

NYISO OATT SERVICE AGREEMENT No. 2283

COMMERCIAL AGREEMENT

BETWEEN

NIAGARA MOHAWK POWER CORPORATION D/B/A NATIONAL GRID

AND

NEW YORK STATE ELECTRIC & GAS CORPORATION

**Commercial Agreement
Between NYSEG and National Grid
for the Auburn Transmission Project**

THIS COMMERCIAL AGREEMENT is made and entered into as of _____, 2016 (the "Effective Date") by and between New York State Electric & Gas Corporation, a utility organized and existing under the laws of New York State, having an office and place of business at 18 Link Drive, Binghamton, New York 13902 ("NYSEG") and Niagara Mohawk Power Corporation d/b/a National Grid, a utility organized and existing under the laws of New York State, having an office and place of business at 300 Erie Boulevard West, Syracuse, New York 13202 ("National Grid"). NYSEG and National Grid are sometimes referred to herein as a "Party" and collectively as the "Parties".

WITNESSETH

WHEREAS, to enable NYSEG to continue providing reliable electric service to customers in its Auburn, New York service area, NYSEG has proposed the construction of a new 115kV electric transmission line (the "Proposed Line") from National Grid's substation located in the Town of Elbridge, New York (the "Elbridge Substation") to NYSEG's substation located in the City of Auburn, New York (the "State Street Substation");

WHEREAS, NYSEG and National Grid filed a joint application (Case 13-T-0235) with the New York State Public Service Commission ("PSC" or the "Commission") on May 31, 2013 seeking a Certificate of Environmental Compatibility and Public Need ("Certificate") for the "Auburn Transmission Project" ("ATP") to (a) construct the Proposed Line along sections of existing National Grid and NYSEG rights-of-way (collectively, "ROW"), a distance of approximately 14.5 miles in the City of Auburn, Town of Throop, Town of Brutus and Town of Sennett in Cayuga County and the Town and Village of Elbridge in Onondaga County; (b) relocate by reconductoring with new conductor the existing National Grid Line 15 115kV electric transmission line along portions of existing National Grid ROW ("Relocated Line 15"); (c) increase the capacity of an existing 115kV electric transmission circuit along portions of existing National Grid and NYSEG ROW by (i) NYSEG rebuilding the existing Line 972, and (ii) National Grid busing together two existing 115kV electric transmission lines in portions of existing National Grid ROW ("Bused Line 5"); and (d) rebuild a portion of NYSEG's existing 115kV Line 971;

WHEREAS, on February 25, 2016, the Commission issued an order granting a Certificate for the ATP;

WHEREAS, to accommodate the Proposed Line, additional work must be performed on certain transmission lines owned by NYSEG and certain transmission lines owned by National Grid, and substation modifications and improvements made to the Elbridge Substation and the State Street Substation;

WHEREAS, the Parties entered into a term sheet regarding the ATP entitled “Terms for Commercial Agreement Between NYSEG and National Grid for the Auburn Transmission Project” dated June 10, 2015 (the “Term Sheet”);

WHEREAS, the Parties desire to enter into this Agreement to memorialize the terms of their agreement regarding the ATP, including, among other things: (a) the ownership of the constructed facilities; (b) the ownership of ROW whereupon such constructed facilities will be located; (c) the allocation of future maintenance responsibilities between the Parties; and (d) the terms and timing of payments to be made by NYSEG to National Grid for all costs associated with work that is being performed by National Grid to accommodate and implement the ATP and its energization.

NOW, THEREFORE, in consideration of the promises and mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1.0 Certain Definitions

Wherever used in this Agreement with initial capitalization, the following terms shall have the following meanings:

“Affiliate” means any person or entity controlling, controlled by, or under common control with, any other person; “control” of a person or entity shall mean the ownership of, with right to vote, 50% or more of the outstanding voting securities, equity, membership interests, or equivalent, of such person or entity.

“Agreement” means this Commercial Agreement, including all exhibits and any subsequent written amendments or modifications thereto, as may be mutually agreed to and executed by the Parties.

“Applicable Requirements” means all 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 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, NYISO, NPCC, and NYSRC requirements, and any applicable reliability standards.

“Article VII Application” means the Application submitted jointly by NYSEG and National Grid and assigned Case Number 13-T-0235 and seeking the Certificate for the ATP.

“Article VII Costs” means the costs incurred by National Grid and/or its Affiliates to facilitate the Article VII Process consistent with its role as co-applicant, subject to timely receipt of all required documentation from NYSEG and all third parties. This will include:

(1) Utilization of subject matter experts from the following disciplines to the extent required: Environmental, Real Estate, Substation and Transmission Engineering, System Planning, Protection and Controls, Community Relations, Legal, and Project Management as necessary to support National Grid's role as co-applicant in the Article VII Process;

(2) Development and review of Article VII Process materials, participation in coordination activities, such as regularly scheduled project team meetings, attendance at meetings, conferences and hearings with DPS staff, and other state and federal agencies, as required and all other activities reasonably required to support National Grid's participation in the Article VII Process;

(3) Use of Project Management resources sufficient to manage National Grid's Article VII Process activities;

(4) Preparation and review of documents, drawings, photographs, schematics and other materials as necessary to support National Grid's participation in the Article VII Process; and

(5) Responding to Information Requests ("IRs") relating to or arising from the Article VII Process, subject to timely receipt of all documentation and other information needed to support each such IR response.

"Article VII Process" means the PSC Certification process under Article VII of the New York State Public Service Law ("PSL"), and accompanying DPS regulations, the approval of the EM&CP, and all other necessary permits and approvals required under applicable laws to construct and operate the ATP.

"Breaching Party" shall have the meaning set forth in Section 10.1 of this Agreement.

"Bused Line 5" means Existing Line 5 after it is bused with Existing Line 15.

"CEI" shall have the meaning set forth in Section 15.4 of this Agreement.

"CIP" shall have the meaning set forth in Section 15.4 of this Agreement.

"Disclosing Party" means the Party disclosing Proprietary Information.

"DPS" means the New York State Department of Public Service.

"EM&CP" shall mean the Environmental Management and Construction Plan for the facilities to be constructed as part of the ATP pursuant to a Certificate to be issued in PSC Case 13-T-0235.

“Environment” means soil, surface waters, groundwaters, land, stream sediments, surface or subsurface strata, and ambient air.

“Environmental Laws” means any environmental or health-and-safety-related law, regulation, rule, ordinance, or by-law at the federal, state, or local level, whether existing as of the Effective Date, previously enforced or subsequently enacted, or any judicial or administrative interpretation thereof.

“Estimated Milestone Schedule” shall have the meaning set forth in Section 3.5 of this Agreement.

“Existing Line 5” means National Grid’s existing 115kV Auburn - Elbridge Line 5 transmission line which is currently located on the same structures as Existing Line 15 on the National Grid ROW.

“Existing Line 15” means the section of National Grid’s existing 115 kV Geneva - Elbridge Line 15 transmission line which is currently double circuited with Existing Line 5 located between the ROW Intersection and Elbridge Substation in the town of Elbridge, a distance of approximately 10.3 miles.

“Existing ROW” means, collectively, the existing National Grid ROW and the existing NYSEG ROW.

“FERC” means the Federal Energy Regulatory Commission.

“Force Majeure Event” shall include, but is not limited to, fire, flood, windstorm, adverse weather conditions, emergencies, explosion, terrorism (or threat thereof), riot, war, sabotage, acts of God, strikes or labor slow-downs, court injunction or order (other than as issued following a claim or dispute made by one Party against the other Party in connection with this Agreement), federal and/or state law or regulation, delays by governmental authorities in approving regulatory, license and permit requests necessary in connection with the Work (defined below) or ATP, or order by any federal or state regulatory agency, or other causes, conditions or circumstances beyond the affected Party’s reasonable control. Without limiting the foregoing, a Force Majeure Event shall also include unavailability of personnel, equipment, supplies, or other resources (“Resources”) due to diversion of such Resources for other utility-related duties in connection with an emergency or other similar contingency, including, without limitation, storms or other adverse weather conditions.

“Good Utility Practice” means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the 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 refer to acceptable practices, methods, or acts generally accepted in the region in which the ATP is located. Good Utility Practice shall include, but not be limited to, NERC, NPCC, NYSRC, and NYISO criteria, rules, guidelines, and standards, where applicable, and as they may be amended from time to time, including the rules, guidelines, and criteria of any successor organization to the foregoing entities.

“Hazardous Substances” means any pollutant, contaminant, toxic substance, hazardous material, hazardous waste, or hazardous substance, or any oil, petroleum, or petroleum product, as defined in or pursuant to the Federal Clean Water Act, as amended, the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901, et seq., or any other Environmental Law.

“Indemnified Party” and “Indemnified Parties” shall have the meanings set forth in Section 12.1 of this Agreement.

“Initial Pre-payment” shall have the meaning set forth in Section 7.3.1 of this Agreement.

“Liens” means any charge or encumbrance in the nature of a laborer’s, mechanic’s or materialman’s lien.

“Line 971” means NYSEG’s existing 115kV Line 971 located within the NYSEG ROW.

“Line 972” means NYSEG’s existing 115kV Line 972 located within the NYSEG ROW.

“Material Change” means any one or more of the following (1) any change that may result in a delay in the Estimated Milestone Schedule (as such delay is estimated in good faith by the Proposing Party at the time of giving Advance Notice to the Recipient) greater than one month, (2) any increase of the cost to be reimbursed by the Recipient (as estimated in good faith by the Proposing Party at the time of giving Advance Notice to the Recipient) in excess of \$200,000, (3) any change constituting a major change under the Certificate requiring PSC approval, or (4) any other instance where a necessary permit or authorization (e.g., U.S. Army Corps of Engineers approval) must be modified, except where such approval or authorization is ministerial in nature.

