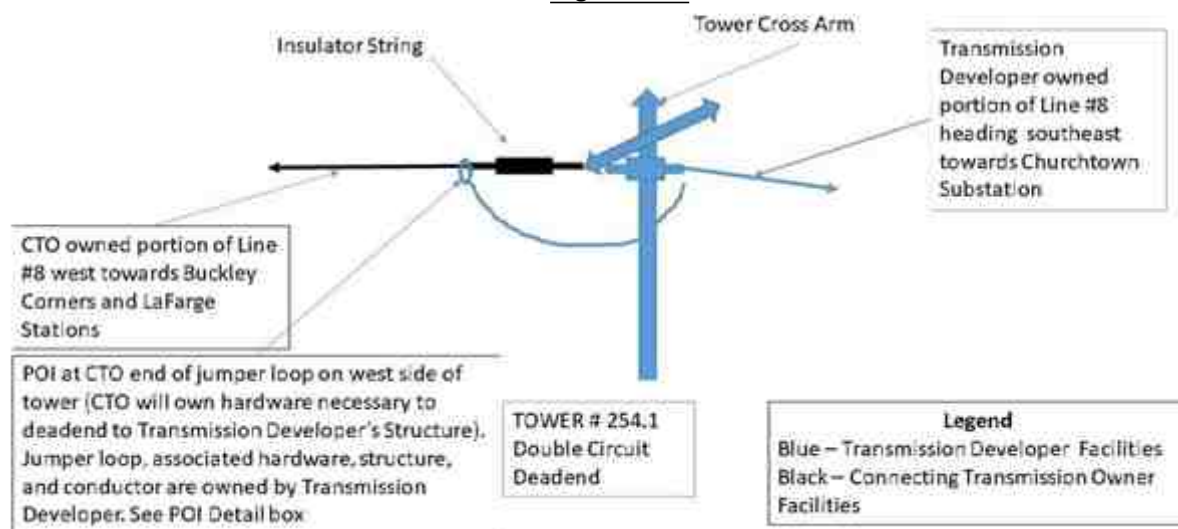
POI ADM Tap on the Hudson – Churchtown Line #12