“National Grid Lines” means National Grid’s existing electric transmission lines located within the National Grid ROW.

“National Grid ROW” means the Existing ROW, occupied by the National Grid Lines, which runs between the Elbridge Substation and the ROW Intersection, a distance of approximately 10.3 miles.

“NERC” means the North American Electric Reliability Corporation.

“NPCC” means the Northeast Power Coordinating Council, Inc.

“NYISO” means the New York Independent System Operator, Inc.

“NYSDEC” means the New York State Department of Environmental Conservation.

“NYSEG Acquired ROW” means the 40’ ROW and the 25’ ROW which are to be acquired by NYSEG pursuant to and as defined in the Purchase and Sale Agreement.

“NYSEG ROW” means the Existing ROW, occupied by Lines 971 and 972, that runs between the State Street Substation and the ROW Intersection, a distance of approximately 4.2 miles.

“NYSRC” means the New York State Reliability Council.

“O&M” means Operation and Maintenance, including but not limited to vegetative maintenance.

“Overtime Work” shall have the meaning set forth in Section 3.7 of this Agreement.

“Overtime Notice” shall have the meaning set forth in Section 3.7 of this Agreement.

“Phase 1” means the phase of the ATP comprised of: (1) improvements to the State Street Substation; (2) construction of the Proposed Line; (3) the rebuilding of NYSEG’s existing Lines 971 and 972 south of Turnpike Road on the NYSEG ROW to allow for construction of the Proposed Line as intended; (4) improvements to the Elbridge Substation to accept the Proposed Line; and (5) National Grid’s conveyance to NYSEG of the NYSEG Acquired ROW and such other land interests as contemplated by the Purchase and Sale Agreement.

“Phase 2” means the phase of the ATP comprised of: (1) improvements to the State Street Substation to receive Rebuilt Line 972; (2) the rebuilding of NYSEG’s existing Line 972 not performed in Phase 1; (3) construction of Relocated Line 15; (4) the construction of Bused Line 5; (5) improvements to the Elbridge Substation to receive Relocated Line 15; and (6) improvements to the Elbridge Substation to receive Bused Line 5.

“Project Manager” means the representative of NYSEG and National Grid respectively appointed pursuant to Section 3.3 of this Agreement.

“Proposed Line” means NYSEG’s proposed 115kV electric transmission line between the Elbridge Substation and the State Street Substation, a distance of approximately 14.5 miles, which will be constructed by NYSEG as part of the ATP.

“Proprietary Information” means (1) all financial, technical and other non-public or proprietary information which is furnished or disclosed by one Party or its Affiliates (or its or its Affiliates’ agents, servants, contractors, representatives, or employees) to the other Party or its Representative(s) in connection with this Agreement and that is described or identified (at the time of disclosure) as being non-public, confidential or proprietary, or the non-public or proprietary nature of which is apparent from the context of the disclosure or the contents or nature of the information disclosed, (2) any market sensitive information (including, without limitation, outages scheduled on generators or transmission lines of the Disclosing Party or any third party), (3) all CEII and CIP and (4) all memoranda, notes, reports, files, copies, extracts, inventions, discoveries, improvements or any other thing prepared or derived from any information described in subparts (1) through (3) preceding.

“Purchase and Sale Agreement” means the Purchase and Sale Agreement executed by the Parties simultaneously with the execution of this Agreement.

“Real Estate Dispute” means any dispute or claim that arises out of or in connection with the Purchase and Sale Agreement or its performance.

“Rebuilt Line 972” means Line 972 after it is rebuilt as part of the ATP.

“Receiving Party” shall mean the Party receiving Proprietary Information.

“Recipient” shall have the meaning set forth in Section 3.4 of this Agreement.

“Reciprocal Easement Agreement” means the Reciprocal Easement Agreement described in the Purchase and Sale Agreement.

“Reimbursable Costs” means the actual costs and expenses incurred by National Grid and/or its Affiliates in connection with performance of the Work or otherwise incurred by National Grid and/or its Affiliates in connection with the ATP or this Agreement, and including, without limitation, any such costs that may have been incurred by National Grid and/or its Affiliates prior to the Effective Date. These Reimbursable Costs shall include, without limitation, the actual expenses for labor (including, without limitation, internal labor), services, materials, subcontracts, equipment or other expenses incurred in the execution of the Work or otherwise in connection with the ATP, all applicable overhead, all federal, state and local taxes incurred (including, without limitation, all taxes arising from amounts paid to National Grid that are deemed to be contributions in aid of construction), all costs of outside experts, consultants, counsel and contractors, all other third-party fees and costs, and all costs of obtaining any required permits, rights, consents, releases, approvals, or authorizations, including, without limitation, the Required Approvals; provided, however,

that Reimbursable Costs shall not include any (i) National Grid attorneys' fees related to negotiation of the Term Sheet, the Purchase and Sale Agreement or this Agreement to the extent such fees are in excess of a maximum cumulative total of \$10,000 or (ii) any costs, expenses or other amounts which National Grid is expressly obligated to pay under the terms of the Purchase and Sale Agreement.

"Release" means any releasing, spilling, leaking, contaminating, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping of any Hazardous Substances into the Environment.

"Relocated Line 15" means Existing Line 15 after it is relocated and reconducted by installing new conductor primarily on the same structures on the NYSEG Acquired ROW as the Proposed Line.

"Representatives" means, for purposes of Section 15 of this Agreement, a Party's Affiliates and its Affiliates' agents, shareholders, members, officers, directors, managers, advisors, attorneys, accountants, and consultants.

"Required Approvals" shall have the meaning set forth in Section 21.12 of this Agreement.

"ROW Intersection" means the intersection of the NYSEG ROW and the National Grid ROW, which is on the NYSEG ROW approximately 4.2 miles north of the State Street Substation and also on the National Grid ROW approximately 10.3 miles west of the Elbridge Substation.

"Supplemental Application" means the supplement to the Article VII Application filed by the Parties in November 2013.

"Work" shall have the meaning specified in Section 3.2 and **Exhibit A** of this Agreement.

2.0 Term

This Agreement shall become effective as of the Effective Date and shall remain in full force and effect until performance has been completed hereunder, or until terminated in accordance with the terms of this Agreement, whichever occurs first.

3.0 Scope of Work

3.1 The Scope of Work to be performed by each Party is set forth in **Exhibit A** of this Agreement, attached hereto and incorporated by reference.

3.2 Good Utility Practice

NYSEG and National Grid shall each use commercially reasonable efforts to perform the Work each shall be responsible for performing as specified in **Exhibit A** of this Agreement (collectively, the "Work") in accordance with Good Utility Practice. Each Party shall be responsible for performing work on its own physical assets. Prior to the expiration of one (1) year following completion of the Work, each Party shall have the right to notify the other Party of the need for correction of defective Work performed by the other Party that does not meet the standards of Good Utility Practice. The Party who has received notification of defective Work shall promptly complete, correct, repair or replace such defective Work, as appropriate, at such Party's sole expense, if the defective Work would have an adverse impact on the other Party. The Party who has received notification under this Section shall have the option of requesting dispute resolution under Section 19 of this Agreement if it disagrees with the Party making the notification that the Work is defective and that it will have an adverse impact on that Party. If the request for dispute resolution is not made within thirty (30) days of the notification, the Party receiving the notification shall address and correct the defective Work. The remedy set forth in this Section shall be the sole and exclusive remedy granted to each Party for any failure of the other Party to meet the performance standards or requirements set forth in the relevant sections of this Agreement.

3.3 Project Managers; Meetings

Promptly following the Effective Date, each Party shall designate a Project Manager and shall provide the other Party with written notice containing the name and contact information of such Project Manager. Whenever either Party is entitled to approve a matter, the Project Manager for the Party responsible for the matter shall notify the Project Manager of the other Party of the nature of such matter. The Project Managers shall discuss such matter, and each Project Manager shall confer on such matter on behalf of his/her Party. The foregoing notwithstanding, in no event shall any Project Manager be authorized to amend or modify the provisions of this Agreement. Each Party may change its Project Manager, from time to time, by written notice to the other Party.

Each Party's Project Manager shall attend ATP meetings at times and places mutually agreed to by the Parties, which meetings shall be held at least monthly by teleconference or in person as agreed to by the Project Managers.

3.4 Changes to Scope of Work

A Party proposing a Material Change to the Work (the "Proposing Party") shall provide the other Party (the "Recipient") with at least fifteen (15) days' advance notice ("Advance Notice") of any proposed Material Change to the Work before implementing such Material Change. If legal or regulatory compliance requirements, safety considerations, or other exigent circumstances make providing Advance Notice impractical, notice of the Material Change shall be provided by the Proposing Party to the Recipient as soon as reasonably practicable under the circumstances.

Any Advance Notice given by the Proposing Party to the Recipient shall include a good faith estimate of the impact of the Material Change on the Estimated Milestone Schedule and an explanation of why such Material Change is being proposed.

If the Recipient notifies the Proposing Party within such fifteen (15) day period that the proposed Material Change is not accepted (the "Response Notice"), the consent of the Recipient shall be required in order for the proposed Material Change to be implemented. If the Recipient does not respond to the Advance Notice within such fifteen (15) day period, the Recipient's consent to the implementation of the Material Change shall be deemed to have been given.

Notwithstanding anything to the contrary above, if the Material Change: (a) is made in order to comply with Good Utility Practice; (b) is required to accommodate a change in the Recipient's Work; (c) is necessary to comply with applicable law, regulation, or order (including the Certificate); (d) is at the direction of any monitor required under the Certificate (e.g., environmental monitor) or an Agency representative; (e) is necessary to return facilities to service per applicable standards; or (f) is necessary to address safety considerations, the Recipient's consent shall not be required.

A change to the Work that is not a Material Change is not subject to the Advance Notice or consent provisions above.

For the avoidance of doubt, the good faith estimates of cost and/or of delay in the Estimated Milestone Schedule anticipated to result from a change to the Work, as estimated by the Party contemplating such change, shall be dispositive for the purpose of determining whether such change is a Material Change, but neither Party shall be deemed in breach of this Section, or limited in the recovery of costs under the terms of this Agreement, if any such good faith estimate differs from the actual cost or the actual delay in the Work schedule arising from such change of Work.

The provisions of this Section 3.4 shall not excuse the Parties from providing any required notification to DPS staff or otherwise obtaining approval from DPS staff or the PSC for such changes to the Work as required by the Certificate.

Any continued dispute regarding any necessary consent or any other aspect of a notice given by either Party with regard to changes to the Work shall be resolved as described in Section 19.0 below.

3.5 Schedule; Right to Suspend Work

The Parties agree to the estimated milestone schedule for the Work as set forth on **Exhibit B** to this Agreement, attached hereto and incorporated by reference (the "Estimated Milestone Schedule"). Neither NYSEG nor National Grid shall be liable for failure to meet the Estimated Milestone Schedule, in whole or in part, or any estimated deadline or other date contained in the Estimated Milestone Schedule; provided,

however, the Parties understand the need and agree to work cooperatively and expeditiously in good faith to meet the Estimated Milestone Schedule. Anything in this Agreement to the contrary notwithstanding, and in addition to any other rights and remedies available to National Grid, (i) if any payment due from NYSEG under this Agreement is not received within ten (10) business days after the applicable due date and is not disputed in good faith prior to the due date, then following written notice to NYSEG, National Grid may suspend any or all of its Work pending receipt of all undisputed amounts due from NYSEG, or (ii) if the cumulative total of all unpaid amounts disputed in good faith by NYSEG exceeds \$200,000 at any time, then following written notice to NYSEG, National Grid may suspend any or all of its Work pending resolution of such disputes. Any suspension of Work by National Grid, in whole or in part, pursuant to this Section shall be without recourse or liability to National Grid.

3.6 Performance of Work on Physical Facilities

The Parties agree that in performing all Work and in otherwise performing their respective obligations under this Agreement, neither Party will perform Work on the physical facilities of the other Party.

3.7 Overtime Work

National Grid shall use commercially reasonable efforts to have any Work performed by its direct employees performed during normal working hours. The foregoing notwithstanding, if Work is performed outside of normal working hours, NYSEG shall be responsible for paying all actual costs incurred in connection therewith, including, without limitation, applicable overtime costs, as part of the Reimbursable Costs, provided, that, with respect to Work to be performed by National Grid's direct employees outside of normal working hours ("Overtime Work"), National Grid provides at least five (5) days prior written notice to NYSEG (each, an "Overtime Notice") when National Grid schedules such Overtime Work other than at the request of NYSEG. Upon NYSEG's written request delivered to National Grid prior to the scheduled commencement of the Overtime Work referred to in the applicable Overtime Notice (each, a "Deferral Notice"), National Grid shall defer the scheduled performance of such Overtime Work and instead perform this Work during normal working hours. The foregoing notwithstanding, National Grid shall not be required to provide an Overtime Notice, nor shall National Grid be required to comply with any Deferral Notice, with respect to any Overtime Work that is reasonably required (i) due to emergency circumstances, (ii) for safety, security or reliability reasons (including, without limitation, to protect any facility(ies) from damage or to protect any person(s) from injury), (iii) to return any facility(ies) to service in accordance with applicable standards, or (iv) to comply with Good Utility Practice or any Applicable Requirement. For the avoidance of doubt: in no event shall National Grid be obligated or required to perform Work outside of normal working hours if it determines that such performance would be unreasonable, unsafe or otherwise not in compliance with Good Utility Practice.

4.0 Ownership of ATP Facilities

4.1 NYSEG Owned Facilities and Equipment

NYSEG shall own (or continue to own as applicable) the following:

4.1.1 The Proposed Line from the State Street Substation to and including the first structure west of the fenceline of the Elbridge Substation, wherever located;

4.1.2 Relocated Line 15 (which will run from the ROW Intersection to and including the first structure west of the fenceline of the Elbridge Substation) and all of the structures supporting this line;

4.1.3 Rebuilt Line 972;

4.1.4 The new bay and all pertinent equipment at the State Street Substation to receive the Proposed Line and Rebuilt Line 972; and

4.1.5 A partial Rebuilt Line 971 from the State Street Substation to approximately Milepost 1.4 (Turnpike Road).

4.2 National Grid Owned Facilities

National Grid shall own (or continue to own as applicable) the following:

4.2.1 Bused Line 5;

4.2.2 The new bay and all pertinent equipment at the Elbridge Substation to receive the Proposed Line, and all wires, insulators and supporting hardware to the first structure west of the fenceline of the Elbridge Substation;

4.2.3 The new bay and all pertinent equipment at the Elbridge Substation to receive the Relocated Line 15 (to be owned by NYSEG), and all wires, insulators and supporting hardware to the first structure west of the fenceline of the Elbridge Substation; and

4.2.4 All pertinent equipment at the Elbridge Substation to receive the proposed Bused Line 5, and all structures supporting Bused Line 5.

5.0 Operation and Maintenance

Neither Party shall be responsible to perform any O&M on assets or facilities owned by the other Party. O&M by a Party on its own assets and/or facilities shall not be considered Work, activities or performance governed by this Agreement, nor shall any provisions of this Agreement apply in connection with the performance or non-performance of such O&M.

6.0 Right-of-Way Ownership and Use

6.1 Sale of ROW to NYSEG; Grant of Easements

6.1.1 The purchase and sale of the NYSEG Acquired ROW shall be made subject to and pursuant to the price, payment and other terms and conditions set forth in the Purchase and Sale Agreement. Except as otherwise provided in the Purchase and Sale Agreement, National Grid shall have no obligation to allow NYSEG to perform any Work upon the NYSEG Acquired ROW unless and until such time as the closing has occurred as provided under the Purchase and Sale Agreement.

6.1.2 NYSEG has undertaken to secure any easement rights that NYSEG may require for the ATP from National Grid pursuant to the Reciprocal Easement Agreement and from the owners of property located adjacent to the NYSEG Acquired ROW.

7.0 Cost Responsibility and Reimbursement; Payment Terms

7.1 General

As set forth in more detail in this Section 7.0, and except as otherwise expressly provided for in this Agreement, NYSEG will reimburse National Grid for all Reimbursable Costs. For avoidance of doubt, such Reimbursable Costs shall include any and all costs incurred by National Grid and/or its Affiliates in connection with supporting the implementation of the ATP by NYSEG.

NYSEG shall also be responsible for paying: (a) any amounts required to be paid by it under the Purchase and Sale Agreement; (b) direct and indirect expenses of negotiating the Term Sheet, the Purchase and Sale Agreement and this Agreement (including attorneys' fees); (c) costs to prepare and prosecute any regulatory or other filing needed for the transaction, and (d) Article VII Costs. Notwithstanding the foregoing, NYSEG's obligation to reimburse National Grid for National Grid's attorneys' fees related to negotiation of the Term Sheet, the Purchase and Sale Agreement and this Agreement shall be capped at a maximum cumulative total of \$10,000.

Following completion of the Work, National Grid shall perform an overall reconciliation of the total of all Reimbursable Costs to the costs previously paid to National Grid by NYSEG under this Agreement ("Total Payments Made"). If the total of

all Reimbursable Costs is greater than the Total Payments Made, National Grid shall provide a final invoice to NYSEG for the balance due to National Grid under this Agreement. If the Total Payments Made is greater than the total of all Reimbursable Costs, National Grid shall reimburse the difference to NYSEG.

7.2 Estimated Payment Totals

Improvements to National Grid transmission and substation assets constructed by National Grid shall be funded by NYSEG in the following estimated amounts, which amounts are included in Exhibit 9 of the Supplemental Application (such estimates and any other estimates provided under this Agreement shall not limit NYSEG's obligation to pay National Grid for all Reimbursable Costs): (a) Elbridge Substation - \$3,078,503, and (b) Bused Line 5 - \$3,617,464.

The Article VII Costs amount is estimated at \$710,000, which assumes that National Grid staff accrued approximately \$600,000 in Article VII Costs through the end of 2014 and another \$110,000 to the point of Certification and approval of the EM&CP. If the actual Article VII Costs differ from the foregoing estimated Article VII Costs, NYSEG shall reimburse National Grid for the full amount of all actual Article VII Costs incurred by National Grid and its Affiliates, less the Initial Pre-Payment.

7.3 Milestone Payments

NYSEG shall make milestone payments to National Grid in connection with the ATP at the times and in the amounts as follows:

7.3.1 2014 Initial Pre-Payment

The initial pre-payment, in the amount of \$710,000, represents payment for previously incurred and estimated Article VII Costs (the "Initial Pre-Payment"). The Parties acknowledge that the Initial Pre-Payment was paid by NYSEG and received by National Grid prior to the Effective Date.