Figure C-8



POI Lafarge-Churchtown Line #8

Figure C-9

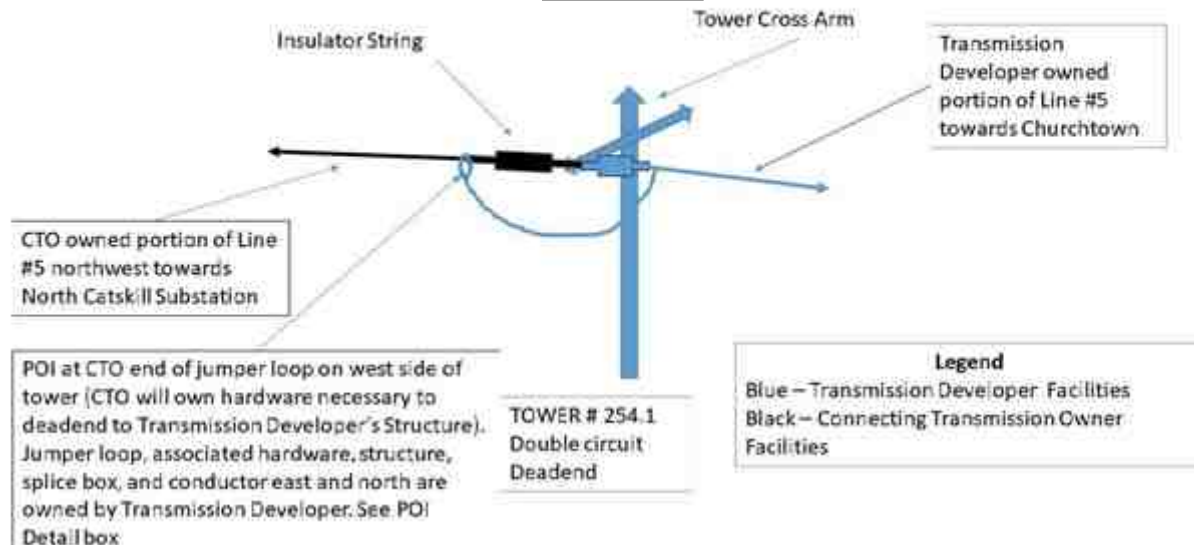


C-9

SERVICE AGREEMENT NO. 2599

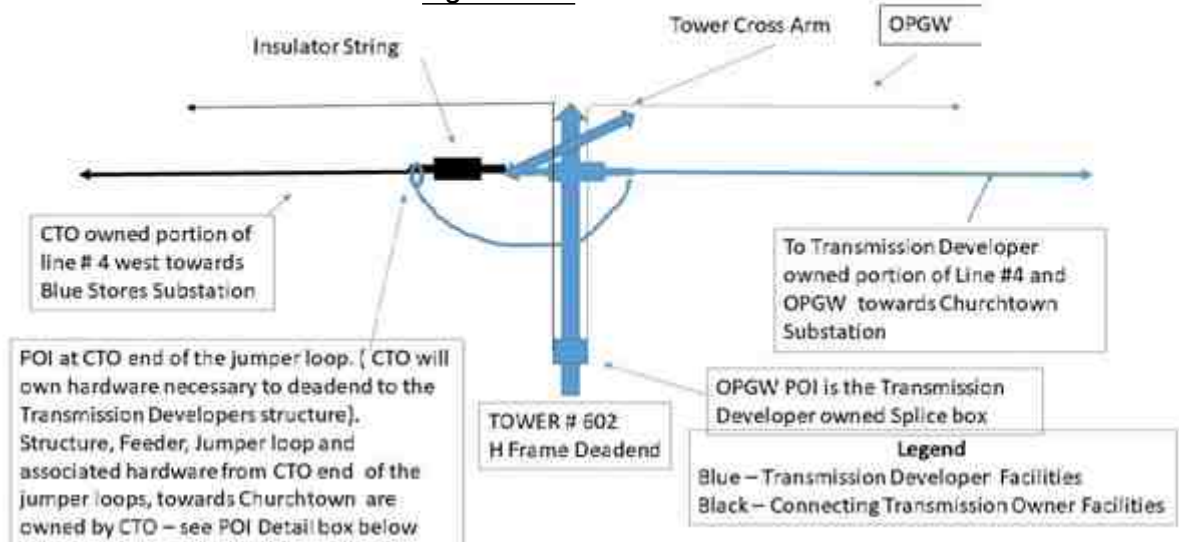
POI North Catskill - Churchtown Line #5

Figure C-10



POI for Blue Stores Substation Tap Line #4

Figure C-11

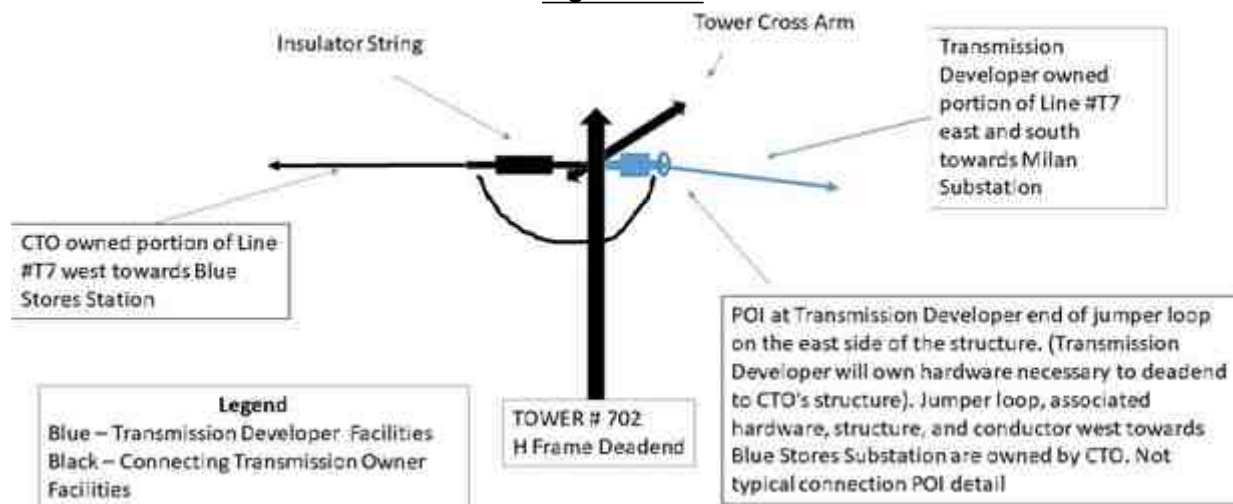


C-10

SERVICE AGREEMENT NO. 2599

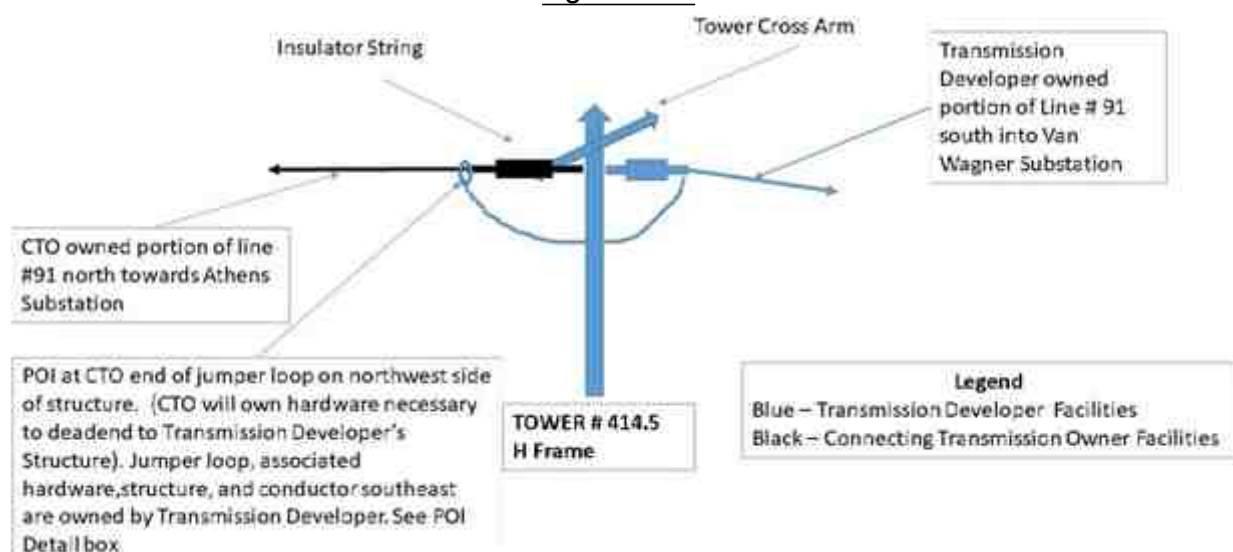
POI Blue Stores to Milan Line #T7

Figure C-12