7.3.2 2016 – Phase I Construction

Payment in 2016 for Phase I shall be in the amount of \$1,900,000 (the "Phase I Payment"). The Phase I Payment shall be paid in two (2) equal payments of \$950,000 each, as follows: (a) the first payment to be paid following the issuance of an order by the PSC in NYSEG's rate case (Case No. 15-E-0283) authorizing new rates to go into effect (the "Rate Case Order"), (b) the second payment to be paid following receipt by NYSEG of a written notice of commencement of construction from National Grid; provided, however, that National Grid will not issue such notice of commencement of construction for Phase I, and shall have no obligation to commence physical construction for Phase I, until after receipt of the first payment indicated in Section 7.3.2(a), above. NYSEG's obligation to make the Phase I Payment hereunder shall not be affected by the substance of the Rate Case Order. The payments under this Section

7.3.2 shall be paid by NYSEG within five (5) business days of the date of the event that triggered the applicable payment obligation.

7.3.3 2017 – Phase II Construction

Payment in 2017 for Phase II Work shall be in the amount of \$2,397,984 (the “2017 Phase II Payment”). The 2017 Phase II Payment shall be paid in three (3) equal payments of \$799,328 each to be paid on the following dates: April 15, 2017, August 15, 2017 and December 31, 2017.

7.3.4 2018 – Phase II Construction

Payment in 2018 for Phase II Work shall be in the amount of \$2,397,984 (the “2018 Phase II Payment”). The 2018 Phase II Payment shall be paid in three (3) equal payments of \$799,328 each to be paid on the following dates: April 15, 2018, August 15, 2018 and December 31, 2018.

7.4 Invoicing; Late Payments.

National Grid may invoice NYSEG, from time to time, for unpaid Reimbursable Costs incurred or may elect, in its sole discretion, to continue performance hereunder after the depletion of any prepayments (including, without limitation, Milestone payments) and invoice NYSEG at a later date. All such undisputed amounts reflected on such invoices shall be due and payable thirty (30) days from date of invoice. Copies of all receipts and other documentation reasonably substantiating the claimed Reimbursable Costs shall be provided together with such invoices provided, however, that National Grid shall not have any obligation to provide confidential or privileged information as part of any such documentation. Except for payment amounts that the invoiced Party has successfully disputed, if any payment due under this Agreement is not made when due, the Party obligated to make such payment shall pay to the other Party interest on the unpaid amount calculated in accordance with Section 35.19a of the FERC’s regulations (18 C.F.R. 35.19a).

7.5 Audit of Records Documenting the Work

National Grid shall maintain reasonably detailed records to document Reimbursable Costs. Up to one (1) year after completion of the Work, NYSEG and its chosen auditor shall, during normal business hours and upon reasonable advance written notice of not less than ten (10) days, be provided with access to such records for the sole purpose of verification by NYSEG that the Reimbursable Costs have been incurred by National Grid.

8.0 Approvals, Permits and Filings

8.1 Article VII Process

Provided that NYSEG is not in default of this Agreement following expiration of the applicable notice and cure period specified in Section 10.1 of this Agreement, National Grid shall continue to reasonably support NYSEG's efforts to prosecute the completion of the Article VII Process and take all other actions reasonably necessary in furtherance of the issuance of a Certificate by the PSC and approval of the EM&CP.

8.2 Section 70 Petition

National Grid shall file with the PSC a petition, or notice, as applicable, under Section 70 of the PSL for transfer of the NYSEG Acquired ROW, all as more particularly described in the Purchase and Sale Agreement.

8.3 Miscellaneous Permits or Filings

The parties shall cooperate and make any supplemental filings (including any necessary revisions to Exhibit 7 as previously filed as part of the Article VII Application and Supplemental Application) in the Article VII Process that are necessary as a result of agreement reached regarding ownership and/or construction of the ATP facilities as set forth in this Agreement and the Purchase and Sale Agreement, including the transfer of the NYSEG Acquired ROW.

8.4 Filing of Term Sheet and/or Commercial Agreement

If required by the PSC or otherwise necessary, the Parties agree that the Term Sheet, this Agreement and/or the Purchase and Sale Agreement shall be filed with the PSC, but the Parties agree to cooperate to ensure that such filing include a request that such documents, or portions thereof (e.g., those portions falling within the definition of "trade secret" or "confidential commercial information" under the Public Officers Law), as applicable, be given confidential treatment in accordance with the PSC's rules governing confidential information, and disclosure shall be limited accordingly, except to the extent that third parties enter into a non-disclosure agreement with the Parties on terms mutually acceptable to the Parties.

8.5 Required Approvals

Neither Party shall be obligated to perform any Work unless all Required Approvals for such Work have been received, are in form and substance satisfactory to the Party designated to perform the Work, have become final and non-appealable, and commencement of such Work is permitted under the terms and conditions of such Required Approvals. Where Required Approvals are received for one or more portions of a Party's Work, such Party may elect to perform such portions of the Work

notwithstanding the fact that Required Approvals have not yet been received for other portions of the Work.

9.0 Environmental Protection and Safety

9.1 Environmental Protection

9.1.1 Liability for Hazardous Substances

Except in the case of a breach by National Grid of its representation and warranty made in the second paragraph of this Section 9.1.1, and/or a breach by National Grid of its covenant in Section 9.1.4, National Grid shall not be liable to NYSEG, its Affiliates or contractors, their respective officers, directors, employees, agents, servants, or representatives with respect to, or in connection with, the presence of any Hazardous Substances which may be present at or on any portion of National Grid's owned, occupied, used, or operated property or facility (including, without limitation, easements, rights-of-way, or other third-party property) that is related to, or that is accessed, used or occupied in connection with, the Work or this Agreement.

National Grid hereby represents and warrants to NYSEG that to National Grid's actual knowledge there have been no Releases of Hazardous Substances beyond their respective reportable quantities that have not been reported to the NYSDEC on the NYSEG Acquired Fee (as defined in the Purchase & Sale Agreement) or on any part of National Grid Retained Fee (as defined in the Purchase & Sale Agreement) upon which NYSEG will be performing Work. For purposes of this Section 9.1.1, "National Grid's actual knowledge" shall mean the actual knowledge of National Grid's Manager Environmental, Upstate New York, or the knowledge that such individual would have after a customary and reasonable investigation into the matters in question.

Except in the case of a breach by National Grid of its representation and warranty made in the second paragraph of this Section 9.1.1, and/or a breach by National Grid of its covenant under Section 9.1.4, National Grid will not be liable to NYSEG with respect to any Hazardous Substances which may be on any NYSEG or third-party property (including, without limitation, easements, rights-of-way, or other third-party property) that is related to, or that is accessed, used or occupied in connection with, the Work or this Agreement and that National Grid may discover, release, or generate through no negligent or unlawful act of National Grid, and National Grid disclaims any and all such liability to the fullest extent allowed by applicable law. Subject to the limitation set forth in Sections 12.5 and 12.6 below, NYSEG agrees to hold harmless, defend, and indemnify National Grid from and against any claims and/or liability in connection with, relating to, or arising out of (a) the presence, discovery, Release, threat of Release or generation of Hazardous Substances on NYSEG owned or leased property that is related to, or that is accessed, used or occupied in connection with, the Work or this Agreement, or (b) the breach of any federal, state, or local laws, rules, regulations, codes, or ordinances relating to the environment and that pertain to

any property that is related to, or that is accessed, used or occupied in connection with, the Work or this Agreement, except to the extent directly and solely caused by the negligent or unlawful act of National Grid.

9.1.2 Notification of Hazardous Substances

NYSEG shall notify National Grid during the construction of any of the ATP facilities of any known Hazardous Substances, or unsafe, dangerous, or potentially dangerous, conditions or structures, whether above-ground or underground, that are present on, under, over, or in NYSEG's owned, occupied, used, managed or operated facilities or property (including, without limitation, easements, rights-of-way, or other third-party property) to be used or accessed in connection with the Work or otherwise under or relating to this Agreement.

9.1.3 Environmental Permits

Except with regard to improvements required at the Elbridge Substation or the construction of Bused Line 5, NYSEG will be responsible for obtaining any environmental permits or other authorizations necessary for the construction of the ATP facilities, including, without limitation, any permits required by the U.S. Army Corp of Engineers, and shall also be responsible for satisfying any mitigation requirements associated with any such permits and authorizations. For avoidance of doubt, any costs incurred by National Grid and/or its Affiliates in connection with obtaining environmental permits or other authorizations necessary for the construction of the ATP facilities, if any, will be part of the Reimbursable Costs to be paid by NYSEG.

9.1.4 Compliance with Environmental Laws

In connection with the activities contemplated under this Agreement, each Party shall, and shall require its representatives, contractors, and employees to, comply with all applicable Environmental Laws.

9.2 Safety

Each Party shall be solely responsible for the safety and supervision of its own employees, representatives and contractors involved with the Work or any other activities contemplated by this Agreement. In connection with the activities contemplated by this Agreement, each Party shall, and shall require its representatives, contractors, and employees to, comply with all applicable federal, state and local health and safety requirements, rules, regulations, laws and ordinances, including without limitation, the safety regulations adopted under the Occupational Safety and Health Act of 1970, as amended from time to time. While on the property (including, without limitation, easements or rights of way) owned or controlled by, or accessing the facilities of, the other Party, each Party's employees and/or contractors and agents shall at all times abide by the other Party's security, safety and confidentiality standards and policies, switching and tagging rules, and escort and other applicable access

requirements. The Party owning or controlling the property or facilities shall have the authority to suspend the other Party's access, work or operations in and around such property or facilities if, in its sole judgment, at any time hazardous conditions arise or any unsafe practices are being followed by the other Party's employees, agents, representatives or contractors.

10.0 Right to Terminate Agreement

10.1 Without limiting any other termination rights as expressly provided under this Agreement, if either Party (the "Breaching Party") (a) fails to pay any amount when due under the terms of this Agreement; (b) fails to comply with or perform, in any material respect, any of the other terms or conditions of this Agreement; (c) sells or transfers all or substantially all of its assets; (d) enters into any voluntary or involuntary bankruptcy proceeding or receivership; or (e) makes a general assignment for the benefit of its creditors, then the other Party (the "Non-Breaching Party") shall have the right, without prejudice to any other right or remedy and after giving five (5) days' written prior notice to the Breaching Party and a reasonable opportunity for cure (not to exceed thirty (30) days in the case of a failure to pay amounts when due), to terminate this Agreement for default, and thereupon each Party shall discontinue its performance hereunder to the extent feasible and make every reasonable effort to procure cancellation of existing Work- and/or ATP- related commitments, orders and contracts upon terms that are reasonably expected to minimize all associated costs. However, nothing herein will restrict the Parties' respective abilities to complete aspects of the Work that each must reasonably complete in order to return its facilities and the sites where Work is to be performed to a configuration in compliance with Good Utility Practice and all Applicable Requirements. The Non-Breaching Party shall also have the right to pursue any and all rights it may have against the Breaching Party under applicable law, subject to other applicable terms and conditions of this Agreement (including, without limitation, any applicable limitations on liability contained herein). Notwithstanding the provisions of subsection (b) above, if and to the extent a Party is prevented or limited in taking any action or performance with respect to this Agreement (other than the payment of amounts due hereunder) by any Applicable Requirement, such Party shall not be deemed to be in breach of this Agreement as a result of such compliance with any such Applicable Requirement.

10.2 In the event the Purchase and Sale Agreement is terminated prior to Closing (as defined in the Purchase and Sale Agreement), this Agreement shall terminate.

10.3 In the event of any early termination or cancellation of this Agreement or of the Work as contemplated in this Agreement, NYSEG shall pay National Grid for:

(a) all Reimbursable Costs for Work performed on or before the effective date of termination or cancellation;

(b) all other Reimbursable Costs incurred in connection with the Work prior to the effective date of termination or cancellation, including, without limitation, for materials, equipment, tools, construction equipment and machinery, engineering and other items, materials, assets or services which cannot reasonably be avoided, mitigated or cancelled;

(c) unless the termination or cancellation of the Work was caused by National Grid's breach of this Agreement, all Reimbursable Costs incurred to unwind Work associated with this Agreement that was performed prior to the effective date of termination or cancellation to the extent reasonably necessary to return National Grid's facilities to a configuration in compliance with Good Utility Practice and all Applicable Requirements;

(d) all Reimbursable Costs arising from cancellation costs relating to orders or contracts entered into in connection with the Work prior to the effective date of termination or cancellation; and

(e) all Reimbursable Costs arising from demobilization expenses incurred by National Grid which cannot be reasonably avoided or mitigated.

11.0 Disclaimers

NATIONAL GRID IS NOT IN THE BUSINESS OF PERFORMING DESIGN, ENGINEERING OR CONSTRUCTION SERVICES FOR PROFIT AND IS NOT RECEIVING ANY FEE OR PROFIT (AS CONTRASTED WITH COST REIMBURSEMENT) FOR ITS PERFORMANCE OF THE WORK HEREUNDER. THE EXCLUSIVE REMEDY GRANTED TO NYSEG FOR ANY ALLEGED FAILURE OF NATIONAL GRID TO MEET THE PERFORMANCE STANDARDS IS AS SET FORTH IN SECTION 3.2. EXCEPT TO THE EXTENT EXPRESSLY SET FORTH IN THE SECOND PARAGRAPH OF SECTION 9.1.1 AND IN SECTION 20 HEREOF, NATIONAL GRID MAKES NO WARRANTIES, REPRESENTATIONS, OR GUARANTEES IN CONNECTION WITH THIS AGREEMENT, ANY PROJECT, OR ANY WORK OR SERVICES PERFORMED IN CONNECTION THEREWITH, WHETHER WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED. NYSEG ACKNOWLEDGES AND AGREES THAT ANY WARRANTIES PROVIDED BY ORIGINAL MANUFACTURERS, LICENSORS, OR PROVIDERS OF MATERIAL, EQUIPMENT, SERVICES OR OTHER ITEMS PROVIDED OR USED IN CONNECTION WITH THE WORK, INCLUDING ITEMS INCORPORATED IN THE WORK ("THIRD PARTY WARRANTIES"), ARE NOT TO BE CONSIDERED WARRANTIES OF NATIONAL GRID AND NATIONAL GRID MAKES NO REPRESENTATIONS, GUARANTEES, OR WARRANTIES AS TO THE APPLICABILITY OR ENFORCEABILITY OF ANY SUCH THIRD PARTY WARRANTIES.

Notwithstanding any other provision of this Agreement, this Section shall survive the expiration or termination of this Agreement.

12.0 Liability and Indemnification

12.1 To the fullest extent permitted by applicable law (including, without limitation, the applicable provisions of any governing federal or state tariff), a Party (the "Indemnifying Party") shall defend, indemnify and hold harmless the other Party, its parents and Affiliates and their respective contractors, officers, directors, servants, agents, representatives, and employees (each, individually, an "Indemnified Party" and, collectively, the "Indemnified Parties"), from and against any and all liabilities, damages, losses, costs, expenses (including, without limitation, any and all reasonable attorneys' fees and disbursements), causes of action, suits, liens, claims, damages, penalties, obligations, demands or judgments of any nature, including, without limitation, for death, personal injury and property damage, economic damage, and claims brought by third parties for personal injury and/or property damage (collectively, "Damages"), incurred by any Indemnified Party to the extent caused by the negligence, unlawful act or omission, or intentional misconduct of the Indemnifying Party, its Affiliates, third-party contractors, or their respective officers, directors, servants, agents, representatives, and employees, arising out of or in connection with this Agreement, the ATP, or any Work, except to the extent such Damages are directly caused by the negligence, intentional misconduct or unlawful act of the Indemnified Party or its contractors, officers, directors, servants, agents, representatives, or employees.

12.2 Each Party shall defend, indemnify and hold harmless the other Party, its parents and Affiliates and their respective contractors, officers, directors, servants, agents, representatives, and employees, from and against any and all liabilities, losses, costs, counsel fees, expenses, damages, judgments, decrees and appeals resulting from any Liens asserted by any of the Indemnifying Party's subcontractors or suppliers in connection with the Work or the ATP, except to the extent such Liens are directly caused by the negligence, intentional misconduct or unlawful act of the Indemnified Party or its contractors, officers, directors, servants, agents, representatives, or employees.

12.3 Except as it relates to any gain from the conveyance by National Grid to NYSEG of the NYSEG Acquired ROW, NYSEG shall defend, indemnify and hold harmless National Grid and its Affiliates from and against the cost consequences of any tax liability imposed against or on National Grid and/or its Affiliates as the result of payments, and/or real or personal property transfers, made in connection with this Agreement, as well as any related interest and penalties, other than interest and penalties attributable to any delay directly caused by National Grid or the applicable National Grid Affiliate.

12.4 Prior to the start of construction activities by National Grid, National Grid's total cumulative liability to NYSEG and its Affiliates for all claims of any kind, whether based upon contract, tort (including negligence and strict liability), or otherwise, for any

loss, injury, or damage connected with, or resulting from, this Agreement, the ATP, or the Work, shall be capped at an amount not to exceed the total of all Reimbursable Costs actually paid to National Grid by NYSEG under this Agreement. Following commencement of construction activities by National Grid, National Grid's total cumulative liability to NYSEG and its Affiliates for all claims of any kind, whether based upon contract, tort (including negligence and strict liability), or otherwise, for any loss, injury, or damage connected with, or resulting from, this Agreement, the ATP, or the Work, shall be capped at an amount not to exceed the greater of: (a) fifty percent (50%) of the total estimated costs of the Work to be performed by National Grid under this Agreement; or (b) the total of all Reimbursable Costs actually paid to National Grid by NYSEG under this Agreement. For the avoidance of doubt, the Initial Pre-Payment amount paid by NYSEG to National Grid shall be included in the estimated and actual costs in determining the cumulative liability cap for purposes of this Section.

12.5 Notwithstanding any other provision contained in this Agreement, neither Party shall be liable to the other Party for consequential, indirect, special, incidental, multiple, or punitive damages (including, without limitation, attorneys' fees or litigation costs) in connection with or related to this Agreement, including, without limitation, damage claims based on causes of action for breach of contract, tort (including negligence), or any other theory of recovery, whether or not (a) such damages were reasonably foreseeable or (b) the Parties were advised or aware that such damages might be incurred.

12.6 Notwithstanding any other provision contained in this Agreement, neither Party shall be liable to the other Party for claims or damages for lost profits, delays, loss of use, business interruption, or claims of customers, whether such claims are categorized as direct or consequential damages, or whatever the theory of recovery, and whether or not (a) such damages were reasonably foreseeable or (b) the Parties were advised or aware that such damages might be incurred.

12.7 Anything in this Agreement to the contrary notwithstanding, neither Party shall be responsible for any failure or inability to perform hereunder to the extent such failure or inability is caused by the negligence of the other Party (including any contractor of such Party or any person or entity for whom such Party is legally responsible) or of any third party (other than a subcontractor of the Party that is unable or failing to perform hereunder).