POI Athens-Van Wagner Line #91

Figure C-13

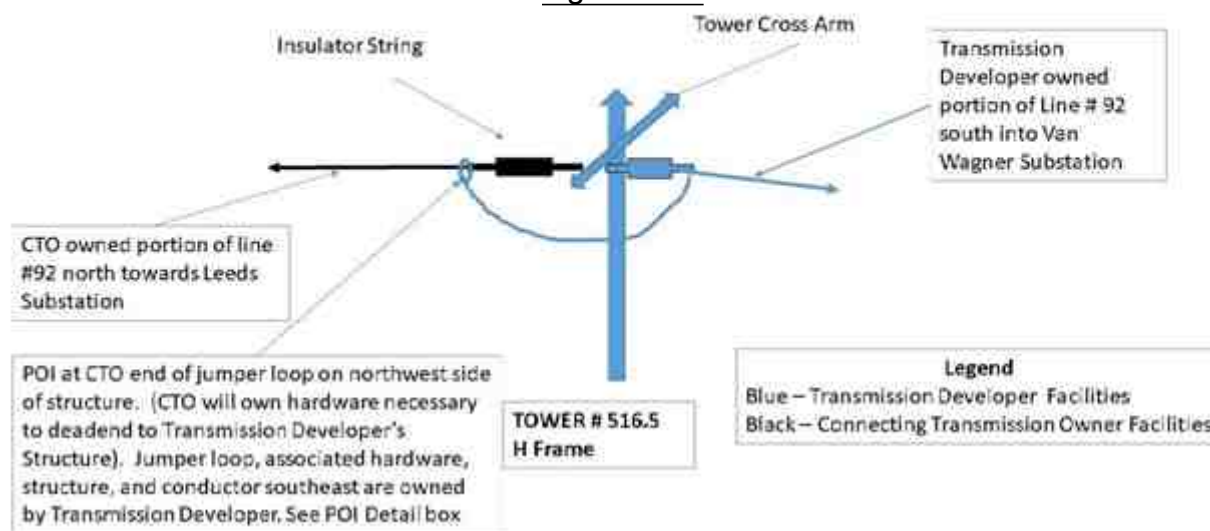


C-11

SERVICE AGREEMENT NO. 2599

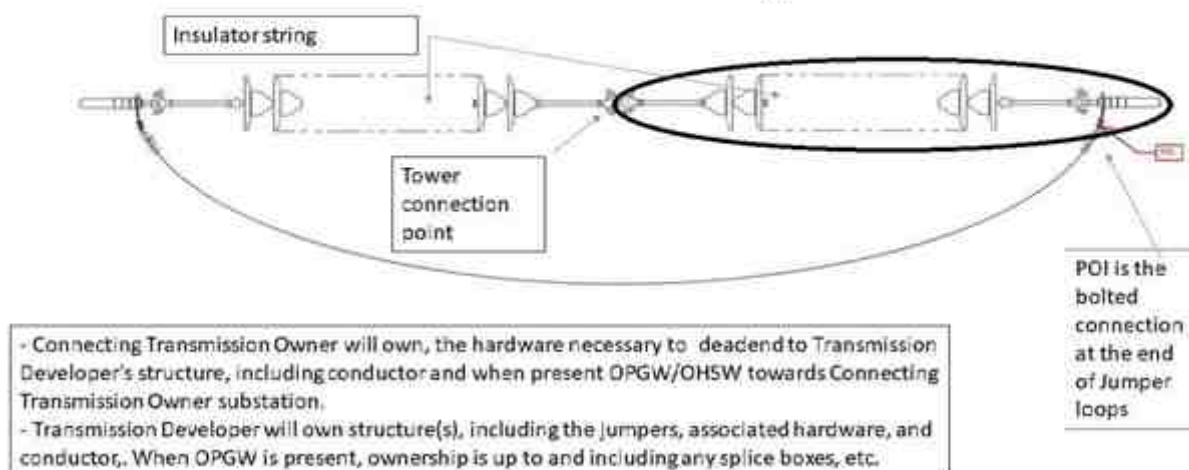
POI Leeds-Van Wagner Line #92

Figure C-14



POI Detail Box (for Transmission Developer Owned Structures)

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

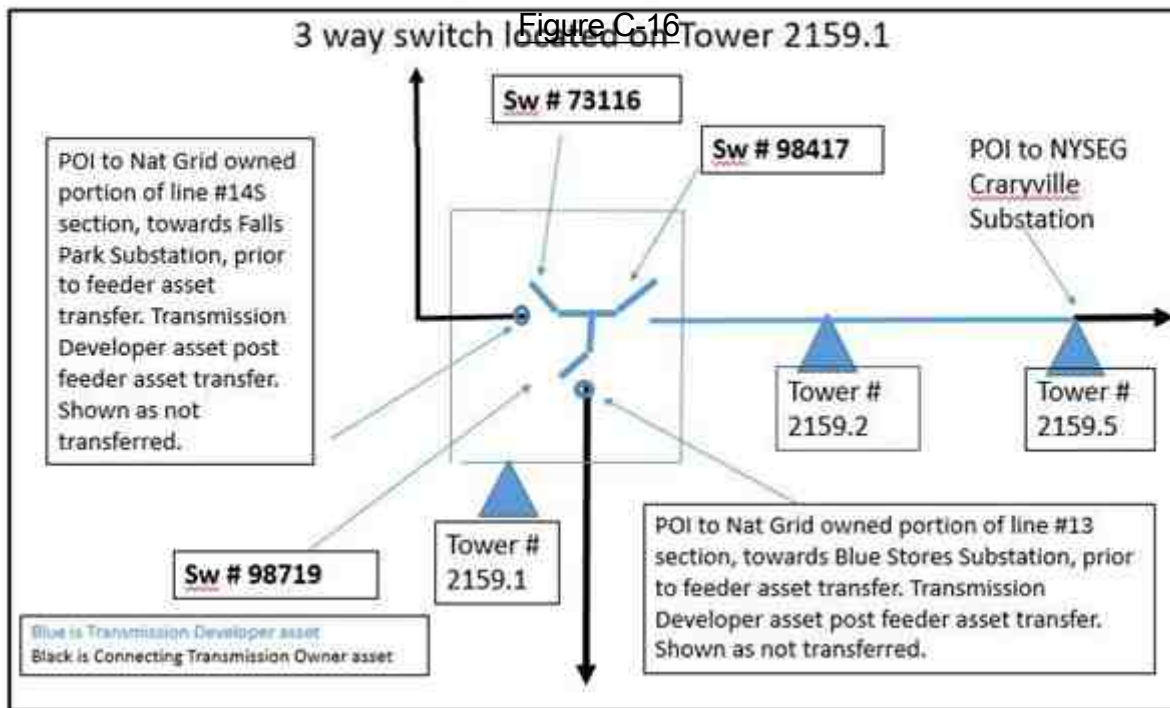
In order to demo NYSEG's existing Churchtown Substation, and restore the existing transmission paths between Connecting Transmission Owner, NYSEG, and Central Hudson back to service, Transmission Developer will install a temporary "Shoo-Fly" interconnection arrangement to install new transmission structures 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 reconducted 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

Temporary Shoo-fly POI one-line



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 SYNCHRONIZATION 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