12.8 For the avoidance of doubt, neither Party, as applicable, shall have any responsibility or liability under this Agreement for any delay in performance or nonperformance to the extent such delay in performance or nonperformance is caused by or results from (a) the inability or failure of the other Party or its contractors to cooperate or to perform any tasks or responsibilities contemplated to be performed or undertaken by such other Party under this Agreement, (b) any unforeseen conditions or occurrences beyond the reasonable control of the Party (including, without limitation, conditions of or at any site where Work is to be performed, delays in shipments of materials and equipment and the unavailability of materials), (c) the inability or failure of

NYSEG and National Grid to reach agreement on any matter requiring their mutual agreement under the terms of this Agreement, (d) any valid order or ruling by any governmental agency or authority having jurisdiction over the subject matter of this Agreement; or (e) suspension of Work during peak demand periods or such other times as may be reasonably required to minimize or avoid risks to system reliability in accordance with Good Utility Practice.

12.9 Notwithstanding any other provision of this Agreement, this Section 12 shall survive the expiration or termination of this Agreement.

13.0 Insurance

National Grid shall either self-insure and/or procure and maintain insurance in form and amounts set forth in **Exhibit C** of this Agreement.

Prior to commencing Work on the ATP and during the term of the Agreement, NYSEG, at its own cost and expense, shall either self-insure and/or procure and maintain insurance in form and amounts set forth in **Exhibit C** of this Agreement, or NYSEG may self-insure to the extent authorized or licensed to do so under the applicable laws of the State of New York.

Except to the extent NYSEG self-insures in accordance with this Section, NYSEG shall have its insurer furnish to National Grid certificates of insurance, on forms approved by the Insurance Commissioner of the State of New York, evidencing the insurance coverage required by this Section, such certificates to be provided prior to commencement of Work.

Each Party shall be separately responsible for insuring its own property and operations.

14.0 Force Majeure

Neither Party shall be responsible for any failure or inability to perform under this Agreement to the extent such failure or inability is caused by the acts or omissions of the other Party (including any contractor of such other Party or any person or entity for whom such other Party is legally responsible) or of any third party (other than a representative or subcontractor of the Party that is unable or failing to perform hereunder).

If a Force Majeure Event should occur and impair the ability of either or both Parties to perform its, or their respective, obligations under this Agreement, then, to the extent affected by such Force Majeure Event, the performance of the obligations set forth in this Agreement, with the exception of payment obligations, shall be suspended for the duration of such Force Majeure Event. At the conclusion of a Force Majeure Event, the price and time for performance under this Agreement shall be adjusted as reasonably necessary to overcome the effect of the delay occasioned by such Force

Majeure Event. The foregoing notwithstanding and with the exception of payment obligations, if, as the direct or indirect result of any Force Majeure Event, the Parties' continued performance under this Agreement becomes irreparably impaired or prevented, the Parties may mutually agree to terminate this Agreement, in whole or in part, with no further obligation or liability (except for any rights and obligations which accrued during the term of this Agreement, including, without limitation, the obligations contemplated by Section 10.3 hereof).

Unless this Agreement has been terminated as provided for in the preceding paragraph, within thirty (30) calendar days after the termination of any delay occasioned by a Force Majeure Event, the affected Party shall give written notice to the other Party specifying the estimated impact of the delay.

15.0 Proprietary and Confidential Information

15.1 Each Party acknowledges that, in the course of the performance of this Agreement, it may have access to Proprietary Information of the other Party.

15.2 Upon receiving Proprietary Information of the Disclosing Party, the Receiving Party and its Representatives shall keep in strict confidence and not disclose to any person (with the exception of Representatives of the Receiving Party, to the extent each such Representative has a need to know in connection herewith) any of the Disclosing Party's Proprietary Information except as otherwise provided by the terms and conditions of this Agreement. The Receiving Party and its Representatives shall not use such Proprietary Information except for the purposes identified herein without the prior written approval of the Disclosing Party. Without limiting the foregoing, the Receiving Party agrees that such Proprietary Information will be used solely for the ATP and will not be used, either directly or indirectly, for the Receiving Party's or its Representatives' financial gain and/or commercial advantage or in violation of any applicable laws, rules or regulations. The Receiving Party shall be solely liable for any breach of this Section to the extent caused by its Representatives.

15.3 Subject to Section 15.4 below, the Receiving Party shall not be precluded from, or liable for, disclosure or use of Proprietary Information that:

15.3.1 is in or enters the public domain, other than by a breach of this Section 15;

15.3.2 is known to the Receiving Party or its Representatives at the time of first disclosure hereunder, or thereafter becomes known to the Receiving Party or its Representatives subsequent to such disclosure without similar restrictions from a source other than the Disclosing Party, as evidenced by written records;

15.3.3 is developed by the Receiving Party or its Representatives independently of any disclosure under this Agreement, as evidenced by written records;

15.3.4 is disclosed more than three (3) years after first receipt of the disclosed Proprietary Information, or three (3) years after the expiration or termination of this Agreement, whichever occurs later (the "Non-Disclosure Term");

15.3.5 is disclosed following receipt of the Disclosing Party's written consent to the disclosure of such Proprietary Information; or

15.3.6 is necessary to be disclosed, in the reasonable belief of the Receiving Party or its Representatives, for public safety reasons, provided, that, Receiving Party has attempted to provide as much advance notice of the disclosure to the Disclosing Party as is practicable under the circumstances.

Anything in this Section 15 or this Agreement to the contrary notwithstanding, the Receiving Party and/or its Representative(s) may disclose the Disclosing Party's Proprietary Information to the extent the Receiving Party and/or its Representative(s) are required to do so by law, by a court, or by other governmental or regulatory authorities; provided, however, that, if permitted to do so by applicable law, the Receiving Party shall give the Disclosing Party written notice of any such required disclosure prior to such disclosure being made so that the Disclosing Party may seek a protective order with respect to such Proprietary Information. The Receiving Party will reasonably cooperate with the Disclosing Party's efforts to obtain such protective order.

15.4 Each Party acknowledges that information and/or data disclosed under this Agreement may include "critical energy infrastructure information" under applicable FERC rules and policies ("CEII") and critical infrastructure protection information as defined under applicable NERC standards and procedures ("CIP"). The Receiving Party shall, and shall cause its Representatives to, strictly comply with any and all laws, rules, regulations and standards (including, without limitation, FERC regulations, rules, orders and policies and NERC standards) applicable to any such CEII and/or CIP disclosed by or on behalf of Disclosing Party or that relates to any of Disclosing Party's or Disclosing Party's Affiliates' facilities.

Neither the Receiving Party nor its Representatives shall divulge any such CEII or CIP to any person or entity, directly or indirectly, unless permitted to do so by law and unless the Receiving Party has first obtained, in each case, the express specific written consent of the Disclosing Party and any affected Affiliate of the Disclosing Party. In any event, to the extent that the Receiving Party or any of its Representatives seeks or is ordered to submit any such CEII and/or CIP to FERC, a state regulatory agency, court or other governmental body, the Receiving Party shall, in addition to obtaining the Disclosing Party's and its Affiliate's prior written consent (as applicable), seek a protective order or other procedural protections to ensure that such information is accorded CEII or CIP status, as applicable, and is otherwise treated as confidential.

In the case of any Proprietary Information that is CEII or CIP, Receiving Party's obligations and duties under this Section 15 shall survive until (i) the expiration of the Non-Disclosure Term, or (ii) the date on which such CEII or CIP, as applicable, is no

longer required to be kept confidential under applicable law, whichever is later. With respect to CEII and CIP, in the event of any conflict or inconsistency between this Section and any other term or provision of this Agreement, this Section shall govern in connection with such CEII and CIP, as applicable.

15.5 Notwithstanding any provision of this Agreement to the contrary, (a) all assets, equipment and facilities procured or constructed by or on behalf of National Grid, and all plans, designs, specifications, drawings and other materials and documents created or prepared by or for National Grid, in connection with the Work, and all title, copyright, intellectual property and other rights therein, shall be and remain the sole property of National Grid, and (b) all assets, equipment and facilities procured or constructed by or on behalf of NYSEG, and all plans, designs, specifications, drawings and other materials and documents created or prepared by or for NYSEG, in connection with the Work, and all title, copyright, intellectual property and other rights therein, shall be and remain the sole property of NYSEG.

15.6 This Section 15 shall survive the expiration or termination of this Agreement.

16.0 Notices

All formal notices, demands, or communications under this Agreement shall be given in writing either by hand, registered or certified mail, or recognized overnight mail carrier to the addresses set forth below (or such other addresses as a Party may later provide by like notice):

To NYSEG: NYSEG
18 Link Dr.
Binghamton NY 13902
Attention: Manager, E&D Electric Capital Delivery

With a required copy to: NYSEG
Jeffrey A. Rosenbloom, Esq.
Director, NY Legal Services and Assistant Secretary
89 East Avenue
Rochester, New York 14649

To National Grid: Niagara Mohawk Power Corporation d/b/a National Grid
40 Sylvan Road
Waltham, MA 02451
Attention: Director, Transmission Commercial Services

With a required copy to: Niagara Mohawk Power Corporation d/b/a National Grid
Carlos A. Gavilondo, Esq.
Senior Counsel II
300 Erie Boulevard West

Syracuse, New York 13202

All such notices, demands, or communications will be deemed to have been duly given (a) on the date of delivery if delivered by hand, (b) on the third business day following mailing if given by registered or certified mail, and (c) on the first business day following mailing if given by recognized overnight mail carrier.

17.0 Assignment and Subcontracting

Neither Party may assign this Agreement, or any part thereof, without the prior written consent of the other Party; provided, however, either Party may assign this Agreement, or any part thereof, to any of its Affiliates provided such assignee Affiliate agrees in writing to be bound by the terms and conditions of this Agreement and the non-assigning Party is provided with written notice of such assignment. Any assignment of this Agreement in violation of the foregoing shall be voidable at the option of the non-assigning Party. Each Party has the right to subcontract some or all of the Work to be performed by such Party under the terms of this Agreement. Each Party may also use the services of its Affiliates in connection with its performance under this Agreement. NYSEG agrees that the costs and expenses of such Affiliates or subcontractors charged to or incurred by National Grid shall be paid by NYSEG as part of the Reimbursable Costs.

18.0 Governing Law

This Agreement is made and shall be interpreted, construed, governed, and enforced in accordance with the laws of the State of New York, without reference to its conflict-of-laws doctrines. Subject to the dispute resolution process set forth in Section 19.0 below, the Parties agree to submit to the personal jurisdiction of the courts in the State of New York, or the Federal District courts in the State of New York, as permitted by law, with respect to any matter or dispute arising out of this Agreement.

19.0 Dispute Resolution

19.1 In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement or its performance (other than a Real Estate Dispute), such Party shall provide the other Party (the "Responding Party") with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim 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 Responding Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within 30 calendar days of the Responding Party's receipt of the Notice of Dispute, either party may elect to submit such claim or dispute for Alternative Dispute Resolution ("ADR") to the PSC's Office of Hearings and Alternative Dispute Resolution in accordance with the procedures established by the Administrative Law Judge ("ALJ") appointed to assist the Parties to resolve the dispute or claim. In the event neither Party submits such claim or

dispute to an ALJ for ADR within 45 calendar days of the Responding Party's receipt of the Notice of Dispute, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this Agreement.

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

19.2 Notwithstanding the provisions of Section 19.1 above, either Party may immediately seek appropriate injunctive relief in a court of competent jurisdiction if at any time the other Party takes, or threatens to take, any action reasonably likely to result in irreparable harm. For avoidance of doubt, National Grid's exercise of any right to suspend work under this Agreement (including, without limitation, pursuant to Section 3.5 hereof) shall not necessarily be deemed an irreparable harm.

19.3 In the event either Party has a Real Estate Dispute, the Parties agree that such Real Estate Dispute shall be subject to and resolved in accordance with the dispute resolution provisions set forth in the Purchase and Sale Agreement.

20.0 Representations and Warranties

Each Party hereby represents and warrants to the other Party that:

20.1 It is duly organized and validly existing under the laws of the State of New York. It has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder; the execution, delivery and performance of this Agreement has been duly and validly authorized by all necessary corporate action; and this Agreement constitutes a legal, valid and binding obligation enforceable against it in accordance with its terms;

20.2 Neither the execution or delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (a) conflict with or result in the breach of any term or provision of, or constitute a default under, its governing documents; or (b) conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or result in the creation of any lien or encumbrance under, any material agreement, instrument, license, or permit to which it is a party or by which it may be bound; and

20.3 There exists no (a) litigation, arbitration, proceeding, action, suit, claim, demand, or dispute, or (b) judgment, decree, injunction, rule or order of any governmental authority, in either case pending or, to the Party's knowledge, threatened against it during the three (3) year period immediately prior to the effective date, which, if adversely determined, is reasonably anticipated to have a material adverse effect on its ability to perform its obligations under this Agreement. For purposes of this Section 20.3, a "Party's knowledge" shall mean the actual knowledge of the signatory(ies) to this

Agreement of such Party, or the knowledge that such signatory(ies) would have after reasonable investigation by such signatory(ies) into the matters in question.

20.4 Except for the Required Approvals, it has and will maintain throughout the term of this Agreement all necessary licenses, permits, approvals and other such consents as are necessary to perform its obligations hereunder.

20.5 The Parties' respective representations and warranties set forth in this Section 20 shall survive for a period of three (3) years from the Effective Date. No claim for a breach of any representation or warranty shall be actionable or payable if the breach in question results from or is based on a condition, state of facts or other matter which was known to the Party claiming such breach at or prior to the Effective Date.

21.0 Miscellaneous

21.1 Compliance with Laws

Each Party shall comply, at all times, with all Applicable Requirements in connection with this Agreement and performance hereunder. Such compliance shall include, among other things, compliance with all applicable wage and hour laws and regulations and all other laws and regulations dealing with or relating to the employment of persons, and the payment of contributions, premiums, and taxes required by such laws and regulations. For the avoidance of doubt: neither Party shall be required to undertake or complete any action or performance under this Agreement that is inconsistent with such Party's standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, Good Utility Practice and/or any Applicable Requirement(s).

21.2 Prior Agreements, Modifications; Waiver

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all previous understandings, commitments, or representations concerning such subject matter, including, but not limited to, the Term Sheet. Each Party acknowledges that the other Party has not made any representations other than those that are expressly contained herein. This Agreement may not be amended or modified in any way, and none of its provisions may be waived, except by a writing signed by an authorized representative of the Party against whom the amendment, modification, or waiver is sought to be enforced. No failure or delay on the part of either Party in exercising any right, power, or privilege hereunder, and no course of dealing between the Parties, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. A waiver on any one occasion shall not be construed as a bar to or waiver of the same or any other right or remedy on the same or any future occasion.

21.3 Public Announcements

All notices, releases, statements and communications to the general public and the press relating to the terms and conditions of this Agreement shall be made only at such times and in such manner as may be mutually agreed upon by the Parties. For the avoidance of doubt: the foregoing sentence shall not apply to any Party's filings with, or disclosures to, 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 such Party or its Work.

21.4 Relationship of Parties

The relationship of the Parties as created by this Agreement is that of independent contractors, and nothing in this Agreement shall be construed to create or imply the creation of a relationship between the Parties as principal and agent, employer and employee, partners and/or joint venturers. Neither Party shall have, or hold itself out as having, the power or authority to bind or create liability for the other Party by its negligent or intentional acts or omissions. This Agreement is not an agreement to provide or take utility services of any kind, including, without limitation, interconnection or other electric transmission services.

21.5 Interpretation

It is acknowledged by the Parties that this Agreement incorporates negotiated suggestions of both Parties and their legal counsel and, therefore, no presumption shall arise favoring either Party by virtue of the authorship of any of its provisions or ambiguities that may be associated therewith.

21.6 Headings

The descriptive headings of the sections and paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement. Such headings shall not in any way define or affect the meaning, construction, or scope of any of the provisions hereof.

21.7 Incorporation of Recitals

The recitals set forth at the outset of this Agreement under the heading "WITNESSETH" are hereby incorporated by reference and made a part of this Agreement.

21.8 Incorporation of Exhibits

The exhibits referenced in and attached to this Agreement shall be deemed an integral part hereof to the same extent as if written in whole herein.

21.9 No Third Party Beneficiaries

Nothing in this Agreement is intended to confer on any person, other than the Parties, any rights or remedies under or by reason of this Agreement.

21.10 Severability

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision hereof shall be prohibited by, or determined to be invalid under, applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

21.11 Counterparts

This Agreement may be executed in multiple counterparts, each of which shall be considered an original. The exchange of copies of this Agreement and of signature pages by facsimile or other electronic transmission (including, without limitation, by e-mailed PDF) shall constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes. Signatures of the Parties transmitted by facsimile or other electronic means (including, without limitation, by e-mailed PDF) shall be deemed to be their original signatures for all purposes.

21.12 Required Regulatory Approvals

(a) The obligations of each Party under this Agreement are expressly contingent upon (i) each Party receiving all licenses, permits, permissions, certificates, approvals, authorizations, consents, franchises and releases from any local, state, or federal regulatory agency or other governmental agency or authority (which may include, without limitation and as applicable, the NYISO and the PSC) or any other third party that may be required for such Party in connection with the performance of such Party's obligations under or in connection with this Agreement (the "Required Approvals"), (ii) each Required Approval being granted without the imposition of any modification or condition of the terms of this Agreement or the subject transactions, unless such modification(s) or condition(s) are agreed to by both Parties in their respective sole discretion, and (iii) all applicable appeal periods with respect to the Required Approvals having expired without any appeal having been made or, if such an appeal has been made, a full, final and non-appealable determination having been made regarding same by a court or other administrative body of competent jurisdiction, which determination disposes of or otherwise resolves such appeal (or appeals) to the satisfaction of both Parties in their respective sole discretion.

(b) If any application or request is made in connection with seeking any Required Approval and is denied, or is granted in a form, or subject to conditions, that

either Party rejects, in its sole discretion, as unacceptable, this Agreement shall terminate as of the date that a Party notifies the other Party of such denial or rejection, in which event the obligations of the Parties under this Agreement shall cease as of such date and this Agreement shall terminate, subject to NYSEG's obligation to pay National Grid in accordance with the terms of this Agreement (including, without limitation, Section 10.3 above) for all Reimbursable Costs. All of National Grid's actual costs in connection with seeking Required Approvals shall be included within the meaning of the term Reimbursable Costs and shall be paid for by NYSEG.

[Signature Page Follows]

IN WITNESS WHEREOF, each Party has executed this Commercial Agreement by its duly authorized representative as of the Effective Date.

NEW YORK STATE ELECTRIC & GAS CORPORATION

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

NIAGARA MOHAWK POWER CORPORATION
D/B/A NATIONAL GRID

By: _____

Name: _____

Title: _____

LIST OF EXHIBITS

Exhibit A	Scope of Work
Exhibit B	Estimated Milestone Schedule
Exhibit C	Insurance

EXHIBIT A

SCOPE OF WORK

Each party shall design, engineer, procure, construct, test and place into service the new facilities specified below, and the modifications to existing facilities, as contemplated in Order Granting Certificate of Environmental Compatibility and Public Need, issued by the Public Service Commission on February 25, 2016, the Joint Proposal approved therein (and all of its Exhibits), and any subsequently approved Environmental Management and Construction Plan.

1.1 Construction of Proposed Line

1.1.1. Section 1 of Proposed Line

NYSEG will construct the Proposed Line in two sections. Section 1 will run 4.2 miles from the State Street Substation to the ROW Intersection and traverse the NYSEG ROW, parallel to the centerlines of existing Lines 971 and 972 in the vast majority of that ROW. More specifically, for the portion of Section 1 from the State Street Substation to Milepost 0.1, the centerline of the new line will be approximately 44 feet to the west of the centerline of NYSEG's Line 971, the westernmost existing line in the NYSEG ROW. At Milepost 0.1, the Proposed Line will cross both lines in the NYSEG ROW (Line 971 and Line 972) at an approximately 90 degree angle. For the portion of Section 1 from Milepost 0.2 to Milepost 4.2 (where the ROW Intersection is located), the centerline of the Proposed Line will be located 50 feet to the east of the centerline of Line 972, the easternmost existing line in the NYSEG ROW.

1.1.2 Section 2 of Proposed Line

Section 2 of the Proposed Line will run 10.3 miles from the ROW Intersection to the Elbridge Substation, parallel to the existing National Grid lines located in the existing National Grid ROW, and be located predominately within the NYSEG Acquired ROW. For this Section 2, NYSEG will install the Proposed Line predominately on double circuit phase-over-phase self-supporting steel monopole structures, and also install Relocated Line 15 predominately on the same double circuit phase-over-phase steel monopole structures.

1.1.2.1 ROW Intersection to Milepost 6.2

From Milepost 4.2 (which is located at the ROW Intersection) to approximately Milepost 6.2, the Proposed Line and Relocated Line 15 will be installed on the same double circuit phase-over-phase new steel self-supporting monopole structures, the centerline of which will be located approximately 50 feet to the south of the centerline of the structures that hold Existing Line 5 and Existing Line 15.

1.1.2.2 Transition – Approximately Mileposts 6.2 to 6.4

From approximately Milepost 6.2 to Milepost 6.4, the Proposed Line will run on single circuit structures. At Milepost 6.2, the Proposed Line will roll from its vertically-configured double circuit structure to a horizontally-configured three-pole crossing structure in the southern portion of the proposed expanded National Grid ROW. This will allow the circuit to cross under all existing National Grid Lines in the National Grid ROW in its own separate span from south to north at an approximately 90 degree angle before rolling back from a second horizontally-configured three-pole crossing structure to the next vertically-configured double-circuit structure on the northern portion of the proposed expanded National Grid ROW. From approximately Milepost 6.2 to National Grid's Elbridge Substation, the centerline of the double-circuit steel monopole structures supporting the Proposed Line will be located approximately 50 feet to the north of the centerline of the double circuit structures supporting National Grid Lines 2 and 7.

1.2 Construction of Relocated Line 15

Relocated Line 15 will be installed by NYSEG on the north side of the new double-circuit structures. From Milepost 4.2 to Milepost 6.2, these structures will be on the south side of the National Grid ROW. At approximately Milepost 6.2, Relocated Line 15 will roll from its vertically-configured double circuit structure to a horizontally-configured three-pole crossing structure in the southern portion of the proposed expanded National Grid ROW. This will allow the circuit to cross under all existing National Grid lines in the existing National Grid ROW in its own separate span from south to north at an approximately 90 degree angle before rolling back from a second horizontally-configured three-pole crossing structure to the next vertically-configured double-circuit structure on the northern portion of the proposed expanded National Grid ROW. (The two three-pole crossing structures used for Relocated Line 15 will be separate structures from those used for the Proposed Line). From approximately Milepost 6.2 to the Elbridge Substation, Relocated Line 15 will be located on the north side of the double-circuit structures supporting the Proposed Line, running on the north side of the ROW to Milepost 14.5 at the Elbridge Substation.

1.3 Busing of Lines 5 and 15

Existing National Grid Line 5 and Existing National Grid Line 15 will be bused together by National Grid in the section between structures 633 (at approximately Milepost 4.2) and 736 (at approximately Milepost 14.4) in a portion of National Grid's ROW that National Grid will retain. Busing will occur approximately every mile for this section. The sections of Existing Line 5 to be reconducted are the first span outside of the Elbridge Substation and the two spans where the line electrically connects to Line 972 near the ROW Intersection. The length of Bused Line 5 will be approximately 10.3 miles. Additionally, structure 633 will be replaced, a new steel three-pole structure (structure 633A) will be constructed between structure 633 and the last NYSEG-owned

structure on Line 972 (at approximately Milepost 4.2), and structure 736 will be reinforced or replaced.

1.4 Rebuild of Lines 971 and 972

NYSEG will rebuild a portion of its existing 115kV Line 971 for approximately 1.4 miles (the area between Mileposts 0.0 and 1.4) from its State Street Substation to Turnpike Road in the Town of Throop using steel monopole structures and a number of structure connections configured vertically.

Line 972, which is approximately 4.2 miles long, presently traverses the NYSEG ROW parallel to, and 50 feet to the east of, Line 971 from the State Street Substation to the ROW Intersection. NYSEG shall rebuild it in its current location as Rebuilt Line 972.

1.5 Substation Work

To accommodate the Proposed Line, certain work shall be performed at the State Street Substation and the Elbridge Substation, as follows.

1.5.1 State Street Substation

NYSEG shall be responsible for and shall make improvements to the State Street Substation to receive and accommodate the Proposed Line and Rebuilt Line 972.

1.5.2 Elbridge Substation

National Grid shall be responsible for and shall make improvements to the Elbridge Substation to receive and accommodate the Proposed Line, Relocated Line 15, and Bused Line 5.

EXHIBIT B

ESTIMATED MILESTONE SCHEDULE

- February 2016: Article VII Certificate Order Issued
- April 2016: Submission of EM&CP Requesting Approval
- April 2016: Submission of USACOE Permit Application
- 4 months after EM&CP submission: Issuance of EM&CP Approval Order
- 4 months after USACOE application submission: Issuance of USACOE Permit
- 5 months after Submission of EM&CP: Commence Construction (Phase 1)
(If EM&CP is approved by that time)
- 6 months after Phase 1 Construction Start: Complete Construction (Phase 1)
- 6 months after Phase 1 Construction Start: In-Service Date (Phase 1)
- 2 month after Phase 1 Construction Start: Commence Construction (Phase 2)
- 7 months after Phase 2 Construction Start: Complete Construction (Phase 2)
- 7 months after Phase 2 Construction Start: In-Service Date (Phase 2)

Note: This schedule does not reflect potential federal permit or PSC Certificate conditions that may restrict the ability to begin construction as noted.

The dates above represent the Parties' preliminary schedule, which is subject to adjustment, alteration, and extension.

Neither Party shall be liable for failure to meet the above Estimated Milestone Schedule, any milestone, any in-service date, or any other projected or preliminary schedule in connection with this Agreement, the Work or the ATP. National Grid does not and cannot guarantee or covenant that any outage necessary in connection with the Work will occur when presently scheduled, or on any other particular date or dates, and shall have no liability arising from any change in the date or dates of such outages.

EXHIBIT C

INSURANCE

Insurance Requirements

In accordance with Section 13 of the Commercial Agreement relating to the ATP Project, National Grid and NYSEG have elected to self-insure to the level of their respective self-insured retention limits of any single loss and maintain excess insurance coverage above this level and in accordance with amounts set forth below:

- Workers Compensation and Employers Liability Insurance as required by the State of **New York**. If required, coverage shall include the U.S. Longshore and Harbor Workers' Compensation Act and the Jones Act.
 - Commercial General Liability (Including Contractual Liability), covering all activities and operations to be performed by it under this Agreement, with the following minimum limits:
 - (A) Bodily Injury - \$1,000,000/\$1,000,000
Property Damage -
\$1,000,000/\$1,000,000 OR
 - (B) Combined Single Limit -
\$1,000,000 OR
 - (C) Bodily Injury and Property Damage per Occurrence -
\$1,000,000 General Aggregate & Product Aggregate -
\$2,000,000 each
 - Umbrella or Excess Liability, coverage with a minimum limit of \$10,000,000.
1. Upon request, either Party shall promptly provide the requesting Party with either evidence of insurance or certificates of insurance evidencing the insurance coverage above. NYSEG shall provide such certificates or evidence of insurance to National Grid at the following address:
- To: National Grid c/o NIAGARA MOHAWK POWER CORPORATION
Attention: Risk & Insurance
A-4 300 Erie Boulevard West
Syracuse, NY 13202

National Grid shall provide such certificates or evidence of insurance to NYSEG at the following address:

To: NYSEG
18 Link Drive
Binghamton, NY 13902

2. Should any of the above-described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions.
3. If a party fails to secure or maintain any insurance coverage, or any insurance coverage is canceled before the completion of all services provided under this Agreement, and such party fails immediately to procure such insurance as specified herein, then the non-defaulting party has the right but not the obligation to procure such insurance and, at its option, either bill the cost thereof to the defaulting party or deduct the cost thereof from any sum due the defaulting party under this Agreement.
4. To the extent requested, both Parties shall furnish to each other copies of any accidents report(s) sent to the Party's insurance carriers covering accidents or incidents occurring in connection with or as a result of the performance of the Work for the Project under this Agreement.
5. Each Party shall comply with any governmental and/or site-specific insurance requirements even if not stated herein.
6. By the date that such coverage is required, each Party represents to the other that it will have full policy limits available and shall notify each other in writing when coverages required herein have been reduced as a result of claim payments, expenses, or both.